

4 The Research Proposal

Learning Objectives

- 1 Understand the three reasons for writing a research proposal
- 2 Describe the components of a well written research proposal
- 3 Explore the types of external companies that conduct marketing research

TESCO KNOWS US SHOPPERS

Tesco have already expanded their successful grocery store model across Europe and into Asia. The next stop for their expansion plans is in the United States just outside of Los Angeles, California. Will Tesco be successful? After all, both Sainsbury's and Marks & Spencer have entered the US market only to retreat. Tesco believe they will be successful because of their emphasis on marketing research. The company spent three years researching Japanese consumers before they successfully entered the Japanese market. Tesco researchers lived with Japanese families where they learned to think small – small stores and small package sizes.

To research the grocery needs of US consumers, Tesco researchers again lived with local families. While in their homes, researchers tracked what was in the refrigerator and kept diaries of families' everyday activities. Tesco went so far as to set up a 'practice' grocery store in a warehouse and then invited groups of people to shop. Tesco researchers watched the consumers' shopping behavior and then asked for feedback on the reasons for their purchases. The research findings showed that Americans have plenty of space since Americans have lots of room. However, Tesco also found that Americans have little time for food preparation so preprepared food should sell well.

Question: While not all companies have the financial ability to duplicate Tesco's research effort, how can companies be more creative with research methodology?

Source: Miller and Olson, 2007

4.1 The Research Proposal

The research process starts when management become aware of a general problem. The problem almost always appears through having a potential negative impact on revenue. After all, companies do not conduct pure research just for the sake of ‘knowing’. Instead, the problem is usually tied to a decrease in revenue due to falling sales. On the positive side, a problem might involve the need to research if a new product will lead to increased profit. After management, along with researchers, have defined the general problem the research objective will be stated. Finally, a more specific research question will be asked.

Any organization contemplating conducting research should start by analyzing internal data to help clarify the issue that is causing concern and then should formulate a research question. Once the decision has been made that primary research needs to be conducted to answer the research question, the organization should write a research proposal. Writing such a proposal would be a requirement for someone working in a marketing research company. In this case, the proposal will be a formal document that includes all details of the proposed research, along with staff assignments, a time line for completion and a budget with cost estimates. A marketing research firm should spend considerable effort in writing such proposals as they form the basis for contracts between marketing research firms and client companies. For large corporations, a research proposal will be written internally and then sent to management for approval.

However, it is also recommended that small businesses and nonprofit organizations planning to conduct research should first write a proposal as well. In this case the document is for internal use as an informal contract and planning guide. If there is a concern raised during the research process regarding the cost of conducting research, this proposal will remind everyone concerned of the commitment agreed upon. The proposal also serves as a basis for allocating tasks and assigning responsibility within organizations. The time that is spent on writing a proposal will be saved later when there is no need to renegotiate resources.

A well written research proposal will answer any questions that management, other employees, or board members might have about the research that is to be conducted. These questions would include

- Why? The subject of the research
- How? Which research method will be used
- When? The time the research will take
- Where? The place or contact method
- What? The documentation that will be presented at the end of the research

4.1.1 Reasons for writing a research proposal

In summary, there are important reasons why the research proposal should always be written before research starts. First, it is the plan of action or the ‘map’ of what is to be accomplished. Just as it is a good idea to have a road map before beginning a journey to make sure that the desired destination is reached, a research proposal will ensure that researchers end up with the desired information. Second, it is the basis of a contract. A research proposal ensures that everyone agrees on what is to be accomplished, at an estimated cost, and with the necessary resources. Third, it is a method of accountability that can be used to keep research on track.

Too often managers use research to find data to support a decision they have already made, rather than finding information to help make a decision (Shapiro, 2004). The process of writing a research proposal will help clarify management's thinking. Another reason is that the proposal might be required by the company commissioning the research (see box below).

