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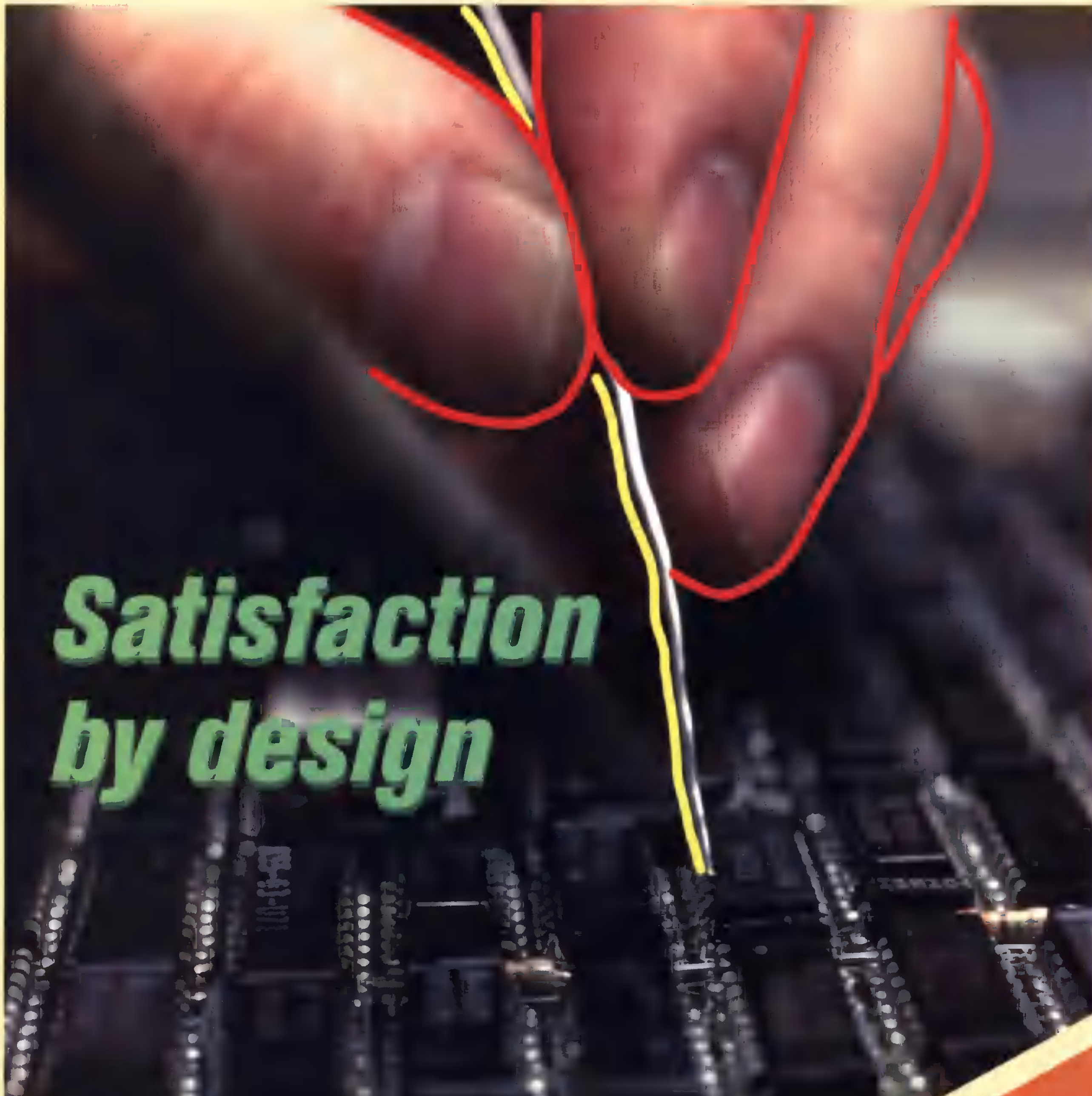

