

Why Market Research is a Waste of Money:

(And What You Can Do About It)

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The bad news is that every dollar spent on market research comes straight off the bottom line. Diminishing both profits and performance-based bonuses along the way. Ouch.

So, what are you going to do? There are only two choices:

1. Stop doing market research
2. Start doing it right

Now, to quit doing market research altogether is a lot like shutting your eyes because you don’t like what you see. It solves one problem but creates a bigger one. Why not turn your eyes in another direction? (That’s analogous to doing market research right, for the metaphorically challenged among us).

Market research, just like business in general, is a team sport. There are players, rules and ways to keep score. When each player on the market research “team” knows his or her role and does it, the team is highly likely to earn their outrageously high salaries. (OK, so the sports analogy breaks down here, I admit, but hang with me. This is important.)

Who should be on the market research team? There are four main players, although seldom do all four suit up for the game:

- Internal researcher
- Internal client
- Vendor
- Company president

The internal researcher is the key to everyone else playing their positions properly. He or she is the quarterback. Unfortunately, there are more benchwarmers than superstars in the research world. But let’s not let reality deter us. It’s the internal researcher’s job to:

- Understand the industry
- Identify and articulate actionable, researchable objectives
- Select a competent vendor relative to those objectives

- Translate research information into company specific action steps
- Communicate these action steps to the internal client

The internal researcher needs to be a user of market research. A connoisseur, if you will. A Rex Reed of research. He or she needs to be able to effectively apply market research data to his or her company and industry. And he or she needs to be a salesman, persuasively communicating research results and action steps internally. Rex Reed, but Dale Carnegie, too.

The internal client has it much easier, but not easy enough, apparently, because he or she too often fails to perform to standard. Simply put, the internal client needs to participate in the process if he or she expects to get useful results at the end. The internal client needs to:

- Spend adequate time with the internal researcher before project start, discussing the issues until there are clear, concise, explicit objectives that, once answered, will be actionable
- Provide the necessary informational and material support during the implementation of the project
- Spend adequate time with the internal researcher and the vendor discussing preliminary findings and interpretations

Obviously, the key ingredient for a successful internal client is giving the research project a sufficiently high priority that adequate time is devoted to the project. If the research project is not worth the internal client's time investment, then why are we doing this project?

It is common for internal clients to skip scheduled project meetings due to higher priorities. And then get angry with the internal researcher for not delivering actionable results. Hello? Anybody home?

Now we come to the vendor. That would be me. The completely objective and unbiased one (not to mention modest). The vendor's role is straightforward to describe but sometimes difficult to deliver. The vendor should have the appropriate technical and operational skills to:

- Design the correct study, given the clear objectives provided by the internal researcher
- Collect accurate data in a timely and efficient manner
- Thoroughly analyze the data with all commercially available, appropriate techniques
- Identify useful and actionable learning from the analysis
- Clearly communicate research results to the internal researcher

Essentially, the vendor must know how to competently conduct market research. He or she must be a good technician. If the vendor is not a competent technician, he or she should be immediately removed (or, in certain states where this is allowed, shot). However, unless the vendor is also acting as the internal researcher (which does happen in those cases where the company is lacking an internal researcher), the vendor should not be required to do the internal researcher's job (see above). Everybody's got a role to play. If you start asking linemen to throw passes, don't be surprised when someone else wins the Super Bowl.

Why did I put the company president on the market research team? Doesn't he have more important things to do? Shouldn't he be looking at the big picture? Be a visionary? Yup. And maybe he isn't the right guy to be on the market research team for some projects or some companies. But there needs to be a senior player on the team that both the internal client and internal researcher directly or indirectly report to (or at least fear). This big kahuna makes the statement that the project is important just by his or her presence. That's like having Mike Ditka

on the sidelines. But Ditka does much more than that. He gets everyone on the same page. He builds a team.

I had the pleasure of doing yogurt research in Canada a few years ago. Although a vendor, I was functionally the internal researcher for this client, as well (they had no internal researcher). My research helped them develop a positioning strategy for their main brand. The company president was involved throughout the process and understood completely the strategic position we recommended and why. Under his direction, that positioning was applied, literally, to every aspect of the company operation, from packaging and product formulation to the design of the delivery trucks and the nature of their in-store promotions. Every employee in that company, from the janitors to the president (even the account exec's at the ad agency!) knew what that brand stood for. We had strategic meetings where the heads of all departments, finance, human resources, manufacturing, R&D, and, of course, marketing, were required to attend. No excuses. Sales increased so dramatically, they could not produce yogurt fast enough to keep up with demand. That's using research the right way.

The president provided general guidelines but trusted the brand managers to do their jobs. The brand managers gave me information but trusted me to do the research properly. Everyone played their roles and let others play theirs. It was a team effort with spectacular results. Everyone involved in that company at that time looks back on our success with great pride. A complete, coherent marketing campaign, imagine that.

Although any one person can waste money, sometimes a lot of money, by doing market research, it takes a team effort to create the big win. So, what are you going to do? There are only two choices.

You can either shut your eyes or you can build a team.

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