REQUESTING A RESEARCH PROPOSAL

When the Robben Island Museum in Cape Town, South Africa, wanted to have research conducted on their visitors, management was quite specific on what they wanted to know. The museum requested proposals from market research companies in which they carefully explained their need to know more about who visited and how satisfied visitors were with the visit experience. The four objectives of the research were:

- To identify and understand the profiles of different market segments
- To identify key suppliers of customers in terms of country of origin, province, institution, and so on
- To identify future market segments
- To determine how satisfied current market segments were with the current offerings, ways to improve and the identification of any other needs

Interested marketing research firms were asked to write a proposal that would detail the methodologies they would use to meet these objectives.

Source: Robben-Island, 2006

4.2 Components of a Research Proposal

A research proposal is essentially a 'game plan' of what will be done. It can vary in length from a single page to as many as 20 pages, depending on the size and complexity of a research project. Regardless of the length, a proposal should at least consist of three sections and an appendices (see Figure 4.1).

The first section describes a problem by providing an introduction and stating the research objective and research question. The second section describes the methodology including the research approach, method and data collection plan. The section on analysis and findings will contain information on how the data will be analyzed and how the findings will be reported. The appendices will contain detailed information on the budget, personnel needs, timeline and other relevant information.

4.2.1 Components of a research proposal – the problem

The first section of the plan, 'The Problem', describes the background to a problem and the rationale for undertaking research. The information used to define this problem will have already

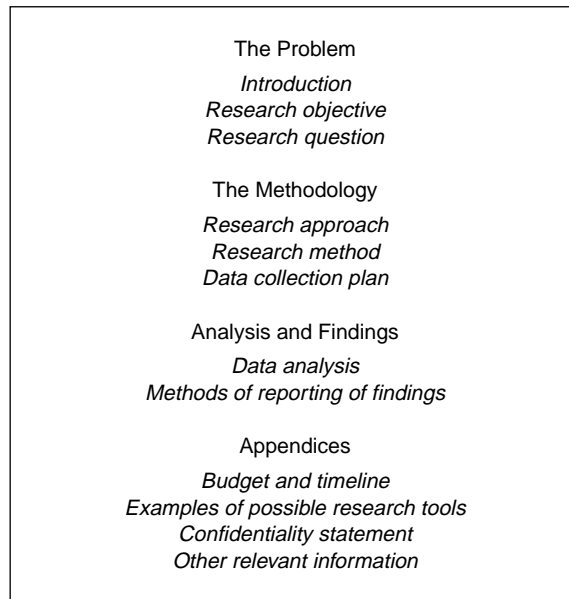


Figure 4.1 Proposal outline

been obtained through internal secondary research and also through interviewing relevant company personnel. The first section of the proposal will also describe the research objective and research question.

The introduction will include information on who is the author of the proposal and who will be conducting the research. It will also state under whose authority the proposal is being submitted. The proposal starts with this information to provide legitimacy to its contents. It is especially important to inform the readers of the department, or official who has requested or who will benefit from the research. After all, if the research proposal is approved, time and money will need to be spent. It is much more likely that the research proposal will be approved if it is explained how an organization will benefit from the research.

If this is not done, management may believe that a marketing department wants to do the research because of their own interests, rather than any larger organizational need. However, rather than initiate action on their own, marketing departments will usually view research of such issues as potential product improvement ideas and potential consumer market segments to target, as a result of a request from management or from another department in a company. The research request is usually initiated because of a change in the external environment, such as a threat from a new competitor, or in the internal environment, such as declining revenue.

Once the request to conduct research has been made, it is not uncommon for company personnel to be unable to state the exact cause of a problem. It is the responsibility of marketing researchers to conduct the internal research to clarify a problem so that the right research objective is undertaken. For example, a department may be facing decreased sales revenue. Management's first guess as to the reason for this problem may be ineffective advertising. As a result of this belief management may state the research objective as 'to determine new, more effective promotional ideas'. However, after meeting with management and conducting internal research it may become apparent to marketing researchers that the real reason for the decline in revenue

Table 4.1 Research problems, objectives and questions

<i>Problem</i>	<i>Objective</i>	<i>Question</i>
Our bakery is located in a deteriorating neighborhood	To determine if the bakery should relocate	What percentage of current and potential customers is lost because of the bakery's location?
Our bank has new competition opening in town	To determine how to keep existing market share	What kind of promotion would be effective in communicating the bank's unique products to current customers?
Our furniture company needs a new source of revenue	To determine if there is a potential market segment for a new line of furniture aimed at the 'tween' market	What is the right marketing mix that will motivate parents to purchase new furniture for their 'tweens'?

is that a competitor is offering a new product that is stealing away customers. The marketing department might then recommend that a better research objective might be 'to determine what product improvements are needed to meet the competitive threat'. This new objective will result in a very different research question.

