

Marketing research - It pays to ask questions

by Claire Carvall



Good market research is about helping businesses make well informed and therefore more profitable decisions; minimising the risk of relying on gut instinct alone.

Despite the way our culture is changing, we Brits are still pretty reticent to complain. When it comes to telling a supplier whom we've developed a close relationship with that something isn't working so well, or that changes are afoot that may well alter how we do business in future, we're not very good at being up front. It'll be easier to tell them some other time.

That's why market research can be so valuable. Here we take a brief look at the issues.

Customer Research

This form of research helps you understand better what your customers and prospective customers really want. Are they necessarily exactly the same? How much do you need to tailor what you supply, or how you describe it, for different markets?

This can be done in the form of an in-house survey or via an external agency. The beauty of independently conducted client research is that your customers can be frank and honest. Market researchers are skilled at probing responses to get to the real reason rather than the superficial answer. All customers in whatever market make decisions on an emotional as well as a factual basis. IBM built a very successful brand on the basis that their buyers were looking not just at technical specs or price but their personal job security when taking high-risk decisions in their business. "No one ever got sacked for buying IBM" enabled the company to take the focus off of price and so significantly increase profits.

A common starting point for research is customer satisfaction. Many firms monitor this through self-completion questionnaires sent to customers or regular telephone surveys that generate a score that can be monitored in the business. Sadly, in the internet age, we all have much easier access to information and are generally less trusting. The truth is that satisfaction may no longer be a strong indicator of loyalty. Because people are satisfied it doesn't necessarily mean that they have strong enough conviction to continue to buy from you if a better offer comes along.

The aim therefore is to find the elements that the customer truly values and build on those. For some this may be the product quality or after sales service. For others this may be about the strength of the relationship with people within your business. You will most probably have a fairly good idea about what your business does particularly well, but - is this what the client values the most or does it come lower down their list of priorities? Understanding this can save the cost of building in product features or service that the customer doesn't value, or enable you to charge more for something they do.

Researching the market

Even for the most successful product or service, sales can start to decline with new business not coming in at the rate it has done before. Is this a temporary blip - or the sign of a more deep rooted change in the market?

For businesses who service customers through third parties such as retailers or distributors, and so have less access to first hand feedback, understanding this and reacting appropriately can be a major challenge. A new competitor or a price war will be on everyone's radar, but changing trends in the economy, the impact of government decisions or changing fashions can be more difficult to spot.

For example, the Partners at Clarkson Hyde had to address the political issues affecting the business when the government decided to increase the audit exemption limit from £1m - £5.6m. We acted before the changes came into place to ensure that the impact on the business was manageable. In your business, it may be about competing products coming into the market or may be about changing trends in buyer behaviour.

The most successful companies of all sizes consider what scenarios could possibly affect business in the short, medium and long-term and then stay ahead of the game by planning how to tackle them if they occur.

Benchmarking Research

Most of us know who our direct competitors are and have a view on how they operate - what their strengths are and where they are not so good. Benchmarking research enables you to understand what ABC Ltd does better, their brand values and how these are perceived and valued by your target customers to help you gain the upper hand in the market.

Research undertaken properly can help maximise the profitability of your company. Whether it's about identifying opportunities in the marketplace, improving communication with current and potential customers, or minimising risk, the cost of the research will pay back over time in increased revenue and enhanced brand reputation.

There are many more areas of research that can be just as important to individual businesses. If you would like to learn more to help address your particular needs, contact Claire Carvall at Hyde Marketing on **020 7022 0054**.



If you would like to discuss marketing or business development issues for your business, please contact Claire Carvall on 020 7022 0054 or email clc@hydemarketing.com