

# Conducting primary market research: using the right techniques to get what you need

## WHAT IS PRIMARY MARKET RESEARCH?

Primary research is undertaken to gather **new information** specific to your company's decision-making needs. The goal is to uncover your existing and potential **customers' attitudes and behaviors** regarding your **products** (both current and proposed), your **company**, and your **competitors**.

There are three types of primary research:

- Direct observation
- Surveying
- Focus groups

## WARNING: SINK HOLE AHEAD

Take the time to **plan your primary market research**. Novices commonly make the mistake of collecting information not pertinent to the decisions at hand. Figure out exactly what you need to know; it will **save you lots of time and money**. Read the article entitled [Choose a Cost-effective Market Research Technique](#) to learn more. It offers strategies and templates for effectively and cost-efficiently conducting market research.

## WHEN TO CONDUCT PRIMARY RESEARCH

Primary research can be time-consuming and expensive, so it should only be conducted after secondary research sources have been exhausted. But that's not to say you should avoid it—quite the contrary. It isn't always expensive and sometimes there is simply **no better way to learn** about your customers.

Read the article entitled [Secondary Research: Getting the Most for the Least](#) to learn more about the kinds of information that can be found in third-party sources.

## A LITTLE SOMETHING FOR THE EFFORT

Primary research (with the exception of blind observation) almost always requires some sort of **inducement for participation**. The more goodies you give, the more attention you get. Incentives can include:

- Cash
- Gifts
- Sweepstakes entries (beware of legal ramifications)
- Heartfelt thank you's

What you should give depends on the nature of your customer relationships, how much time you want, and what your customers value.

## TECHNIQUE #1: OBSERVATION

This technique involves observing customers **using your products**, shopping for and **purchasing your products**, or **interacting with your customer service organization**. The goal is to learn how your customers behave so you can make your offerings more appealing.

## The two types of observation techniques

- **Blind** observation involves subjects who do not know they are being observed. It is, of course, conducted wherever your customer interactions normally take place: store, office, or on-line.
- **Structured** observation involves participants who **do know** they are part of a research project. It is typically conducted in a controlled environment.

In both techniques it is important to **avoid interacting with the customers**. The goal is to learn how they behave on their own. Since you can't steer every customer, steering your research participants won't yield useful results.

## Examples of observation research

- Monitoring traffic flow through a retail environment to identify layout changes that will increase sales
- Counting the number of customers during a given timeframe (i.e. hourly, daily) to improve staffing and service levels
- Counting the number of customers who shop without making a purchase to determine where in the process they abort
- Identifying the features of your product that customers don't use or understand so you can make improvements

## Pros and cons

**Blind observation pros:** It's typically inexpensive, offers real-life results, and doesn't require you to find willing participants.

**Blind observation cons:** You cannot easily determine why customers did something; you have to make assumptions.

**Structured observation pros:** You get to see a relatively real life interaction and can talk to the participants afterwards to learn more about why they did or didn't do something.

**Structured observation cons:** It takes more resources to conduct and customers will not usually participate without some sort of incentive.

## TECHNIQUE #2: SURVEYING

Surveys are a predetermined and **fixed set of questions** posed to a number of individual customers. The goal is to **learn about their attitudes and perceptions** regarding your products and processes, and perhaps of your competitors.

### Types of surveys

- In-person interviews
- Telephone interviews
- Mailed questionnaires
- E-mailed or on-line questionnaires
- Questionnaires distributed at a store or some other location

The best method is dictated by your access to customers. Retail stores can usually interview shoppers while they're in the store. Businesses that have more geographically dispersed customers will have to use a more indirect approach.

### Survey dos and don'ts

**Do** phrase the questions very specifically to avoid confusion.

**Do** restrict the questions to existing products or processes because it is difficult to convey new and complex scenarios with a survey.

**Do** create questions that can be answered either with a rating/ranking scale (1 = totally agree and 10 = totally disagree) or multiple choice selection.

**Do** include at least one open ended question (such as "Is there anything else you'd like to tell us?") to see if the questions are missing an important point.

**Don't** create a written questionnaire that takes over 5 minutes to answer.

**Don't** ask questions about abstract or future concepts unless they are easy to grasp (like a color change) or familiar (because they are part of a well-known competitor's product).

### Pros and cons

**Pros:** Results are specific and easy to tabulate. Telephone and in-person surveys—in contrast to written questionnaires—can last up to 30 minutes and cover a lot of ground.

**Cons:** Surveys are limited to simple, easy-to-grasp concepts. They don't allow for much probing or clarification. Customers may choose not to participate. They are rarely conducted in large enough numbers to be statistically significant due to expense.

## TECHNIQUE #3: FOCUS GROUPS

Focus groups are a structured meeting of existing or potential customers that **collectively respond to questions** and scenarios. They typically have between 5 and 20 participants and last between 1 to 3 hours.

Focus groups are **superior at assessing the acceptance of new products or features** because they allow you to explain questions and probe for more specific answers.

### Keys to effective focus groups

The number of participants should be determined by the complexity of the issues at hand. The **more complex the issues are, the smaller the group** should be.

A professional moderator is invaluable because of the difficulty of balancing the desire to let the group to creatively generate new insights (“group think”) and the desire to keep them on topic. It's a difficult job and even professionals can get lost on a tangent.

### Pros and cons

**Pros:** Focus groups are a powerful technique for ascertaining interest in future or abstract concepts.

**Cons:** Focus groups are difficult to attract participants to because of the time requirements. They are typically expensive because they require a facility, a facilitator, and a substantial incentive for participation.

## HELP IS AVAILABLE

Primary research can be conducted with in-house staff, but there are several external resources available, including:

- Market research firms (for everything from planning to execution)
- Telemarketing agencies (for telephone surveys)
- Students (for in-person surveys)
- Post office employees (for pointers on how to mail questionnaires)
- Industry lobby groups and associations (for general advice)