

TEN COMMON PITFALLS WHEN CONDUCTING MARKET RESEARCH:

GET THE HIGHEST VALUE FROM YOUR NEXT MARKET RESEARCH PROJECT

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2012

A Publication of: AtHeath, LLC.

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Abstract

Market research is a powerful business tool, which can drive well-informed decisions about various aspects of your business and create value and benefit for your company, but only if it's well executed. This brief guide will assist you in the quest to reap the full benefits from researching your customers', prospects', and partners' needs. It will identify some of the basic "Do's and Don'ts" or as the title states, the common pitfalls that many people even seasoned professionals fall into at times. We will discuss ten common pitfalls encountered during the course of a typical market research project. Although experienced market researchers are less likely to fall prey to these problems, reviewing common ways that a project can go wrong just before a market research initiative is launched could save your company time and money. Avoiding these major pitfalls will help yield results you can use with greater confidence.

Introduction

Market research is a powerful business tool that helps to ensure you will make well-informed business decisions about everything from the direction of your corporate strategy to your product or service sales tactics to your packaging colors, but only if it's done well. To fully reap the benefits of reaching out to customers and prospects, you need to be prepared. The following is a list of common pitfalls encountered during the course of a typical market research project. Although experienced market researchers are less likely to make these mistakes, reviewing this list each and every time a market research initiative is launched could save your company time and money. Avoid these major pitfalls to yield results you can draw on with greater confidence.

Ten Common Pitfalls

- 1. Research objectives that are poorly defined or unrealistic**
- 2. Not knowing how the research will be used**
- 3. Designing a research instrument (RI) that doesn't meet your objectives**
- 4. Poor RI design - Asking leading and misleading questions**
- 5. Using an ill-suited data collection methodology**
- 6. Sampling issues - Talking to the wrong people**
- 7. Overlooking interviewer training and web respondent instructions**
- 8. Ignoring the power of incentives**
- 9. Using an inappropriate analytical approach**
- 10. Inability to translate results into ACTION**

Pitfall One: Research objectives that are poorly defined or unrealistic

Your research objectives need to be well defined, realistic, and static once the study work begins (objectives that are moving targets will play havoc with your project outcomes). Sounds pretty basic right? Well, many market research initiatives travel well down the path to execution, but haven't given nearly enough consideration to the basic business and market research objectives up front. The research objectives drive the methodology, including: Instrument design, data collection, analysis, and ultimately the recommendations. Without a well-defined set of research objectives, you run the risk of generating invalid or inappropriate results that can mislead your decisions rather than inform them. To be most effective your research objectives must also be

clearly aligned with your business objectives. Establish a two-tiered objectives plan, business and research, to guide the process.

Best Practice a Two-Tiered Objectives Approach

Business objective: Define a product development strategy that will generate an improved customer **retention rate**.

Research objective: Identify reasons customers select specific products and the critical factors for repeat purchases.

Business Objective + Research Objective = **Success**

Pitfall Two: Not knowing how the research will be used

Do you expect to use the results of your research to drive a product development strategy, create presentation materials for a board meeting, or serve as the backbone for a promotional campaign? Although each of these uses is a great reason to conduct primary research, the scope, deliverables, and timetables can be radically different depending on which objective is really driving the research effort. If your research team is aware of your drivers

(especially deadlines that are event driven) you are more likely to get the results you need in the time frame you need them. This information helps to refine the scope of the research program and determine design methodology, selection of sample sources, sample sizes and quotas, the analysis plan, deliverables, and ultimately, the recommendations.

Pitfall Three: Designing a research instrument that doesn't meet your objectives

The research instrument (RI) is the tool that ultimately uncovers what you want to know. It is the core of the data collection process and is critical to achieving the results you need. There

is much more to writing a research instrument than asking questions (See *Questionnaire Design for B to B Research*, AtHeath 2009). It must be written in a way that is dynamic and engages

the potential respondent. The RI design will not only impact the quality of the data collected, but factors such as the response rate (i.e., the percentage of completed interviews) and the analytic options available to the research team.

The RI must ask questions that are interactive and drilldown to secure information from which to derive insights and develop action plans. However, there's a proverbial "fine line"

Pitfall Four: Poor RI design

Poor RI design (e.g., Asking leading and misleading questions) is more than a pitfall. You simply cannot fully recover from fielding a poorly designed questionnaire – no degree of clever analysis will save you. To a large degree it's all about HOW you ask the question. For example:

Q10. When was the last time you upgraded the memory and storage on your file server?

