

# It's the People, Stupid!

**Market research companies routinely use proprietary research techniques to differentiate themselves and add value in an increasingly competitive environment. Jonathan Dodd takes a look at how market research companies have responded to the long-term erosion in the value perception of standard market research.**

Of all the professional groups that get marketed and sold to within the day-to-day business world, it's logical to assume that marketers are possibly the savviest customers of all. For marketers already live and breathe marketing strategy and techniques, and know only too well that 'unique selling propositions' and 'points of difference' can be completely artificial, contrived, or otherwise ineffectual.

It is now the stuff of Marketing 101 to ensure one's products or services do not become commodities; that they appear unique; and that they add value above and beyond their competitors'.

Whether or not these differences are significant can be a moot point – that "customers'

perceptions are their reality" is often cited as the cause of both marketing success and failure.

So spare a thought for market research companies that have to sell their services to marketers and their colleagues. Although most market research companies now recognise the need to promote close partnerships with clients, there remains the need to differentiate a research company's promises from the usual mantra of fantastic account management, deep insights and self-appointed experts.

What points of difference are there to convince potential clients that their companies really do add significant value?

In a word (or three), the answer is "proprietary research techniques". These are the trademarked techniques that market research

companies routinely use to differentiate themselves and to promise the added value that will hopefully put them ahead of their competitors in an increasingly competitive industry. There's no shortage of such techniques either – some research companies offer over 20 proprietary research techniques.

These can be as focused as Research International's "Shopper Action", designed to help "develop, design, and manage in-store layouts and merchandising strategies"; or as broad as the NeedScope model developed by Focus Research to "systematically integrate emotion into brand planning". That the latter has now been used over 2000 times in 65 countries by TNS demonstrates the lucrative returns to be gained if a model is successful.



Michael Lucas.



Roz Calder.



Matt Benson.



The company with perhaps the largest range of branded techniques is ACNielsen, and New Zealand managing director Steve Mitchell admits that an emphasis on proprietary research techniques is “a natural response to the long-term erosion in the value perception of ‘standard’ market research, reflected in relatively low margins at the industry level.

Proprietary research techniques

similar comparisons with other studies, markets or norms databases;

- the basis in sound academic principles or a theoretical base that many techniques have;
- the security of knowing that such techniques have usually been tested, validated and verified;
- the applicability of many such models across

reasons reflect the more political factors at play when the research is used within the client organisation.

For example, consider one of New Zealand’s larger research buyers, whose request for anonymity reflects the small nature of the local market. This research manager points out three other considerations that market research companies need to understand when pitching their proprietary research techniques:

1. The effort involved in getting a given research measure understood, accepted, and used by a wide range of internal clients is often underestimated by research companies. Therefore clients may opt to stay with a research measure despite a more attractive alternative.
2. That many research managers resort to developing their own hybrid measures to ensure continuity between research suppliers.
3. The simplicity of a technique’s interpretation is too often overlooked, yet very important to improve internal acceptance and usage.

But what of the disadvantages? Interestingly, the researchers and clients alike share a lot of common ground when discussing potential pitfalls. For some, the premium pricing can be of questionable value, and Dave Mansfield of Research International raises the scenario of a perfectly good technique being removed from the portfolio of a research company (and thus

**“Once an approach is challenged or superseded, then the research company can be stuck with an Edsel on their hands.”**

are a constructive way of demonstrating added value and a valid approach to charge fees that reflect additional value.”

Mitchell’s theme of added value is echoed by most others in the industry – the superlatives range from “proven approaches based on best practice” (Michael Lucas, TNS Conversa); to the benefits of “ongoing R&D investment and validation” (Roz Calder, Focus Research / Needscope International).

But what does this hyperbole really mean for the client who is being offered a solution or research design incorporating a proprietary research technique? Putting aside the claims of individual techniques, the advantages make compelling reading:

- the ability to conduct benchmarking and

markets, which has clear advantages for global clients;

- the intellectual R&D resources that are often applied to maintain the techniques’ improvements;
- the special focus that many techniques have, which enables them to deliver a good fit for the market being studied;
- the availability of case studies;
- the ease of repeating the research or replicating that conducted elsewhere.

Of note is that the above list is largely the same whether one speaks to researchers or to clients. But in speaking to some major research buyers it also becomes clear that there exist some other reasons for selecting or retaining techniques. These other



Dave Mansfield.



