

## **Marketing Research: To Buy or Not to Buy?**

In some cases, such as reviewing the Yellow Pages to determine the level of competition for a specific geographic area, marketing research can easily be accomplished by small business owners themselves. However, as the research becomes more complicated, the small businessperson may wish to turn to an expert in the field. Numerous research firms exist throughout the U.S. Some conduct millions of dollars of research each month, such as A.C. Nielsen and its monitoring of television audiences. Others are smaller, independent firms that serve specific geographic areas.

Although marketing research can be considered a bargain, especially if the results of a study greatly increase revenues or cut costs, good marketing research is not cheap. Marketing researchers are trained, experienced professionals, not unlike attorneys or architects. Accordingly, the first-time research buyer may be startled by the prices for research services. For example, focus groups run about \$3,000 each, and a telephone survey could range anywhere from \$5,000 to \$25,000 or more, depending on the number of interviews and length of the questionnaire.

Because costs of this size represent a substantial investment for most small businesses, owners should ask themselves the following questions before ever contacting a research firm:

1. Is the research really necessary? In some cases, maybe a “best guess” would prove just as effective as a well-designed research project. In other cases, however, research may be absolutely necessary. For example, many lending institutions require a feasibility study of a proposed business idea, using marketing research, before they make any loans.
2. Is the research worth doing? Will the outcome of the research result in a benefit exceeding the cost of the research itself? Spending \$20,000 on a

research project to realize an increase in company revenues of \$1,000 a year simply doesn't make sense.

3. Can I do the research myself? This is probably the hardest question to answer. You must be able to determine the complexity of the research problem and the risk involved if the research were not done. To strike an analogy, several companies offer do-it-yourself legal guides that allow the small business owner to create contracts, incorporate and so forth. If you feel comfortable with this type of approach, fine; if not, see an attorney. The same holds true for marketing research.

### **Marketing and Today**

The homogeneous mass market, which has dictated the offerings of U.S. producers since the dawn of the industrial revolution, is confronting its demise. At least, that's the word from advertising and marketing experts as we transition into a new millennium. If you don't believe it, look no further than the assembly-line hamburger maker, Burger King, which was a forerunner in realizing that customers want it "their way" and their way is not necessarily everyone else's. As touted in its advertising, Burger King offered "customized" burgers based on a patron's preferences, down to the ketchup, a far cry from the typical one-way-suits-all quarter-pounder. Because the mass market is splintering into fragments, now is an opportune time to figure out which fragments are yours. Writes prophetess of trends Faith Popcorn in her latest version of The Popcorn Report: "Markets are becoming niches and niches are growing smaller. As this market miniaturization occurs, customers gain more stature—and they know it." Reaching those customers requires a new strategy. The scattershot advertising approach, which wasn't necessarily all that effective in the past, will be even less so in the 21<sup>st</sup> century. The most obvious alternative, shifting to narrower and more specialized markets, is already being tried by many small firms with substantial success.