

www and International Industrial Marketing Research

Where is the added value?

by Stefan Binner

This paper describes the impact of the Internet on international industrial research. The author discusses the different aspects of the www such as new research objectives and methods and the suitability of these future tools for international industrial marketing research. Furthermore the paper explains the development of communication from traditional research work to the current information exchange and will give an outlook to future networking using the web. This networking will offer opportunities as well as trends which are discussed in detail. In the conclusion the author recommends researchers not to miss the opportunity to adapt and adopt the new technology, but in a selective way.

Introduction

Since the Internet became available for larger parts of the population, industries and the marketing research community, there are discussions and different expectations about the usage of the new technology in marketing research. As the world wide web (www) and the technical possibilities are growing with breathtaking speed, nobody has real doubts about the increasing usage of the www for marketing research in the future.

In an recently published article Donn Struse (Marketing Research Winter 1999 / Summer 2000) described the results of a survey he did among leading market research executives. His study asked about the most important factors "which will shape the marketing industry in the twenty-first century". The top 5 factors were 1. The internet, 2. Globalisation of business, culture and research, 3. One-to-one marketing, 4 Passive metering and finally on the 5th. rank Internet/online research. The internet itself is seen as more important than the possibilities of online research.

This paper will discuss the specifics of international industrial research and the www. It will demonstrate that, beside improved research techniques which will be available through the net, the improved communication will be the most important issue. The internet will not change what we do but it will improve the way we do it and the way we communicate.

There are many opportunities as well as many real threats to the market research industry. Under the line there is more to win than to lose, but the researchers have to be cautious and selective.

International industrial marketing research

This paper discusses a specific sector of marketing research: international industrial research. It has to be pointed out that there are many circumstances which make this area particularly different to consumer, opinion or pure regional research.

International industrial research is different for many reasons: Projects usually have smaller budgets than consumer market studies. This is a function of smaller market size or less marketing efforts for example in industrial raw material markets. Furthermore very often one finds fragmented markets with few suppliers and customers and therefore complex market structures. The result of this are smaller sample sizes. Sometime these markets are quite heterogeneous, they may have different sales channels in different countries or different value systems in different end markets. Industrial products are often used for completely different applications and often they are not really intuitive to the general public and to the researcher. There are more specifics of industrial markets such as hidden agendas or globalisation which could be discussed in length. However, being different to other research fields, international industrial research will be affected in a different way by the internet and the www.

Looking back to technical developments in the research industry, international industrial research has not been influenced as much as other fields of research by new developments or trends in both quantitative or qualitative research. Examples are CATI interviewing (Computer Assisted Telephone Interviews), random dialling or discrete choice modelling (e.g. conjoint) .

But the internet is different. It is a general phenomenon which changes the way the economy works. It will affect almost everyone and it will indeed affect the way market researchers work in international industrial markets today and in the future.

The "wonderful" world wide web

In the market research community there is currently lots of discussion about the internet and its impact on the way we will do things in the future. The EXPLOR Award forum estimated that, in five years, 50% of all market research revenue - or 3,5 billion USD will be spent for research done with the www. (AMA - Marketing News, Jan. 3, 2000). Disregarding whether this figure is too optimistic or not, there is absolutely no doubt that in the future a significant share of all marketing research projects will be done using the world wide web in one way or another.

But there is more than just doing research on-line. There are more ways in which the www will affect the research community. Basically there are three different dimensions on which the www offers possibilities of networking:



Slide 1 - Three different ways market research is affected by the world wide web

1. General communication: The web is a new and very interesting medium to communicate with colleagues, customers, suppliers, friends etc. It is becoming a matter of course for us as cellular phones have done. We can communicate without taking care of geographical distance, we can send emails to an unlimited number of contacts within seconds, we get information about almost everything and everybody within a few mouse clicks.
2. Marketing tool: The market researcher and research organisations more and more identify the possibilities to market their services to existing and possible clients. E-commerce will become more and more common in the research industry.

3. Research method: The web allows new attempts to approach respondents and to interview them. New techniques are permanently developed and will be available to conduct more sophisticated studies. Almost everything from individual level marketing to online focus groups is imaginable.

