

Warne's Marketing

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Business Marketing Research

Select your researcher with care or results may be useless.

THERE ARE MANY EXPERTS AND services for consumer research but there continues to be a scarcity of suitable research services for business marketers. So, check and re-check – experience, approaches and references, before you commission any business research.

Different Mindset

It's not a question of techniques. It's the application and mix that separates business from consumer marketing.

Pinpointing the people to interview can be tricky. You might have to interview people at three or four levels of a respondent firm, because most business/industrial purchasing decisions evolve over a period of time, and can involve a number of titles or functions.

Most business/industrial market research projects require a depth of understanding of target markets, the product of service and the market situation. We're not talking about researching perceived differences between toothpastes, shampoos or soaps. We're talking about research for products like narrow-aisle lift trucks, disposable industrial wipers, portable in-plant offices and linear drives.

You may require interviewers with special expertise – be it in engineering, electronics or just the ability to be able to converse with top-level executives.

Three Main Sources

Finding the people to handle your business/industrial research project and

checking them out can be difficult. The alternatives are:

1. Those few specialized research houses who style themselves as business/industrial experts.
2. Your management consultant firm that may have experience in researching your markets.
3. Your advertising/marketing agency – if it has experience beyond advertising research, has real understanding of business/industrial markets and has had more involvement in research than just hiring a firm to do the job.
4. The business facility of some universities that operate marketing advisory centres for business, where students (BBA or MBA) handle projects under supervision.

But whoever you decide to call in, proceed with caution. Ask for a firm proposal as to their approach/techniques and costs. You may be shocked by the differences.

A Frightening Example

Not too long ago, we were called in by a company to research the potential in southern Ontario for a sprinkler-control system for unheated areas. The control was an add-on to normal water sprinkler systems. A typical application would be for an unheated parking garage attached to a heated building.

The company had previously

asked three different firms for proposals to identify the most likely buyers, estimate their potential purchases of such systems, measure acceptance of the proposed selling price and to identify competitive systems and pricing levels. The sponsor had provided comparisons of his new system with existing ones and identified a number of applications.

The first firm of "information consultants" quoted \$11,000, plus expenses, for about 100 telephone calls to prospective purchasers.

The second firm of technical marketing consultants advised against doing any research until the sponsor was satisfied it was financially "sound" to manufacture the unit. This despite the fact that trial units have been built plus the research objective of determining acceptability of the proposed price.

This second firm went further and stated that there would be problems reaching 100 qualified people in southern Ontario. In particular, they stated, it would be difficult to contact contractors. Installing contractors, they said were only at their offices between 7:30 and 8:15 a.m. and on various job sites thereafter. Plus interviews would be difficult because English was not the first language of these contractors. (Investigation into the market found that these preconceptions were most inaccurate).

They also said they could proceed on the study in a variety of ways, and for various costs. For \$36,000 they'd conduct roughly 100 unstructured

(that is, without questionnaire) interviews.

The third, a management consulting firm, was big on focus groups, because they felt the four simple objectives required the analysis of significant qualitative data. The first focus group was to consist of six to eight interviews by telephone and in person with 50% of the participants being from the firm sponsoring the study and 50% being prospects. The purpose was to help develop a guide to conduct a second focus group with six to eight prospects. This was, they said, to yield the qualitative data. As a third step they would conduct 40 telephone interviews. All for only \$23,000 plus expenses.

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You Take Your Chances

Look at the range of those quotes – from \$11,000 to \$36,000 (plus expenses, of course).

Look at the range of techniques and procedures – from 40 to 100 telephone calls to two possible focus groups, from six to eight to 100 unstructured interviews. Firms two and three disagreed on the value of focus groups. Firm two said focus groups would be of no value as there was no need to “identify the issues” or “define the range of opinion on each issue.”

It was at this point that the sponsor called us. Our route was to track down someone who knew something about the market and was in a position to identify the key players.

As samples of the product had already been built, the recommendation was to take them out to four or five top mechanical contractors. These people would, in the end, decide on the market success of the product. But, we said, if the sponsor still wanted a broader fix on market potential, we'd make the calls and report for \$6,200 all in.

More Answers Needed

As never before, B2B marketers realize they need more and better answers as to what the market feels, wants and expects.

To get it, business marketers must carefully check out the firms who will conduct the research.

Once a suitable market research company has been identified, the business marketer should be willing to pay that research firm to pinpoint the market and the key players and to propose how they would proceed on the study.

The choice of techniques – mail, telephone or personal interview – isn't a matter of cost. It revolves upon the type and validity of the answers

you need. So business marketers should be wary of the low bid and the least expensive technique. Do leave enough time for the study to be done properly – even if the answers were needed long before you decided to do research. You'll be making some most important decisions based upon the findings – decisions that should be based upon the most reliable facts you can obtain.

If you have any upcoming marketing research project, call Scott Warne at 416-927-0881.



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Warne Marketing + Communications

65 Overlea Blvd., Suite 112
Toronto, Ontario, Canada M4H 1P1
Tel 416.927.0881 Fax 416.927.1676
Toll Free 1.888.279.7846
info@warne.com
www.warne.com

