Market Research Guidelines
An introduction to developing your research curriculum for a powerful market insight.

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Introduction
Whipple, Sargent & Associates is pleased to provide the following guidelines for market research, data analysis, and presentation of findings. This will help you evaluate your research requirements, select the most appropriate research methodologies and serve as a basis of future discussions to make your research more reliable and productive.

In order to be valuable to a corporate decision maker, market and marketing research must adhere to the same scientific methodology as any research done in the laboratory. One follows the steps of creating an hypothesis, establishing control data, making field or test observations, analyzing the test data, and comparing the test data to the control data to produce findings. This applies to all types of market and marketing research.

As an advertising counselor, researcher and strategic planning organization, Whipple, Sargent & Associates relies heavily on accurate and statistically representative research. Based upon the availability of such research, clients track emerging market shifts, capitalize on market opportunities and avoid market pitfalls. Accurate market research literally becomes a road map showing you ways to manage growth and maximize profits.

This road map is called your market model. It shows the total markets for each of your products or services and then defines your share and profile within those markets. Unlike a road map, however, every market model is unique and often several different research techniques are required to formulate an accurate representation.

Recognizing there are literally thousands of different research methodologies and only one or two may be right for you, WS&A helps you select the most appropriate research program or designs a totally unique method so you will be able to make critical marketing decisions with absolute confidence.
Marketing Research vs. Market Research

Research is broadly divided into two categories: Market Research, a formal analysis of quantitative demand, access and recognition for classes of products or services; And Marketing Research, a formal analysis of the qualitative demand, access and recognition resulting from the activities of supply, distribution and promotion. Essentially, they represent two sides of the same coin.

Because of the direct relationship between both categories of research, both are equally important to the corporate decision maker. Market research provides you with an external perspective of your business and industry and marketing research provides an internal or focused perspective.

In applying scientific principals, market research forms your control data and marketing research is used to conduct observation and field tests. Without market data as a control, marketing data becomes meaningless. Fortunately, much of the market data required is readily available from many sources.
Market Research:

Market research produces an overview of a total population, need or industry. General market research is compiled by municipal, state and federal governments. The US Statistical Abstract is a compendium of markets, market compositions, market histories and trends. For particular industries and markets, relevant market research is often available through publishers, trade organizations and major corporations. Market research is nearly always quantitative.

Published market research is usually very broad and contains a minimum of detail, but the gross numbers provide a reliable control against which to measure your overall business and compare marketing data. When greater refinement of data or specific market testing is required, it is necessary to commission your own market study.

Market studies take several forms. Empirical studies use collected data of actual events or records to produce lagging market indicators. A baseline study is one form of empirical study which tracks records over periods of time to demonstrate trends such as sales increases or population shifts.

Attitudinal studies measure a cross section of a population or market to statistically model present state of mind and forecast future actions based upon intent. For many years, due to the complexity and labor intensity of major attitudinal market studies, they were primarily conducted by colleges and universities where low cost student labor would bring the expense to a manageable level.

In the private sector, the most widely accepted type of total market research is the benchmark study. Benchmark research measures both a cross section of attitudes and composition of a market as well as the relative shares and profiles of every product and business competing in a market. A benchmark study is designed to expose every strength and weakness of your business or offering as well as each of your competitors’.

Due to the high costs involved, Benchmark studies were once the domain of only the largest national marketers. Today many smaller corporations and marketers recognize the need for benchmark research and advances in computers and software have made this type of research more affordable.
The name "benchmark" is derived from the ability of such studies to pinpoint the exact location of each particular marketer in relation to his competitors and the market as a whole. Most important, benchmark studies are the only form of research capable of mapping new and untapped markets.

Another variant of market research is called the marketplace study or competitive analysis. While modeling of ones competitors, the marketplace, is a component of a benchmark study, separate statistical or empirical studies are often conducted to determine share and also used in business plans to demonstrate parallels and differences between competitors.

To summarize market research, it is a perspective which looks at the total universe and pinpoints your location. In a market study, if your actual share of the total market is, 2%, you should show up as 2% of the sampling. The goal of all market research is to achieve a direct 1:1 relationship with the real world.
Marketing Research:

Unlike market research, where WS&A is one of a limited number of organizations equipped to offer the specific research capability required, marketing research is available from an almost unlimited number of sources, both as an internal function of your business as well as a service from an outside vendor. The sales and inquiry records of your business, for example, are a reliable marketing database.