☞ Conclusion 1:

The internet will not only change the way we do research but and more important, it will offer a new dimension of communication and possibilities for marketing market research to industry.

New research methods

How is the internet used today to do research? There are many ways and there a new methods and possibilities which will be developed in the future. Following table shows an overview of the main new research methods available:

Table 1: Methods of doing Internet Research

| method | explanation |
|-----------------------------------|--|
| 1. email Interview - text based | questionnaire will be mailed to the respondent like a normal email |
| 2. email interview - executable | a small 'exe' program will be mailed to the respondent who should install it and run the questionnaire |
| 3. email interview - form based | a form written in html code will be sent to the respondent who should read it with his browser software |
| 4. online Interview - single form | the respondent visits a homepage and fills in a form sheet containing the questions |
| 5. online Interview - multi page | the respondent visits a homepage and fills in a multi page questionnaire with skip patterns and logic control |
| 6. hybrid interview | respondent receives an email with an invitation to visit a homepage and to conduct an online interview |
| 7. online focus groups | can be moderated or conducted like chat rooms. There are still many questions and technical hurdles |
| 8. online survey service provider | client sends questions and email list to the provider who will program a questionnaire, conduct the survey and send the results back |

How will these internet research methods impact the way we do international industrial marketing research? Firstly not all marketing research methods are suitable for international industrial studies. Secondly not all of the those which are suitable will be highly affected by the www:

Telephone interviews once replaced face to face interviews and mailing after they became available and affordable. It has been often tried to replace telephone interviews with self administered techniques such as mailings, DBM (disk by mail) or emails. The problems are always the same: low response rate and lack of guidance of a skilled interviewer with knowledge and common sense in a complex international industrial context. Maybe some groups can be reached by interactive online studies. But for most telephone surveys there will be no other change than easier communication and identification through email and websites.

Face-to-face, explorative (in-depth) interviews and focus groups can be conducted on the web. The results are naturally different from personal interviews and group discussions. A paper by Scholl, Mulders and Drent (On-Line Qualitative Market Research, 1999) which compares personal interviews and focus groups with on-line research shows limitations as well as opportunities in an international context.

Mailings of paper questionnaires or DBM (disc by mail) is certainly outdated whenever the target population is accessible through the internet.

While Computer Assisted Telephone Interviews (CATI) are not really an option in international industrial marketing research, Computer Assisted Personal Interviews (CAPI) which are used for example for conjoint interviews could be replaced by sophisticated online studies. A new mix of techniques are "Internet assisted personal interviews" where the interviewer and the respondent work on an online questionnaire on the respondents (office) computer

Table 2: The different research methods and the added value of the www

| Method | Suitability for international industrial research | Impact of the www | Added value through www |
|--------------|---|--|-----------------------------------|
| Telephone | ●●● | small part can be replaced by online surveys | only marginal |
| Face-to-Face | ●○○ | online interview | fast and open, but superficial |
| Explorative | ●●● | none | none |
| Mailing | ●○○ | online surveys or email studies | faster more sophisticated |
| DBM | ●○○ | multiple page online studies | faster more sophisticated |
| Cati | ○○○ | none | none |
| Capi | ●●○ | multiple page online studies, IAPI | faster, easier technical logistic |
| Focus groups | ●●○ | online groups/chat | fast but superficial |

●●● = very suitable ●●○ = suitable ●○○ = not very suitable ○○○ = not suitable

👉 Conclusion 2:

The internet allows to use some methods online. The www alternatives are fast and efficient while they risk being a bit superficial. However those methods which are most relevant for international industrial research are hardly impacted by the web. The only exception are Internet Assisted Personal Interviews (IAPI).

Will the internet change the reasons why marketing research will be commissioned? When looking at the typical research objectives in international industrial markets slightly improved methods can make the studies more efficient (fast), cost effective and sometime even more sophisticated, but only when appropriate.

While desk research is really an exception because it has changed completely with the web, real value can be retrieved in the form of speed and cost reduction only where heavy (customer) site traffic is involved or whenever email address lists are available.

