



white paper



Conducting Effective Market Research In a Down Economy

By Sonya Turner, Senior Qualitative Analyst
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Today's economic climate is uncertain. As a result, businesses are scaling back and marketing budgets are shrinking. Although companies may be inclined to cut back during such unpredictable times, organizations that continue to invest in marketing initiatives could emerge stronger when the recovery happens.

This whitepaper takes a look at how effective online research can help direct sound marketing strategies. Specifically, this paper details how to stay ahead of the curve with consumers through research, the importance of insight and the value of choosing the right partner.

Introduction

It's ugly out there. The Dow is unstable, the unemployment rate is rising and there is no immediate end in sight. This unprecedented economic downturn has companies from virtually every industry scrutinizing their budgets and slashing all but the most essential spending.

But just when marketing professionals most want to cut their losses and duck for cover, the experts keep saying that you have to keep your head up and forge ahead. Guess what? They're right.

Let history be your guide

As the post 9/11 recession proved, companies that maintained their focus on marketing and innovation came out of the crisis with a decided advantage. The Profit Impact of Market Strategy study conducted by the Strategic Planning Institute found that overall, organizations that marketed aggressively during the last downturn outperformed others by nearly 250%.

Put simply, this means that the companies that are bold enough to keep pushing forward gain a formidable lead over those who allow themselves to become paralyzed by fear. By focusing on the future, the innovators leapfrog over the nervous nellys and position themselves to capitalize on the first sign of recovery.

But while this all makes sense in hindsight, for today's marketers it can feel like the ultimate Catch-22. Just when you have less money to spend is when you need to spend it. And to boot, every dollar that does get spent needs to work twice as hard.

Research as insurance

Things get even more daunting when senior management is examining every line in the budget with a magnifying glass, and the big bucks next to "marketing" may strike them as an easy place to save. So how do you defend your spend on advertising, branding and concept testing when a C-level executive is asking for justification?

For many marketers, that's the rub. They believe that their budgetary spends are meaningful and that their campaigns are on message, but calculating marketing ROI is notoriously murky. So how can you prove it? How can you be sure? How can you protect yourself against a disastrous miscalculation?

Research. Now more than ever, it's a powerful form of insurance.

Take the example of a high-end apparel company struggling to retain customers who are abandoning them in favor of other, less expensive brands. This company has a solid reputation and a loyal customer base, but still, their numbers are declining. They recognize the need to stay present and relevant in the marketplace, and are developing a \$750,000 campaign to try to win back customers. However, recent sales trends are making everyone nervous about the costs.

In this situation, a \$75,000 ad test feels like a significant expense. Is it tempting to skip it and just move forward? Perhaps, but what's worse? Spending \$25,000 to hear that the campaign misses the mark, or finding that out two months later when sales have continued to plummet?

The most effective marketers understand that now more than ever, research is an investment, not an expense. When your initiatives must show a true bottom-line impact, an investment in research can improve the odds by verifying that your spending is smart and strategically sound.

Staying ahead of the curve

In tough economic times, keeping your existing customers is job #1. As consumers scrutinize every expense and begin to experiment with different brands and products, keeping them within the fold is harder than ever. With financial pressures mounting and discretionary income disappearing, brand loyalty is vulnerable. As Mark Klein, CEO of Loyalty Builders, a predictive analytics firm, told Marketing News in February, "Customer retention is the new acquisition."

Consumer behavior is shifting dramatically, and even the most reliable customers are a moving target. Conventional wisdom does not apply, and marketing approaches and assumptions that worked last summer or even last month may no longer be relevant.

This paradigm shift makes it particularly critical to check in with customers at every stage of the marketing process, from concept through execution, to understand what their drivers are, what is meaningful to them and what will resonate now.

The purpose of research in this climate is two-fold. While getting feedback on an ad concept, package design, message or proposed product change is key, research provides the additional benefit of letting companies recognize subtle shifts in behavior or attitude that may be precursors to major changes or opportunities. Getting out ahead of the curve in responding to these changes in consumer needs or opinions can be the difference between retaining a customer and losing them.

Getting the insight you need

Because keeping a finger on the ever-changing pulse of the consumer is of paramount importance, marketing professionals are reexamining the old standby of quantitative research. Their conclusion? It's effective and it's essential, but it's no longer enough. Numbers alone are not capable of getting the look inside customer's heads and hearts that allows you to really tell a story.

As the limitations of pure quantitative research become clear, marketers are increasingly turning to insight-driven methodologies that deliver the voice of the consumer. By adding a qualitative element to their study, they are able to get more than just statistics—they get a story.

A study conducted by iModerate, e-Rewards and M/A/R/C Research revealed that interactive hybrid methodologies such as online conversations can capitalize on consumers' desire for individualization. By making the survey experience more engaging and meaningful, they generate thoughtful findings. As one respondent noted:

"I actually enjoyed it. For the first time in one of these surveys, I feel as if my opinion is somewhat separate from the next individual's opinion.... No web-based forms can substitute for that. I know that for this brief moment in time, that my thoughts are being considered by a person. That makes me feel like I have not wasted my time."

The newer qualitative methodologies, such as online focus groups, communities and online one-on-ones, provide a more relevant and engaging user experience that acknowledges how respondents want to express themselves. Structured, predictable click-through quantitative surveys fall short because they lack the interactivity and opportunity for expression that users now require. The ubiquity of Web 2.0 tools has created consumers who are eager make their opinions, passions and values heard, and marketers need to listen.

Choose your partners wisely

Now for some good news. While the stakes are undoubtedly higher when every penny spent is under a microscope, the fundamentals of marketing research are the same, good times and bad. Develop a well-thought-out strategy, work with experienced partners and maximize your dollars.

In order to do this, it's critical to team up with research partners who do more than just execute projects. Now more than ever, research vendors need to be flexible, think strategically, and take the time to truly understand your business.

This last bit is the most overlooked, yet it is probably the most critical. In order to really get the most bang-for-their-research-buck, it's a step that savvy marketers should not skip. Spur of the moment, ad hoc or one-size-fits all research can lead to excess spending and, all too often, lackluster results.

This does not mean that research cannot be effective in the eleventh hour, but rather that these situations emphasize the need for a reliable, experienced partner that can help you define objectives and make sure the research is structured to give the meaningful feedback you need.

What does this all mean?

As we head into the most challenging marketing landscape in recent memory, it is clear that insight-driven research approaches that draw out the true voice of the consumer will be critically important.

Marketers who collaborate with experienced partners and utilize insight-revealing tools such as qualitative/quantitative hybrids stand to gain a leg up on their more timid competitors. By augmenting the quantifiable benefits of traditional online research with more nuanced, textured insight, every dollar spent on an initiative will have the chance to work twice as hard. This streamlined research process means that comprehensive results can be achieved without sacrificing quality, speed or budget.