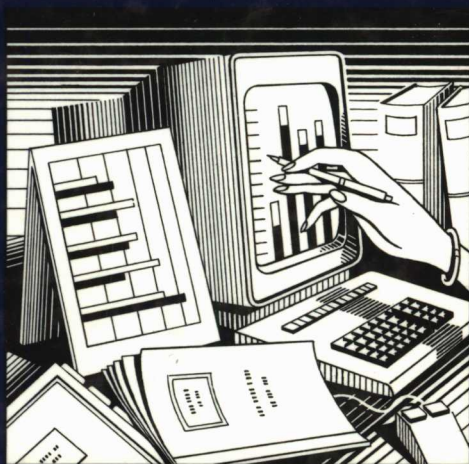




A WILEY SMALL BUSINESS EDITION

Successful Marketing Research

*The Complete Guide to
Getting and Using
Essential Information
About Your Customers
and Competitors*



EDWARD L. HESTER

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JOHN WILEY & SONS, INC.

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For many, the business of writing is a lonely one. For me, it certainly is. Writing requires a withdrawal from distractions so as to concentrate on selecting material, fitting the sections and paragraphs together, and making words flow smoothly.

To me, it feels like being at the bottom of a well. From that position, your view of the everyday world becomes very limited, and you quickly stop noticing what is going on around you. Conversation drops off. Taking a long walk gets you nowhere except back to the same paragraph you left. From all the hours sitting in front of a computer, your bottom widens; your belly drops; you develop a chronic neck ache; and you gain weight because you snack all the time.

While I was writing this book, meals were lowered to me daily by my wife, Pat. Thanks, dear, for the patience and encouragement. Advice and progress checks were periodically called to me by my friend and editor at John Wiley & Sons, Mike Hamilton. Thanks

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INTRODUCTION

This book is intended as a primer for small business owners and managers about methods in marketing research and competitive intelligence. It is intended for the busy manager, marketer, or customer service representative who simply does not have the time to spend weeks in the library looking through magazines and books for answers—or the money to hire a skilled professional researcher to conduct a survey.

GOING INTO BUSINESS

The world is changing. This book is very different from a book that might have been written on marketing research five years ago. Opportunities for entrepreneurs and small business owners have never been greater than today, but risks are also greater. Economic forces in the Western world are pushing trained and experienced workers out of their jobs in record numbers. Many of those indi-

INTRODUCTION

viduals are trying to go into business for themselves. Most will fail. New technology is responsible for dispossessing many of these people of their jobs, but new technology is also creating new businesses and jobs.

Operating a business is certainly more complex today than it was a hundred years ago. We have a more complex tax and legal code to understand. International competition has crept into our local towns, and new technologies have transformed the way we do business. Markets are in constant turmoil. It is becoming harder to keep up with market developments. On the other hand, we have better sources of information for understanding our markets than ever before.

THE VALUE OF MARKETING RESEARCH

Time spent conducting marketing research generates no revenue for the firm. Therefore, it is sometimes thought to be unproductive time and is one of the first things to be cut when finances get tight. In the corporate world, reorganizations and budget cuts have squeezed market research out of many marketing and sales departments as corporate hierarchies have been flattened. Time has an opportunity cost—the revenues that might have been generated had that time been used for more rewarding activities—but not if that time is ill used.

Over the years, the value of time has constantly risen as the real per capita income of workers has increased. For the entrepreneur, however, the cost of time saved by not conducting marketing research will be too high if her knowledge is inaccurate or insufficient. Saving a week of research time is a poor economic decision if it encourages the use of 50 weeks a year trying to sell the wrong product to the wrong people at the wrong price.

The time and money spent doing marketing research before and after going into business is a superb investment if it produces *correct decisions* based on

INTRODUCTION

- An accurate business plan
- An understanding of changes in the marketplace

LOW-COST, LEAST-TIME RESEARCH METHODS

Just as technology is changing the way we conduct business, it is also changing the options open to us for conducting marketing research. As a consequence, this book will consider the role of new technologies in lowering the cost of research and how the entrepreneur and small businessperson might take advantage of technology to reduce research costs and its time-burden.