In some form or another, nearly every business already conducts marketing research internally and the reporting is presented in sales reports, inventories, customer lists, and prospect activity reports. While often presented in tabular form, marketing research is almost always qualitative.

Other forms of marketing research are provided by research companies either directly or through your advertising agency. Focus groups, penetration and effectiveness studies, customer polling, mall intercepts, MAP testing, customer feedback mechanisms, and shopper surveys are all forms of marketing research offered by various polling, testing and research companies. In the scientific model, these methodologies form a base of field tests and observations.

Most outside marketing tests fall into the category of product tests. They allow you to examine a product's customers in great detail or measure the levels of satisfaction or dissatisfaction with your offering. Additionally one would use marketing research to evaluate the effectiveness of your design, packaging, advertising or sales efforts. If you have a marketing problem a marketing test is the best way to define the problem and discover the solution.

To summarize marketing research, it is a narrow or focused perspective from the point of your business or offering and looks outward. In a marketing study your product or service may represent the lion's share of the data even if your actual share of the market is minimal.
Selecting the Most Appropriate Research:

Based upon the above, it should be relatively easy to decide whether you require market research or marketing research simply by defining the nature of the decision or problem you face. If you require qualified data on products, services, or your actual customers, use marketing research. If the issue you face relates to changes outside your company or the need to influence those who are not presently your customers, use market research.

Because market research serves as a control, it is usually conducted periodically and not as an on-going process of your business. While many major marketers conduct benchmark studies quarterly or annually, most market research needs can be adequately addressed by conducting benchmark research only once or twice per business cycle, or every 4 to 7 years unless there is an indication of a major change in the market. In the interim published data can be used to keep abreast of the market.

Marketing research should be an on-going function of your sales and marketing department. It is the most effective way to track your progress and, with the exception of specific methodologies such as focus groups, is the easiest to bring in-house so that you may most economically stay on top of your customer base.
Integrating Market and Marketing Research:

Turning again to the road map analogy, periodic market research will create a statistically reliable map for you to plan the growth and profits of your business. On-going marketing research will provide direction and signage along the way so you can measure your speed and mark your progress. In order to use both together and apply market data as an effective control for your marketing research, both must use the same research parameters.

The selection of parameters for your research is the single most important part of your research curriculum. Every market has standard segmentation. In consumer markets these segments are geographic, economic and demographic. In business markets, these segments are geographic, economic and organizational. Additionally, you may require specific psychographic or circumstantial segmentation to learn about unique attributes of your market.

Even if you do not require a market study immediately, it is vital that you standardize a consistent set of market research parameters. These parameters allow you to compare your sales and customer data with published data before you begin creating a new base of marketing data. You will be able to use the same parameters for decades.
The Whipple Advantage:

As an advertising, research and strategic planning professional, Whipple, Sargent & Associates is uniquely qualified to assist clients in the process of gaining valuable insights into the opportunities which exist in every market, in both good times and bad.

During periods of economic growth we help clients maximize profits and fine tune their advertising and communications. We help them anticipate economic down-turns so they avoid overshooting.

During recession, we help clients use the soft economy and weakened strength of their competitors to gain share and alleviate some of the pressures caused by tight money and lagging sales. With most market shifts occurring during recession, WS&A conducts benchmark research to spot every trend and shift and pre-position marketing strategies so clients may rapidly accelerate to market dominance during recovery.

The role of Whipple, Sargent & Associates, however, is not primarily that of a market research company. Our mission is to design effective research and to use the information gathered by this research to create a powerful, competitive, marketing advantage for our clients.

Traditional intercept and polling data gathering for most research developed by WS&A is conducted by outside research polling companies, universities or the clients themselves. As an in-house capability, WS&A does provide both in-depth executive research and benchmark research using the Whipple check response methodology.

For those businesses and organizations where the check response methodology can be used to gather a statistically representative sampling, WS&A offers benchmark research at a more competitive price, with a faster turn-around, and greater data refinement than any private sector research organization. Often this means that Whipple can offer a national benchmark survey, which would cost $350,000 to $700,000 using an intercept or polling technique, for as little as $100,000 to $200,000 using a check response questionnaire.

