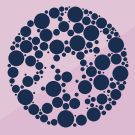
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THE KEY TO SUCCESSFUL B2B RESEARCH

BEST PRACTICE GUIDE



B2B Marketing

Circleresearch
The B2B experts

Contents

Introduction 3

The role of market research in B2B environments

I. The role of research in B2B 4

II. The research project 5

III. Primary and secondary research 8

IV. Conclusion and key takeaways 12

About

Author biography 13

About B2B Marketing 14



Introduction

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If you're not making regular use of market research then you're in the minority. Trade body ESOMAR estimates that businesses spend $40 billion annually on market research (£5 billion in the UK) and six per cent of this, around $300 million, is on B2B studies.

Converts to a research-led way of doing business see this as a wise investment. By using research to inform decision-making, they:

- Ensure decisions are fully informed.
- Remove the influence of erroneous assumptions and beliefs.
- Objectify decisions and remove personal agendas.
- Focus minds and resources on the most important aspects of the issue.

But not all decisions require a research-led approach, and to insist on one when it's unnecessary is a poor investment, discredits the concept and slows down decision-making. Market research should really be used when:

- It matters – the decision should be of sufficient importance to justify investment.
- You're unsure where to go – research gives clarity when there are multiple options on the table.
- You have doubts – existing information may be flawed or incomplete.
- You can't be the judge – the decision needs to be guided by those with the only true understanding of the situation: customers.
- You need evidence – there's a need to convince others, for example in forming a business case.

This guide is for B2B marketers who feel research may benefit them and their organisation. It covers the fundamentals of research and outlines how to execute a research project. Maybe you're just curious and want to understand the potential of research. Perhaps you're about to embark on your first research project. Or maybe you're a research veteran who wants a refresher. Either way, this guide will provide you with a primer.

I. The role of research in B2B environments

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The process of gathering insight from (or about) a group of stakeholders is commonly referred to as 'market research' or 'marketing research'. Technically the former is narrower in scope as it refers solely to the market itself (size, structure, etc.), rather than how to serve that market using the marketing mix (which is the domain of marketing research). However, in real life both terms are used interchangeably to mean the exploration of any facet of the market or marketing activity. In this guide we have used the phrase 'research' for the sake of simplicity.

Research is often used to inform a specific element of business strategy or the marketing mix. For example, it can help when:

- Deciding commercial strategy, by mapping the market size and structure.
- Developing the proposition, by identifying needs, wants and gaps in provision.
- Creating new products, by generating innovative ideas or testing concepts.
- Guiding pricing strategy, by identifying the optimum price point and model.
- Guiding sales strategy, by mapping the decision-making unit and buying journey.
- Optimising marcomms, by identifying the right messages and channels.
- Building the brand, by identifying a resonant, differentiated positioning.
- Managing the customer experience, by identifying pain points.

As well as informing specific activities, research can be used to continuously monitor the market environment and gauge the impact of marketing or other actions. For example, research is often used to:

- Monitor brand perceptions.
- Measure the impact of marcomms.
- Monitor customer satisfaction and loyalty.

Research can also be used on an ongoing basis to embed the voice of the customer within the organisation. In this instance, there's no specific goal other than a desire to regularly listen and provide the target market with a direct channel into the organisation.

So, research can support a business in a number of different ways. Furthermore, the goal of the research will dictate the best approach.

II. The research project

Defining your goals

The first step in conducting a research project is to clearly define the project's goals. This is perhaps the most critical element of the entire project as it will guide everything that follows, including the target audience for the research, the information required and the research approach taken. It will also ensure the research provides clear guidance and is a catalyst for action.

» The first step in conducting a research project is to clearly define the project's goals «

As such, time should be invested in contemplating four questions:

1. What has triggered the need for research?
2. What decisions or actions need to be taken?
3. What information is required to fully inform these decisions or actions?
4. Are there specific hypotheses that need to be explored?

These questions should also be discussed with all key stakeholders, who will eventually use the research to ensure it fully meets their needs. The answers should then be used to create a goal statement that meets the approval of these same stakeholders.

A DIY or outsourced approach

Before progressing further, another fundamental decision needs to be made – whether to conduct the research yourself or outsource it to a third party (a market research agency or consultant). Both bring their own benefits that need to be traded off in the context of your own internal expertise and resources. The benefits of conducting research inhouse include the following:

- It typically brings a lower financial cost.
- It provides you with a deeper personal understanding of the issue.
- It can help if research interviews require specific technical knowledge.
- It allays any concerns about third parties representing your brand.

