

Market Research - Achieve Your Revenue Goals: *Part II: How To Implement A Primary Market Research Project For Your Organization*

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Scope: This white paper discusses Business to Business (B2B) market research on a high-level, including a discussion of benefits (Part I), common definitions, and a process map (Part II).

Target Audience: Managers to Executives

In Part I, we discussed some of the important benefits to be gained from conducting a primary market research project. This section, Part II, will focus on primary market research for products and services of B2B companies.

Many resources exist to conduct primary market research online or by email. Though we will discuss electronic mediums briefly, this paper focuses on more rigorous and controlled forms of market research conducted either in-person or by phone. Now let's look at how to define market research and go through a typical project so you can see what is involved in the process.

What is Market Research?

Dictionary.com defines market research as "The gathering and evaluation of data regarding **customers' preferences** for products and services."

To elaborate further, primary market research is a means for gathering **feedback directly from customers or prospects** in an organized, rigorous manner that provides insight into the attitudes and buying behaviors of these customers and prospects.

How Do I Conduct a Market Research Study?

Market research is a difficult, but critical, process that involves numerous iterations of steps to collect valuable information from prospects and customers. From this point on, I will refer to all prospects, customers, experts, employees, and in general anyone participating in the interviews as "participants". For the purpose of discussion, I have

divided a typical primary market research study into 9 fundamental steps.

Step 1: Set Goals

Ask yourself what you want to learn from the study:

- *Are you trying to determine your target customer segments and the best messaging to those segments?*
- *Are you trying to plan for the next release of your product and want to determine which capabilities are most important to enhance?*
- *Are you trying to determine which product strategy to invest R&D dollars in next year?*

Whatever your goals, it is important to write them down so you can refer back to them during each step of the process to ensure your actions are aligned with your goals.

Also, it is important that your goals be specific and narrow in scope. For example:

- It would be **reasonable** to have goals for identifying issues surrounding a new product revision and determining messaging for that new revision.
- It would be **unreasonable** to have goals that seek to evaluate product revisions and messaging for several unrelated products in one study.

Having goals that are too broad make the survey process long and arduous for the participant, making it likely that they will “give up” before the process is completed.

Write down your goals so you can refer back to them during each step of the process.

Step 2: Set Parameters for the Study

A. Determine what type of study will most effectively address your goals. It depends on the subject matter of the research: Is the subject a product or the organization itself? Does it focus on new or existing markets? Does it focus on your offering versus the competition's offering?

Some examples of projects with focused goals:

- Market validation of an existing product
- Product roadmap for a future product
- Positioning/Messaging analysis
- Market sizing
- Competitive analysis
- Win-Loss analysis

B. Determine who you want to target for participation in the study.

Who: Experts, prospects, customers, employees, or mixed

Function:

- What role should the participant have? For Example, General IT, Storage, Data Backup and Recovery
- Are you looking for decision makers only or will you include recommenders?

Titles:

- What level are you targeting? CEOs, VPs, Directors, Managers, or Individual Contributors? What % of each level?
- What will you offer as compensation to the participants? Cash (\$75), information (summary of findings), or something else?

Industries: What industries are you most interested in learning about? For example, Financial Services, High-Tech, or Manufacturing.

Revenue size: What is the revenue range you are targeting? For example, \$100 million to \$500 million or \$1 billion and up.

Sample Participant Profile

Function/Title: Managers (50%) & Directors (50%) in IT, Responsible for Storage Decision Makers(40%) & Recommenders (60%)

Industries: High Technology, Manufacturing, Financial Services, Telecommunications

Revenue Range: Companies with revenues between \$500 million and \$5 billion

C. Determine the medium you will use to administer the questionnaire.

Print: Will you be sending the questionnaire to participants to fill out and return by mail?

Phone: Will you be conducting the interviews by phone? If so, will you be filling out the questionnaire by hand or on a computer? Printing out the questionnaire and completing it by hand is easier on the interviewer and minimizes any technical issues during the interview. It depends on what the interviewer is comfortable with.

Electronic: Will you be directing participants to complete the questionnaire online via your website (or a 3rd party survey site)?

