Understanding What People Really Think

Getting What We Need From Market Research

An Executive White Paper
The Center for Strategy Research, Inc.
April, 2007

Background and Methodology

Between October, 2005 and June, 2006, The Center for Strategy Research (CSR) conducted interviews with 63 executives who are responsible for purchasing market research at leading U.S. companies. Industry focus was concentrated on the consumer packaged goods (CPG) and financial services industries, but also included respondents from the retail, healthcare, energy, automotive, defense, real estate, and entertainment industries.

Each respondent was recruited via phone, and offered a stipend for themselves or for the charity of their choice. They received the additional incentive of a summary report of findings from this study. Average interview length was 30 minutes. None of the respondents had worked with CSR prior to the interview.

The aim of the study was to better understand the decision-making process around market research initiatives. The objectives included:

- Understanding the challenges with market research within leading U.S. companies;

- Understanding the decision factors and process by which these companies retain market research firms;

- Discovering how participants use various research methodologies (online surveys, qualitative and quantitative phone research, focus groups, and one-on-one interviews), their satisfaction with them, and reasons for satisfaction;

- Gathering reactions to CSR's research methodology, first as a generic concept, then identified as a CSR offering.

The survey results presented in this report were obtained through in-depth, conversational telephone interviews that were quantified using CSR's proprietary coding process. The basis for CSR's coding and analysis is what the interviewees chose to say, using their own language and ideas to create the variables (codes) that are analyzed in this White Paper.

The data that is produced from these interviews may be treated in the same way as any other data: Regression analyses, factor analyses, statistical testing between groups, are all common applications of the data.

For example, in this report, you will see findings that compare the answers of respondents in the CPG and financial services industries against all other respondents in the study.

The quotes included in this report are from participants, and directly link to the data. Each verbatim is followed by the respondent's CSR identifier number in parentheses. In general, these identifier numbers relate to the date of the interview and the respondent's industry: Interviews numbered 1XX and 2XX were conducted prior to 2006; interviews numbered 3XX through 5XX were conducted in 2006 and are from the CPG (3XX), other (4XX), or financial services (5XX) industries.

Since CSR's methodology is based on an open-ended approach to gathering information, it is common for the frequency of ideas to fall in the range of 5 to 50 percent. This is mainly because respondents generate each idea without any prompting from the interviewer. In light of this, ideas that occur in the area of 30% or more should be seen as reflecting strong agreement. In addition, lists of ideas with relatively low overall frequency (less than 10%) are also often generated. Because space is limited in this White Paper, all ideas with less than 5% frequency are not charted.

Findings-at-a-Glance

The biggest challenges with market research are obtaining trustworthy data and finding vendors who understand the client's research needs.

Several of the top research challenges that market research decision-makers experience have to do with reliability of the data. Such challenges include:

- Obtaining accurate, reliable, or trustworthy data

- Getting the right kind of respondents

- Relevance, availability and specificity of research

- Truthful respondents

The greatest challenge in working with a research vendor is the vendor's understanding of the client's industry and needs.

Internet research is the most used methodology, and by far the methodology most expected to increase in usage over the next three years.

- While many respondents, approximately three-quarters, currently use quantitative phone surveys and focus groups, respondents say that use of these methodologies is much less likely to increase than use of the Internet.

- The top reason for liking Internet research is its fast implementation and fast access to results. Interestingly, speed of execution is not mentioned as one of the challenges among research decision-makers, perhaps because so many researchers (87%) are already using this methodology.

- The top reason for liking quantitative phone research is that it yields statistically reliable results, which respondents did mention as a challenge.

- Respondents like focus groups because they can see customers and prospects.

Reaction to CSR's qualitative-into-quantitative approach is very positive.

- 86% rate the concept as very or somewhat attractive.

- 83% had a very or somewhat favorable interview experience, with many saying they like the type of information captured, that it is better than quantitative approaches, and that it felt like a conversation, not a survey.

- Market research decision-makers believe this methodology will get a deeper understanding of respondent's opinions, and that it will produce new, unexpected results unobtainable from quantitative approaches.

- Respondents also believe that CSR's methodology will enable a more thorough understanding of customers, and improved data for better decisions.

Market Research: The Challenges

As a first step in this research study, CSR wanted to understand the challenges research decision-makers must overcome in order to feel confident in their research initiatives. All but one of the 63 decision-makers that CSR interviewed do, in fact, face challenges in conducting market research.

To increase revenues in today's increasingly complex global market, business leaders know they must understand the voice of the customer to, among other things, develop products, measure the value of the brand, and fine-tune marketing campaigns. The process of understanding the voice of the customer, however, is not as easy as it sounds.

To understand the voice of the customer, a researcher must first find the customer or prospect whose opinion s/he seeks. Second, s/he has to make sure that the right questions are asked in the right way to extract what this customer really thinks. Third, s/he has to take that opinion or "voice" and make it actionable, enabling it to improve business decisions.

When CSR asked market research decision-makers what challenges they face in obtaining market research they feel confident in and can use, the challenges they mention touch on all of the parts of this process (Figure 1). In addition, respondents focus on challenges common to most business endeavors, market research or otherwise, such as securing budgets and finding competent, reliable vendors.

In today's world, where there are so many ways to reach people (by home, work, and cell phone, by e-mail, text message, online, etc.) the most frequently mentioned market research challenge is, in fact, the first part of the research process, which is reaching the right people, or getting the right kind of respondents, mentioned by 33%.

Closely connected to this is getting respondents to participate in research, which is a challenge for 16%. Another set of challenges has to do with the second part of the research process: getting at the true opinion of the respondent. One fifth, or 19%, say obtaining accurate, reliable and trustworthy data is a challenge, (mentioned most often as the single greatest challenge, by 24%), and getting truthful respondents, mentioned by 10%.

In this study, CSR focused on both the CPG and financial services industries to understand if these decision-makers have different needs or opinions from those in other industries.