» Outsourcing research and doing it inhouse both bring their own benefits, but need to be traded off in the context of your internal expertise and resources «

However, working with a third party also has some benefits:

- It reduces your time investment and speeds up the process.
- Their expertise ensures the research gathers reliable information.
- They have access to tools and techniques that explore the issue in greater depth.
- They provide an objective view, uninfluenced by ingrained assumptions or beliefs.
- The target audience may express opinions more freely to a third party.

If you decide to outsource the research then the next step is to brief potential agency partners. An informal approach to doing this is to simply pick up the phone and discuss the need. A more formal approach would be to issue a written brief, and this should include:

- Relevant background information, for example, your business profile and your target market.
- A goal statement for the project (see earlier).
- Specific information areas and questions the research should address.
- The target audience for the research and details of any databases you have.
- Any constraints on methodology, for example, a need for hard numbers.
- Available budget (even if a rough amount or 'no more than' statement) and required delivery date.

Armed with this information, potential research partners can respond with proposals for the project. To assess the suitability of these (or design your own approach if taking the DIY route), an understanding of some fundamental research principles is useful.

III. Primary and secondary research

Research can be divided into two types:

- **Primary research**: directly gathering fresh information specific to your goal.
- **Secondary research**: identifying existing information relevant to your goal.

Odd as it might sound, secondary research usually comes first. This might include a review of sources such as:

- Internal data, for example, performance and sales data.
- External statistical data, for example, government statistics on business composition.
- Market reports and viewpoints from industry analysts.
- Published third-party research.

Looking at secondary sources before considering primary research is wise. The answer to your question might already exist, so there's no need to make any further investment in primary research. And, even if your question isn't answered in full, secondary research is likely to provide a valuable base of knowledge that can inform and complement any subsequent exploration of the issue.

However, in most circumstances the answer to your specific question won't be fully answered by reference to secondary sources. In these cases, primary research is required, so the next decision relates to the type of information this will gather: observational, qualitative or quantitative.

Observational research

The name gives it away. Observational research involves 'watching' the target audience in order to gather insights. It is typically used when verbal recall post-event might be incomplete or inaccurate, or when the target audience is unaware of certain behaviours and their implications. For example:

- Web development can be informed by observing users trying to achieve specific tasks, for example, placing an order or finding information. This identifies difficulties in the journey that developers can address.
- Product development can be informed by observing existing products in use. This identifies pain points that can be resolved through innovation and may reveal new potential applications.
- Marketing messages can be made more resonant by observing a 'day in the life' of the target audience. This reveals scenarios and situations to which they can relate.

The intrusive nature of observational techniques means that they are used less than other methods and may be replaced by a diary approach where the target audience self-records events and behaviours.

Qualitative research

Qualitative research uses open-ended questioning of the target audience to explore an issue in a fluid and rich manner. Typically, a qualitative approach is suitable when:

- Not much is known about the issue.
- The issue is complex or needs to be explored in great detail.
- Opinions in relation to the issue may be hard to express.
- There's a desire to collaborate with the target audience.

Two main qualitative methods are used to create this type of understanding: focus groups and in-depth interviews.

Focus groups

Focus groups typically gather seven to 10 members of the target audience into a room for one or two hours. During the session a moderator will use a variety of questions and group exercises to explore the issue at hand in a comprehensive way. This approach has several benefits:

- Contrasting behaviours and opinions in the target audience quickly become apparent.
- The group dynamic is conducive to creativity and challenging superficial answers.
- Working through the topic as a group and bouncing ideas or thoughts off others can produce revelations that an individual discussion wouldn't.
- The discussion can be viewed first-hand by those who will use the information.

However, focus groups are not always practical in B2B markets as the target audience may:

- Be too widely dispersed to practically gather in one place.
- Be time poor and unwilling to spare the time investment required.
- View the issue as commercially confidential and inappropriate for group discussion.

These challenges can be addressed through the use of online focus groups (temporary forums where the target audience gathers to participate in a virtual discussion) and online communities (permanent online forums where the target audience meets to provide regular input). Typically, though, in-depth interviews are used as an alternative.

In-depth interviews

An in-depth interview approach uses a series of one-to-one, 45- to 60-minute long, open-ended discussions with members of the target audience to gather information.

