

## Developing a Corporate Customer Research Process

On two occasions I have been tasked with creating, maturing and managing an in-house customer research agency. I created a basic platform for my first effort which concluded as a short-term experiment. My second effort occurred over 14 years and increased in sophistication as the appetite for understanding the consumer and the market increased. Being the architect of a Corporate Customer Research process is not for everyone because it can take the focus – either in whole or in part – away from the art and science of customer research and devoting significant time to the operational aspects demanded of an in-house agency.

### First Steps

Perhaps the most important step in formalizing an in-house agency is to position it as a strategic and collaborative process with your internal clients. It is a misstep to approach it as one would take on a project. Projects have a kick-off period, development period, exploratory and confirmatory phases and a conclusion. We don't want a conclusion because it usually results in the corporate researcher looking for a new situation. Research has demonstrated that developing any new strategy and the subsequent change it offers is most effective when it is approached as a continuous process rather than a finite project. When a strategy is developed as a project with a report or leave-behind presentation as the end result, commitment is commonly fleeting and market research/consumer insight as an institution goes nowhere. Corporate researchers will deliver quality intelligence that will see very little light of day.

There are key distinctions between the project vs. process approach to strategy development:

Key Distinctions Between Project Vs. Process Approaches to Strategy Development	
Strategy as Project	Strategy as Process
<ul style="list-style-type: none"><li>• Closed-Ended: Works toward completing a defined, finite approach</li><li>• Developed by top management team &amp; pushed upon the enterprise</li><li>• Focused on completing the project</li><li>• Development is quick, implementation is a struggle</li></ul>	<ul style="list-style-type: none"><li>• Open-Ended: Continuously evolving improvising the approach</li><li>• Developed by collaboration throughout the enterprise</li><li>• Focused on growing the process</li><li>• Formulation is slow, but implementation is quick</li></ul>

## Budgeting for an In-House Agency

It isn't necessary for a market research budget to be substantial relative those of other departments. An in-house agency will have to budget for an online survey platform which is at the core of the process I recommend. It is not my purpose to make a recommendation on any particular survey platform of which there are plenty from which to choose. Following is by no means an all-inclusive list of suppliers and in no particular order:

- ConfirmIt
- Survey Gismo
- Vision Critical
- Verint
- Qualtrics
- Inquisium
- Qualtrics
- SurveyMonkey

Conducting a formal review of the suppliers will enable the researcher to become familiar with question design capabilities, sample management, survey distribution, back-end analytics, and dashboard options. Most important to keeping the market research budget minimal and preserving value is to look closely at how these suppliers bill. Some will charge a usage licensing fee along with ceiling on the amount of customer records that can be stored. Others charge a "per complete" fee – a dollar figure per survey completion -- in addition to a licensing fee. Not only can this end up becoming an expensive venture, it can also make it difficult to come to a dollar figure during budget season. The cost for conducting market research can vary widely with several factors that impact it. Outlined below are the main factors that influence market research costs:

QUANTITATIVE RESEARCH	COST CONSIDERATIONS
Identifying & Defining the Problem	Consulting related costs
Developing the Research Approach	Consulting related costs
Research Design	Strategy design Questionnaire design Sample acquisition Respondent participation incentives Survey programming
Fielding the Research	Data collection/tracking Data cleaning Editing & coding of open-ended responses
Performing Data Analysis	Data analysis
Reports & Presentations	Executive summary reports, Detailed reports Online reports Formal presentation

QUALITATIVE RESEARCH	COST CONSIDERATIONS
Identifying & Defining the Problem	Consulting related costs
Developing the Research Approach	Consulting related costs
Research Design	Strategy design Discussion guide development Focus group facility selection & charges Respondent participation incentives
Fielding the Research	Recruiting respondents Focus group moderating/one-on-one interviewing Recording/transcribing groups/interviews Food and drink
Performing Data Analysis	Data analysis
Reports & Presentations	Executive summary Detailed reporting Formal presentations Additional working sessions

Some organizations will create an enterprise budget for all its departments or business units but like college roommates who share the groceries, there is always one who drinks more milk than the others. It results in one or two departments, understanding the value of an in-house agency, using up the lion's share of the budget leaving little for other department's project needs.

The best practice for market research budgeting is for each department to include project work as line item in their annual budget submissions. They must ascertain if they are going to field qualitative studies (online and/or traditional), quantitative studies, and department-specific secondary research. Market Research must then budget for the licensing of its survey platform and perhaps some broad topic secondary research content offered by organizations like Forrester or Gartner. Everyone then has its own budget with no fuss and no fighting over who spent what.

Market research can demonstrate its value by completing projects that are traditionally costly. For example, a brand awareness study conducted traditionally by telephone interview would cost approximately \$18,000 for 500 completes consisting of a random, representative sample with 70% incidence (the specific target consumer is likely to exist in a population 70% of the time). Fielding this study usually takes about two weeks to complete. Conducting the same survey in-house using an online survey platform, the researcher can complete fielding this project in a matter of days targeting the identical consumer for participation. This project would cost about \$3,600. The use of an online sample does alter the result because online samples come from panel companies. They are not random, representative samples. However, researchers examining results have demonstrated that while the results between panel and random representative samples do vary, it doesn't change the result.

## Next Step

The in-house market research agency must always be on the alert for the quality, precision and accuracy of their work. Project work must be focused on results rather than what the end-user aspires to hear. Results-driven market research is the distinction between conducting good and bad market research. In addition to discovering and delivering the truth, the role of the corporate researcher is to protect the company. The corporate researcher must collaborate with the end-user to determine methodologies that would satisfy this truth mandate:

- What is best for the organization?
- What research approach would be cost-effective, most actionable and, offer strategic advantage particularly in those markets that are increasingly becoming more competitive?
- What research approach will comprehensively define the customer experience with the companies' products or services?

These fundamental questions formed the basis for protecting the organization even if that means delivering negative results. Further, these questions are framed around the paradigm for conducting excellent market research:

- Any research that decisionmakers are unable to use is a waste of time and money.
- The quantity of market research should be determined by the dollar value of and risk involved in the related management decision.
- Exploratory research should be conducted prior to every initial attempt at confirmatory research.
- Market research is most effective when it is a collaborative effort between the managers who use the information and the market research specialists.
- Project "synergy" is important to ongoing market research efforts. Research synergy gives organization the opportunity to include learnings from previous studies in new projects; allows for tracking important issues (i.e. brand issues, satisfaction/loyalty) over time; and, it uncovers other important research objectives such as new product development.

There are two guiding principles to consider when an organization is embarking on a customer research program for the first time:

- There are many "right" places to begin to research
- There is more than one way to get to the right answers with many effective approaches and researchers to administer them.

## **Building Relationships with Research Suppliers**

While most work can be conducted internally, there is still some need for research suppliers. At some point the researcher will negotiate a contract with a survey platform provider, utilize an online panel company's sample, hire a focus group moderator, retain a recruiter, and select a focus group facility. Establishing relationships is critical to maximizing value from suppliers. Building relationships with research consultants is about creating trusted partnerships. There are several advantages to establishing partners rather than going through the bidding/proposal process:

- The task of finding consultants for projects that can't or shouldn't be handled in-house is minimized and often eliminated.
- The research partner will know and understand your "story," needs, issues, etc., resulting in critical time savings.
- Research consultants who are identified as partners understand that they will secure future projects and will adjust their per project costs favorably.

## **Final Thoughts**

The customer research effort does not end with a report and presentation. It is a continuing cycle. The challenge to an organization is in taking action on the learnings. Good market research can change how people think about their products, markets and customers.