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MELBOURNE AUSTRALIA

## *Research project*

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# STRATEGY NOTES

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To research or not to research: that is the question. **Bronwyn Higgs** takes some of the guesswork out of market research and provides some tips on how to get your questions answered.

## Research project.

**M**any marketers incorrectly believe that really creative insights require sophisticated commercial market research. Another misconception is that all market research costs mega dollars, putting it beyond the reach of all but large corporations.

Yet, market research doesn't necessarily cost an arm and a leg. It is worth noting that a number of changes within the industry have made research more accessible for clients on tight budgets.

The advent of online data collection has reduced the overall cost of research. These cost savings are being passed onto clients with the result that commercial market research is more affordable than ever before.

"Sample has traditionally been seen as the ugly, behind the scenes, and, in many cases, hard part of research. Now online research is fast becoming more of a focus because it is based on a simple yet highly effective formula: people (your customers) will honestly answer your important questions in exchange for respect and a fair payment for their attention," observes Paul Chan, CEO of Pure Profile, a company specialising in online data collection.

Essentially there are three broad categories of research: customised, syndicated and proprietary. Each distinct type has both pros and cons. Lead times, cost structures as well as the applications vary enormously. So before you assume that market research is prohibitively expensive and dismiss it out of hand, take time to familiarise yourself with the basic types of research and consider their advantages and disadvantages.

Before we get into the three types of research, it should be stated at the outset that this article is principally concerned with quantitative research. Your agency or market research services provider can advise you on whether a quantitative or qualitative approach is appropriate for a given situation.

### CUSTOMISED RESEARCH

Customised research refers to a specific, one-off project commissioned by a client. The research buyer owns all research materials – including questionnaire, data and report. Typically, the buyer is actively involved in project design and makes the ultimate decisions about who to survey and what questions to be included in the survey instrument. Although the buyer controls the research project, most rely on the researcher's recommendations.

Typical examples of customised research include customer satisfaction surveys, product or service usage, attitude surveys and PR studies. Purchasers include advertising agencies, private companies, government and industry groups.

Customised research is costed on a project by project basis. Consequently, costs vary widely, depending on sample size, project design, complexity of the survey instrument and data collection methods. It is not always easy to locate cost estimates, since research buyers and providers are reluctant to disclose this information.

However, there are ways to obtain general price estimates. The Australian Government, a very heavy user of market research including

opinion polling, is required to table its research expenditures with the Senate Estimates Committee. cursory examination of these estimates reveals that the cost of individual government projects ranges from \$10,000 to in excess of \$1 million. This range provides ballpark estimates for the cost of customised research.

Galaxy's Chris Lonergan says, "I have seen prices range from \$1200 to \$5 million." Surveys conducted online tend to be the least expensive option with typical prices in the region of \$7-30,000. Phone interviews range from \$15-40,000 while prices for face-to-face interviews fall into the \$15-50,000 price range.

Costs mentioned in this article are 'ballpark' estimates only. It should be noted that the ranges specified are very broad. Very few surveys are conducted at the lower cost estimates.

All rates are negotiated on a project basis. Gillian O'Sullivan, executive director of Nielsen's Customised Research Division says, "Most companies very much take into account the client's budget and will design a project around that." Galaxy's Chris Lonergan echoes that sentiment. "It is essential to give your researcher an approximate budget. There are many solutions to any research problem – with differing outcomes and costs. An indicative budget will help them tailor an appropriate approach," he adds.

Virtually all market research companies, large and small, offer services in customised research. Nielsen, the largest market research company in Australia, is a key player in customised research services. However, any full

service company will assist you from the ground up – they will advise you on appropriate design – from sample size and survey instruments to the interpretation of findings. You will also receive a comprehensive report. Quality market research companies view themselves as partners in your brand building program and generally provide after sales service.

Although customised research tends to be one of the more expensive options, purchasers need to weigh the costs against the potential benefits. Customised research allows purchasers to tackle very individualised and sophisticated research projects. With the assistance of creative research design and careful interpretation, clients should expect to uncover unique insights about their market or their marketing activities.

### OMNIBUS SURVEYS

The Omnibus survey is a special type of customised research providing a cost effective alternative for clients who are interested in asking a small number of questions. Omnibus is so called because the research buyer 'hitches a ride' on the back of an established survey.

Research companies active in this area develop a questionnaire and allow several research buyers to purchase space on that questionnaire. By purchasing one section, buyers can include as little as one question. Purchasers receive the results for their question cross-tabulated against standard geo-demographic and attitudinal variables.

Omnibus surveys are generally conducted among Australian consumers, but business omnibus and GP omnibus are also available. Omnibus surveys are conducted regularly – in some cases weekly – while results are available within a week of completion. This means that the Omnibus enables clients to obtain very speedy results to their research questions.

Omnibus surveys are mainly used for PR, periodic campaign evaluation, campaign tracking and market sizing.

Many large market research companies provide Omnibus services. Key players include Newspoll, Galaxy Research, Nielsen and Roy Morgan.

Naturally prices vary depending on the complexity of the question asked and the number of respondents. Typical prices range from \$600 to \$2000 per question.