This is a double-barrel question. If you are a respondent, you wouldn't know how to answer this question. Memory and storage are different elements of a computer system and they aren't necessarily upgraded at the same time. Thus, if the respondent answers the question would he or she be referring to the memory or the storage or both? When you analyze the data, how will you know which part of the question was answered? Half of the sample could be responding to memory while the other half might be responding to storage. You will have no way of knowing for sure. Consider the following question:

Q20. When did you stop providing your customers with improved service?

between getting valuable information and asking too much; overly long questionnaires can be counter productive. Probing and clarification techniques, coupled with questions that allow for best guess answers, and trade-off analysis are but a few of the techniques you can use to ensure that you get the results you need to make very specific strategic and tactical business decisions.

How would you answer this question? And, how would you interpret answers to this question? If you are having trouble describing how you would answer the question and you find it difficult to imagine how to interpret the possible answers, you understand the problem with this question structure.

These are but a few of the numerous RI design issues researcher must take into account. For a full discussion of this topic see *Questionnaire Design for B to B Research*, AtHeath 2009.

Valid Data Requires Asking the Correct Questions in the Correct Way

- Ensure that your RI is free of:
- ✓ Leading questions
 - ✓ Double barrel questions
 - ✓ Jargon
 - ✓ Ill-defined terms
 - ✓ Conflicting choices
 - ✓ A disproportionate number of open-ended questions
 - ✓ Odd and/or unbalanced scales

Pitfall Five: Using an ill-suited data collection methodology

Web-based and telephone interviews are the major data collection methods in use today for quantitative studies, but they are not the only methodologies available. Mail surveys, mall surveys, and other methods are, on occasion, data collection approaches worth considering. And, as with other aspects of market research the data collection approach can vary as much as the objectives. Aligning the research methodology with the study objectives is the best way to ensure your efforts yield high utility results. Carefully consider the desired breadth and depth of your research objectives. Your selection of the appropriate data collection methodology and target sample size should reflect those objectives.

Taking an eclectic approach to data collection ensures the strengths and weaknesses of each approach will be evaluated in the context of the research objectives. For example, unaided awareness and preference studies are difficult to accomplish using a web-based approach, especially if the study is exploring multiple products types or uses probing questions. Conversely, while not impossible, it would be undesirable to use a telephone interview to collect information when long lists of items or complex statements are part of the research instrument design (e.g., multiple response questions with “all that apply” question structures).

Is your business plan based on the results of a ten person focus group when, in fact, your

board of directors expects a quantitative study to substantiate your market assumptions? Or, are you ignoring the use of a web-based survey when targeting an audience that communicates electronically first and foremost? If so, you may need to rethink either your research objectives or your research design and methodology. (For a more complete discussion of how to select a data collection approach go to AtHeath.com and download: *Telephone versus Web-based Data Collection: Trade-offs for B to B Market Research*).

Reality Check: Assess Your Methodology

- ✓ Does it align with your objectives?
- ✓ Is it suited to your target respondents?
- ✓ Can it reveal the desired breadth/depth of information?
- ✓ Is it cost-effective?
- ✓ Is it aligned with the time frame for the program?
- ✓ Is it the best approach for the types of questions you need to ask?

Pitfall Six: Sampling issues - Talking to the wrong people

It is essential that your sample be comprised of people who are authorities on the topics and issues you are trying to better understand. Screening questions are a necessary step to accomplish the goal of recruiting appropriate respondents. The respondent must have the level of responsibility you desire and knowledge of your topic. You wouldn't rely on an investment tip from a bank teller so don't ask line managers to tell you what keeps CEOs up at night.

Finding the right people is an important first step and it begins with using the best available sample frame. The sample source(s) (or sample frame) you use will have a significant impact on the quality of the data. Verifying that your sample is made up of people who are who they say they are and who have the knowledge to respond to your questions is obviously critical. Like a poor questionnaire there is no way to

fully recover from a poor sample. All the fancy graphical presentations in the world will not compensate for a sample that is not credible. When developing your sample, be sure to establish a goal for the number of target respondents, and develop a specific and focused profile of your target respondent.

Validate Your Target Respondents

- ✓ Company size
- ✓ Geography
- ✓ Industry
- ✓ Purchasing cycle
- ✓ Decision-making role
- ✓ Budget
- ✓ Title
- ✓ Other relevant variables

Pitfall Seven: Overlooking interviewer training and web respondent instructions

Regardless of whether you are conducting a focus group, an advisory panel, a phone survey, or a multinational and multilingual web-based study, the interviewers and facilitators need to be trained and the respondents need clear and concise instructions. This includes instructions and guidance to team members on how to effectively program and execute the research instrument. For telephone studies an interview guide allows you to cover the basic logistics with the interviewers, including how to qualify potential respondents, when to terminate the

interview, and how to probe for additional information. Interviewers are more likely to be successful if given background on the client's products and services. They need to be taught the industry-specific jargon that is likely to be used by respondents, how to respond to questions pertaining to survey sponsors, and other project-specific issues. Instructions for respondents of web-based studies, where no interviewer is available to clarify the questions, need to be clear, concise, and unambiguous.