The following findings are based on statistically significant differences between each of these groups and the sample as a whole. Sample sizes are small, 20 respondents in each group, so conclusions should not be drawn about differences. But for the purposes of this White Paper, we are noting differences in order to demonstrate the power of our unique methodology.

CPG

Getting the right kind of respondents is much more likely to be named a challenge to CPG decision-makers than to other respondents (55% v. 32%). Obtaining actionable data is also much more likely to be cited as a challenge by CPG decision-makers (30% v. 15%).

CPG decision-makers are much less likely than other decision-makers to say finding a research firm with credibility, or with the right reputation, methodology, focus, or experience is a challenge to them (5% v. 21%).

When asked why the challenge they named was the biggest, CPG decision-makers are much more likely to say they are concerned with "striking the right balance between cost and usefulness" (63% v. 42%).

Financial Services

When asked to name the single biggest challenge in obtaining market research, financial services decision-makers are much more likely than other respondents to say "needs analysis, design, other up-front tasks." (28% v. 12%)

For some, the challenges accrue during the third piece of the process — the quest to make the customer's voice heard within their organizations. Sixteen percent say obtaining actionable data is a challenge, while the same number mention obtaining relevant, available, and specific data. Some mention that getting others to understand the value of market research is a challenge (5%), which could undermine the actionability of any research initiative.

One respondent explains the situation well: "*The greatest problem is that really most of the users of market research don't look beyond the surface, so you can play results from a focus group or you can present data collected from telephone or online interviewing and most users will take it at face value. They won't necessarily think about what the motivators were for the responses that were provided. They may not think about how those motivators could be the real things that they should be focusing on rather than straightforward answers to questions. A lot of times, we ask the question, 'Does quality matter? Does price matter?' and the answers are obvious.*" (406)

Other challenges are not related as specifically to conducting research itself. Budget and cost-effectiveness is mentioned as a challenge by 21%. "*The biggest challenge, of course*", affirmed an interviewee, "*is the budget.*" (302)

And even with a budget, ascertaining the value received for the research dollar spent is not always easy. A financial services executive put it this way: "*That would be a cost that you can't say is directly impacting the bottom line. It's just gathering research to hopefully improve the bottom line, so to make the business case to say, 'Hey, we're going to [spend] X thousands of dollars to do the research' without knowing what that [may] mean from a return perspective is tough.*" (509)

Tied with funding and cost-effectiveness challenges at 21% is finding an experienced and credible research firm to work with. A financial services executive remarks that "*I feel that it's very important for us when we're working on research that we have a lot of input with whoever the provider is for the service so that we really have a partnership and they really understand our business before we even start laying out and start putting on paper what kind of questions and research that we want to do.*" (510) Finding the right research partner, in other words, can have a huge impact on the outcome of a study.

If the purpose of market research is to understand a market, then the assumption is that it can actually be understood. And that's where the challenges really lie: market research is difficult because of the diversity of people that comprise a market and the unpredictability of their behavior. Researchers have created many methodologies to impose order and mitigate uncertainty.

But no matter what technique is used — qualitative, quantitative, or a combination — its success, as CSR's findings show, depends on reliable, representative, and unbiased respondents who are asked the right questions in the right way. Only then can the data collected be made relevant to the most important business decisions.
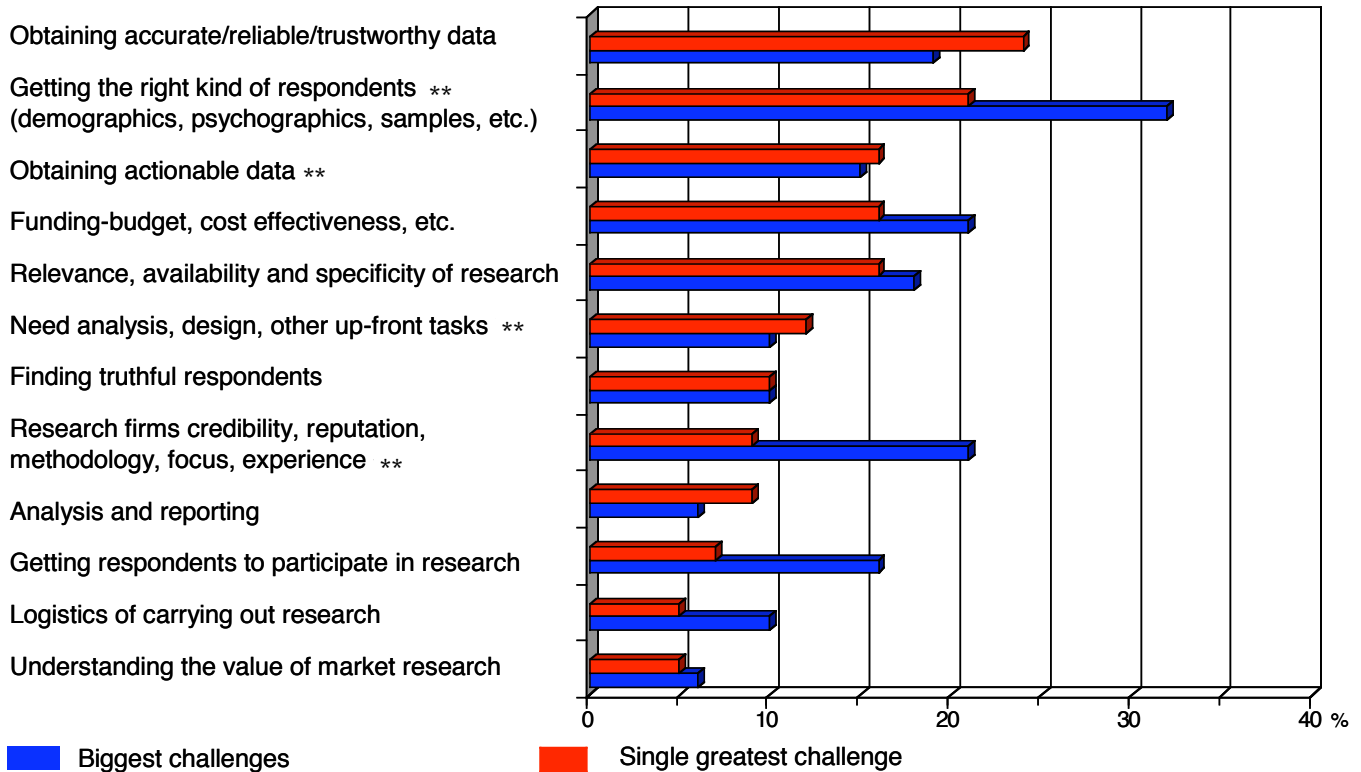
Figure 1: Biggest and Single Greatest Market Research Challenges

