

# White Paper 17

## Strategic Market Research - The Key Requirements

Roger Thomas, Managing Director  
CAP Strategic Research Ltd

© CAP Strategic Research 2011

# Strategic Market Research - The Key Requirements

## Introduction

Clients around the world now demand that market research agencies offer strategic research i.e. informed and intelligent analysis of research findings and the providing of insights and recommendations that are practical, realistic and actionable. Clients want more than tables and charts. They are looking for ROI on their research spend and this means that agencies have to conduct surveys which clients can use to improve business performance especially in terms of revenue and profitability.

- *“The future for market research requires that the data and information that we process become true insights that guide decisions. If market research suppliers do not fully own the strategic insights space, the void will be filled by their competitors”.* **Jon Last, MRA President, USA**
- *“A long-held criticism of the market research industry is that it does not provide the kind of actionable intelligence expected of it. Market research clients generally report that they are hungry for the kind of strategic recommendations that ladder up from uncovered insights”* **Robert Moran, StrategyOne, USA**

These client requirements have major implications for the market research industry. All agencies claim to offer strategic research but in practice only a small number have staff with the necessary skills, experience and business knowledge to offer such high level, consultancy research. So how do you identify agencies that can offer strategic research? This White Paper is based on my 40 years experience of working in the market research sector, in Europe, the US & Canada, China, Asia-Pacific, India, Middle East, Africa, South America and Australia & New Zealand. I have run agencies and also worked client side. So if you are looking to employ a research agency that can offer more than just data, then hopefully this White Paper will give you some ideas on what to look for.

# Strategic Market Research - The Key Requirements

## 1. The Objective of Research Is To Deliver Actionable Insights

Clients don't commission research because they love market research. They invest in research in order to help them achieve their business objectives, whether that might be increased revenue, improved market share, higher margins, better customer retention etc. The ultimate objective is to improve profitability. Strategic researchers understand this, they know that research is not an end in itself, it has to produce a return on investment (ROI). Clients don't want 200 page reports with 100 + charts. They want the agency to review the data and come up with succinct, intelligent analysis of key findings and to provide actionable recommendations.

- *"Most agencies just deliver the data and it is up to the client to challenge and push harder for what it is they actually need. Agencies deliver decks of 100 charts but what I really need is two or three key messages"* **Shaendel Hallett, Research Manager, easyJet, UK**
- *"It sounds like a cliché, but actual insight is still lacking in research organisations"* **Tony Fitzgerald, Bupa, UK**
- *"We do not just produce numbers for numbers' sake. We try to make sure of the end goal: is this piece of research going to help us achieve our business objective – in our case help us increase our subscriber numbers, and how? How is it going to help us change behaviour?"* **Matt Roberts, Senior Research Manager, ESPN, Europe**

## 2. Identifying the Real Business Reasons for Conducting Research

Most agencies receive a brief or RFQ from a client and simply respond back with a methodology and pricing. Very few actively engage in ascertaining the business reasons why a client wants to commission research. For example a client might state that he/she wants to undertake a customer satisfaction survey and the agency accordingly provides a research proposal and costing. But strategic agencies go further, they "interrogate" the client on why they want to survey customers satisfaction. There could be many reasons behind a request - is it because the firm believes it is losing market share, or has recently changed pricing structures, or has changed product specifications, or suffered rapid turnover of salesmen? Without knowing the real business reasons for conducting research an agency cannot possibly provide strategic, actionable recommendations. It won't know which questions to ask.

### 3. Researchers Must Have An Understanding of Business

Strategic research involves accurate and reliable gathering of data together with intelligent analysis and the provision of business recommendations. Offering this marketing and business advice can only be offered by executives who “understand business”. My 40 years experience of the international research industry – both from the client and agency side – tells me that very few researchers have this experience. Many are too young to know the complexities and subtleties that client companies face in building their businesses. Research agencies typically employ bright people in their 20s, these people have very little idea of how businesses operate and without client-side experience they cannot hope to be credible strategic market researchers.