WS&A is nationally recognized for its accurate and effective research methodologies and, more important, for bringing an objective and common sense approach to a client’s marketing needs. Whether your goal is to reposition your business in your market or simply fine-tune your present marketing program, WS&A gives you a competitive edge in your market.
Developing Your Own Research Curriculum:

Developing an effective research program for your business takes time and a little bit of effort. The investment, however, is more than justified when one considers that the results of a well designed program will permanently position your company to take advantage of every marketing shift and avoid the pitfalls of over compensation for transitory phenomena or delay in responding to emerging markets.

A workable research curriculum takes the "I think: You think" out of your strategic planning sessions and focuses your management team on pre-tested and realistic goals. Research becomes a powerful tool to allow your organization to achieve its marketing objectives.

Due to the nature of the market(s) being studied, and the importance of the relationship between your market profile, the specific attitudes and attributes of market segments being targeted through promotion and advertising, and the competitive nature of the total marketplace, an empirical market survey and/or a benchmark survey methodology is often essential.

A benchmark survey produces a relational abstract of your total market to map the exact proportions and profiles of all market segments and how these segments relate to buying habits, attitudes and motivations to change buying habits.

By combining the accuracy of the Benchmark Market Survey with several diverse overlay marketing test methodologies, not only will your immediate research objectives be accomplished, but you will gain a powerful insight into the future directions and opportunities within your market. This will enable your management team to determine the most effective marketing strategy with absolute confidence for both long and short range planning.

Before you decide on a specific research program, however, it is recommended that you prepare specific materials for your researcher. You will need to identify your products and services, the scope and range of your business, your competitors and all alternatives to your products and services. Additionally, you should prepare a statement of business goals and objectives and an outline of how you plan to apply the data from the research.
At Whipple, Sargent & Associates, we help our clients through this process before we provide specific research recommendations or quotations. This preliminary audit of a client's research requirements is treated as a separate assignment, since it is not unusual to find that a business may already have, in their possession or available from published sources, the specific information required. It also gives us an opportunity to help focus research on information you need to know to make informed decisions and eliminate the deadwood of "nice to know". The research audit is quoted at a nominal fee for per-project clients and covered under the retainer for full-service clients.

When the audit is completed, the client receives a preliminary report containing initial findings, definition of research parameters, availability of existing data and an outline of areas of additional data which can be acquired through market or marketing research. In many cases, the audit eliminates the need for additional market research by providing reliable indices from government, industry or publications research.

Should market research be warranted, the preliminary report will be followed by a definitive report including a complete cost breakdown of a market study including a quotation for the design and analysis of your survey, recommendations of appropriate data gathering methodologies, and a listing of research data gathering companies who are capable of handling such a project. A project timetable will be included to schedule the most opportune timing for data gathering and a recommended interval for additional or supporting marketing research.

With the exception of on-going research programs and non-controlled distribution samplings, typical projects are usually completed in four to six weeks.

As a follow-up to your empirical market survey or benchmark study, Whipple provides directly or develops and specifies a complete range of marketing research and product testing methodologies appropriate to specific strategic requirements or information you may require to fine tune your future marketing efforts or for specific targeting.
The Whipple Check Response Methodology:

In addition to traditional polling, mail surveys, intercept and interview methodologies, Whipple, Sargent & Associates offers an exclusive form of data gathering and incentive program using a check response methodology for both benchmark studies and focus overlays, using identical research parameters. Particularly for total universe research, the Whipple Check Response technique has proven to be not only the most economical means of gathering a statistically representative sampling, but, in many instances, it has been the only way to gather reliable data.

Using Check Response a high confidence interval total market test or benchmark study can be conducted via controlled distribution of as few as 1,500 sequentially numbered questionnaires via direct mail to an "nth," selected, census based, cross section of the U.S. population, single geographic region, industry or demographic segment. For limited or finite audiences, such as specific levels of industry decision makers, reliable benchmark overlays may be achieved through mailings as small as 150.

The survey is mailed in an outside, catalogue envelope. The envelope contains a cover letter and a second sealed, return postage guaranteed, envelope containing the survey. This double envelope treatment creates greater involvement for the respondent and allows any respondents, who choose not to participate, a convenient way of returning their unanswered questionnaire.