Chart categories (top to bottom):
- Obtaining accurate/reliable/trustworthy data
- Getting the right kind of respondents ** (demographics, psychographics, samples, etc.)
- Obtaining actionable data **
- Funding-budget, cost effectiveness, etc.
- Relevance, availability and specificity of research
- Need analysis, design, other up-front tasks **
- Finding truthful respondents
- Research firms credibility, reputation, methodology, focus, experience **
- Analysis and reporting
- Getting respondents to participate in research
- Logistics of carrying out research
- Understanding the value of market research

Legend: ■ Biggest challenges (blue)   ■ Single greatest challenge (red)

Source: Center for Strategy Research, January 2007

See Industry Differences Sidebar 1 (page 5) for explanation of statistically significant differences noted above.

Working with Market Research Vendors

Most of the challenges associated with market research have to do with the reliability, validity and actionability of the research itself. One way to address these challenges is to select the right research partner. One key objective of CSR's research was to discover how research firms can best be of service to research decision-makers. Therefore, we asked what the biggest challenges participants currently encounter when working with market research vendors (Figure 2), and what a market research firm must do to work effectively with them (Figure 3) .

By far, vendor understanding of the client's business and needs is the top challenge, identified by 46% of respondents. This is followed by vendor credibility (29%). Noted one financial services executive: *"The biggest is making sure that they understand what it is that we're trying to accomplish and how it fits with our strategic goal."* (509)

While a research firm's industry expertise will make the study more actionable, similarly, over a fifth (22%) of respondents say that locating vendors with appropriate design, research methodology, and analytical savvy is challenging. Said one respondent: *"It's rare that you find a company that really has a strong ability to take the data which anybody can collect and turn it into a creative story that has a compelling message to it."* (201)
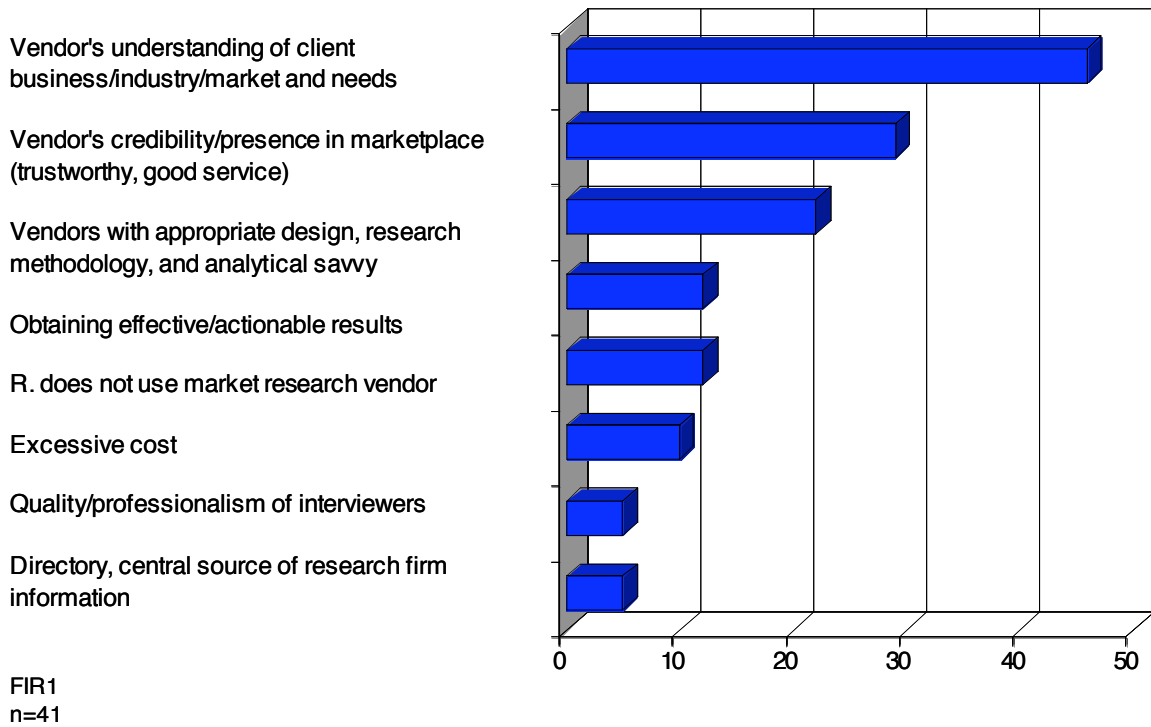
Vendor's understanding of client business/industry/market and needs

Vendor's credibility/presence in marketplace (trustworthy, good service)

Vendors with appropriate design, research methodology, and analytical savvy

Obtaining effective/actionable results

R. does not use market research vendor

Excessive cost

Quality/professionalism of interviewers

Directory, central source of research firm information

FIR1
n=41

Figure 2: Biggest Challenges Working with Market Research Vendors

Source: Center for Strategy Research, January 2007

Understand industry/business/market

Feature solid methodological underpinnings *

Provide, in general, good performance (proactive, responsive, on time, on budget, etc.)