The entrepreneur can minimize the direct and indirect costs of marketing research by

- Using secondary sources of information
- Using simple methods of gathering primary information
- Creating systems that ensure regular communication between customers and the firm

Together, these various tools should meet most of the information requirements of the business owner.

CONTENTS

ACKNOWLEDGMENTS	xi
------------------------	-----------

INTRODUCTION	xiii
---------------------	-------------

1 PLANNING TO SUCCEED	1
------------------------------	----------

Why Entrepreneurs Don't Plan, 2

Why Businesses Fail, 4

The Roles of Marketing Research, 5

 The Marketing Concept, 6

 The Uses of Marketing Research, 6

Effects of Environmental Factors, 10

The Marketing Mix, 10

Can Businesspeople Do Their Own Research?, 12

CONTENTS

2 KNOWING YOUR MARKET AND YOUR COMPETITION 13

The Importance of Marketing Goals, 14

Using Marketing Research to Find the Easiest Path, 16

Marketing Research after Start-Up, 16

Marketing Research When Competition Is Intense, 17

Marketing Research in a Growing or Mature Market, 18

What Are Your Research Goals?, 18

Identify Potential Business Advisors, 25

3 CREATIVE RESEARCH PLANNING 28

Defining the Information You Need, 29

Defining the Problem, 32

Redefining the Problem, 32

The Costs of Not Doing the Research, 34

Determine Where the Information Is, 35

Exploratory Research, 36

Descriptive Studies, 37

Causal Research Designs, 38

Carry Out Your Search, 38

Decide the Most Cost- and Time-Efficient Way to

Retrieve Your Information, 38

Decide How You Will Process Your Information, 39

Marketing Planning, 40

Monitoring Markets, 40

Problem-Solving Research, 41

Work Your Plan, 41

4	CONVENIENT SOURCES FOR MARKETING RESEARCH	43
	Selecting Print and Electronic Media to Monitor, 43	
	The Local Business Press, 43	
	Business-Oriented Media, 44	
	Public Relations versus Advertising, 45	
	Using Advertising Information for Marketing Research, 47	
	Newspapers, Radio, and Local Television, 47	
	Direct Mail, 48	
	The Telephone Book, 49	
	Defining the Market, 51	
	Researching Your Competition, 52	
	Developing Prospect Mailing Lists, 54	
5	THE LIBRARY AND OTHER SECONDARY SOURCES	55
	The Reference Librarian, 56	
	The Library Catalog, 58	
	The Business Reference Desk, 59	
	The <i>Reader's Guide</i> and Other Indexes, 60	
	Selecting Reference Libraries, 61	
	Special Libraries and Information Centers, 62	
	Federal Government Data, 63	
	The National Technical Information Service, 65	
	State Sources of Information, 68	
	Other State and Local Sources, 69	
	Electronic Resources, 69	
	<i>Books in Print</i> , 69	
	CD-ROM Documents, 69	
	On-line Databases, 72	

CONTENTS

6 USING THE TELEPHONE	73
Voice Surveys, 74	
Exploratory and Experience Interviews, 74	
Structured Telephone Interviews, 76	
Accessing Information Electronically, 78	
Making Use of the Services of Your Telephone Company, 78	
Marketing Research with 800 and 900 Numbers, 82	
Take Advantage of Telephone Company Reporting Capabilities, 83	
Marketing Research on the Internet, 83	
Take Advantage of the Major On-line Services, 87	
Other Electronic Devices for Retrieving Information, 90	
 7 REAL INTELLIGENCE TRICKS OF THE TRADE	 92
Why Gather Competitive Intelligence?, 93	
To Anticipate Change, 93	
To Make Strategic Decisions, 93	
Defining Strategic Information Needs, 94	
Developing Profiles of Your Competitors, 96	
Determining What Data You Should Collect, 96	
Identify Your Strategic Keys, 98	
When Is Competitive Intelligence Valuable?, 98	
How to Gather Competitive Intelligence, 102	
Sources of Intelligence Information, 103	
Published Sources, 103	
Government Files, 106	
Nonpublished Sources, 107	
The Ethics of Competitive Intelligence, 111	