Regardless of methodology – focus groups or in-depth interviews – a key challenge will be persuading members of the target audience to 'donate' their time. Sometimes they will be happy to do so, but often an incentive to support the research is required and this will typically take one or more of the following forms:

- A personal payment: while often effective, check that these payments don't fall foul of your organisation's bribery policies or seem otherwise inappropriate.
- A charity donation: this appeals to people's good nature and can be an effective incentive, especially in industries where there is likely to be a strong connection with the chosen cause.
- Exclusive information: if people can get a professional edge by participating in the research, they are more likely to support it. For example, including a few questions on industry trends allows you to offer respondents an exclusive peer-based insight into topics relevant to them.

Quantitative research

Quantitative research gathers numerical data on an issue using (primarily) closed, structured questions. This:

- Provides reliability by canvassing the opinion of a wider cross-section of the audience.
- Substantiates the prevalence (rather than simple existence) of different opinions.
- Provides definitive guidance and allows predictions to be made.
- Allows changes to be monitored over time.

The questionnaire

At the core of any quantitative research exercise is a questionnaire, with questions taking one of six possible formats:

1. Single choice: 'How many suppliers do you work with?'
2. Multi choice: 'Which of the following suppliers do you work with?'
3. Rating scales: 'On a scale of one to 10, how satisfied are you with your supplier?'
4. Ranking: 'In rank order, how important are the following when choosing a supplier?'
5. Categorisation: 'Which of the following best describes your attitude to suppliers?'
6. Open-ended: 'What's the one thing we could do to improve our service?'

The questionnaire can also contain 'routing logic', which enables a participant to be asked certain questions or given particular answer options based on their profile or previous responses.

Having created a questionnaire, a vehicle is needed to get this in front of the target audience and allow them to complete it – the majority of quantitative research uses one (or a mixture) of two techniques to do so: an online survey or a telephone survey.

Online and telephone surveys

In an online survey, members of the target audience are usually guided towards a dedicated website. The primary advantages of an online survey are that it:

- Is cheaper than more resource-intensive alternatives.
- Easily allows a global scope by translating one common platform.
- Is often the respondent's preference as they can complete the survey when it suits them.
- Can be more accurate – the anonymity of an online approach means that responses are franker and there is no bias introduced by a human interviewer in the way that they ask questions.

However, while desirable, an online approach may not always be appropriate. Some audiences can be hard (or impossible) to access online, and response rates to online surveys tend to be lower than telephone surveys as there is no opportunity to persuade people to participate. An online approach should also be avoided if it introduces significant bias into the research by under-representing particular sections of the target audience.

In these situations a telephone survey may be more suitable. This also brings additional benefits:

- It allows a more detailed exploration of responses, especially to open ended questions.
- It provides an opportunity to clarify the exact meaning of questions (or answers).
- It tends to allow a longer interview length.

Other lesser used, but potentially appropriate quantitative formats include self-completed paper-based surveys and face-to-face (or 'tablet') surveys.

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The sample

The next step is to design what researchers refer to as the 'sample'.

Armed with your methodology and questionnaire, the ideal would now be to gain responses from every single member of the target audience (the 'population'). However, in reality that is rarely possible. So, instead, you will be taking a sample of opinion and using this to estimate what the entire population is likely to think. If this estimate is to be accurate then it is essential that the sample of opinion being used meets two criteria: it must be representative and reliable.

A representative sample is one that reflects diversity within the target audience and does so in line with its composition. For example, there are approximately 2.6 million SMEs in the UK and these businesses can be grouped on three primary dimensions:

- Size: SMEs can be divided into sole-traders, micro businesses (two to nine employees), small businesses (10–49 employees) and medium businesses (50–249 employees).
- Geography: SMEs are distributed across the UK with a high concentration in London and south-east England, and a low concentration in Wales, Northern Ireland and the north-east of England.
- Activity: SMEs operate in dozens of different industry sectors with a particular concentration in construction, retail and the professions.

As such, if the survey sample is to accurately represent the wider SME population, it needs to include SMEs of different sizes, based in different geographies and operating in different industries. Importantly, the sample needs to represent the prevalence of these different groups in the wider SME population, for example 10 per cent of SMEs are in the construction sector which means that ideally 10 per cent of survey respondents should be too.