Therefore an important criterion is that agencies should employ executives with businesses experience, ideally people in their 30s and 40s who have worked on the client side of the industry, and who have experience of many different industries and market situations. Having worked internationally is also an advantage. This might require the recruitment of executives from outside the market research sector. People who have worked for management or marketing consultants have the background and training to offer strategic research. It is relatively straightforward for these people to learn research techniques. But teaching researchers an ‘understanding of business’ is problematical - this only comes with time and experience.

### 4. Executives Must Have Specific Industry Knowledge

The first question that clients ask of an agency today is “How well do you know my industry”? They see this as an essential, not optional, criterion when selecting an agency. Industry knowledge can only be acquired by working in a specific sector for a number of years. It is also very advantageous to have worked on the client side of an industry sector. Again researchers in their 20s are unlikely to have sufficient knowledge of a specific industry. This is where generalist agencies fall down, by selling all types of research to every type of industry they fail to build up the specific industry knowledge that clients demand. Today many of the admired agencies are small and concentrate on certain industry sectors e.g. IT & Telecoms, Financial Services, Automotive, Travel & Tourism etc.

### 5. Executives With International Experience

“Travel broadens the mind”, “He that travels far knows much” so the proverbs go and this is very true of the market research industry. Researchers who have experience of conducting projects in Europe, US and Asia-Pacific have great advantages over those that merely undertake domestic research. Researchers who have actually lived and worked in different countries are much more able to offer strategic research.

## 6. Senior Executives Used Throughout the Project

The biggest failing among research agencies is that senior executives do not undertake the research. Of course a Director can appear at the start-up and at the presentation meeting but often that's their only involvement - the project is given to young, inexperienced staff to handle on a day to day basis. These may be good researchers but they don't have the necessary experience and business understanding to ensure that questionnaires are designed correctly, that intelligent questions are asked, that simple naive questions are avoided. Strategic research agencies ensure that senior executives run the projects from beginning to end. This does mean that survey fees are higher but the good clients are prepared to pay, knowing that they are getting a good ROI on their research spend.

## 7. Advanced Methodologies

Strategic research agencies develop sophisticated methods of understanding customer behaviour. They are aware that human beings every day make incredibly complex and subtle decisions and market researchers need to know their reasons and motivations. This cannot be achieved by simplistic questioning. Advanced methodologies not only give a clear picture of purchasing behaviour they also enable the agency to produce actionable and intelligent insights and recommendations.

## 8. Concise Proposals, Succinct Reports

Strategic research agencies don't write 50 page proposals – who's got the time nowadays to read these? Professional proposals are short and include a one page summary which describe all main aspects, including the fee. The main aim of such proposals is to demonstrate that the agency understands the ultimate business objectives of the proposed survey, and offers a research approach that is cost effective and will produce actionable insights.

Our reports are around 20-30 pages and comprise an analysis of key findings plus recommendations. Complete data and tables are available for those researchers who wish to conduct further analysis

## CAP STRATEGIC RESEARCH

CAP Strategic Research has over 25 years experience of conducting surveys for clients based in Europe, US, Asia-Pacific and India and the Middle East. We have a successful track record of helping companies build their brands based on in-depth knowledge and experience of industry sectors and providing strategic insights and “actionable” recommendations.

With offices in China, Hong Kong and Singapore we are ideally placed to meet your research needs in Asia-Pacific.

For more information please contact at one of the following offices.

### **Beijing**

11/F Xinyi Commercial Building, No.3A Xinyijiayuan, Chongwenmenwai Avenue, Dongcheng District, Beijing . China  
100062

Tel: +86 1391 1012 220

E-mail: [keith@capstrategicresearch.com](mailto:keith@capstrategicresearch.com)

### **Hong Kong**

1501-08 Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong

Tel: +852 37508640

E-mail: [roger@capstrategicresearch.com](mailto:roger@capstrategicresearch.com)

### **Singapore**

34 Lor Mydin, # D 04-01, Astoria Park, Singapore 416827

Tel: +65 9026 2596

E-mail: [roger@capstrategicresearch.com](mailto:roger@capstrategicresearch.com)