Such information on the objective of the research and the research question is included after the introduction to a report to help readers understand the overall reason for a proposal. The research objective would be the facts or information that researchers hope to find, while the research question would detail the specific data that are needed.

It is important to understand the difference between a general problem, a research objective, and a research question (see Table 4.1). Management will usually state the problem to the marketing department in very general terms. However, the research objective and question must be narrower in scope. Marketing researchers may want to examine examples of academic research proposals to learn more about how these are written for basic research. The proposal should make clear that the researchers understand the research process (Schultz, 2005a).

The research objective section will start with a description of what is currently known about the problem under consideration. This description would result from information obtained through internal secondary research that was conducted by researchers before writing a research proposal. Internal information, such as financial and sales data (along with opinions from internal experts), would assure readers the research question was based on accurate assumptions. This section provides the justification for the research.

Once a research objective has been clarified it is the responsibility of marketing researchers to suggest potential research questions. Using the research objective of the feasibility of introducing a new line of furniture for 'tweens', the research question might be to determine the marketing mix for a new line of furniture aimed at the 'tween' market. A researcher might then rewrite the general research question to be more specific. Potential research questions might focus on the consumer, product, promotion, price or place.

Examples of research questions are

- *Consumer* Who exactly is the target market segment for the product?
- *Product* What type of style and features should the furniture have?
- *Promotion* Who should the promotion be aimed at – kids or their parents?

- *Price* What price is the target market willing to pay?
- *Place* Where should the product be sold?

At this point in the process, there may be more than one research question. A proposal should state which of the research questions are of primary importance and which are secondary. After all, at the proposal stage there is no guarantee that an organization will fully fund any research. If necessary, researchers can scale back research by eliminating the research to answer the secondary question. This will then decrease the cost of the research and lower the budget.

It is also important in a proposal for researchers to clarify what will not be researched. For example, research on the feasibility of introducing a new line of furniture will not take into consideration current product improvement ideas. There is often a desire by management to attempt to save money by asking too many research questions at one time. However, if too many subjects are attempted at one time, the research findings will become confused.

4.2.2 Components of a research proposal – the methodology

The second section of the proposal, ‘The Methodology’, would explain the research methodology including the approach and method that will be used to answer the research question and the data collection plan. It should not be assumed that those reading the proposal are familiar with research terms and methods. Therefore, when discussing the methodology it is important that a proposal both explains and clarifies the meaning of such terms as ‘descriptive’, ‘exploratory’ and ‘causal’, as these words might be used differently by managers. If researchers suggest that research should be conducted with more than one approach and method, it is especially important for a proposal to explain the reasons for doing so.

For example, a research problem might state the need to determine why consumers do not subscribe to satellite radio. The proposed methodology might include both exploratory qualitative research to obtain information on the reasons, followed by descriptive survey research to confirm the focus group findings. Consumer research might start with exploratory focus group research. The data from this research might suggest that people are unaware of the service and may also provide a number of promotional ideas that would build awareness and encourage subscription. The next step in the plan might be to conduct descriptive research using a survey to determine which specific promotional ideas will result in the most subscribers. It would be important to explain why both approaches were needed to meet the objectives of the research and answer the research question.

Once an approach has been explained a proposal should provide as much information as possible about the method. The more thoroughly a research method is detailed, the more management will feel confident in approving a proposal. In addition, the more planning that is done before the start of the research, the easier this research will be to conduct.

If a company needs to conduct research in another country, a proposal should also address how the methodology will need to be adapted. This would include the need to partner with local firms to gain access to cultural knowledge. In addition, the timeline will need to be adjusted to allow more time for project completion (Young and Javalgi, 2007).