Be established, have a track record, references, etc

Offer flexibility in compiling, reporting, presenting results

Be cost-effective

Deliver quality results

Provide actionable information

Listen to customer needs

Offer credible, compelling value proposition (e.g. turnkey solution)
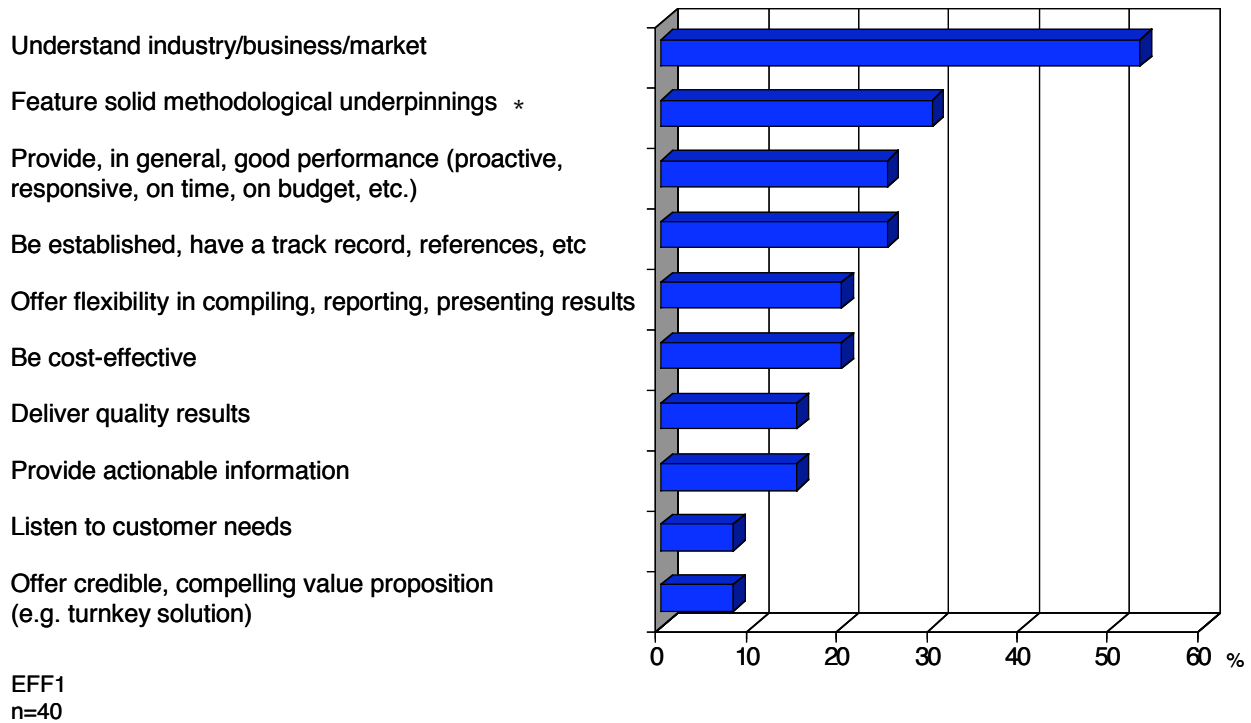
EFF1
n=40

Figure 3: What Market Research Vendors Must Do/Deliver To Be Effective

Source: Center for Strategy Research, January 2007

See Industry Differences Sidebar 1 (page 8) for explanation of statistically significant differences noted above.

We just did an Internet study using our customer database and it was just great because we could hear what our customers thought about something very quickly, very inexpensively, but we just don't have the capabilities to tabulate a lot of open-ended responses, so it restricted us a bit in what we could ask. (311)

It's instant gratification. (510)

CSR asked respondents to share what attributes their company looks for in a research vendor to work effectively with them. (Figure 3) Again, vendor understanding of the respondent's industry is the most frequent response, stated by over half (53%), and nearly twice as often as the next most popular ideas: offer a solid methodology and good performance (30% each), and/or an established track record and flexibility in reporting results (25%).

Again, hiring the right research firm can help make a study actionable, and therefore drive better business decisions. In the words of a financial services executive, "*To be someone who has expertise and experience. Someone who understands my company and the customers that we're trying to attract.*" (510) Adds an executive in CPG: "*Have a deep understanding of the markets which we serve.*" (316)

Assessing Research Methodologies

In addition to selecting the right research partner, research decision-makers select methodologies for particular studies to address the challenges mentioned above. Another key objective of CSR's research was to discover which methodologies participants use, their satisfaction with them, and why. Respondents were asked about five common research methodologies: Online quantitative, telephone quantitative, telephone qualitative, focus groups, and one-on-one interviews.

Internet-Based Research

Internet research has quickly become one of the most prevalent methodologies in a relatively short amount of time, and research decision-makers plan to use it even more often in the future. When respondents were asked about their use of the Internet for custom research in the past two years, 87% say they have used this methodology. In fact, 16% say they use it for at least three-quarters of all their research, and just over a quarter (27%) use the Internet for more than half their research. When asked about their expected frequency of usage of Internet research over the next three years, 82% said usage would increase, and 18% said it would remain the same as today. None of the respondents expects usage to decrease.

Just over half (52%) of users indicate that they are very satisfied with this research methodology, and no one expresses dissatisfaction with it. Some top reasons for satisfaction relate directly to the challenges mentioned earlier with regard to conducting market research in general: Cost effectiveness is mentioned by 28% as a reason for satisfaction, while 25% mention quality and accuracy of data (25%), and easy-to-reach respondents (22%).

But by far the top reason for satisfaction with the Internet, named by 41%, is fast implementation or access to results.