The cover letter contains a description of the request to the respondent, a notification that the survey contains a monetary incentive, and instructions on the time necessary for completing the study. It will also re-enforce the notification on the inside envelope that if the respondent chooses not to complete the study that the sealed questionnaire should be returned unopened in the postage paid envelope.

The survey form contains the questions and qualifiers in an 11 x 17" format, folded to 8-1/2 x 11". In the lower right hand corner is the face of the check showing numbered squares corresponding to the responses on the questionnaire. This format will allow for up to 700 possible responses and has the ability to be automatically scanned. For questions which require multiple pages, the survey pages are trimmed to 7 x 17" and folded to 8-1/2 x 7" signatures and saddle wired into the cover so the response area on the check is always
exposed to the respondent. For further convenience, the pages may be die-cut or shingled to expose only the appropriate boxes for each page of questions.

Completed benchmark surveys are received from the bank as cancelled checks. This will require that the researcher or client place in account the amount to cover the incentive program for the benchmark and focus studies.

From past experience, a check response incentive program with controlled distribution results in greater than 90% response with greater than 75% usable surveys. This allows us to cull from a directly proportional selection and cap response at fixed number of questionnaires and target a specific sampling tolerance.

Focus tests may be conducted using the identical questionnaire or a variation specific to the target audience. To use the methodology to test advertising effectiveness, an initial mailing of 150 questionnaires to a specific target market can be sent prior to the advertising flight. A second mailing will be distributed one week after the peak exposure of the media flight or at such time as the media strategist would anticipate peak recognition from their campaign.

The focus/product test methodology will involve no less than 100 respondents per test. This will produce a sampling tolerance of no greater than plus or minus 9.8%. As an overlay to a benchmark study, sampling tolerances of plus or minus 10% are usually considered adequate. A 200 base study will produce a tolerance of plus or minus 7%. If a lower sampling tolerance is required, the sampling may be increased further, using the table provided.

For penetration and effectiveness research, it is the time at which the data gathering takes place which is most critical to measure both pre flight and post flight impact. One of the benefits of the check response methodology is that most of the questionnaires are completed in a very narrow interval, often within a few days. In one 1988 study, for example, 520 out of 600 response checks distributed were deposited or cashed within 72 hours of distribution.

Additional past uses of the Whipple response check methodology have included manufacturer's rebates, packaging design tests, product satisfaction tests, political campaign plank statement pre-testing, financial instrument introductions, industrial market decision process analysis and vacation/travel interest modeling.
Data Entry/Runout:

Whipple, Incorporated performs either double manual entry of surveys with less than 3,000 respondents or contracts with an outside vendor for single optical scanned entry of all responses when the number of respondents exceeds 3,000. It should be noted, however, that optical scanning limits the number of possible responses to no more than 300. Manual entry will support up to 700 consumer responses or up to 2,100 possible responses for industrial markets who are more familiar with using "bingo" reply cards in trade journals.

Data entry for the response checks translates each response into ASCII response coding to create separate data files for each sampling base. In the case of the benchmark study, it may be advisable to further refine the data into separate files for each state to add an additional dimension for data massaging and targeting.

Data run-out begins immediately after all responses have been entered, and may take as little time as 40 computer hours or as long as 400 depending on the size and complexity of the study and the number of respondents.

Data run-out for the focus overlays, (product tests), takes significantly less time. Initially, if you require immediate information on only a few of the responses, a single response can be cross-tabulated in a few minutes from completion of the data entry.

Additional runs using conditional response, filtering or overlays are available upon request with a minimum programming charge and a unit cost for the run-outs. In a benchmark study, due to the level of detail already presented, data massaging is rarely necessary.

Due to the sensitive nature of many benchmark surveys, you may select one or both of two security measures for your print-out. At no extra charge, we provide both blind, key coded run-outs or print-outs on dark red or red print pattern paper to resist unauthorized photocopying.
Data Analysis:

Upon completion of the data runout, Whipple, Sargent & Associates will analyze the study both for first cut findings as well as compare and contrast stratification of respondents with accepted statistical norms.