With some quite sophisticated techniques such as conjoint multi page online research can replace CAPI or DBM and there are new possibilities due to IAPI

Table 3: Typical study objectives and the added value of the www

| Typical study objectives in international industrial markets | Commonly used methodology | | | | | | | Possible Impact of the www | Possible added value through www |
|--|---------------------------|-------------------|-----------------|-------------------|--------------|---------------|-------------|--|---|
| | telephone int. | face to face int. | explorative int | conjoint analysis | focus groups | desk research | data mining | | |
| Customer Satisfaction | ● | ● | ● | | | | | some surveys could be done online e.g. customers on clients site | reduced cost speed of results |
| Image | ● | ● | | | ● | | | some surveys could be done online | reduced cost speed of results |
| New Product Development | | | ● | ● | ● | | | online conjoint (IAPI instead of CAPI). | reduce costs new choice models |
| Pricing | | | ● | ● | ● | | | online conjoint (IAPI instead of CAPI). | reduce costs larger samples sizes |
| New Product Opportunity | | ● | ● | | ● | | | Showing samples over the net | better visualisation |
| Traditional Market Description | | | ● | | | ● | ● | on-line research | fast research up-to-date information |

Evaluation these added values in the context of international industrial markets the analysis leads to following result:

☞ **Conclusion 3:**

In international industrial research the www will in some cases improve the way we approach specific research objectives if the target group can be accessed online. The main improvements will be cost reduction and shorter time tables.

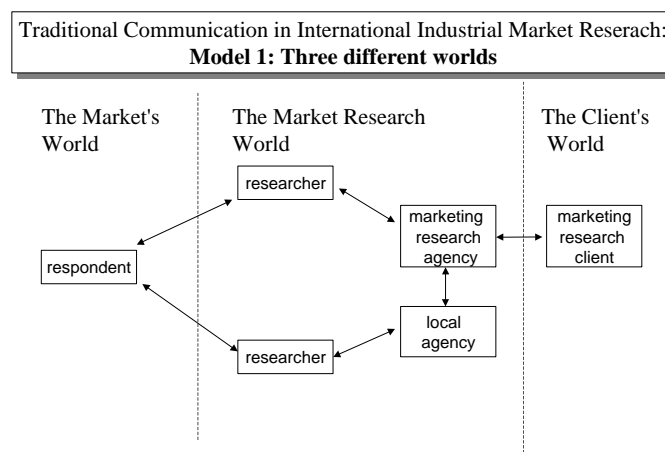
The development of communication

Traditional communication

Communication has always been an issue in international industrial marketing research. Besides the fact that marketing research is a kind of communication itself, the central role of the international market research agency is often the co-ordination of communication between all involved persons and organisations.

Working in international environments one has naturally to exchange information with people in different countries or continents speaking different languages and having different cultures. Industrial markets often have their own specific language, unknown mechanisms and an kind of industry specific culture. The combination of both makes it challenging from a communication point of view.

Before we had cheap and reliable satellite telephones, international corporate culture and email the typical communication looked as follows



Slide 2 - Model 1: Three different worlds

The market research agency was often mainly a buffer or connection between the different worlds of the markets analysed and the clients production environment while it was located in its own marketing research world.

Communication typically has been linear and hierarchical. Communication shortcuts were not allowed. The slow communication media required a controlled and channelled information flow.

Market research bridged the gap between the clients and their customers in unfamiliar environments (industries and regions).

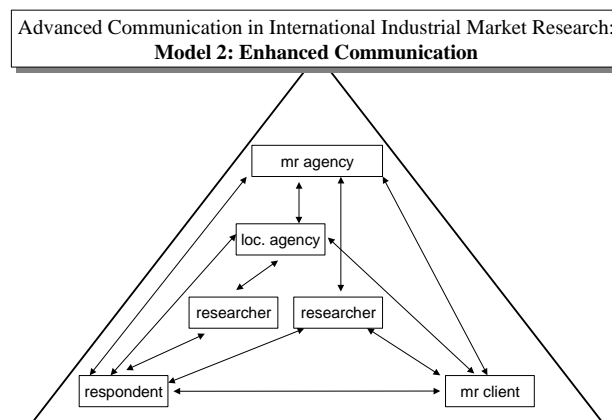
Enhanced communication

For several reasons communication has become easier, faster and more accessible in the last decades.