For example, if a proposal suggests focus groups be conducted, the proposal should state the number of focus groups, who the participants will be and the topics to be discussed. In addition, it should also explain how many people will participate and how they will be chosen. Logistical details such as dates, times and locations should be given. Finally, the choice of moderator for the focus group will be should be discussed.

Thus the proposal information on focus groups encompasses

- Number of groups
- Number of participants in each group
- How participants will be chosen
- Length of time for focus groups
- Names of moderators
- Locations where focus groups will be held
- Starting date for focus groups
- Date when focus groups will be completed

When research involves conducting descriptive quantitative research such as surveys, proposals should include information on both their method and the participants. This would include information on the length of the survey and the type of questions to be asked. Proposals should also describe the procedure for testing questionnaires. Information on sampling plans and how participants will be chosen should also be included. Finally, how researchers will analyze the data should be discussed.

The proposal information for a survey should encompass

- When that survey will be conducted
- The length of the survey form
- The type of questions to be asked
- An example of a survey question
- A testing plan for the survey questions
- A sampling plan for choosing the participants
- A contact method for the survey form
- The number of forms that should be completed
- The analysis method for the data collected

What a proposal does not need to include is a finished research methodology. At this point in the process, researchers cannot prepare a final focus group script or survey questionnaire as this will need additional research time and money. If possible, examples of methodologies from previously conducted research should be included. These would give management an idea of the type of research instruments that will be used without committing researchers to exact questions. If the methodology is new, such as online research, researchers will need to supply additional information, such as cost savings, as to why the method is being proposed (see box below).

ONLINE RESEARCH IS GROWING

Online research is gaining in popularity because it is cheaper and faster than traditional delivery methods. The amount of money spent on online research has grown in the USA from \$3.8 million in 1996 to \$1.35 billion in 2006. Yet this growth might not be surprising

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considering the growth in online use during the same ten years. What is surprising is the fact that one-third of all US spending on market research surveys is now spent on online surveys. The reason for this change is that conducting a survey online has cost savings of 15–20 per cent over mail surveys and 30 per cent over phone surveys.

While a quantitative research method such as a survey can be done online, qualitative methods are more difficult to adapt. Qualitative research conducted online is only 1 per cent of all spending. Qualitative research is still heavily dependent on face-to-face contact.

Source: Johnson, 2006

4.2.3 Components of a research proposal – analysis and findings

The final section, ‘Analysis and Findings’, describes how the data will be analyzed and reported. This section would include information on how the coding of transcripts or notes from focus groups will be used to find common responses and themes. It would also include how survey data will be analyzed, including any software packages that will be used.

A proposal should be very specific on what information will be provided to management and in what format. The research deliverables might include not just a final report but also ongoing feedback. This might be done informally through phone calls and email. Management may be offered regularly scheduled meetings and weekly reports during the research process. The more research is costing, the more management will want to be kept abreast of progress. This is also helpful for researchers as any misunderstandings can be clarified and rectified immediately, rather than having disappointed clients at the end of the process when it is too late to make changes to the methodology.

In addition to ongoing feedback, the research deliverables will include written documentation such as a formal report and verbal presentation. Sometimes the final report may be provided in an alternative format, such as video. Management may also be provided with completed survey forms, tape recordings or videos of focus groups, and survey data files. For this reason it is important that researchers be careful to keep all documentation during the research process.

Researchers will also need to make a formal presentation of their findings to management. This will allow management to ask questions regarding the impact the research findings may have on strategy. While it is management’s decision what action to take as a result of the research, researchers can help to clarify the meaning of their findings.

4.2.4 Appendices

Any final material contained in the appendices of a research proposal could include a breakdown of costs, personnel needs, a time schedule for completion, examples of the research methods and any technical details of the data analysis technique. It is important that a

detailed timeline be provided in the research proposal, as it is not unusual for management to not understand that good research takes time. For this reason just giving a start and end date should be avoided. A proposal should also provide a breakdown on when each task will be completed.