If standards for research methodology are adhered to, no interpretation is necessary - the numbers stand on their own within the limits of the database from which they were compiled. We will, however, transfer the tallys from each response section to Lotus 1-2-3 so they may be summarized and graphically represented. Based upon your specific requirements, Whipple, Sargent & Associates offers all standard graphs as well as multi-dimensional modeling, and proprietary dynamic modeling tools.

Your final analysis will contain a presentation of the methodology, summary report, sampling tolerance table, summary charts for each response category, a selection of significant charts and graphs and strategic recommendation. Unless otherwise requested, you will receive three copies of the report and a single set of bound tables.

The tables you receive are the originals and the only set in existence. Additional sets of tables are available as photocopies and quoted upon request. A total benchmark study with seven cross tabulations and one thousand possible responses will produce seven thousand pages of tables, one thousand tally counts, 9,000 categorical tabulations, 77,000 qualifier tabulations, and 693,000 cross tabulated indices.
Table of Sampling Tolerances:

Chances are 95 in 100 that, for a percentage result shown below, the corresponding universe figure would be within the +/- tolerances shown in percentage points.

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<th>Portion of Sample</th>
<th>10% or 90%</th>
<th>20% or 80%</th>
<th>30% or 70%</th>
<th>40% or 60%</th>
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<tr>
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<td>±2.1</td>
<td>±2.4</td>
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</tr>
<tr>
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<td>±11.1</td>
<td>±12.8</td>
<td>±13.6</td>
<td>±13.9</td>
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Appendix B.

The Bumprock Advantage:

The value of any marketing study is based upon its ability to help you make important marketing decisions. More often than not, changes in the market and specific opportunities for growth appear only in the detail of the survey and not in the broad response or summary. Often a tally or tabulation of the survey lacks the refinement to provide the most valuable marketing information.

At Whipple, Sargent & Associates, all statistical surveys use the Bumprock Chi-Square Data Analysis Program to provide clients with three levels of data refinement: tally counts; tabulations; and cross-tabulated indices. Understanding the survey analysis procedure will demonstrate the benefits of using Bumprock software.

All marketing research data starts out as responses on a form or questionnaire. In most cases the responses are counted either by hand or by a computer to form a tally. The tally does not show you who responded and can, therefore, be misleading.

To further refine the data, the tallies are separated into subtotals (qualified) by market segment to form tabulations. Many surveys contain more than one set of qualifiers such as age, income or profession so there can be numerous tabulations.

Most surveys end with the tabulations, but what happens when you need greater refinement of data? The next step is called data massaging. It requires a computer operator, using a Lotus type spreadsheet, to matrix each response and manually cross index each tabulation. Massaging is a time consuming and expensive process. Unless you know specifically what information you seek, you waste a lot of time and money running up blind alleys.

Bumprock data analysis software not only counts the tally and tabulates response, but it also cross-tabulates each response with three or more levels of qualifiers during the initial run. This means that your survey is pre-massaged the first time you see it. You save time and money and the results can be acted upon with greater confidence.
Appendix C.

Using the Benchmark Study Technique

Have you ever heard the expression "You can't see the forest for the trees"? A lot of us feel that way when we try to look at our markets and see how our business fits in. Sure, you know your customers, but do you know your competitor’s customers? Do you know what your customers will want tomorrow? Is there some trend building out there that you haven't seen yet? Wouldn't we all like a crystal ball so we could see what was happening around us in the market?

Now you can have your crystal ball, or at least a close approximation, by conducting a benchmark study of your market. A benchmark study is a statistical snapshot of your market that tells you where your business fits, where your competitors fit, who their customers are and what opportunities exist in the market for you to increase your share and profits.

Benchmark studies are not new, but new data analysis capabilities and larger, more powerful computers, enable you to incorporate more data to create, in effect, a reasonably accurate model of your total market. Also, in recent years, the cost of a benchmark study has dropped to an economical level. The same study which cost $300,000.00 in 1980 can run as little as $50,000.00 today and have more than ten times the detail.

Another factor which makes a benchmark study attractive is the turnaround time. A decade ago studies such as this took six months or longer. Today, a benchmark study can be completed in six to eight weeks; right down to the last cross-tabulated index.

