

Market Research of Marketing Directors

Introduction

A short market research survey of marketing directors was conducted by KAA-The Market Research Firm, in March 2001. KAA surveyed by mail and email a random sample of marketing directors in the northeast.

The questionnaire was designed as a short survey which would take a small amount of the respondent's time. In this format, it had a higher probability of being filled out by busy marketing directors. Also the goal of the survey was clear and straightforward from the outset, which was to assess market research experience, future plans, and marketing budgets of the firms in the sample.

Mailing and emails were sent to a total of 2,500 marketing directors. We received 123 usable responses - a return ratio of 5 percent. We did not expect our normal return ratios since our survey may have caused concerns for some recipients since it asked specific questions about their marketing budget, and KAA is a known market research firm.

The Questionnaire

This survey, as part of an information gathering process, compares market research expenditures of the participants in different years, including their budgets for 2001. This provides an insight into expenditure trend and particularly the impact of an economic slowdown on research budgets.

The questionnaire had only 5 questions, however, based on the options presented, the respondents had up to 16 sub-questions to check. Based on previous experience it was estimated that it would take 2 to 3 minutes to answer all the questions.

At the end of the questionnaire there was a space made available for participants to put their name and address if they so desired.

Market Research of Marketing Directors

Incentives

To improve the response ratio, two cash prizes of \$100 each, were offered to randomly selected respondents. In addition, the envelopes were “hand-stamped¹”, with a first-class stamp, and the names and addresses of recipients were directly printed on the envelopes. Postage-paid Business Reply Mail envelopes were also included.

Mailing

Questionnaires were mailed on April 2, 2001, and recipients had until April 20, 2001 to return the completed questionnaires in order to be eligible for the random selection of cash prizes.

Methodology & Assumptions

Since the survey recipients were at managerial level, the questions were designed to be specific, direct and easily answered in the least amount of time possible. A manager who sets his/her own budget every year knows what the department’s expenditure level is. This differs from residential participants in a survey who usually do not have all the facts at their finger tips, and/or may not be willing to share information. A residential participant is much more likely to be willing to explain when was the last time he/she bought a new TV or car and what brand and model it was rather than how much he/she spent on it. In the case of managers the decision to participate, or not, depends on a variety of factors such as, time constraints and corporate policy, and generally they will have already decided to either provide the information or not. In these cases additional exploratory questions are not very helpful.

Results

The following is an analysis of the responses to each question, as well as, the results of the survey.

¹ Individual first class stamps were attached to the envelopes, they looked as if they were actually attached by hand.

Market Research of Marketing Directors

1. Has your company ever conducted market research?



Figure 1

More than 84% of the participants in the survey have done at least one market research study. It is interesting to see that 14% of the participants have never conducted market research. This is of particular interest since these are companies with gross revenues of \$50m and more.

Market Research of Marketing Directors

2. Are you planning to do market research?



Figure 2

Some 73% of the participants are planning to do market research in the near future. It is interesting to note that 93% of this 73% have done market research before.

Market Research of Marketing Directors

When are you planning to do MR vs. Done MR Crosstabulation

% within When

		Done MR		Total
		yes	no	
When	Immediately	97%	3%	100%
	3 to 6 m	91%	9%	100%
	6 to 12 m	88%	13%	100%
	12 m +	93%	7%	100%
Total		93%	7%	100%

Table 1

Ninety-seven percent of those who have immediate need for surveys have had previous experience with them. The highest number of new comers to market research (13%) appear among those who have a research plans for the next 6 to 12 months.

Market Research of Marketing Directors



Figure 3

Most of those who were planning to do market research were planning to do so immediately. Approximately 19% of them have plans for the next 3 to 6 months, and another 20% have plans for the next 6 to 12 months. A further 11% of the respondents have plans for market research beyond the 12 time month horizon.

Market Research of Marketing Directors



Figure 4

The largest segment of the respondents, 25%, have done customer satisfaction surveys before. Competitive market research analysis holds the second place with 21% of the respondents having done it in the past. Focus groups and brand awareness occupy the third and fourth positions respectively. Surveys measuring web satisfaction are just beginning to be more widely used.