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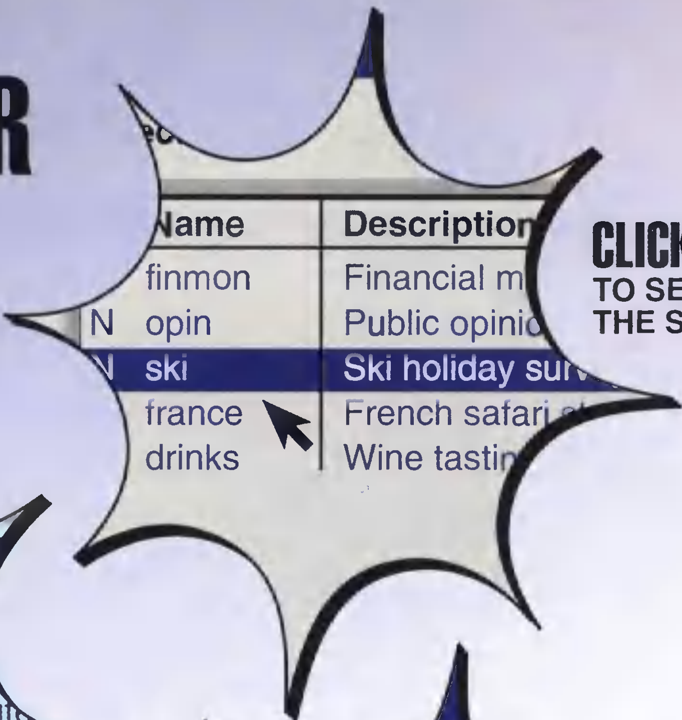

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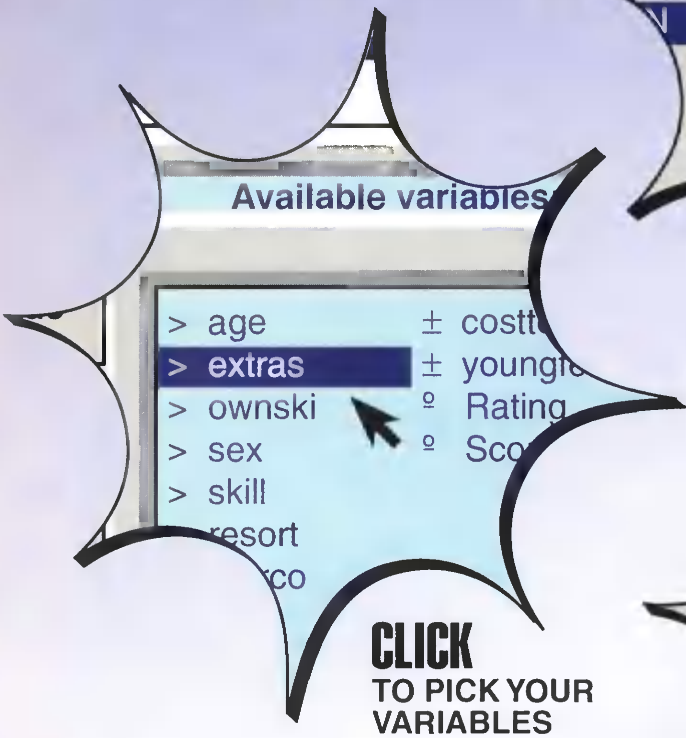

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Volume IX, Number 4 April 1995

Cover
Telephone interviews helped Synopsys keep its designer customers satisfied. Photo by PhotoDisc, Inc. ©1994.

FEATURES

DEPARTMENTS

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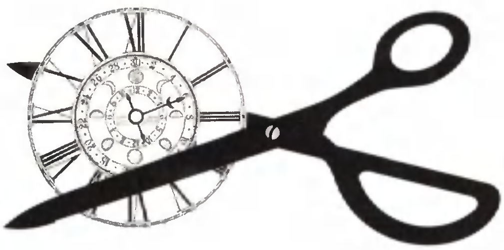

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Satisfaction by design

Maker of design software uses telephone interviews to keep in touch with customers around the world

By Joseph Rydholm
QMRR editer

As the product life cycle gets shorter and shorter, and the stakes get higher and higher, designers of integrated circuits face enormous pressure to come up with new and better creations.

Electronic design automation (EDA) software helps them do that. One of the largest companies in the EDA field is Synopsys, Inc. It produces software and other tools used by designers of integrated circuits for a wide range of industries and applications, including computers, consumer electronics and industrial control systems. Worldwide, more than 5,000 designers use the company's products.

