

Why So Many Failures---The Case for Marketing Research

By: Robert J. Kaden

For many companies marketing research is the last thing on the “to do” list. A brand manager said to me, “I have a lot of pressure to get something on the shelves. Who has time for research?” He walked off as I was thinking his new shampoo was no different than dozens of competitors and that a little research would probably convince him his product is a waste of his time and company money.

I remember the president of a shrinking catalog company, that at one time had over \$100 million in sales say, “My customers are getting older and I’m not attracting a young crowd. It worries me. In a couple of years many will die off. Then what?” I suggested he do some research among prospects to determine what it would take to convert them to customers and remarked, “What will they tell me? That I should lower my prices? I won’t lower prices.”

Perhaps lowering prices was his only salvation. Maybe his catalog was confusing or boring and prospects tossed it the minute they got beyond the cover. Maybe his merchandise was dated and it would be prudent to take a fresh look at his product mix. I don’t really know because he was too stubborn to look at the situation objectively. He did last two more years before he filed for bankruptcy and liquidated.

Why are companies constantly changing their advertising message? Why do 95% of all new product introductions fail? Why is so much money wasted on poorly conceived marketing programs when research could illuminate the way?

What prevents so many marketing people from using research effectively is either a case of misplaced ego, just plain lousy planning or the perception that research isn’t affordable.

Misplaced ego is the hardest to change, particularly for emerging companies. Often such companies have strong, dynamic leadership that feel they are bullet-proof because of their early success. Stronger leaders tend to hold strong opinions of what will or won’t work and are not accustomed to looking outward for answers. They prefer to think they know best.

If that describes you or the problem you are facing in your company in getting market research used, here are my top ten ego-altering questions

- 1) If you’re wrong, can you afford to lose money on ill-conceived programs?
- 2) If you’re wrong, are you sure you won’t jeopardize other company initiatives?

- 3) Have you asked for input from your customers or prospects that have no stake in whether you succeed or fail and who can be objective about your company or products?
- 4) Do you know everything customers need and want from you and your business to keep them loyal?
- 5) Do your customers and prospects know all the benefits of buying from your company?
- 6) Can you stand to know your customers and prospects might be smarter than you in helping you business grow?
- 7) Do you know if your customers give a greater percentage of their business to your competitors because they are addressing their needs and wants more effectively than you?
- 8) Do you know what else you can provide your customers so that they'll pay more for your products...and be happier about it?
- 9) Do you know with certainty why your prospects buy from to a competitor rather than from you?
- 10) Do you feel that shooting from the hip is the best approach for growing your business?

If you answer YES to all the above questions, go buy yourself a yacht. Indeed you don't need marketing research. But if you answer NO to any, and you aren't thinking about or doing marketing research, you have an ego problem.

There are two more common reasons that marketing research probably doesn't play a more prominent role in your company. They are TIME and MONEY.

For the most part, companies don't budget the time necessary to insure research is part of their decision making process. If they do any research at all, it's usually too late. Call those companies "after the factors." If you're an "after the factor" company my guess is that you're more focused on using research that tries to explain failures than using it to plan for successes.

For marketing research to take its rightful position in any company, it must play a strategic role. That is, it must be used during the planning process, when setting direction and when determining the company or brand "position" that will optimize your chances for success. To accomplish this, research should be used early on, not in retrospect or after the fact.

Using research as part of an "optimizing success" process takes patience and discipline, both of which are often in short supply at many companies. The problem is that strategic research doesn't provide short-term satisfaction. It rarely contributes to the next month's bottom line or even the one for the next quarter. And, because of an over-whelming tactical "what have you done for me lately" mindset, companies simply don't take the time necessary to use research properly—as part of a longer-term planning for success process.

The other is money, which is a big one. It's very hard to convince top management to spend money on research when there is no clear guarantee if or when there will be a payback. They find it far easier to spend money supporting short-term promotions, circulating additional catalogs or flyers, adding to the sales force or whatever, and where the likelihood of a payback seems more predictable.

To invest in getting a better understanding of what it will take to sell more to customers, to recapture lost customers or to convince prospects to make that first purchase will often force budget compromises in other areas. To motivate management to spend on a hope and a prayer takes a compelling argument from a strong researcher in making the case for such budget compromise. The problem is that there usually isn't a strong, confident researcher around to get that day in court.

I'm sure many of you work in companies where marketing research is, in fact, used as a tool for planning and growth. Yet, even here the question of ego, time and money always plays a role in the esteem with which research is held. Just as there is always room for improving your marketing efforts, there is always room for using research more effectively.

To the converted, I would ask one question. Is it ego, time or money that is holding you back from elevating the value your research effort? If you're honest with yourself, you'll know the answer and, hopefully, the steps to take so that your research maximizes your successes and minimizes imminently preventable failures.

To the non-converted the message is more direct. Suspend your ego for a while. It's easy to get back. Now, go back to my top-ten ego altering questions and pick three of them that resonate. Find a strong researcher and give him or her a Saturday morning to talk about how researching those questions can help grow your business. Then let them work with your and others in your company in creating the kind of environment where research can make a strong contribution to the growth of your business.

Finally, take the money from an area where you question whether the expenditure is aiding your bottom line...and fund the research. If you can't find such an area, you're not looking hard enough.

Ego. Time. Money. All addressable. All solvable. Which one is hindering your growth?

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