A sample proposal timeline for a survey could be as follows:

Week One:	Preliminary secondary research on problem
Week Two:	Write questionnaire
	Meet with management to review
Week Four:	Choose sample
	Meet with management to review
Week Five:	Test questionnaire
Week Seven:	Conduct survey
Week Eleven:	Analyze data
Week Fourteen:	Write report
Week Sixteen:	Present findings

In addition to the timeline, a proposal should contain a budget for expenses. It is not necessary to provide a breakdown of all expenses. What should be laid out clearly is the breakdown between general labor and overhead expenses and expenses specific to the research. Such expenses would include survey form reproduction, the hourly rate for a call center if a phone survey is to be conducted, the room rental for focus groups and any travel expenses for attendance at meetings.

If the expenses seem higher than management is willing to pay, researchers might wish to present two research scenarios at different cost levels. However, a proposal should also explain how the research will be impacted if the research proposal with the smaller budget is chosen.

It is also important that a proposal provides details in the appendices on the personnel that will be needed to conduct research. Not only the number of people, but also the number of hours they will be working on the research, need to be explained. Labor costs are often a large component of a marketing research budget. This may be due to the number of people who will be needed to conduct a survey, or it may be the cost of hiring a professional moderator for focus groups. If specific personnel will be needed they should be mentioned by name to ensure their availability for the research project.

The appendices should contain a statement of confidentiality. This statement would explain that any information about a company discussed during meetings with researchers will be kept confidential. In addition, a proposal must state whether the research methodology created to conduct the research belongs to the marketing research firm concerned or the company commissioning the research. Lastly, what will happen to all resulting documentation will be explained. A proposal may state that all documentation such as completed survey forms, tapes, or notes may be returned to the company commissioning the research or may be destroyed. The issue of confidentiality is especially important when the research involves new product development and other strategic issues. The time an outside marketing research company spends on a proposal should be seen as a necessary investment to get the job (see box below).

GETTING THE RESEARCH JOB

A well written research proposal may make the difference between a marketing firm receiving a research contract or not. According to market researcher Matthew Singer, to help increase the chances that a firm will be successful in obtaining a contract, the writer of the proposal should ask themselves the following questions:

- What are the key questions/information needs that research must address?
- What are the vital business decisions that the research findings will affect?
- How will the results be used?
- What other marketing factors are contributing to the need for research?
- Has previous research been conducted on related topics?
- Are there secondary objectives that also need to be addressed?

The research proposal will only be accepted if an organization believes that the cost of doing the research is more than covered by the value of the information received.

Writing a winning research proposal is a skill that can be learned. An organization needing research will first issue a request for a proposal or RFP. When writing a research proposal in response to an RFP the following steps are suggested:

- Reflect on the client – include any unique perspectives
- Read and decipher – write a checklist of conclusions based on the RFP
- Make preliminary contact – build interest and gather information
- Use your checklist as a guide – don't overlook any important issues
- Draft and proof – mistakes undercut credibility
- Submit in a timely fashion – proof of an ability to meet deadlines
- Follow up on receipt – call and make sure it arrived
- Track acceptance/rejection factors – live and learn!

Source: Singer, 2006

4.3 The Research Industry

Marketing research can be conducted internally by company employees or a company may hire an external firm to conduct research. During the process of writing a research proposal, a company must make the decision whether to conduct the research themselves or to hire an external market research firm. The decision to hire an external firm could be based on the fact that that company does not have the staff, expertise or time to conduct the research internally. If the decision is made to hire an external research provider, it is important to understand the composition of the marketing research industry. It is also important for those making the choice of which firm to hire to understand the general guidelines in choosing a research supplier. Choosing a research supplier is an important decision that should be given adequate time and attention (see the box below).

BSKYB TRIES A NEW STRATEGY FOR USING MARKETING RESEARCH FIRMS

A lot has been written concerning how companies now want more value for their research money. They don't just want facts and figures, they also want analysis and recommendations. However, the way that agencies have been set up to specialize in either a type of research or a specific industry does not lend itself well to the creativity needed by a multifaceted business such as BSKyB.