Market Research of Marketing Directors



Figure 5

Almost mirroring their past experience, marketing directors participating in the survey, were planning to do Customer Satisfaction surveys followed by Competitive analysis and Focus Groups, in the future. Even the distribution of future plans very closely mirrors their past experiences. It appears that marketing directors, like most others, are more comfortable with what they already have experience with rather than new projects.

Market Research of Marketing Directors

**Customer Satisfaction Survey
Crosstabulation**

% within Customer Sat (P)

		Customer Sat (P)		Total
		no	yes	
Customer Sat (F)	no	66%	26%	39%
	yes	34%	74%	61%
Total		100%	100%	100%

Table 2

* (P): Done in the past, (F): Planned for the future

Undoubtedly those who have used one aspect of market research in the past are much more likely to do so in the future. For example, Table 2 clearly indicates that 74% of those who have done a customer satisfaction surveys in the past are also planning to repeat it in the future. Table 3 shows that 65% of those who have done competitive analysis in the past are planning to do customer satisfaction in the future. While this may imply a significant correlation between past and future across market research methods, in reality it does not, at least not across time lines.

Table 4 shows that 66% of those who have done competitive analysis in the past have also done customer satisfaction in the past. What this implies is that, those who do one type of market research are more likely to do other types as well. This crosses quantitative vs. qualitative lines, in that focus groups (a qualitative survey) is equally correlated with quantitative surveys like customer satisfaction and competitive analysis as they are with one-another.

**Comparative Analysis Survey (P) vs.
Customer Satisfaction Survey (F)
Crosstabulation**

% within Comparative (P)

		Comparative (P)		Total
		no	yes	
Customer Sat (F)	no	44%	35%	39%
	yes	56%	65%	61%
Total		100%	100%	100%

Table 3

**Comparative Analysis(P) vs. Customer
Satisfaction Survey (P)
Crosstabulation**

% within Customer Sat (P)

		Customer Sat (P)		Total
		no	yes	
Comparative (P)	no	63%	34%	44%
	yes	37%	66%	56%
Total		100%	100%	100%