Because benchmark studies are more available, there is a growing epidemic of misinformation about their use and, worse, misleading data being produced. Businesses who rely on invalid research parameters and skewed market studies are asking for trouble. A few simple guidelines can help you avoid these pitfalls.

There are only three areas of response which can be reliably modeled in a benchmark survey: Recognition, Penetration, and Intent. Further, the data applies only to the audience sampled and is not necessarily transferable to other markets or other products. It should be further noted that the sampling tolerances increase with each level of refinement and that even in a survey with a statistical base of 10,000 a specific index may contain a variable of plus or
minus 50%. Keeping this in mind, let's look at some of the ways you can use a benchmark study to its greatest advantage.

The first step is setting up the research parameters. What do you want to know? If you need to determine the RPI (Recognition, Penetration and Intent) of a specific product, make certain you always refer to the products by their generic names and, if necessary, include pictures and diagrams to clarify. If you wish to determine the RPI of the companies in your marketplace, include all related businesses, not just those you perceive as direct competitors. Always include at least one control question which can be compared with known data to detect skew.

One of the most significant research parameters is the audience selection. If your market is national, even if your distribution is only regional, your survey base must be national and selected in direct proportion to the number of potential customers in that area. Magazine circulation lists are a reliable source of regional distribution. In some cases, the criteria for a respondent is based on condition or circumstance. Many of the direct mail houses offer lists using circumstantial criteria.

The next step is the determination of qualifiers. Qualifiers can be demographic, geographic, psychographic, etc. It is important, however, that they be relevant to the marketing of your product or service and offer sufficient separation so as to offer the respondents a clear choice in selecting which qualifier is most applicable to them. For example, the age of a respondent may be relevant in a consumer study for a clothing manufacturer, but may be of no importance to an industrial manufacturer. By the same token, income qualifiers should increase logarithmically in proportion to the national income distribution to avoid excess grouping at the low end and scattering at the high end.

The research parameters are very important since benchmark studies are designed to be repeated on a regular basis. Once you have established your qualifiers, you must not change them. The same is true of responses. You can add additional responses, but to appreciate the value of a benchmark study, the initial parameters must remain constant over many years.

The final research parameters which must be determined are the response categories. Each response category becomes a mini survey in itself. A frequently used format involves four categories: 1) Product/Service RPI, which generically establishes how many of the respondents recognize what your product and similar products are, how many of them are currently using them and who intends to use them in the future; 2) Product/Service Benefit
RPI which establishes what features and benefits are important in purchasing the product; 3) Brand/Manufacturer/Vendor RPI which establishes which brand names the respondent knows, whose advertisements he has seen, who he has used and who he intends to use and; 4) Brand/Manufacturer/Vendor Benefit RPI which establishes what motivates a respondent to select one similar product over another as well as what would influence the respondent to change brands if price and availability were equal.

Within each of the categories, the form of the questions/responses is vital. If the question is weighted to produce a specific response, the survey will tell you nothing. The same is true if you ask the respondent for a reasonable answer. In marketing, reason and action have very little relationship. Therefore, response must take the form of a non-committal ranking of test statements (i.e., 1 = agree, 2 = disagree, 3 = no opinion) or identification rankings (i.e., 1 = very familiar, 2 = somewhat familiar, 3 = not familiar).

It is important to analyze all responses, not just those who indicate positive. Sometimes finding out who disagrees is more important than knowing who agrees since, if they are disagreeing to one of your major selling propositions, you may find out why your sales are lagging. "No-opinion" is important too because it can help eliminate deadwood in your sales message. In fact, there is no response which is not important. In many cases when a large segment of respondents checked "Other", research analysts have been able to backtrack the response to find promising new markets of which the industry was totally unaware.

It is also important that the respondent remains unaware of the sponsor of the study. If, for example, they figure out that Acme Products is conducting the study, there is the possibility the survey will produce squeaky wheel responses or inverse skew. This is a condition where many respondents say what they think an interviewer wants to hear or, perversely, replies in the exact opposite of what he really thinks. This is always to be avoided.

If your benchmark study is properly prepared, you will learn as much about your competition as you know about your own business and in most cases you will know more about their markets and weaknesses than they know themselves. By periodically repeating the study, you will begin to track market shifts and be able to measure your progress and the effectiveness of your marketing efforts.