*In the case of both print and electronic media, it is crucial that the language in the questionnaire be clear and easy to understand because the participant will not be able to ask clarifying questions.

***Suggestion: Document the process** to create metrics for future studies. For example, you should keep track of your lists, the number of prospective participants contacted vs. the number converted to actual participants, etc. This will make it easier when you do resource planning for future projects.*

Step 3: Information Discovery

Gather all relevant information. Remember to review your goals often to be sure you are on track.

- Review your marketing materials, sales tools, and website
- Review your competitors' marketing materials and website (be sure to include both direct and indirect competitors)
- Interview relevant individuals within the company
 - * Interviewing your local experts about the product features and technology specifics makes the study more rigorous
 - * Interviewing individuals who will ultimately utilize the results allows them to be part of the process and promotes buy-in of the results

For example, if your study is a product roadmap study for a future product, you would want to make sure you gather all proposed specs, interview the design team, and collect materials relating to older versions (for comparison).

Step 4: Questionnaire

Developing the questionnaire is difficult, complex, and a vital part of the process. The questionnaire sets the structure for collecting data relevant to your goals. Several iterations are always necessary to ensure all critical questions are included.

A. Determine appropriate length/time

Questionnaires can vary from 10-15 questions to 40-50 questions, with the interview time ranging from 10 minutes to 45 minutes. You must decide the level of depth that is necessary to achieve your goals.

B. Develop questionnaire

Common questions (should be structured around goals):

- **Demographic** - track characteristics of the sample such as industry, revenue size, seniority of the participant, etc.
- **Current situation** - ask the participant how satisfied they are with their current solutions, how much they would like to improve upon their current solution, is there urgency to improve, etc.
- **Product** - briefly describe your product or service and then ask questions about its validity, features, pricing, etc.
- **Marketing** - ask questions about messaging. How well does your messaging resonate with the participant?
- **Buying cycle** - ask the participant questions about their typical buying cycle, but be sure to maintain a neutral tone. Do not turn the questionnaire into a sales tool.
- **Open-ended** - if you are looking for suggestions or free-form feedback, it is okay to ask the participant open-ended questions. Be aware that it is extremely difficult to quantify responses to open-ended questions because quantifying the responses involves recognizing trends in the responses and ignoring outliers.

Suggestion: *It is extremely important that you **manage expectations** throughout the process. Hold regular status meetings with the project team, and especially the executives involved. You should include anyone from whom you will need buy-in for the results. If there is a problem with the process, it must be addressed right away rather than after it has had time to fester.*

Sample Questions

Satisfaction with Product Features:

[Name], please tell me how satisfied you are with each of your current product's features. Rank each feature on a scale of 0 to 5, with 5 being very satisfied and 1 being not satisfied at all.

- Feature A
- Feature B
- Feature C
- Feature D

Current Solution

Please tell me what you currently use for your widget tracking software. (Check all that apply - Do not prompt participant)

- Competitor A
- Competitor B
- (Your Company - Widget Tracking Wizards)
- In-house, using proprietary software
- Other

* See Appendix A for more sample questions

Step 5: Participant Acquisition

Finding participants can be the most time-consuming aspect of the process if you are not careful. Before you begin the questionnaire, you should be thinking about how you will locate and qualify participants.

Lists

What type of contact information are you looking to acquire?

- Names
- Titles
- Company names
- Phone number (corporate or direct?)
- Email addresses
- Street addresses

The price of lists will vary depending on the detail of the contact information, and can range from \$0.10/contact to \$3/contact.

In some instances it might be sufficient to use your prospect database to find participants. If you are doing a win-loss study to analyze why you are winning or losing to your competition, it is required to have customers and “lost customers” participate. **However**, for market validation or product roadmap studies, you may not want prospects to participate if you have had prior contact with them. The fact that they are aware of your company and its products will (positively or negatively) bias their responses and ultimately affect the credibility of the results.

List brokers can be a great source for acquiring contact information. Lists are never 100% accurate. Additionally, the primary benefit of list brokers is that they are familiar with and have access to hundreds of lists.