Table 4

Market Research of Marketing Directors

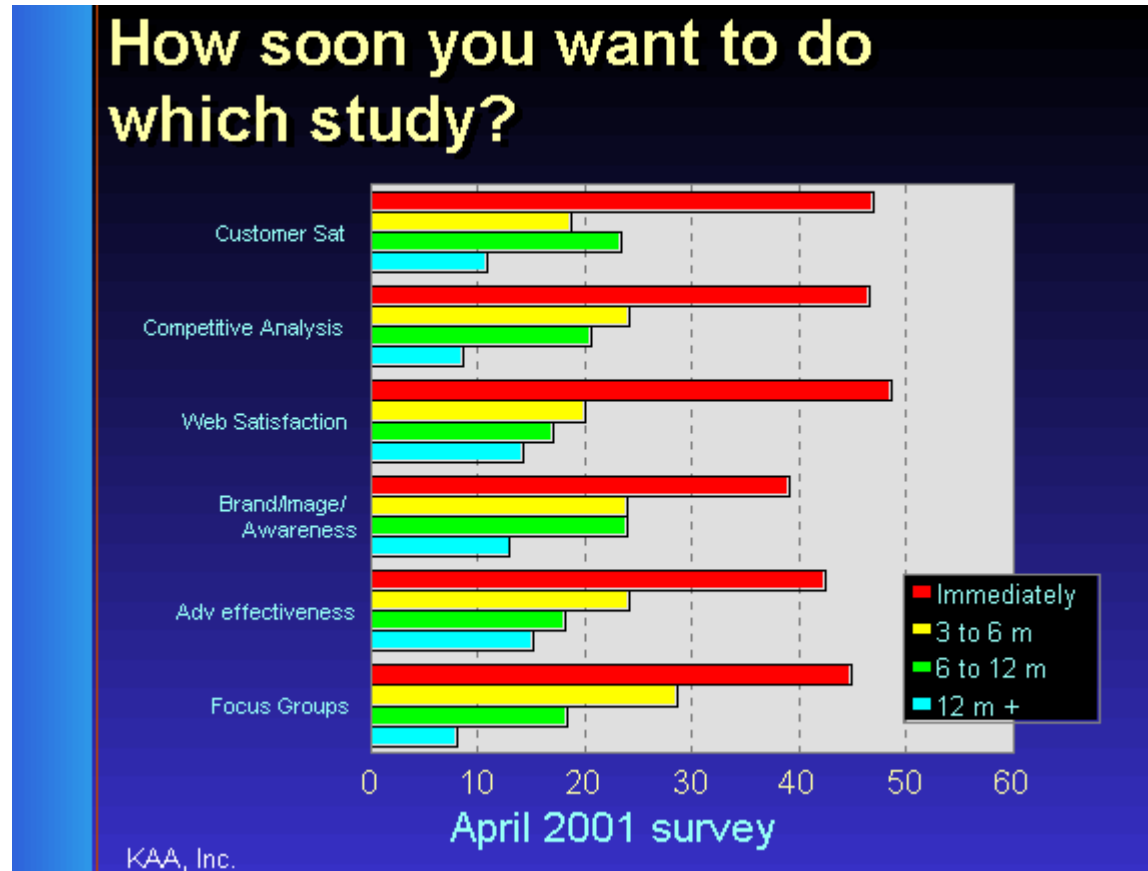


Figure 6

Among those who are planning to do such a study, Focus groups have the highest urgency, with 73% of those who have plans wanting to do it within the next 6 months. Competitive analysis follows with 71% of those who are planning to do it, want it done within the next 6 months. The least urgency was expressed for Brand/Image/Awareness, a much smaller 63% of those who have plans for it want it done within the next 6 months.