Despite high satisfaction, some interviewees voice concerns about the quality of this methodology. Nearly a third (29%) say it is too impersonal; "*Obviously*", said one respondent, "*you lose some of the interaction that you would get from some sort of phone interview…*" (403)

Industry Differences Sidebar 3

Financial services decision-makers tend to use quantitative telephone interviews more frequently than decision-makers in other industries (40% v. 30%).
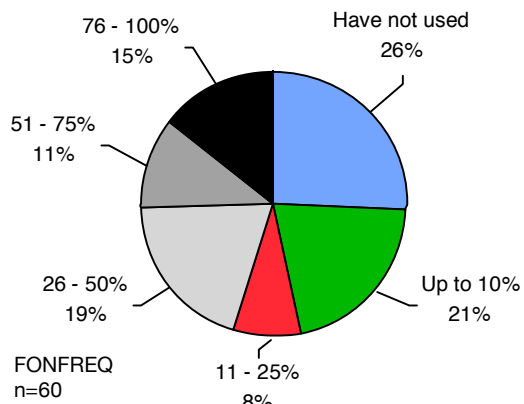

FONFREQ
n=60

Figure 4: Quantitative Telephone Research Usage Since 2005

Source: Center for Strategy Research, January 2007

A fifth (each) of respondents complain of low response rates and questionable results. One respondent says, "*It's a wonderful platform, but my biggest frustration is this last research project was kind of a bust because we sent out about 600 letters, offered a $20 incentive for participation, and ended up with 12 decent responses out of the whole batch, so it was by far, the lowest response rate I've ever dealt with.*" (406)

Quantitative Phone Research

Quantitative phone research is a popular methodology: close to three quarters, 74%, of respondents have used it in the past two years (Figure 4). In line with Internet research use, just over a quarter (26%) use this methodology for more than half their research.

Asked what they like about quantitative phone interviews, satisfied users mention statistically reliable results (28%) and overall useful results (22%) as aspects they like most about this methodology.

Satisfaction with quantitative telephone research is statistically lower, however, than that with Internet research, with only 29% saying they are very satisfied. One drawback mentioned by interviewees is the inability to get quick results, named by 39% of those who are not satisfied with this methodology, as well as a perceived lack of cost-effectiveness (31%). "*You do get more intimacy*", noted one executive in CPG, "*but it isn't as fast as the Internet and it's not as cost-effective.*" (303). Perhaps because of this lower satisfaction, only 8% plan to increase usage of this methodology over the next three years.

Qualitative Phone Research

When asked about use of the telephone for qualitative custom research in the past two years, both the number of users and the frequency of use were lower than with previous methodologies discussed. (The reader is reminded that no interviews were conducted with respondents who had worked with CSR, so qualitative experience shared in the below commentary is not reflective of experience working with CSR.)

Fully a third have not used a qualitative phone methodology and fewer than 10% of those who do use this methodology for more than half their research. In addition, satisfaction with qualitative telephone research is significantly lower than satisfaction with Internet research, with only 11% saying they are very satisfied with it.

Top reasons for satisfaction among those who use qualitative phone research include liking the results (33%), and liking the depth (33%). Reasons for dissatisfaction vary, but in general, qualitative phone research is described as time consuming, and the data difficult to interpret. As one decision-maker states, with one eye on the bottom line, "*…we are very careful with it because it is more subjective, so your decisions made from that are a potentially higher risk.*" (416)

Despite relatively low satisfaction with this methodology compared to others, 15% plan to increase usage, while 72% said they will continue using it at the same rate over the next three years.

51 - 75%
8%

76 - 100%
5%

Have not used
18%

26 - 50%
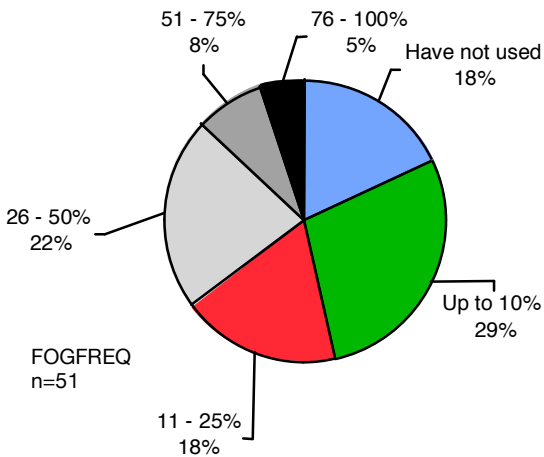22%

Up to 10%
29%

FOGFREQ
n=51

11 - 25%
18%

Figure 5: Focus Group Research Usage Since 2005

Source: Center for Strategy Research, January 2007

Someone might dominate a group or influence other people in the group to express an opinion. (311)

We tend to use one-on-one when the information is a little bit more sensitive and they probably wouldn't feel comfortable sharing that information in a group. (009)

Focus Groups

When respondents were asked about their use of focus groups for custom research in the past two years, 82% say they have used this methodology. Just under half (44%) of users indicate that they are very satisfied with this research methodology. Respondents who are satisfied mention positive results (27%) and the ability to watch customers (27%) as aspects they like most about this methodology. "*I think that's really good for people to see because you're actually seeing your customer and hearing your customer*" (004) according to one respondent. Or, as another interviewee put it, "*I get the emotion behind it.*" (415)

Because of the interaction among the participants, focus groups often provide more depth of information than individual interviews (12% of satisfied users). "*It gives us a good feel for what our customers are really thinking*", states one decision-maker from the CPG industry, "*and it's been a more helpful tool to us than any other form of research.*" (305)

Focus groups in some ways, however, fail to address key challenges with conducting market research, including several having to do with the questionable validity of the data. Some say there is too much opportunity for bias with focus groups, some say the sample is too small and therefore can be misleading, others say group dynamics can skew results, and a couple of respondents mention that the success of the group depends too much on the moderator.

Some mention that focus groups are also expensive to set up (requiring recruiting, a moderator, participant stipend, refreshments, facility rental, and reporting and analysis). Despite all these drawbacks, only 12% (or six respondents total) express any dissatisfaction with this methodology.