Lists Are A Numbers Game

You will need roughly 5,000 contacts to obtain 50-100 participants. This will vary depending on:

- The **length** of the interview (individuals are more likely to say yes to shorter interviews)
- The type of **compensation** (most executives will not commit their time without compensation, particularly for longer interviews)
- The **medium** in which the questionnaire is distributed (online surveys can be completed at any time and at the participant’s convenience, but phone interviews require the participant to commit time during the work day)

Attracting Participants

Once you have a list of prospective participants, you have to determine how you want to invite them to participate.

Email is ideal when the questionnaire is conducted online. You can reach out to a large number of contacts with relatively little resources.

Calling is a more personalized way of inviting an individual to participate, but is also extremely resource intensive. If you are conducting face-to-face or phone interviews, calling to set appointments is best because it requires the participant to make a commitment to a person, and the participants are more likely to keep the appointments than if they had committed by email.

If you do decide to do calling, be sure that you have experienced callers talking to prospective participants. The callers should be well-versed in the subject matter of the project and qualifying criteria for participants.

Though it may appear obvious, it is worth noting: These callers will be representing your organization and should demonstrate professionalism when dealing with participants. You never know which participants may turn into customers down the road.

Step 6: Interviews

There are several different ways you can administer the questionnaire.

- **Face-to-face interviews:** involves setting an appointment with the participant and administering the questionnaire in person.
- **Focus Groups:** involves coordinating a group of participants to respond to the questionnaire in a group discussion setting.
- **Phone Interviews:** requires participant to commit to be available by phone at a certain time for the interview.
- **Email surveys:** requires the participant to read the email, complete the attached questionnaire, and reply to the initial email with the completed survey attached.
- **Online surveys:** requires that the participant complete the questionnaire online at a 3rd party website, such as Zoomerang™ or Survey Monkey™, at a time that is convenient for them.

As was briefly mentioned at the beginning of this paper, interviews conducted in-person and by phone offer a more rigorous and controlled research environment. Here's why:

First, and most important, this type of research allows you to be very selective about the participant's background. With email and online research there is no way to verify that the person completing the questionnaire is who they claim to be, or that their experience-level meets the selection criteria.

Second, having a verbal interaction with the participant allows you to gather not only quantitative data, but also qualitative nuances and subjective anecdotal information that give you a better feel for the market. This is the artistic side of market research that cannot be captured from electronic questionnaires.

Administering Questionnaires

If you elect to have questionnaires answered by email or through an online survey site, please realize that your contact with the participant will be kept to a minimum. Thus, as I mentioned earlier, it is important to be sure the questions are clear and can be understood without the need for clarification.

However, if you decide to administer the questionnaire either in person or over the phone, you need to be sure the interviewer is sufficiently trained. Below are four key points:

- **Neutral** - the interviewer should appear neutral to the products and the participant at all times.
- **Consistent** - the interviewer should be able to administer the questionnaire in the same exact way to each participant (this reduces the risk of error being introduced into the results).
- **Knowledgeable** - the interviewer should be knowledgeable about the subject matter being discussed and be able to clarify questions for the participant.
- **Professional and Amiable** - the interviewer should have a professional and engaging demeanor (necessary to maintain the participant's attention).

***Suggestion:** Don't sell! Market Research is purely information collecting. If the participant feels like they are on the spot or being sold, they will be less likely to be open about their concerns.*

Step 7: Compile Data

When you have reached your target number of completed questionnaires you will need to compile the data into a centralized place. If you used a third party (ex - online survey) you will need to arrange for a raw data file organized by question to be sent to you. If you completed the questionnaires by hand, you will need to input the data into a spreadsheet program.

It is helpful to organize the spreadsheet by question (rows) and participant # (columns). See Appendix B for a **sample layout** of the data.

Triple-check your data for accuracy!

If even 1 or 2 errors are found in the data or analysis, it is likely that the credibility of the entire report will be questioned.

The most important point to remember at this step is to **triple-check** your compiled data to ensure its accuracy, particularly if it was entered by hand. There is less you can do if you receive your data from a third-party, but review the data anyways to check for irregularities (for example, if column headers are not aligned properly you can end up interpreting results for the wrong question). If even a few entries are off, it can invalidate the entire group of data.