Alongside these more obvious groupings within the target audience, it is likely there will be several more subtle differences. For example, SMEs could be grouped based on organisational culture, commercial priorities, growth trajectory and many other dimensions. This means that, as well as ensuring that the sample is representative of the major dimensions in the target audience, it should also be drawn randomly so that more subtle types of diversity are represented.

A reliable sample is one big enough to allow accurate conclusions to be drawn. For example, a survey of 10 SMEs is not reliable as there are more than two million other potential opinions out there that are unlikely to be represented fully or proportionately in a sample of just 10 people. But how many is enough? A key concept here is margin of error.

Using mathematical and statistical principles, a margin of error calculation estimates the likelihood that, were the entire population to be canvassed (a census), the result would match that obtained in the survey sample. For example, let's imagine we've surveyed 500 SMEs in a way that is representative of the UK SME population and 50 per cent told us they were optimistic about their commercial outlook. This particular sample size in this population has a margin of error of 4.38 per cent, which means that if we were to ask all 2.6 million SMEs in the UK the same question, between 46 per cent and 54 per cent (plus or minus 4.38 per cent of our survey result) are likely to say that they are optimistic.

It's worth noting that as the sample size increases, gains in reliability tail off. For example, if we increase our hypothetical sample of UK SMEs by 300 to 800, the margin of error falls to 3.46 per cent. This is an improvement in reliability of 0.92 per cent. However, if we reduce the sample by the same amount to 200, the margin of error rises to 6.93 per cent. This is a decrease in reliability of 2.55 per cent – more than twice the level of change we saw from an increase in sample size to 800.

It's also important to consider that even though a larger sample size may be desirable, in B2B markets where populations are often small and access to them sometimes challenging, smaller sample sizes are a practical necessity.

So, in deciding on the optimum sample size for a survey, ask yourself this:

- What is the largest margin of error you're willing to accept?
- Based on this acceptable level of error, what sample size is required?
- Is this sample size achievable or affordable (if not you may need to accept a larger margin of error)?

And, when reviewing other research, (e.g. during a review of secondary sources) use the margin of error concept to make judgments about its reliability.

IV. Conclusion

Using research

Having executed the research, you will have a large body of information to hand. The final step in the process is to relate this information back to the business decision and share it with relevant stakeholders internally.

This stage is sometimes where research underwhelms – the information may be solid, but it fails to drive the commercial action needed. Typically that happens when:

- The research lacks credibility.
- The research misses the point.
- There's insufficient interpretation.
- The findings are impenetrable.
- The delivery of the findings is seen as 'the end', not 'the beginning'.

If executed and delivered well though, research is a powerful tool and a strong source of competitive advantage.

Key takeaways

- Make sure you have clearly defined the goals of your research project.
- Establish whether you'd be better off conducting the research project inhouse or outsourcing it.
- Perform any secondary research before you begin primary research.
- Start your primary research by carrying out 'observational research' and observing your target audience.
- If you're going to use qualitative research, decide whether you're going to do this via focus groups or in-depth interviews.
- In the case of quantitative research, a questionnaire will be used to gather the responses of your audience.
- This questionnaire can be completed either online or over the telephone, so make sure you have a clear understanding of the benefits and disadvantages of both options.
- Finally, make sure you get responses from a representative 'sample' of respondents.



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Andrew co-founded specialist B2B market research company Circle Research in 2006. Since then Circle has won various accolades and boasts a blue-chip client list including companies such as Vodafone, Microsoft, Mastercard and Maersk.

In addition to his day job, Andrew is an active member of the marketing and research communities. He teaches the MRS course on B2B market research, is a columnist for *B2B Marketing* and a guest blogger for *Research Magazine*. He's also a regular speaker at industry events including the B2B Leader's Forum, The Quirks Event and The Social Media World Forum.

Andrew holds an MA in psychology from Aberdeen University, an MSc in marketing from Strathclyde University and is a chartered member of the Market Research Society.

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About B2B Marketing



B2B Marketing

B2B Marketing is the comprehensive information resource for B2B marketers. Its mission is to provide practitioners with the information they need to perform better and achieve more, whatever sector of the B2B space they are operating in.

Launched in 2004 as *B2B Marketing* magazine, it has since evolved into a multi-faceted resource, delivering a broad range of content in a variety of different forms and formats.

Its key products are:

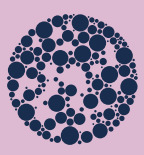
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For more information on any of these products or services go to b2bmarketing.net or call +44 (0)20 7014 4920

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