As already mentioned technology and market competition resulted in cheap and reliable telephone systems which can be used to call almost any part of the industrialised world. Telefax and email became available and replaced 'snail mail'. They also helped to bridge time lags between continents. As English has become a unofficial global business language there are less language barriers. International education of executives has continued to overcoming cultural understanding problems. With the end of cold war and more free competition travelling got cheaper allowing more direct research on the spot than before.

Due to the fast, efficient and affordable communication which has become available, the way of communicating in international industrial marketing research has changed quite a lot.

Communication has become possible in almost all directions. While the market research agency still has a role as a kind of central communication pool, cross communication became easy and usual.



Slide 3 - Model 2: Easy communication

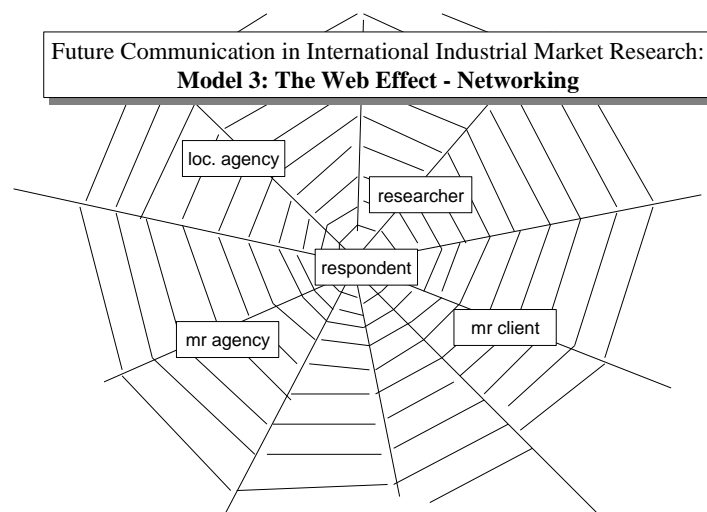
The above slide describes more or less the current situation at the beginning of the new century.

Real networking

The question is now where this easy communication will lead us to? Do we need rules and protocols? How easy and cheap will it become?

The greatest communication development is the internet. In the long term view it will include mobile phones, cable TV and many more possibilities which we are not able to think off at the moment.

The internet will create another dimension of communication in international industrial projects: *Real Networking*



Slide 4: Model 3: The Web Effect - Networking

This networking will not only include individuals but also to the organisations of clients, agencies and respondents.

The local agency might become more and more superfluous. But the researcher, the human interface will stay in the middle of the networking process.

The real networking will provide instant information access and communication using multimedia. While there will be no frontiers the networking will be uncomplicated on open.

☞ Conclusion 4:

Compared to the web's impact to research methodology and objectives the effect it will have on communication will much more radical and drastic in international industrial marketing research.

Opportunities of real networking

Of course we do not have to become "slaves" of the new communication but should become masters of the technology and use it for communication with all relevant parties. There are a variety of opportunities in improved networking communication. The www creates more need for international research and it also provides tools and communication channels to conduct international industrial research.

Unlimited communication

We are almost able to contact everybody and exchange information, be it with clients, interviewer, agencies or respondents. We can do it any time and everywhere in the world. The web helps to find contacts, to communicate and to exchange information which creates enormous value. It began with the exchange of information and digitalised goods. But this is just the beginning and there is certainly more to come. The internet will be accessible by cellular phones and consumer electronics soon. There are also prototypes of car dash boards with integrated screen for internet access.

Speed of acting

The speed with which we are able to communicate allows new dimension of communication. Within seconds we are able to get in touch and to access information. The information reaches us wherever we want to receive it. The researcher might be able to give a virtual presentation spontaneously to everybody in the world.