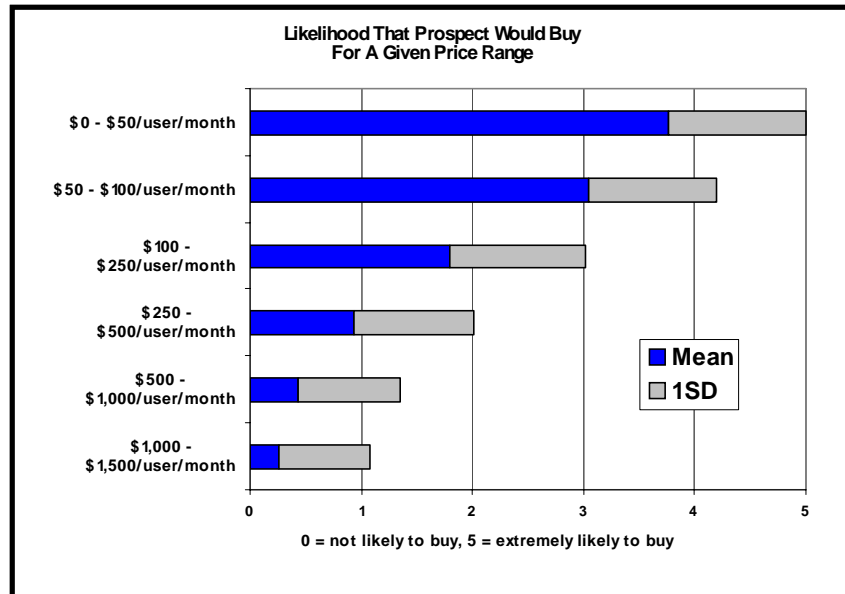
Step 8: Analysis and Final Report

The analysis can be overwhelming, particularly when you're looking at a spreadsheet that contains over **10,000 data points!** Put some thought into what you are trying to communicate in your report of the findings. Review your goals again to remind yourself of the questions you are trying to get answered. At a minimum, the report should include:

- A detailed description of the process
- List of parameters and related definitions
- Results
- Summary of findings
- Suggested plan of action

Determine the best way to represent the results so they are aligned with your goals. Be sure to present data in a clear and consistent manner to make it easy for the reader to understand. Use graphs to compare similar groups of data and summaries to simplify large groups of data. Identify emerging trends, but do not highlight outliers that do not have enough data points to substantiate a claim.

Sample Chart



This bar chart shows a high-level pricing analysis. It can validate your current pricing strategy or indicate that you need to lower your prices to fit what the market is willing to pay. Mean is the average of the data. 1SD is one standard deviation. (additional sample graphs are shown in Appendix C)

When the report is almost complete, regroup with the individuals you interviewed at the beginning of the process and have them review the data to confirm that the conclusions drawn in the report are in fact supported by the data. Then the report can be finalized.

Step 9: Develop Plan of Action Based on Information Collected

Take a step back. Look at the information you have collected to see if you can turn it into an action plan.

- *Did you collect information regarding which product features are more desirable than others? Can this information be incorporated into the next revision of the product?*
- *Did you test new markets and find that there is a high need for your product? Likewise, did your existing markets indicate a decline in interest in your product?*
- *Did you discover underlying objections to buying your product that you had not been aware of previously? How can you incorporate that into your sales tools?*

Market Research

Final Thought:

Primary market research is difficult and complex to implement well. However, it is a necessary component for sound decision making. Market research helps you answer those questions that keep you up at night and provides quantitative support to your marketing strategy decisions.

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Appendix A: Sample Questions

Demographic:

Industry

Please tell me what industry you are in? _____

This question can be answered in the qualifying phase to save time in the actual interview.

Current Solution:

Importance of Increasing Satisfaction

How important is it to increase your level of satisfaction with your current solution? Please rank on a scale of 1-5, where 1 = not important and 5 = very important.

___ Feature 1

___ Feature 2

___ Feature 3

___ Feature 4

This question allows you to test the participant's pain.

Your Product:

Introduce your product, briefly, to the participant in generic terms (w/o disclosing your company's name or the product's name)

Does this Product Solve Any Pain

Based on the description I just gave you, please tell me if any of the features I mentioned would be important to you in addressing the issues you are having with your current solution. Please rank their importance on a scale of 1 to 5, where 1 = not important and 5 = very important. _____

This question gives you an idea of which features will be more important to highlight in sales tools or to include in a future revision of your product.