BskyB is known as the operator that provides Sky Digital, the most popular TV subscription service in the UK. However, they also own their own stations and produce their own TV content. The company analyzed their research purchases and found they were using the research services of 45 different marketing research firms. Believing that to be too many, they prepared a list of preferred service providers. To help these marketing firms understand the research needs of BSKyB, it holds agency days when the service providers can visit the company.

A second analysis of their research purchases found that they were using the services of only 25 agencies but that only ten of these were on the 'preferred' list. What happened? The company found that it had been successful in developing a closer relationship with the ten firms on the list. The other 15 firms were all new research providers and so hadn't been around when the preferred list was constructed. While having an ongoing relationship is fine, the company also knows that the marketing research field is changing so fast that some research needs can only be met by new firms.

Source: Cowlett, 2007

4.3.1 Structure of internal marketing research departments

The marketing research needed to answer a research question can, of course, be conducted by company employees. Who is involved in conducting the research depends on the size of the company. A large corporation, such as Coca-Cola or Proctor & Gamble, has the financial resources to have a specialized consumer research department within their general marketing department. The box below provides information on positions at General Mills.

INTERESTED IN WORKING IN MARKET RESEARCH AT GENERAL MILLS? YOUR TITLE WILL BE 'CONSUMER INSIGHTS ASSOCIATE'

General Mills calls their market researchers 'Consumer Insight Associates' and they believe more than their researchers' titles are different. To be successful in beating their competitors, General Mills believes they need employees who can do research but also understand the consumer. They believe this consumer understanding 'improves decision-making through insights, not just demographics and statistics'.

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If you worked for General Mills some of your responsibilities would include:

- Managing all the stages of research projects
- Developing new products
- Improving product quality
- Developing advertising
- Evaluating the results of consumer promotions

General Mills considers the following as 'Success Factors' for marketing researchers:

- Proven analytical skills
- Outstanding communication skills
- A high level of motivation
- Good business knowledge
- Excellent interpersonal skills

Source: General Mills, 2004

The place of a marketing research department in an organization chart varies. It may be a centralized department reporting directly to top management. Or it may be decentralized with separate marketing research divisions for different product lines, consumer market segments, or countries or regions in which a company operates. Employees who work in these specialized consumer research departments are usually highly skilled with degrees in marketing. In fact many of these positions require a researcher to have an advanced degree in business or statistics. Even entry level positions will at minimum require a Bachelor's degree.

While this is the type of research department of which people may be most aware, marketing research is also conducted in small corporations, small businesses and sole proprietorships. Small corporations without national or global reach will have a marketing department where employees are expected to handle a number of different marketing functions, including research. If a company has specialized research needs the employees feel they cannot handle, jobs will be contracted to external marketing research firms.

Small businesses may not even have a separate marketing department; a single employee may be responsible for all the marketing functions. This employee may have a degree in business but may or may not have taken a marketing research class.

Many people are the sole proprietors of their own business. These business people will perform all the management and marketing functions. These include informal marketing research, although these people may not always think of it in these terms. They might just call it 'keeping on top of what my customers want'. Table 4.2 below shows the level of responsibility in different sizes of organizations.

4.3.2 External providers of marketing research

The decision to hire an external firm may be made even when a company has a research department. This occurs when an organization feels they do not have the staff available to conduct

Table 4.2 Different levels of internal marketing research capabilities

<i>Organization</i>	<i>Capabilities</i>
Large corporation	Specialized marketing research department
Small corporation	Marketing department also responsible for research
Small business	Marketing employee responsible for all marketing functions
Sole proprietorship	Marketing, including research, one of many functions performed by owner

research or they need expertise that they simply do not have. This expertise might be in research with a specific target market segment, such as young ethnic males, or may require a specialized research tool, such as observational research. External marketing research providers can be categorized as advertising agencies, syndicated firms, and custom marketing research firms.

Marketing research firms

- Advertising agencies – research is one of many services offered
- Syndicated firms – they sell data they have collected
- Custom research firms – they design research studies to meet client needs

Advertising agencies

Advertising agencies have internal research departments that deal with such issues as finding the correct marketing message and the best image to represent a client company. They also research the best media to use to reach a specific target market.