Example:

In Autumn 1999 we conducted a survey among research professionals in Europe, North America and Asia. Within a few days we produced an excellent mailing list with contact names and email addresses. We were also able to identify whether the professionals worked in our area of interest or not (the study was about the usage of discrete choice models). When we sent out the emails we received 80% of the answers within 24 hours. After two days we sent out a reminder and extended the field phase for another week. This only increased the response rate from 29 to 35 percent. This examples shows that such a study is not only fast to field, but also extremely fast in terms of response rate. Many people answer questionnaires immediately or never

Flexibility

Market researchers will be more flexible in study designs and will be able to react 'real time' to findings and developments during the course of the project. There will be also more flexibility regarding how to spread the project responsibilities and workload between client, agency and researcher. These traditional roles and responsibilities might become a subject in project planning every time. Future projects might involve the homepage of the client for field work, or the agency may not need local research executives if the study is conducted over the web.

Sharing information

The information will be collected more systematically and the networks will allow exchanging and sharing of information in an improved way. Marketing research clients will provide necessary information for the project within short time electronically and the agency will be able to deliver results and up-dates on-line. Research teams will have email communications, a project homepage or chat room to exchange experiences and new findings. And finally the researcher or interviewer will use the web to approach the respondent, to introduce and identify himself and to assist in the interviewing process.

Cost reduction

Of course there are lots of ways to save budget when conducting research over the web. While there are extra expenses e.g. for questionnaire programming, software licenses and the purchase of mailing lists, the interview itself is rather inexpensive. When it is possible to allow a self selected sample i.e. every visitor of a web site who wants to participate, studies which would have cost a fortune when conducted over the phone, by mail or face to face can be conducted for very low budgets.

In a paper presented at the 8th Sawtooth Conference in March 2000 Torsten Melles described an online study where 9000 site visitors completed a conjoint interview about telephone charges within one week!

E-commerce

As in every area also in the market research industry there will be a increasing share of research which will be sold, designed and delivered electronically through the web. This might impact the consumer side more than the industrial research world for the reasons mentioned previously and due to the possibility of standardisation of research designs, output frames and the repetitive character of many projects conducted.

Example:

In the last two years we have conducted several projects where the sole contact with the client was through the web. First the client came to our homepage and sent an email or filled in a request for proposal form. Thrilled by the possibilities we did not call or contact these interested companies, which mainly came from Asia or North America personally but replied by e-mail. In several cases the new client accepted our quotation as we accepted the email confirmation. Questionnaires, interim and final reports had been submitted by email. Of course these are just simple ways of e-commerce. However, they show where the industry could go to.

Visions and illusions

Clients source their market research through e-commerce. This will force the vendor to change the way to market their products.

Virtual companies might become reality: Smaller research companies are almost virtual organisations as they team up new specialised teams for every project which will always also consist of members of their network of contacts and subcontractors. There might be a research vendor in future who is really virtual, i.e. not more than a homepage or a very smart software.

Web sites could interview other web sites: A quite futuristic possibility could be that the responding company agrees to co-operate and allow the research software to access specific areas of the Inter- or Intranet. The agency might use their research software to 'data mine' what's needed from the respondent.

Conclusion 4:

The opportunities of the new networking will change the way we do research and the way we market ourselves to the clients. There are many reasons to be optimistic and enthusiastic about the new technology.

Threads of real networking

We should adopt the new possibilities of the www but not adapt ourselves to them. Marketing Research still deals with human beings and doing international industrial research to the highest standards should always be our main objectives. And as usual where there are opportunities there are also treats.

Generic competition

In the last couple of years we have experienced quite often that clients find themselves with large internet traffic on their web sites and therefore decided to do their own research. After some attempts to run their own surveys most of them acknowledge lack of know-how, limitations in questionnaire design and missing representativity.

But isn't there a risk that in a long term view there will be a free information exchange and one does not need market research similar to the free flow of goods which does not need agents or sales channels? It does not sound very likely today but it might become a challenge in the future. Marketing research therefore must develop together with the new possibilities and always prove its value and necessity.

Example:

One of our clients in the automotive industry has a very high visitor frequency on the corporate homepage where customers are looking for new models, technical information or just because of curiosity. They decided to run a study without any support from a marketing research company and asked their web design company to program a single form questionnaire. Incentive for the participation was to download a screen saver. After the questionnaire has been online there was an amazing response rate: over 30'000 visitors participated in the survey. But the enthusiasm about the response rate did not last very long. When they asked for professional help to analyse the data set it became immediately clear that most of the data was worthless. Because there was no logic and access control there were many repeaters and impostors. In the end it was almost impossible to get any value out of the results.

