

RESEARCH ● A little r-e-s-p-e-c-t

# Cost grows when needed research overlooked

By STEPHEN J. HELLEBUSCH

**M**arketing research is, in some ways, the Rodney Dangerfield of professions—"We don't get no respect!" As a marketing research professional, I can say this with a touch of humor intended, but it still seems puzzling. Knowledge is power, after all.

Evidence of the lack of respect is clear. Marketing research is viewed as a function anyone can perform with little or no training; in

## Special report

one instance I know of, a manager in the sales force was made, instantly, director of marketing research. Internal clients often view a stint in marketing research as a step that must be checked off. Marketing researchers are rarely at the meetings where research needs are discussed, and they sometimes do not even get the opportunity to speak with the internal decision-makers at key decision times—other internal clients carry the message forward, in some way, shape or form.

The first time the lack of respect became apparent to me was when I argued with one of the brand managers who did not want to spend \$15,000 to test a proposed television commercial because the research was "expensive." The marketing plan called for \$8 million in media to be spent behind the commercial, and it never seemed logical to me that the person in charge would not want to be as certain as possible that the commercial would be effective.

It has become clear over time, as article after article in many publications document the high rate of new-product failure, that a lot of needed research is not being done. While it is possible that some failures were thoroughly researched, it seems more likely that managers somewhere balked at spending hundreds of thousands of dollars on the proper research and cheerfully proceeded to

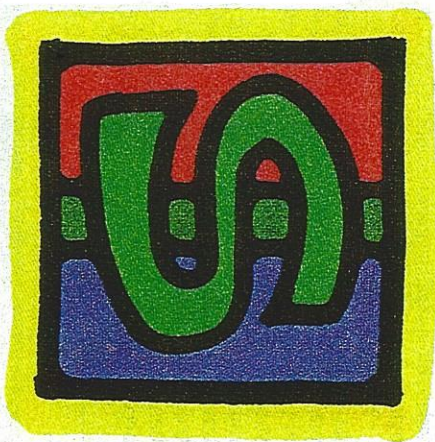
spend millions on a new product launch.

It is difficult to document research that should be conducted but is not because it is an attempt to describe knowledge that should have been gathered but was not. We don't think about what is not there. Take, for example, the humble and often-not-conducted advertising tracking study. No one sees a need to monitor how an advertisement (or campaign) is affecting consumers, so millions are spent, thousands are saved. And when there is no effect, it is impossible to say why—or, for that matter, when there is an effect it is impossible to say why. One cannot research everything, but there must be myriad examples in marketing in which *knowing* would have changed the direction of a brand or a company dramatically. What is the value of knowing? Perhaps a better question to ask is: What is the cost of *not* knowing?

The concept is sometimes referred to as "opportunity cost factor." If I have \$10, and I spend it on fuzzy dice for my car mirror, I no longer have it to spend on, say, a can of tire inflator. If I get a flat tire, I probably won't even think of what I could have done—the opportunity missed with my \$10.

Similarly, if I have \$50,000, and I spend it on media instead of advertising tracking, I will never know how my advertising affected the consumer. Worse, since there is no parallel dimension where a control group had this knowledge, I will never be able to discern the impact of my omission. One suspects that a lot of research that should occur never happens.

In addition to this invisible nonevent, another reason for the lack of respect is that few marketing research success stories are ever publicized. The successes can be of two types: Pick a winner and identify a loser. The lack of fanfare can be chalked up to a number



of reasons. If marketing research picks a winner and generates volume and business, it often is not reported outside the company because of its confidential nature. If it picks a loser and helps a company avoid spending millions foolishly, no one applauds the death of the project that "failed." When, as a marketing research craftsman, I have had to report facts that dash the hopes of a project team, I am typically *not* congratulated.

There are successes, though, and I know of one success story, now from long enough ago that it can be presented.

In 1984, Merrell Dow Pharmaceuticals Inc. was about to launch Seldane, the world's first nonседating antihistamine. The company urgently needed to learn as much about the prescription allergy category as possible, since FDA approval was imminent. The marketing researcher (a fellow craftsman) conducted a comprehensive study among physicians, which informed the company marketers about how physicians thought and why they prescribed certain products for certain allergy patients.

Then the question arose: How do you price the first product to have a new, meaningful point of difference? At the time, management had decided that the nonседating benefit should be worth at least a 10% premium, but there was a good deal of uncertainty concerning whether this was too much or not enough.

The researcher went to work. Physicians who had participated in the earlier study were contacted again and led through a conjoint analysis task that helped determine the best features of Seldane, and, of course, the price sensitivity.

The results were clear and were reported up the chain of command by the marketing research professionals. There was no price sensitivity within the range of prices tested. If you had an effective nonседating antihistamine, you could charge any price, within a wide range. Seldane was launched at double the price of traditional antihistamines. It eventually became a huge brand, and its successors—Allegra and Claritin—continue to benefit from the original pricing research.

Without the marketing research, which led the way, much would have been different for Merrell Dow, Schering Plough and Aventis. The research professional was given the resources, time and respect, and was able to function as a key member of the brand team. A new business at least twice the size of the one which would have been was the result.

To sum up, knowledge is power. Marketing research professionals are encouraged to stay sensitive to this fact, and to make it clear to research users that there is great value in conducting the appropriate research.

"Of all the words of tongue or pen, the saddest are these: 'It might have been!'"

—John Greenleaf Whittier, *Maid Miller* ■

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