One-on-One Interviews

While fully 50% of the participants in this study have not used this methodology in the past two years, those who have are quite satisfied with it. Satisfaction with one-on-one interviews is consistent with that of the Internet and focus groups, at mean satisfaction among users of 4.2 out of 5. [1]

Some are satisfied because one-on-one interviews better reveal a respondent's thought process without the drawbacks of "groupthink": with one-on-one interviews, responses from one participant do not influence those of any other participant. "*It gives a better opportunity to explore that individual in greater depth*" (006), explained one interviewee.

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[1] Because of the low incidence of use of one on one interviews, CSR will illustrate the points in this section with verbatims, rather than percentages.

In addition, respondents say one-on-one interviews are well suited to research on sensitive topics that respondents are unlikely to discuss openly in a group — medical conditions or personal finances, for instance. Also, hard-to-reach professionals, such as C-level executives or other high-ranking individuals, are often more accessible for one-on-one conversations than for other research methodologies. And more candid.

Likewise, company employees may prefer a one-on-one interview as they are often reluctant to speak freely in front of their co-workers and/or superiors.[2]

Decision-makers, however, perceive one-on-one interviews as being costly: another executive from the CPG industry states that "*the focus group is less expensive and we have a small budget, so we probably lean more toward focus groups than in-depth individual interviews, so that you get more input at a lesser cost.*" (311)

Conclusions About Methodologies

In qualitative research — relying on focus groups or one-on-one personal interviews — individuals are probed in depth on specific issues. The result is deep, rich, but anecdotal information. Quantitative research, on the other hand, gleans "harder" data. Using online or phone surveys, large numbers of consumers are asked an array of multiple-choice questions; answers can then be compared and statistically analyzed, revealing significant demographic or psychographic market characteristics.

The trade-off is the increased cost and time needed to undertake the research. While qualitative research better uncovers what people really think, it's generally more expensive and takes more time than quantitative; it's also far less open to statistical evaluation and consequently doesn't yield the hard numbers marketers typically crave. Quantitative research is easier to deploy and satisfies the numeric goals but lacks richness and depth of language, and is next to useless at digging deeper into a respondent's answers.

Granted, when measured by the standard research cost calculation (cost per interview), one-on-one interviews can indeed be expensive. But CSR has constructed a new metric — cost per respondent minute — that demonstrates that one-on-one interviews can provide much greater value than, say, focus groups; this metric is described in more detail in the next section of this White Paper.

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[2] CSR also interviewed individuals from Human Resources departments as a small subgroup of this study, but are not included in overall results.

The methodology can be used in on-line or face-to-face settings, but its most common use is in telephone interviews. The objective is to gather information from survey participants in the most unbiased and open way possible. The process begins with the creation of a structured, conversational questionnaire that is used in one-on-one interviews. The goal is to address each question to each respondent. There are no preselected answers for them to choose from, nor are they forced to make choices. Instead, questions such as "Why do you like [name of firm]'s customer service?" are asked by interviewers with specialized skills and training. Not only are respondents allowed to answer in their own words, but interviewers have the freedom and training to follow up with clarifying probes.

These conversations, usually lasting up to 30 minutes, are recorded, transcribed, and coded using CSR's proprietary software. The software allows the coder to identify and count the frequency with which ideas occur throughout the interviews. When coding of all interviews is complete, the software integrates with standard statistical software to generate data tables that are consistent with the data tables users are already familiar with from closed-ended research.

One key difference, however, is that the variables in the tables are derived from the words spoken by respondents and are not predetermined or preselected in advance. In addition, the text that has been coded and counted into these variables can be retrieved from the system at any time, allowing users to see the words respondents use. An executive summary of findings derived from the data is then compiled and supported by verbatims from the interviews. The team members compiling this summary have several years of experience in research and in specific industries.

You capture that kind of intimacy that you definitely don't get on the Internet. It's somewhat suppressed in a focus group because people are worried about that dominant opinion leader in the group of whatever. (303)

The CSR Concept: Combining Qualitative and Quantitative

To help organizations better understand what people really think, CSR has developed its own research methodology that combines the benefits of both qualitative and quantitative approaches. As part of this research effort — and to inform its own market strategy — CSR sought to gather reactions to this methodology, an integrative technique that cost-effectively combines the best of qualitative and quantitative approaches. This unique methodology, as described in the concept statement on the left, was presented to CSR's research participants to get their reactions. As noted, none of the respondents in this study had worked with CSR prior to their interview.

What People Really Think Of It

When respondents were asked to rate the concept, the overall response was very positive (mean 4.1 out of 5). The majority of respondents (86%) rate the concept very or somewhat attractive, with two respondents finding it somewhat unattractive and only one respondent rating it very unattractive.

CSR asked all respondents to state, in their own words, what is attractive to them about this concept (Figure 6). Over a fifth found the ability to obtain a deeper understanding of the participant's opinions as an attractive feature of this concept.