Representativity

By doing research online we reduce the group which can respond to those who have access to the web. This was the main concern when internet research started. Now there are many internet related products and industries which are dependent on the usage of the web. This allows the researcher to access all possible market players. But there is still the problem to control who is participating when the interviewee will not be invited to participate e.g. by providing an individual password. Therefore it is a must to create a pre-selected sample, also to avoid the above mentioned repeater and impostor problems. Still left are representativity concerns similar to those in mailing studies: Respondents who reply might have a different profile, perhaps they simply have nothing better to do. With a telephone interview, for example, one has much higher response rates and can assure a representative sample.

Over research

This is one of the main threats. Because it seems so easy and affordable, everybody might want to conduct internet studies. While in the early days the response rates were high due to curiosity we are aware of a saturation effect due to over research. There are too many emails every day, too many requests and too many surveys to participate in. An article by Bachman, Elfrink and Vazzana (Marketing Research Winter 1999 / Summer 2000) compares response patterns in mail/email surveys among university officials. While the response rate of the email survey was 52,5 percent in 1995 (mail 65%) it dropped to 19,1% in 1998 (mail 46%).

Example:

As an experimental study we designed a survey for a German motorcycle magazine. We placed an advertisement in a motorcycle homepage which had almost 5000 visitors per day. The advertising promised small presents which would be raffled among the participants. The advertising was linked to our homepage. To our surprise there were as few as 35 participants which replied within two weeks. What went wrong? Firstly there were too many surveys and we were just another one. Secondly we had just an banner ad which surfers like less and less as other studies show. And as a last point we found that many respondents just stopped in the middle of the interview form, because it was simply too long. If there is so much over research then a survey must be easy, direct and with a immediate incentive in order to attract participants.

Cutting Corners

Due to the direct communication between clients, research team and respondents it is unavoidable that communication will cut corners. An example: the client might contact our researcher in a remote location directly in the course of a project and discuss project relevant issues. Now our subcontractor receives a central role in the project and the next time the client might approach him directly without the coordinating agency. Furthermore it becomes quite dangerous if everyone communicates directly as it becomes quite likely that not everybody is fully informed. This could lead to a lack of communication and therefore to misunderstanding and problems.

Unneeded specialists

Local and specialised agencies were necessary to enter a specific market place which was closed for an outsider. Be it language, regional barriers or technology which was difficult to understand. It could become dangerous for these specialised companies which rely on their unique knowledge and communication skills. The improved networking possibilities could make them superfluous, since their added value is just based mainly on communication.

Dependency

If we start to use the web as extensively as it seems to be happening we will be dependent upon it. A danger would be whether the web becomes equally to all. Should it be controlled by any organisation or mechanism which censors or controls access and content then the communication network will immediately become a communication 'network'.

Depth of information exchange

Another threat that should be recognised is that while exchanging more and more information, the depth of the communication suffer. Will we have the time to really read and convert the information we receive and will we be able to answer in depth if we exceed our communication capabilities in the future? A common finding is that a personal meeting cannot be replaced by a telephone conversation. It is the same with face-to-face and telephone interviews. The question is therefore what depth will be obtained, if we communicate mainly over the web and collect our information this way?

☞ Conclusion 5:

There is certainly a risk of information overload and losing the depth of our communication. Furthermore, the www could make the market researcher not only dependent but become also a source of competition. Falling response rates, representativity problems and over research will play their part in preventing the web from becoming the universal research platform

Discussion

It is vital for the marketing research community not to miss the opportunity to adapt this technology, but it must be done in a selective way.

For international industrial research the communication opportunities will be far more important than the cost savings due to online interviewing. The added value will be a new dimension of multidimensional communication, and sophisticated research methods which became available. Traditional methods will continue to be used as industrial and international markets require them, but the way of selling, designing and presenting the studies will change. It is the responsibility of the researcher to find the right balance of using the new networking possibilities but not at any price. It will be also the responsibility of the market research community not to reduce the quality of what is done under the influence of easy networking, but rather to identify the opportunities and to use them.

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