Tim Grafton.



Kevin Blight.



John Dee.

## Loyalty

**Brand** loyalty is one of the big issues facing marketers today. What are some of the loyalty-focused proprietary research techniques available to them? A quick trawl through these companies' websites shows what they say about themselves.

### **Conversion Model, offered by Research Solutions and TNS Conversa.**

The Conversion Model is the world's leading measure of commitment. It measures the strength of the relationship between customers and products or services. It is a psychological measure, not a behavioural one. It is based on the recognition that commitment underpins loyalty, but that the two are not one and the same.

### **Brand Value Creator, offered by Synovate.**

Measures the current strength of your brand and identifies the factors inhibiting its growth. Synovate's Brand Value Creator combines attitudinal equity with barrier effects to create a more holistic brand measurement system.

### **Equity Engine, offered by Research International.**

Equity Engine provides a comprehensive measure of brand equity, together with a precise evaluation of what drives equity in a specific category. You can assess your brand's current strength, to plan the actions needed to improve or protect it, and monitor its progress over time.

### **NeedScope, offered by TNS Conversa and Focus Research.**

The NeedScope System helps marketers build powerful brands by systematically integrating emotion into brand planning and new product development. NeedScope is based on the belief that emotion is the ultimate driver of all human behaviour, so the heart of the technique is the NeedScope archetypal model of universal human emotions.

### **Winning Brands Brand Equity Model, offered by ACNielsen.**

The ACNielsen Winning Brands Brand Equity Model measures brand equity for all brands in a category and shows what the drivers of brand equity are in that category, and their relative importance. Together with information about brand performance on the drivers and knowledge of the brand and market, the model is used to set an appropriate strategy to maximise brand equity and profitability.

### **BrandTrak, offered by the National Research Bureau.**

NRB's BrandTrak is designed for companies that wish to keep a close eye on how their brands are being perceived and received by consumers.

its clients) simply through a buy-out.

For others, there is a concern that companies which rely too much on a given technique (whether they're buying or providing the research) can find themselves outpaced.

Tim Grafton of UMR recognises that companies may be locked into techniques that become outmoded, and Duncan Stuart, Market Research Society fellow and director of Kudos Organisational Dynamics, states eloquently that, "a USP can be a curse for non-innovative companies. Once an approach is challenged or superseded, then the research company can be stuck with an Edsel on their hands." (Ford's

Edsel car brand is best known as one of the most spectacular failures in the history of the US car industry.)

That the client buying the research would also have an Edsel wasn't mentioned by Stuart, but this does relate to one concern posed by *NZ Marketing Magazine*, which was the degree to which clients may feel locked in when using a proprietary research technique, especially for an ongoing research programme. Surely if the prospect of changing one's research supplier means losing a particular technique's key measures, then buyers may be reticent to adopt a particular technique, or reluctant to

switch from that already being used?

Rob Cooke, currently general manager of Gruden and previously head of planning at TBWA\Whybin, agrees this can be an issue. "Portability becomes a consideration to clients if the technique is linked to licensing issues and subsequently unrepeatable by other research companies."

But other buyers we spoke to disagreed. Hudson Smales, customer insight and innovation manager at Air New Zealand, is happy to consider alternatives: "If there is demonstrated value in a technique, then we will look to use it."

At Telecom, Vanessa Kennedy-Casas (research and intelligence manager) and colleague Fleur Cox (market insight manager – business markets), agree that switching any research technique, proprietary or otherwise, brings issues of continuity and comparability, but that switching techniques can still be worthwhile: "Our view is that you assess, whether what you are using is meeting the needs of your customers, industry fit, and level of insights provided. If not, then you evaluate what is best, even if it means losing data continuity, for a better model."

As to our anonymous research buyer, he could be right to hide his identity from the local research industry when he states that "frankly if you lined up all the models that purport to measure something, there'd be a lot of overlap. So to ensure you've got a constant measure, you can develop your own hybrid measure that's custom-built for your own industry and your own internal needs. That, you'll always have access to."

Mitchell has similar sentiments: "Truly unique approaches are relatively rare so various techniques should be comparable to some degree."

Of course, if it can be afforded, the transition from one technique to another can be smoothed by running both the old and new models in parallel for a time, a somewhat obvious approach to the problem of switching techniques, if a more expensive one.