A Quick Check List: What No Interview Guide Should Be Without

- Call script (Introduction)
- Target respondent defined
- Probing techniques
- Procedures for voice-mail, no answer
- Company and product specific Q & A
- A “cheat sheet”
- Screening guide
- Offering incentives

Pitfall Eight: Ignoring the power of incentives

You and your competition are trying to get information from the same pool of people. For example, as you can imagine, many people are interested in the daily habits, buying criteria, and purchasing plans of CIOs in Global 1000 companies. Medical doctors, high ranking business executives, and other key decision-makers are all over surveyed and, as a result, difficult to recruit for participation. Incentives can certainly help. Cash and cash equivalents, calculators, binoculars, organizers, and electronics all work. Although many larger corporations do not permit their employees to

accept such incentives, offering the option to donate the incentive’s value to a charity of their choice can achieve similar response rates to the actual gift. Another incentive that gets significant traction is a summary of the findings geared to the respondent’s needs. This is enormously valuable if the respondents can view their own or their company’s performance against that of their peers, especially if results are provided within specific vertical market segments or company size classes.

Pitfall Nine: Using an inappropriate analytical approach

Just as research designs and data collection methodologies dictate the validity of the results, so too does the analytic approach dictate the value of the results. The use of a particular statistical test needs to support the analytic approach and be consistent with the data types (e.g., one should use a parametric test with nonparametric data).

Selection of an analytical approach must map to the research design, a decision that will have been made much earlier in the research process. For example, you might want to

employ grid analysis to determine the perceived importance of a business objective and the company’s ability to achieve it. Unless you have designed parallel questions and scaled the importance and ability metrics correctly you would be unable to use grid analysis appropriately. Other examples of pitfall nine include: Not weighting data correctly, using qualitative results quantitatively, ignoring outliers, using a paired t-test when a one-way-ANOVA is needed, and proper use of multivariate analyses, such as cluster analysis.

Pitfall Ten: Inability to translate results into ACTION

What good is market research if you can't use it to drive your business? There are three important factors that impact your ability to effectively use the intelligence you generate from market research:

- ✓ Research Quality (e.g., a great RI and a great sample)
- ✓ Analytics and analysis
- ✓ A presentations with insights that are actionable

All too often, market research projects end with a published report that lands with a thud on someone's desk or gathers dust on a library shelf. Graphs, charts, tables, and numbers and more numbers, along with survey says analysis are all provided for you to wade through and draw value from yourself. This type of deliverable assumes that you have the time to pour over the data and the statistical knowledge to draw your own conclusions. Working with a research team that can analyze and synthesize the data and present the findings in a digestible and relevant manner is critical to your ability to use it.

To make decisions with confidence you need expert analysis that incorporates market insights with applied knowledge of your specific business situation. Your success depends on receiving research results that provide intelligence you can readily use.

One last factor is important. Maintaining an open mind to hearing unexpected results is a

key success factor. Frequently nuggets of information are revealed that were not part of the initial hypothesis testing. Be open to these and other unanticipated results. Embrace the research findings regardless of whether they reveal what you expected or surprise you, sometimes with good news and sometimes with news you would rather not hear. This openness alone can lead to new and often unexpected, business actions or opportunities.

Checklist: Best Practices for Selecting a Research Partner

- ✓ Market research expertise
- ✓ Knowledge of your business or marketplace
- ✓ Diverse methodologies
- ✓ Understanding of business and technology issues
- ✓ Ability to make specific recommendations from the data
- ✓ Sound and thorough analysis
- ✓ Ability to LISTEN
- ✓ Skilled project management

Conclusion

True market research professionals understand that the value of primary research is your ability to use it effectively. Whether it's a customer satisfaction survey, product assessment, ROI analysis, or another primary research initiative, you want a client-driven approach that delivers the results you need. Our community of research experts includes methodology specialists and highly qualified industry analysts who can leverage their expertise to deliver actionable results from your research project. Specific implications, conclusions, and recommendations that will impact your

business are the goal of every market research project.

Ultimately, your objectives will be best met when you work from a position of knowledge. Avoiding common pitfalls when conducting market research will help you achieve your objectives.

The final step is to transform the market intelligence you achieve from research into insights you can act on to advance your business.

Learn More

To learn more about this topic and information on a number of marketing and research topics go to www.AtHeath.com and explore the resources and service available or to move forward with a specific project please contact AtHeath.

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Our approach: Help you build a strong presence using best practices to attract a targeted audience and advance your business opportunities.

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