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# CAN RESEARCH REALLY HELP YOU MAKE BETTER MARKETING DECISIONS? ISN'T THAT ITS ONLY REAL PURPOSE?

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Before you embark on any research project or study, identify exactly what you are trying to find out . . .

The purpose of any research project is to help you make better marketing decisions . . .

Hundreds of millions of dollars are spent on market research ostensibly to help companies make better marketing decisions. Despite this effort, the vast majority of new products fail. Does that mean that you should not waste your money on market research? Perhaps it simply suggests that research alone is insufficient, or that the wrong kind of research is being attempted. This paper helps consider some of these issues.

Alan Anderson, a professor of Marketing at the University of Illinois, coined a definition of research that we like. His brief sentence tells the whole story in a nutshell. "Any reliable information that improves marketing decisions can be considered market research."

The key words are "reliable" and "improves marketing decisions." You don't have to buy data to call it research. Nor do you have to spend hours pouring over really long documents to make it valuable. In truth, just because you paid for it . . . or the resulting report weighs a lot . . . doesn't make it reliable. Nor does it necessarily improve marketing decisions.

If we paraphrase a quote from Alan Greenspan in 1994, the role of risk management can become clearer:

"There are some who would argue that the role of the [marketing professional] is to minimize or even eliminate . . . failure; but this view is mistaken in my judgment. The willingness to take risk is essential to . . . growth . . . If [business people] invested only in risk-free [opportunities], the potential for business growth would never be realized."

The Past Doesn't Always  
Extrapolate

Research can tell you about the past and the present. You have to figure out how the information relates to the future. Studying yesterday and today, to help you

decide what will happen tomorrow is a precise example of an imprecise activity. One person's guess (gut feel) could be as good as another's. As a marketer, if your instincts prove right often enough, your company makes money, and you probably get promoted. If not . . . you change professions . . . or at least companies.

Peter Bernstein says in his book, *Against the Gods*, that:

"The issue boils down to one's view about the extent to which the past determines the future. We cannot quantify the future, because it is an unknown, but we have learned how to use numbers to scrutinize what happened in the past. But to what degree should we rely on the patterns of the past to tell us what the future will be like? Which matters more when facing a risk, the facts as we see them or our subjective belief in what lies hidden in the void of time?

Our lives teem with numbers, but we sometimes forget that numbers are only tools. They have no soul; they may indeed become fetishes. Many of our most critical decisions are made by computers, contraptions that devour numbers like voracious monsters and insist on being nourished with ever greater quantities of digits to crunch, digest and spew back."

Facts vs. Gut Feeling

While "gut feeling" is also important. It's usually your boss's gut that you have to go

with. You have to rely on more than instinct. One of the purposes of research is to convert uncertainty into risk. Facts are the most reliable antidote for uncertainty. By collecting and analyzing enough details, you can decide whether a risk is worth taking. The key word here is "enough."

**The Purpose of Research is Not Knowledge**

Before you embark on any research project or study, identify exactly what you are trying to find out. The purpose of any research project is to help you make better marketing decisions. It's not sufficient for you to gain knowledge if that knowledge doesn't improve your marketing decisions.

Whatever form or media you choose for your research vehicle, you need to get as close to the future as you possibly can. Choose a methodology that is most likely to ensure that the information (remember, there is no "data" for the future) you obtain is current, relevant, authoritative, original, and perhaps even unique. And by all means, take pains to verify that this information will be in the context of your path to the future, and not the results of someone else's strainer and filter with a different purpose in mind.

Unfortunately, too much research is done for an even more useless purpose: Covering your ... in case the ultimate results are less than desired. We don't care how much research you have saying you should have been right. Too many bad marketing decisions and you're gone anyway.

Research and analysis requires honesty and common sense. Someone who has already made up his/her mind, pays attention to information that

supports his/her decision. In truth, as you well know, "research" can prove almost anything you want.

So ask yourself the following simple question. If I knew the answers that will come from the results of this proposed research project, what action would I take? How does the research you're considering help you make a better marketing decision? What are the risks of doing without the information?

**The Costs of Market Research**

There are two fundamental costs associated with market research. One is the time and money you spend conducting the research. (That's pretty obvious.) The second is the money you lose not selling anything while waiting for the market research results. (That may not be so obvious.)

You can usually predict the cost of conducting the research with reasonable accuracy. It's virtually impossible to calculate the cost of lost sales due to the delays caused by the need to be "sure" before you launch. It comes down to how "sure" do you need to be.

**Final Thoughts**

Marketing decisions are based on somebody's ultimate conclusion about a multitude of data and information. That "somebody" has a built-in risk tolerance. It's probably tied to a number of personal issues as well as the downside of a bad decision, and the urgency of making a decision.

The title of this paper addressed *You* and your decision making. That is, what kind and how much information will *you* need to make that decision? Are you quick in your assessments and decisions or are you more studied and deliberate? Do you need a great deal of

information to "help" you decide, or just enough to confirm — or invalidate your own visceral feel for the situation? Do you politically need enough research to hopefully cover your bum in the event of failure, or just enough to chart the initial course? The point is to select your research on the basis of how you make decisions, assuming of course you are willing to be responsible and accountable for the results.

In a business environment, the purpose of market research is to make better marketing decisions. You're not trying to improve mankind's knowledge base, you're simply trying to help your company assure success. Don't get confused.

**More Information**

If you would like more information about how to get a jump start in assessing your overall marketing/sales system, contact us to learn about our revolutionary new analysis service.

Detailed information on our services and a number of Special Reports and cassette tapes are also available.

If you'd like to learn more about Customer Manufacturing Group, or for a complimentary subscription to *Customer Manufacturing Updates*, give us a call at (800) 947-0140, fax us at (408) 727-3949, visit our website at [www.customermanufacturing.com](http://www.customermanufacturing.com), or e-mail us at [info@customermg.com](mailto:info@customermg.com).

We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.

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