CONTENTS

8 PREPARING THE MARKETING PLAN	112
Why Plan?, 113	
Strategic versus Tactical Plans, 113	
Elements of the Marketing Plan, 115	
Identification of Market Opportunities, 117	
Marketing Planning, 119	
The Major Elements of the Marketing Plan, 119	
Marketing Research's Assignments in the Marketing Plan, 124	
Execution of the Marketing Plan, 124	
Marketing Information Systems, 125	
Monitoring Customer Satisfaction, 127	
Evaluation of Actual Results, 128	
9 COMMUNICATING WITH YOUR CUSTOMERS	129
How to Make Sure Customers Communicate with You, 130	
Customer Satisfaction Monitoring Systems, 131	
Why Pay for Complaints When You Can Have Them for Free?, 133	
The Value of a Customer, 134	
Use Your Normal Customer and Prospecting Calls to Gather Information, 138	
The Partnership of Marketing Research and Marketing, 141	
10 MARKETING INFORMATION SYSTEMS	142
Strategic Marketing Databases, 142	
Integrating Research and Operations, 143	
Continue to Provide for Special Studies, 144	
Define Your Information Needs, 144	

CONTENTS

Identify Methods to Retrieve the Desired Data, 145
Automating Your Filing System, 146
 Internal Sources, 146
 External Sources, 147
Why Collect All This Information about Suspects and
Prospects?, 149
Ways to Use Your Marketing Database, 150
Developing a Database Marketing Strategy, 151
Getting Started, 155
Tactical Record Keeping in the MIS, 155

11 CONDUCTING SURVEYS 156

Using Surveys in Marketing Research and Database
Marketing, 156
Can the Small Businessperson Do Her Own Surveying?, 157
Avoiding Biased Surveys, 159
Survey Purpose, 159
Sampling Frames, 160
Random Samples, 161
How to Organize Your Survey Questionnaire, 163
Structured versus Unstructured Questionnaires, 166
 Structured Surveys, 166
 Unstructured Surveys, 167
What Should Be Measured?, 167
 Types of Measurements, 168
 Measuring Advertising or Brand Awareness, 169
 Measuring Attitudes Using Scales, 170
Good Survey Practices, 176
Disguised versus Undisguised Surveys, 178

CONTENTS

Choosing Between a Mail or Telephone Survey, 179	
Telephone Interviewing, 179	
Mail Surveys, 181	
Summary, 182	
12 INTERVIEWING	183
Surveys versus Interviews, 183	
Personal Interviews, 185	
Focus Groups, 187	
When to Use Focus Groups, 187	
The Limitations of Focus Groups as a Research Method, 189	
Planning a Focus Group, 190	
Selecting Panelists, 192	
The Focus Group Team, 194	
Running a Focus Group, 195	
13 PROBLEM SOLVING WITH MARKETING RESEARCH	197
Defining the Problem, 199	
A Case Study, 199	
Setting Up the Research Project, 200	
Formulating the Decision and Research Problems, 201	
Creating the Research Design, 201	
Data Collection Methods and Questionnaires, 202	
Conducting a Survey, 209	
The Sample Design, 210	
The Questionnaire, 210	
The Survey Method, 211	

CONTENTS

Measuring Market Share, 211	
Linking Customer Behavior with Marketing Mix Decisions, 212	
Customer Satisfaction Measurements, 216	
Advertising Response, 218	
Customer Profiles, 219	
Conclusions of the Study, 224	
Recommendations, 226	
Reporting on Research Results, 227	
14 MAKING MARKETING RESEARCH A HABIT	229
The Impact of Accelerating Changes, 229	
Make Time for Lifelong Learning, 230	
Nothing Happens Until You Act, 231	
NOTES	232
INDEX	235

PLANNING TO SUCCEED

1

Entrepreneurs today face a tough time in developing a realistic business plan and then bringing their new businesses to profitability. The development of a realistic business plan presents even more of an obstacle than is generally recognized because many prospective entrepreneurs

- Do not really understand their markets
- Do not know their customers or their customers' wants
- Do not understand the reasons for their competitors' success
- Do not know how to price or promote their products or services

Yet these shortcomings do not stop us from trying to create our own businesses. Americans are certainly an action-oriented people. We have faith that hard work and determination will overcome all obstacles, and so we push ahead, confident that we can create a place for ourselves in the market.

Entrepreneurs use various methods to make important business decisions. Many copy their competitors (which just makes