Market Research of Marketing Directors

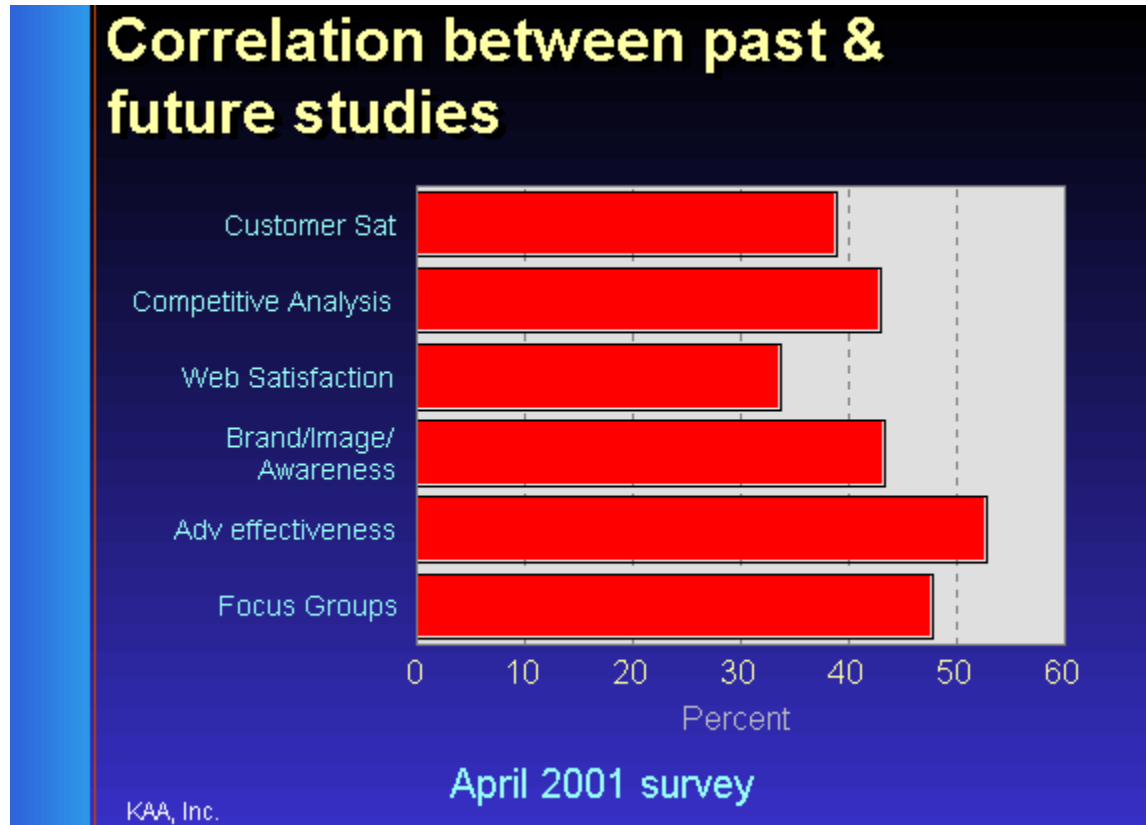


Figure 7

The highest correlation between past and future studies belongs to advertising effectiveness. The lowest one belonging to web satisfaction. It is however, interesting to note that focus groups and brand/image/awareness studies have a very high correlation. With a correlation ratio of 49.6%, focus group studies and brand/image/awareness studies are the most frequent types of studies done together.

Market Research of Marketing Directors

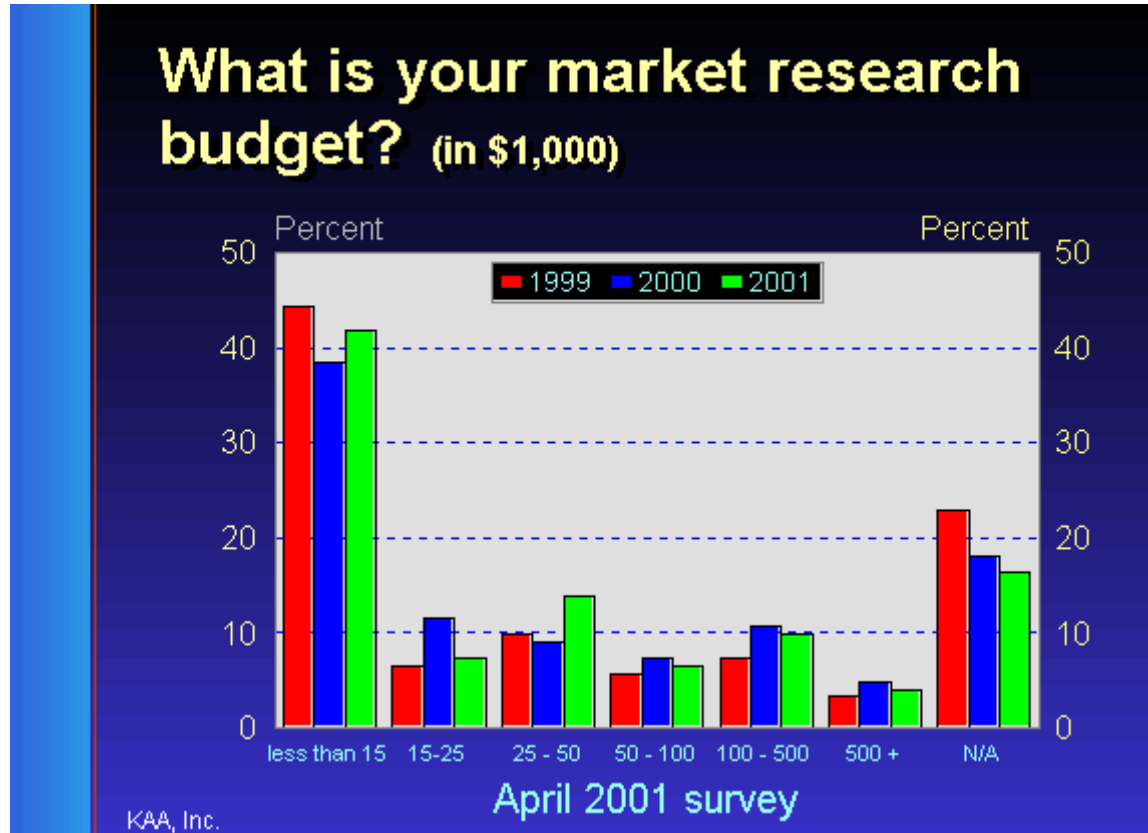


Figure 8

The largest number of participants in the survey have market research budgets of \$15,000 or less. The second highest is for those with market research budgets of \$25,000 to \$50,000. These are also the two categories which showed growth between 2000 and 2001.