Explains one financial services executive: "*The fact that you're getting some depth out of the survey. You're not just finding, OK, what's your level of satisfaction? Well, that's fine. And instead of trying to, and then you get all sorts of numbers on other questions and then you try and run correlations to say what's driving that satisfaction where instead, with this process, you can ask directly each specific customer what it is that makes them satisfied or loyal to the organization, so that aspect of it, that you're able to get the individual customer's underlying factors for something directly from the individual customer as opposed to trying to extrapolate that from the data collected.*" (502)

Other benefits often identified by these respondents include obtaining unexpected results (16%), as well as exact opinions/no interpretation needed (14%), and 14% believe that this approach would yield better results than a focus group. Says a CPG executive, "*A lot of times, there's stories behind why a person. This also goes back to what I mentioned earlier about having research that you can act upon. It's one thing to understand that someone is pretty unhappy about the check-out time in the store, but on the flip side is they could actually say that, 'Gee, I wouldn't mind waiting on line if I was fed cookies.' It's really peeling the onion and really understanding what are the customer's hot buttons in terms of issues. How you can handle them.*" (314)

When those respondents who reacted positively to the concept were asked how this research approach would benefit them, 28% indicate it would help to obtain a more thorough understanding of customers. One respondent says, "*Some people are very careful with what they say in a survey, not knowing where the information's going to go, but if you have them talking and they're talking continuously on various questions, they can't be on guard all the time and you will eventually build a pattern of their thoughts and where they're going.*" (401)

Almost as many (24%) say a benefit of this methodology is that it would provide improved data for better decision-making, and about one in ten believe it would provide more value for their research dollar. Says one CPG executive, "*It kind of offers a hybrid of both a quantitative study and a qualitative study and it depends on what you're trying to get, but it seems like you'll be able to deliver a lot more people and I would imagine, maybe in getting kind of qualitative insight, but doing it in a more cost-efficient manner.*" (308)

Can get a deeper understanding of survey participant's position/opinion

Methodology will produce new, unexpected results unobtainable from quantitative approaches
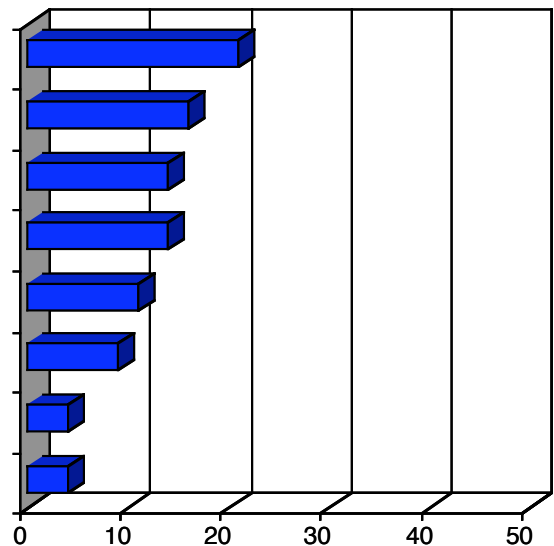
Obtaining exact opinions – no interpretation needed

One-on-one approach yields better results than focus group

Method will provide more honest answers

R. Likes idea of quantifying qualitative information

More personal, human, intimate, confidential

Other beneficial aspects cited

WAM4
n=58

Figure 6: Attractive Elements of Concept

Financial services decision-makers are more likely than other decision-makers to say that an attractive element of CSR's methodology is that it quantifies qualitative information (37% v. 20%).

Specific Benefits

Respondents were also presented with four specific potential benefits to this methodology and asked to react to each. These are:

- The open-ended approach results in less biased, more valid information, because respondents are not forced to pick predetermined answers, and aren't being swayed by others, as they might in other settings such as focus groups.

- The ability to capture respondent's words and ability to access them later is both powerful and valuable, because this language can be used in a wide variety of ways, for example, to create advertising campaigns, copy for collateral materials such as direct mail, and generate ideas for future products and services.

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> *This is probably one of the better surveys that I've ever gone through, or interviews. You're getting more honest answers out of me and a truer feeling than the quantitative surveys I've done in the past. After a while, you get pretty bored going though those. (313)*

> *I think you're a terrific interviewer. I think you're great…. This is far more enjoyable because we have an ongoing free-wheeling discussion rather than having you read scales and having me play back numbers for you. (508)*

- The ability to capture respondent's words and ability to access them later is both powerful and valuable, because this language can be used in a wide variety of ways, for example, to create advertising campaigns, copy for collateral materials such as direct mail, and generate ideas for future products and services.

- The open-ended approach allows for the asking, and answering, of questions that are difficult to handle in a traditional quantitative way. For example, to understand what customers consider responsive service, this information could be retrieved and potentially quantified from the verbatim responses.

- The methodology allows for coding one-on-one, face-to-face interviews. This can be most beneficial when an organization wants to show the respondent some material that needs to be handled in a particular manner or does not translate well over the Internet or other media. It works by conducting a series of interviews in a focus group setting. All the interviews are then transcribed and coded in order to understand the unbiased results from all the interviews in a codified and systematic manner.

Respondents' reactions to the suggested four benefits were consistently quite positive. For instance, 87% agree that less bias is one benefit, and 93% agree that the ability to capture respondents' words and access them later is another benefit. In addition, 86% agree that handling difficult questions is a benefit, and a similar number agree that the ability to code face-to-face interviews is another benefit.

But Does It Work?

CSR conducted the interviews reported upon here using its interviewing technique, which includes a structured questionnaire based on open-ended questions, and administered by a CSR interviewer trained to probe deeply, and be neutral. In response to a specific question about the interview experience, 87% describe it favorably.

When asked to compare the interview to quantitative surveys they've participated in, a third of respondents praise the type of information captured, while 24% indicate it is better than quantitative approaches and/or that it felt like a conversation and not a survey.

In The End…

To understand what people really think requires an alternative, integrative research methodology — one that gleans insightful, anecdotal information with the benefit of statistical support, allows human interpretation of results while maintaining the same level of relevancy as quantitative techniques, and features strong controls in the research design while using comparatively small samples. CSR's research shows that many research decision-makers agree that its methodology yields a more thorough understanding of consumers, generates improved data for better decisions, and provides more value for the research dollar.

A New Cost Calculation

As part of the methodology, CSR has also developed a new research cost calculation — cost per respondent minute — as an alternative to the standard focus group cost-per-interview metric. In a standard, eight-person, 90-minute focus group, there are nine people (eight participants plus moderator) sharing the floor. On average, therefore, each respondent is allotted 10 minutes of talk time across those 90 minutes. The total cost of a focus group is about $6,000 for consumers and $8,000 and up for B2B, which includes recruiter, moderator, participant stipend, food, facility, report write-up, and the cost of getting observers to the event. Divide 80 minutes of participant talk time (the moderator doesn't count) into the $6,000 expense, and the cost per respondent minute is $75 for consumers ($6,000/80), and $100 ($8,000/80) for B2B respondents.