Marketing:

Key Terms

Please indicate how well you understand the following terms. Rank your understanding on a scale of 1 to 5, where 1 = don't understand the term and 5 = I clearly understand the term.

___ Key Term 1

___ Key Term 2

___ Key Term 3

[Appendix A - continued]

This question tests your marketing terms to see how clearly they are understood by the market - this is particularly helpful when your product or technology is innovative. The high ranking words should be highlighted in your marketing and sales tools.

Sales:

Likelihood of Buying Product

How likely would you be to purchase this product, assuming it performed as indicated and that you were experiencing pain? Please rank your likelihood to buy on a scale of 1 to 5, where 1 = not likely to buy and 5 = highly likely to buy. ____

This question gives you an idea of how motivated customers are to buy your product.

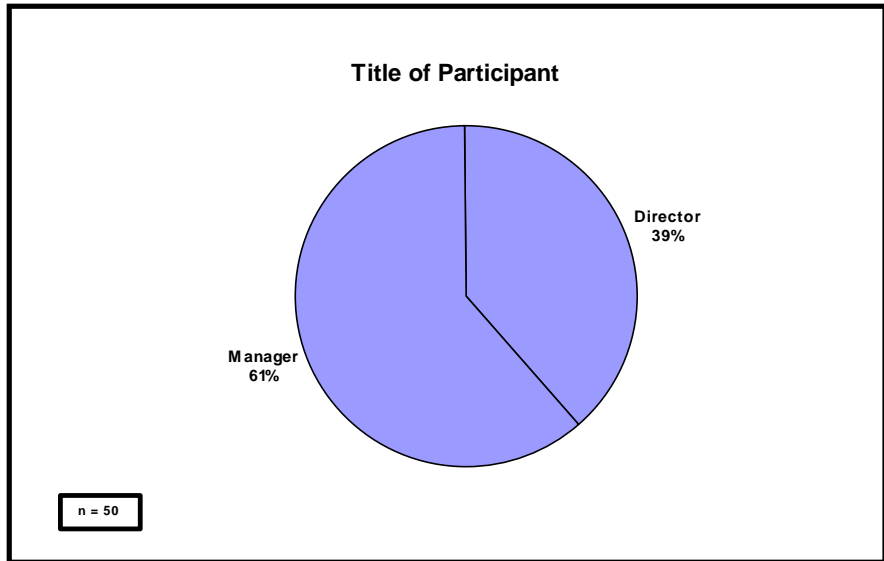
Appendix B: Sample Layout of Raw Data

Using a spreadsheet program, populate the cells in an organized fashion so that it is easy to sort into groups for generating charts and other quantitative analyses.

	Company 1	Company 2	Company 3
1 Company Name			
2			
3 1. Participant's title	Dir, Storage	Mgr, Data Center	Dir, IT
4			
5 2. Level of Participant			
6 Director	X		X
7 Manager		X	
8			
9 3. Decision Maker or Recommender			
10 DM	X	X	
11 Recommender			X
12			
13 4. Approx. Company Rev (\$M)	4,500	897	2,000
14			
15 5. Industry			
16 Telecom			X
17 Manufacturing			
18 Financial Services	X	X	
19			
20 6. What does your current solution consist of?			
21 Competitor A			
22 Competitor B		X	X
23 Your Company - Widget Tracking Wizards			
24 Competitor C			X
25 In-house, using proprietary software	X		
26 Other	Alternative A		
27 None			
28			
29 7. Satisfaction with Current Product Features: (0-5 ranking)			
30 Feature A	5	3	4
31 Feature B	5	3	5
32 Feature C	3	3	2
33 Feature D	4	3	3