Market Research of Marketing Directors

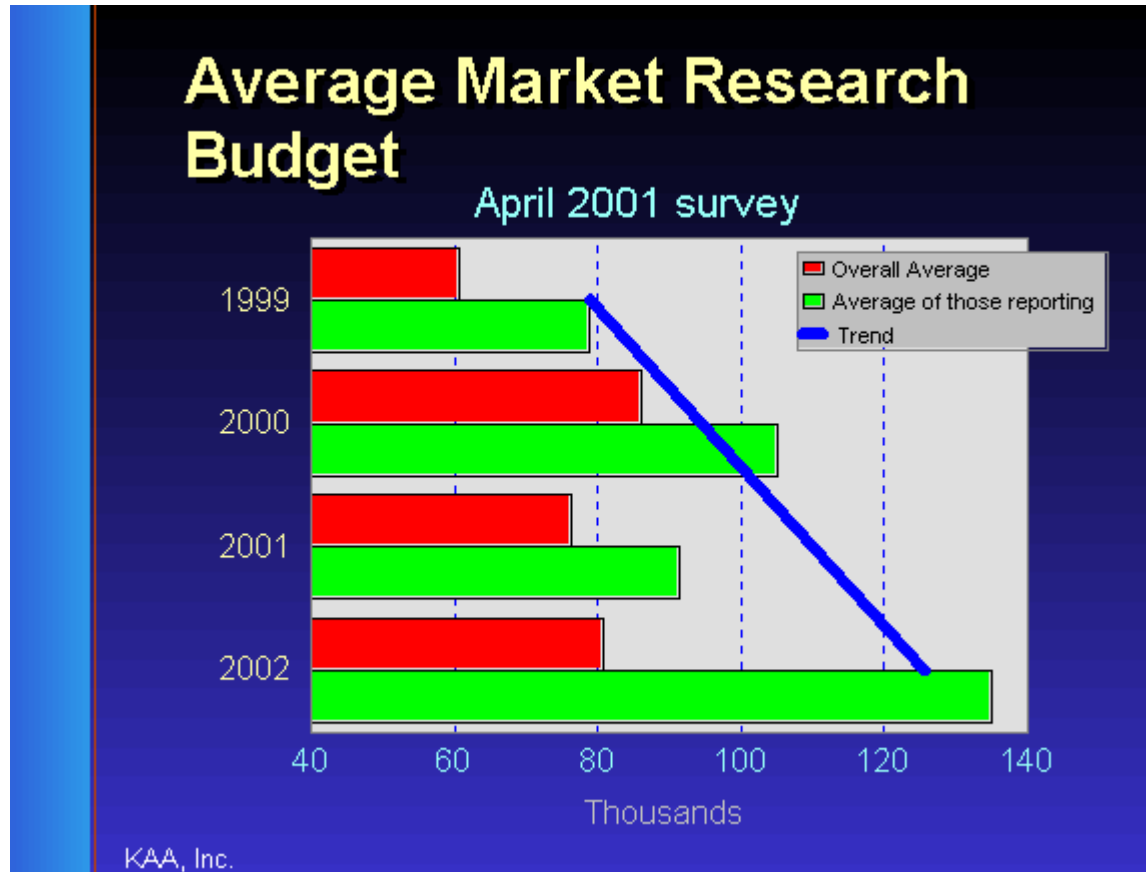


Figure 9

The overall average for market research budgets which had been rising every year, stumbled in 2001. It dropped to \$76,300 from \$86,100 in 2000. (The overall average is calculated by dividing the budgets which are reported by the total number of participants in the survey) The “average of those reporting” followed the same pattern, dropping in 2001

Market Research of Marketing Directors

to \$95,300, from \$105,000 in 2000. However, this number leaps to \$135,000 for 2002. (The average of those reporting is calculated by dividing the budgets reported by the number of those who had reported a budget).

The regular increase in the average budget stumbled in 2001, and is indicative of general concern with the economy. It is of equal interest to note that those reporting, show a significant increase in their 2002 market research budgets. Although the overall average did not rise much, this is due to the fact that only 60% of the participants reported a budget for 2002. Most probably this is due to the fact that it is too early to have year 2002 budgets finalized.

However, those budgets reported for 2002 follow the basic growth trends as if 2001 did not happen. It is most likely that those who have not yet reported will come out with budgets reflecting an increase, more similar to those reported for 2002 rather than those reported for 2001.