Using CSR's methodology, a typical interview runs 30 minutes and costs between $400 - $500, including recruiting, interviewing, participant stipend, and reporting. The cost per respondent minute is in the range of $16 to $25. The big difference results from the amount of time the respondent spends talking, which is typically about 20 to 25 of those 30 minutes. When measuring research costs with this metric, interviews conducted using CSR's approach provide much greater value.

Conclusions

"*The problem with market research*", writes Malcolm Gladwell in his best-seller "Blink: The Power of Thinking Without Thinking", "*is that it is often too blunt an instrument to pick up the distinction between the bad and the merely different.*" He wrote this to disparage traditional market research approaches that incorrectly predict the failure of ultimately successful products. CSR agrees with his assessment because depth of information is essential for nuanced research, in the same way that computer monitors require high resolution to render realistic-looking graphics.

Understanding what people really think requires "high resolution" in two ways. The central tension in conducting market research is this: Quantitative techniques permit generalization and prediction through statistics, but they omit richness and depth of response; qualitative techniques preserve deep information, but they aren't statistically valid. CSR acknowledges that there's a "missing link" in most market research approaches, which is why the company has developed its own unique methodology.

CSR's approach gleans deeper, more precise information than other qualitative and quantitative methodologies while offering the best of each. The method allows respondents' original verbatim answers to be coupled with a range of statistical analyses. Which allows organizations to create plans and take action based on what people really think and not on a choice of a limited range of pre-selected options.

The research approach also provides a truer understanding of respondents' original input — something not possible with other types of research. CSR's process yields richer, more statistically relevant information at a significantly lower cost per respondent minute, thereby providing considerably greater value for the research investment.

Appendix: Partial Respondent Transcript

This report includes numerous verbatims from respondent interviews. However, another benefit CSR offers clients is the ability to read full respondent transcripts. Below is just one part of one transcript, conducted with a financial services executive. It further shows the depth of thought CSR is able to inspire from each individual interviewed.

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<1> [I'd like to begin by understanding a little bit about your experience with market research in general. What do you consider to be the biggest challenges in obtaining market research in which you feel confident and that you can use?]

One of the biggest is finding respondents who meet your criteria for selection. Often you may screen for certain characteristics, be they psychographic or demographic, and you want to be sure you're getting the right people to talk with or communicate with on-line. Just having the right respondents is a challenge, especially when you're looking at, for example, in the consumer area, brands that are not often used or alternatively behaviors that are rare or experiences that have been rare, so finding people. Finding that needle in the haystack is a challenge at times and that's the most important thing, first of all, is to find the right respondents and then asking them the right questions that don't bias them in any way and thirdly, of reporting your results in a way that are actionable to your decision-makers and colleagues.

[Of the things you have mentioned, which do you consider to be the single greatest challenge?]

Number one, just stepping back a little bit, I've been talking practically about research, but philosophically is meeting with your business colleagues to understand what questions they have and to transform those questions into research issues that can be addressed through a measurement approach, so I think that often, business colleagues don't know what questions to ask and how to ask them, so you have to really be their interpreter for them, so it really, philosophically, the most important thing is to know what the questions are and to ask them in the right way.

[Why do you consider that the greatest challenge? What problems does that challenge cause?]

It's the greatest challenge because not everybody's a researcher and business people who haven't been trained in research have misconceptions about it. They think research is a push of a button and they really don't understand the heavy lifting involved and it's worse to do research that isn't appropriate than to do no research at all because if you do find that certain results are. If you do find certain results that don't bear on business issues, your credibility as a researcher is at risk and research, quite honestly, is a luxury. It's expensive. It has the reputation of being academic information that really will rest on a shelf and not get used by decision-makers, so every project is really like a Broadway show debut. You're only as good as your last project and if you can't help the decision-makers with their work, you're useless.

[What are you currently doing to alleviate that challenge?]

In my current work, the work I do is very actionable and action-oriented. We get feedback from our business constituencies, (inaudible) questionnaire design. We present to them. I present to them comprehensive findings and get their input on how that relates to their current plans and try to tie back results to any kinds of marketing initiatives, so I can tell them, 'Well, we see a certain trend here because, for example, you are reworking your cost-center system,' so I try to explain things, trends in the data, by reference to actual marketing initiatives or business events, thereby helping them understand what they're doing right or wrong, so I involve the business constituencies in the project at every stage and keep them involved.

[If that challenge were magically solved, what would the benefit be to you and your company?]

Research would not have to be so defensive as a function area and it may result in probably getting more funding. We wouldn't have to fight for funding. People would see the inherent value of research.

[What are the biggest challenges you encounter working with market research vendors?]

One is doing things in a timely manner and I'm hoping that my vendors in general are very proactive. I want to manage them, but manage them as if they were a senior colleague, so. And I'm lucky right now to work with vendors who are that way, who are proactive, who don't need my micromanagement directives, who can function fairly well without my help, so one thing is finding the right vendor who is senior enough, having a senior contact on the vendor's side who can anticipate problems and pardon my colloquialism, keep the s*** from flowing uphill.

[What two or three key things must a market research firm do to work with your firm effectively?]

Number one, be proactive. Number two, provide value, provide more than data, provide insight beyond information and anticipate problems and fix them before I become aware of them as the client and do things in a timely manner. Do things for me that would help me because I have no direct reports. I manage a number of vendors. This is the new age of corporate America. I've been in environments where I would have several direct reports as well as vendors, but now we're lean and mean and I have to do stuff that I'd rather to pass on to the vendor, so if my vendor can be fairly flexible and do things, in former days, my direct reports would do.