Syndicated research firms

These companies are in business to collect data on a continuing basis regarding the consumption of a specific product or products or the purchasing behavior of a specific target market segment. These data are then sold to companies, which specify how much data they want and the analysis they require. The more data and analysis that are requested, the higher the price. What a syndicated research firm does not do is conduct research specifically designed for a single company. For example, ACNielsen collects information on TV and media viewing and also on ad recognition on the internet. Anyone, including the public, can buy the products they sell by visiting their website.

Custom research firms

Custom research firms will design a unique research project to answer a company's research question. They will then conduct the research and analyze the findings. These firms can be further divided into specialized and full service custom research providers. Research conducted by a custom marketing research firm usually starts with a call from a client. This client company will have a specific problem which requires research that the firm will design and conduct. For a custom research firm there is no reason to conduct research if they are without a client with a problem.

Specialized custom market research firms conduct specialized research on a specific product category or market segment. These marketing research firms can be grouped by their area of specialization. For example, they may specialize in consumer food products or in young people as a market segment. Some firms, such as IMS Health Inc, specialize in designing research for the pharmaceutical industry. Johnson Controls does research only on automotive interiors. Other

Table 4.3 Questions to ask when hiring an external research firm

<i>Business practices</i>	What guarantee do I have that you will deliver the completed research product on the specified date?
	Will you provide a detailed estimate of the prices you will charge for the research?
<i>Skills and expertise</i>	What are the qualifications of your staff?
	What research techniques do you use?
	What market segments do you research?
<i>Reputation and ethics</i>	Can I ask previous clients about the quality of your work?
	Do you have a professional code of conduct for your company?
	Have you ever turned down a potential client?

firms specialize in researching the target market segment of the young, urban male. These firms focus on a specific market segment, but research many different products. For example, they will have contracts with companies that produce clothing apparel, or soft drinks, or are media and telecommunication companies.

On the other hand, full service custom research firms will take on any project no matter what the target market segment or the product line is. These full service companies are able to offer a wide range of expertise and services. They are in effect ‘one-stop’ research firms. However, they may lack the depth of knowledge that has been acquired by specialized custom firms.

4.3.3 Guidelines for choosing a research company

When choosing an external research company, there are general guidelines that should be followed. A company should examine a research firm’s business practices, skills and expertise, and their reputation for quality and ethical conduct.

It is important to interview not just those representing the research firm, but also, if possible, the researchers themselves. In addition, asking for references from other companies who have hired a particular firm can provide information as to their reputation. Hiring a research firm is expensive, so the decision should be made as carefully as when buying an expensive piece of equipment. Table 4.3 above gives examples of those questions that should be asked.

4.3.4 The global research industry

Marketing research has become increasingly global. In fact, marketing research is now a \$21.5 billion global industry (ESOMAR, 2006). To be one of the largest marketing research firms now requires global reach. This is demonstrated in Table 4.4 by examining the number of countries in which the largest firms have offices. This is proved by the fact that the top five research companies in the world have an average of offices in 58 countries. The largest, VNU NU (whose company slogan is, ‘We measure. We analyze. We inform. We know. We answer.’), has offices in 81 different countries. Often this global expansion is through the acquisition of smaller, local research companies in specific countries. For example, in June 2004 IMS Health acquired United Research China, which specialized in researching the consumer health market in China (IMS Health, 2004).

4.3.5 Marketing research associations

There are numerous marketing research organizations that provide an opportunity for those involved in the research industry to both network and learn from others working in the research

Table 4.4 Top five global research organizations

<i>Firm</i>	<i>Website</i>	<i>Revenue (millions)</i>	<i>% Revenue outside country</i>
1 VNU NU, Netherlands	www.vnu.cm	3538	99
2 Taylor Nelson Sofres, UK	www.tns-global.com	1803	84
3 IMS Health, USA	www.imshealth.com	1755	64
4 Gfx AG, Germany	www.gfk.com	1311	73
5 The Kantor Group, USA	www.kantargroup.com	1237	65

Source: Honomichl, 2006

industry. Some of the organizations are specific to a region or country. The Council for American Survey Research Organizations represents research firms in the USA, Canada and Mexico. Other organizations, such as the Market Research Society with 8,000 members in more than 50 countries, are global in reach. Organizations such as the Advertising Research Foundation focus on a specific area of marketing research. Others, such as the Qualitative Research Consultants Association, focus on a specific type of research.