## HANDY HINTS FROM A PRACTISING RESEARCHER

*Chris Lonergan, Research Director, Galaxy Research*

**If there is only one tip I can give to research buyers, it is to communicate with your researcher. A good research project answers all questions set out in the brief. Great research is actionable, relevant and insightful – it can change the way people in your organisation view their customers, and can affect marketing and business decisions for years after the project is complete.**

**For a research project to be great, your researcher needs to know the context in which the information will be used. This may include sharing commercially sensitive information. When there is an open exchange of information, researchers are able to make relevant, strategic recommendations.**

**Don't be afraid to speak to your researcher after a project is complete. Some of my best clients ring me months after a project and ask me to confirm their insights are supported by the data. Similarly, I have helped clients to formulate a research brief before a project has commenced. Galaxy Research, like most research companies, will not charge for this service.**

**Find an individual researcher you can trust. The quality of individual researchers can vary both within and across companies. The individual responsible for designing the project should also be responsible for ensuring that all aspects of the research project are of high quality. You may want to check this with the companies you brief.**

**You should check whether the agency you brief promotes a specific methodology or is methodologically neutral. Every methodology has its own pros and cons. Sometimes the best solution is a combination of methodologies – for example a customer satisfaction study may involve a telephone survey, supplemented by in-depth qualitative interviews among high-value customers. A researcher with access to all methodologies can provide unbiased advice.**

## SYNDICATED RESEARCH

Syndicated research occurs when a research company develops a questionnaire independently and collects data of interest to many companies. Typically, syndicated research involves very large samples of respondents. Information is then sold to research buyers on some kind of subscription or licence arrangement. With syndicated research, buyers have little control over the research questions and in turn, receive the same data as rival companies who might also be subscribers.

The research company retains ownership of the data and may place restrictions on who can access the data and what figures can be published in the public domain.

Two of the most well known syndicated services are Roy Morgan's Single Source Survey and Nielsen Media's Panorama. Roy Morgan, the largest Australian-owned research company, manages the Single Source Survey. With a sample size of approximately 56,000 individuals, it is the largest regular syndicated survey and has become the industry standard for media consumption and media usage.

Other well-known examples of syndicated research include Nielsen's Scantrack and Adtrack, Sweeney's Sports Report, Quantum's AustraliaScan and McNair Ingenuity's Australians Today. Some syndicated research is specific to an industry or sector. Nielsen's New Car Buyer Survey is such an example.

Costs of syndicated research vary according to the industry and the amount of data included in the subscription. Prices start at around \$5000 for a relatively small data set and can be as high as \$200,000.

Syndicated research is commonly associated with segmentation analysis and customer profiling. Some syndicated studies ask the same question repeatedly over long periods of time, making them useful for tracking changes in variables such as market share or segment share.

Demographics, attitudes, lifestyles, purchasing and consumption habits can be compared at the category and brand level, facilitating detailed analysis of one brand's unique points of difference. For example, a marketer can compare people who have recently consumed Brand A versus Brand B.

Given the very large sample sizes typically associated with syndicated research, results tend to approximate 'reality' – they are repre-

sentative of the population. In other words, findings from large sample surveys have a high level of statistical precision.

Clearly, syndicated research is a relatively cost efficient means of investigating large samples since the cost of reaching respondents is borne by many subscribers. On the other hand, the data is shared by many client firms in a sector creating fewer opportunities to spot that elusive unique insight.

## PROPRIETARY RESEARCH

Proprietary research refers to a specific or novel technique that has been developed by a research company. This technique is applied when a research buyer commissions a project. Data collected becomes the property of the research buyer so no competitor can see it. However the research company often keeps a copy of the data to add to their 'norms' (normative database) allowing for aggregate figures to be used in benchmarking.

Proprietary techniques have often been designed to capture very subtle shifts in consumer attitude or measures of brand health. Consequently, this type of research is widely used to evaluate advertising and marketing communications. Many proprietary techniques are used to investigate pre-testing, concept screening or campaign evaluation. A range of techniques are also designed to capture brand equity, brand valuation, other measures of brand health and customer satisfaction.

Most large research companies offer some type of proprietary research. Key players include Millward-Brown, Nielsen and Roy Morgan.

To learn more about the types of market research and how it can benefit your company, it is worthwhile browsing corporate websites maintained by market research companies. Expect to find brochures with detailed descriptions of research services, case studies, topline survey findings, media releases, white papers and copies of articles published in trade or financial press. Some of the larger research companies also provide interactive demonstration models of their products and services.

The Australian Market and Social Research Society (AMSRS) maintains a searchable, online directory of market research suppliers. AMSRS can also provide assistance locating reputable suppliers offering a range of solutions.

## A PRACTICAL LOOK AT ONLINE RESEARCH

*Paul Chan, CEO, Pure Profile*

**One of the best features of online research is people wanting to be involved in surveys and actively looking to give their opinions and feedback. There is no coaxing of potential respondents, which makes the process very direct and simple. You simply pay people for their attention to give you real answers to your questions.**

**The low cost compared with traditional research means that you can access high quality research results without access to a big budget, and the turnaround time for completed surveys is usually within days, sometimes even hours.**

**Technology supports the process and helps to make it a seamless interaction between researcher and respondent, and also contributes to important measures such as high response rates and representative samples.**

**The quality of the online panel is a very good reflection of the quality of answers that will come back. You can expect response rates of 60% or higher when you have a panel that is looked after and treated with respect. Be on the lookout for a panel that is constantly churned because the quality of your research will be affected. Good researchers will always make their clients aware of the online panels they use, acknowledging that the quality and honesty of respondents is a fundamental requirement and should be paid for.**

With market research, as with many things, research buyers need to trade off costs and benefits. A basic understanding of the different types of research along with their advantages and disadvantages helps to make informed choices. Galaxy's Chris Lonergan points out that it is important to "make your purchase decision based on value – not price."

The real value of quality market research is that it should deliver novel insights that can be leveraged into genuine competitive advantages. **M**