As to what constitutes a valuable model that

is worth holding onto or switching to, one aspect seldom mentioned by researchers, but of clear importance to clients, was the simplicity of the outputs. Too complicated, and they won't be used.

Smales again: "Researchers often complain they can't get into the boardroom, and to me it's obvious, when they do get in there they talk a lot of techniques that execs have never heard of and can't grasp immediately, so they don't get invited back."

Synovate's Matt Benson was the only one from the research side to cite the importance of simplicity: "Our approaches are sophisticated, they have some of the best marketing minds working on them, but they have to allow us to distil simple implications from highly complex scenarios – simplicity is the real benefit."

That the selection of a proprietary research technique isn't always due to a rational examination of its benefits was also critiqued by Kudos' Stuart. He says that for some clients, the attraction of a proprietary research technique may largely be the comfort and security of using a technique that many others have used.

As with the old refrain, "no-one ever got fired for choosing IBM", Stuart notes that some buyers can be largely attracted by the, "false comfort of thinking that a system is totally proven and therefore somehow relevant to their particular needs in the New Zealand market".

Stuart goes on to say that "proprietary systems breed lazy researchers who know how to trot out the same box and present the same charts – but can't think creatively. Too many systems have dumbed down the evolution of market research as a profession."

That viewpoint reflects poorly on the researchers and buyers alike. Are researchers this lazy and are their clients really taking the soft option of the 'tried and true'?

Some support for this could be found amongst those spoken to. UMR's Grafton says that proprietary research techniques can lead to "a lack of innovation or development. All models have a theoretical base and run on a set of assumptions that can change over time. There is a requirement to keep models current and to

continually revisit and update the underlying parameters."

From the client side, this complacency is recognised to exist, and is exhibited by research companies that promote their proprietary research techniques rather than really questioning what is best for the client. This is clearly the biggest problem that buyers have with proprietary research techniques. Telecom's Kennedy-Casas and Cox again: "Agencies can

become complacent about improv-

## Too many systems have dumbed down the evolution of market research as a profession.

ing their research models, pushing models without understanding whether their solution is really going to help the customer."

Air New Zealand's Smales concurs. "Suppliers trying to fit a technique to a market or issue is definitely the most common disadvantage of proprietary techniques."

Fortunately for the future of researcher-client relations in New Zealand, these concerns were shared by most of the researchers spoken to. Hopefully, this awareness indicates that the scale of the problem is reducing. UMR's Grafton: "We believe any professional market research company will advise a client on the best approach for their needs, whether it be the use of a proprietary technique or tailored research."

Synovate's Benson, who has extensive experience in the much larger Australian market in which research salespeople sometimes operate to sales quotas, believes that, "it is critical that our consultants feel no pressure to 'sell in' a proprietary product. It's better for our clients and is better for our reputation and our business."

Similarly at Research International, Mansfield eschews "force fitting" inappropriate techniques.

With the research industry exhibiting such a unified abhorrence of unthinkingly using 'off the shelf' techniques, one might question why some clients feel that the inappropriate promotion of some techniques still occurs.

Perhaps researchers aren't as lily-white as they like to appear? But as Smales says, it's simply business.

"Researchers sell the techniques their company has bought into and if they didn't push their techniques I might question their belief in them. But they're not necessarily the best solution. It's up to the client to challenge the supplier if they feel it's not appropriate for the project."

As with all sales, it seems like a textbook case

of 'buyer beware', summarised by Stuart thus: "There are really two issues here. Is the proprietary system delivering genuine insight and value? If it is then pay the money. Issue two, are there alternatives that cost less and deliver just as much insight? If there are, then shop around."

But almost as one voice, New Zealand's key market researchers and buyers alike shared the view that it's the combination of people and technique that provides the best value.

This is perhaps summarised best by Cooke, when he states, "Unless you have the combination of 'researcher with integrity' and 'client with brains', true research quality and results are unlikely to occur no matter what technique is used." Mansfield again: "Proprietary tools are not a substitute for having stimulating, experienced researchers that deliver client insights."

The last word goes to TNS Conversa's Lucas, when he says that, "Having the right people within a research agency, is more important than having proprietary research techniques."

Ironically, it seems that having developed so many proprietary research techniques to differentiate themselves, these techniques have become so commonplace that the research companies have come full circle, once again promoting their people as their biggest asset.

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