Marketing research associations

- Advertising Research Foundation (ARF) (www.aftsite.org)
- American Association for Public Opinion Research (www.aapor.org)
- American Statistical Association (ASA) (www.amstat.org)
- Council for American Survey Research Organizations (CASRO) (www.casro.org)
- Council for Marketing and Opinion Research (CMOR) (www.cmor.org)
- Market Research Society (www.marketresearch.org.uk)
- Marketing Research Association (MRA) (www.mra-net.org)
- Pharmaceutical Marketing Research Group (PMRG) (www.pmr.org)
- Qualitative Research Consultants Association (QRCA) (www.qrca.com)
- Research Industry Coalition (RIC) (www.researchindustry.org)
- World Association of Opinion and Marketing Research Professionals (ESOMAR) (www.esomar.org)

Summary

- 1 A research proposal should explain the 'why, what, when, where and how' of the research. It is necessary because research takes resources including money, people and time. Although the proposal will take time to write, it is necessary for three reasons. First, it is a plan of action that keeps research on track. Second, it is the basis of the contract on what resources will be needed. Third, because it has described the tasks to be completed and those responsible, it is a way to ensure accountability.

- 2 The research proposal has three main sections; the plan, the methodology and the analysis and findings. The plan will include an introduction and will also state the research objective and research question. The methodology section will include information on the research approach, the methodology and the data collection plan. The analysis and findings section will describe how the data will be analyzed and how the data will be presented once the research is completed. The proposal concludes with appendices that provide details on the timeline, budget and personnel needs.
- 3 Who conducts marketing research will vary depending on the size of the organization. A large company may have a specialized research department while a sole proprietor may need to conduct all the research personally. If an outside research firm is hired the choice is between using an advertising agency, a syndicated firm or a custom research firm. Advertising agencies provide research along with many other marketing services. Syndicated research firms collect information on an ongoing basis which they then sell. Custom research firms work with client companies to design proposals that meet their specific needs.

Key Terms



advertising agency company that offers a variety of services, of which one may be research, to assist firms with promoting their products

custom research firm company that will design a research project for a company that will specifically address their research question

marketing research association membership organization of companies that conduct marketing research

research proposal document that describes the purpose of the research, the methodology and the sample

syndicated research firm company that sells research data that have already been collected

Discussion Questions

- 1 Why should a research proposal be written before starting research?
- 2 What is the relationship between a research problem, objective and question?
- 3 Why should the research proposal be careful to explain marketing research terms?

- 4 How does the research proposal form the basis of a contract even when the research is conducted internally?
- 5 What is the purpose of providing detailed budget information?
- 6 Why would a company commissioning research be concerned about confidentiality?
- 7 Why would a company with an internal consumer research department sometimes commission research from an outside firm?
- 8 Why does the industry contain companies that specialize in providing different types of research services?
- 9 What is the difference between a syndicated and specialized custom research firm?
- 10 Why is it important for a company to be careful when choosing an external research provider?

Recommended Reading



Brace, Ian and Adams, Karen (2006) *Introduction to Market and Social Research: Planning and Using Research Tools and Techniques*. London: Kogan Page. A book that asks the reader to answer basic questions, such as why research is needed, and then takes the reader through the process step by step.

Crouch, Sunny and Housden, Matthew (2003) *Marketing Research for Managers*. Boston, MA: Butterworth-Heinemann. Besides describing the research process, this book addresses specific issues in using research in online, industrial, and international markets.

McQuarrie, Edward R. (2003) *The Marketing Research Toolbox: A Concise Guide for Beginners*. London: SAGE. Describes the marketing research process in terms of business decision making. Also discusses how correctly planned research should provide businesses with direct benefits.