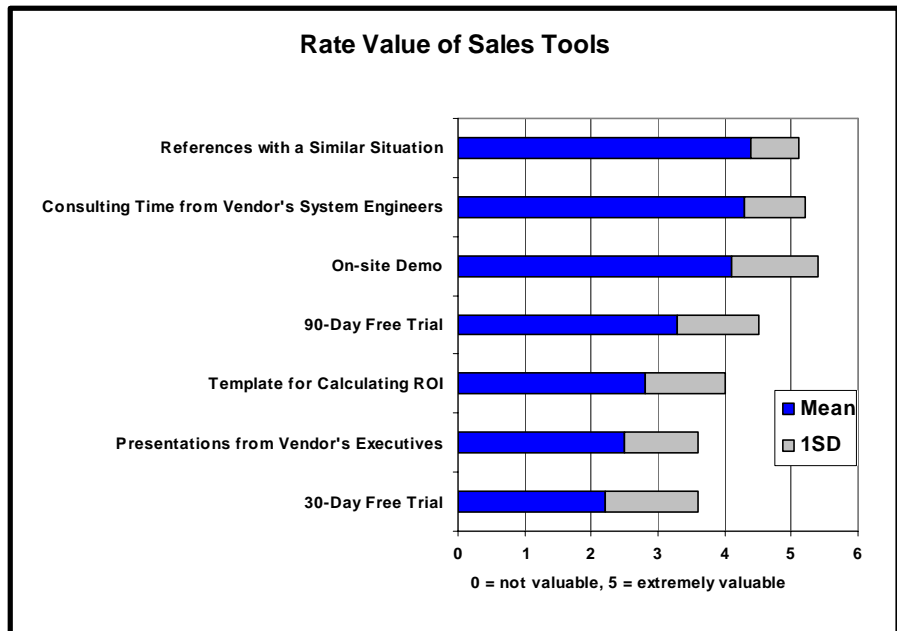
Appendix C: Sample Charts

Demographics Question - Pie Chart



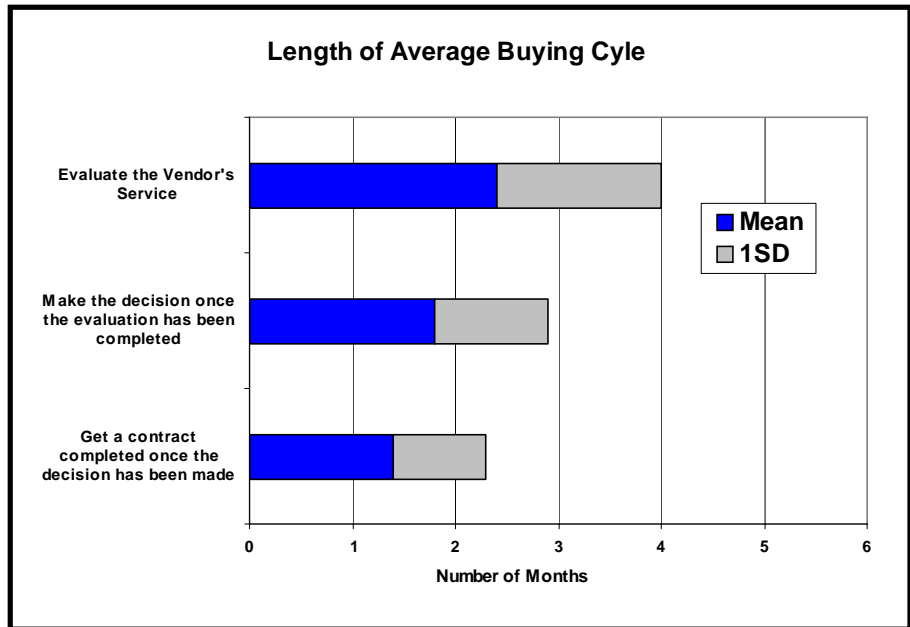
This pie chart, at quick glance, shows the percentage of Directors versus the percentage of Managers that participated in the research process. N = the number of participants.

Value of Sales Tools - Bar Chart



This chart shows which sales tools are more valuable to the participant in order from highest to lowest. The mean is the average of response given, and the standard deviation is a measure of the variance in the responses.

Length of Buying Cycle - Bar Chart



This chart represents the average buying cycle in months and the steps of the buying process of the participant for a product of this nature.

Satisfaction with Current Solution - Histogram



This chart shows the participants satisfaction with their current solution (for example, their current storage solution). The histogram shows the frequency of the responses given.