Founded in 1986, Synopsys has grown steadily from a $250,000 start-up with nine employees to revenues last year of $196 million and a staff of over 1000. Headquartered in Mountain View, Calif., and Beaverton, Ore., the company has offices around the world.

Realizing that its success depends on a relatively small number of customers, Synopsys began a customer satisfaction research program in 1993. "You have to understand our industry," says Jeff Moller, director of operations and quality for Synopsys. "Many companies don't survive beyond the first generation of their software. Our goal is not to suffer from that tendency, and the way to do that is to make sure customers really like us. Higher customer satisfaction will have a lot to do with the longevity of the technology companies."

Moller says the company was already getting feedback on its performance from customers but much of it was anecdotal. "Every customer visit produces a data point. The problem is, it's difficult to synthesize those data points into something that shows a trend. The only way you can understand your trends, whether you're getting better or worse or holding steady, is by doing something more pervasive."

The company wanted a more systematic way of gathering information from its customers, Moller says. "We felt we didn't have a good statistical grasp of their needs. We knew a lot about them but we couldn't correlate information from one customer to another. So there were two things we needed to do better. First, we wanted a more rigid methodology to collect data that could be turned into actionable information. Second, we wanted customers to be surveyed independently so they could speak freely and provide us with honest, valuable information to drive meaningful change."

"Many of the designers we interviewed for Synopsys are educated in English and work in English but we have learned that they have difficulty with some of tho softer issues that you need to get inte to measure customer satisfaction in English, so it was imperative to speak to them in their own language."

Search for experience

With a firm idea of what it wanted to accomplish, Synopsys interviewed a number of research companies, looking for one with international research experience and capabilities in the business-to-business area, specifically high-tech. Burke Customer Satisfaction Associates (CSA), Cincinnati, filled the bill.

During 1993 and 1994 Burke CSA conducted one-on-one telephone interviews with integrated chip designers and managers in the United States, Germany and Japan. The interviews, which lasted about 20 minutes, were conducted in each respondent's native language by Burke CSA representatives in the respective countries.

The ability to conduct the inter-

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Does your pricing study make this common mistake?

Advanced technology products follow Z-shaped price curves

By Albert Fitzgerald

Editor's note: Albert Fitzgerald is president of Answers Research, Inc., Solana Beach, Calif.

Traditional price studies attempt to create a price curve so that, within a range of prices, we can determine the quantity sold (i.e., relative demand). Traditional economics texts have typically drawn price curves as either straight lines or as smooth, concave curves. I remember my first college economics class using Samuelson's economics book (the "bible" of freshman economics). All of the price curves had a wonderfully smooth shape. Many were drawn as straight lines showing the simple relationship that as price increases, the quantity that would be sold (i.e., demand) falls.

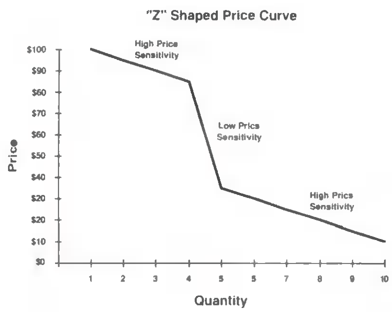
But more typically, the price curves were drawn with a concave shape (see next chart) demonstrating that as price gets very low, demand gets disproportionately greater. Likewise, even at very high prices, some people (presumably those who are not price sensitive) will continue to purchase in similar quantities.

Elasticity of demand (price sensitivity) at differing price points

A straight line or flat price curve indicates that for all prices tested, price sensitivity is constant. This means that as price increases, demand drops at a constant rate. In economics texts price sensitivity is generally referred to as the "demand elasticity." A concave price curve shows that price sensitivity is less at higher price points and greater at lower price points. This can be seen in chart 2 above. As price drops from $100 to $70, the quantity demanded increases from one to two units, showing that for a relatively large price drop, few additional people buy. However, when price drops from $20 to $10, the number of units sold increases dramatically from six to 10 units, demonstrating that, in this price range, the market is highly sensitive to price. The logic behind this type of price curve is that at high prices, most of the price sensitive people have already stopped buying and that the few people left are not very price sensitive and are willing to pay a high price.

Z-shaped price curves

For many business-to-business and advanced technology product purchases, the traditional flat or concave price curves do not seem to fit empirical evidence. We have found in many quantitative studies that demand actually follows a Z-shaped price curve.

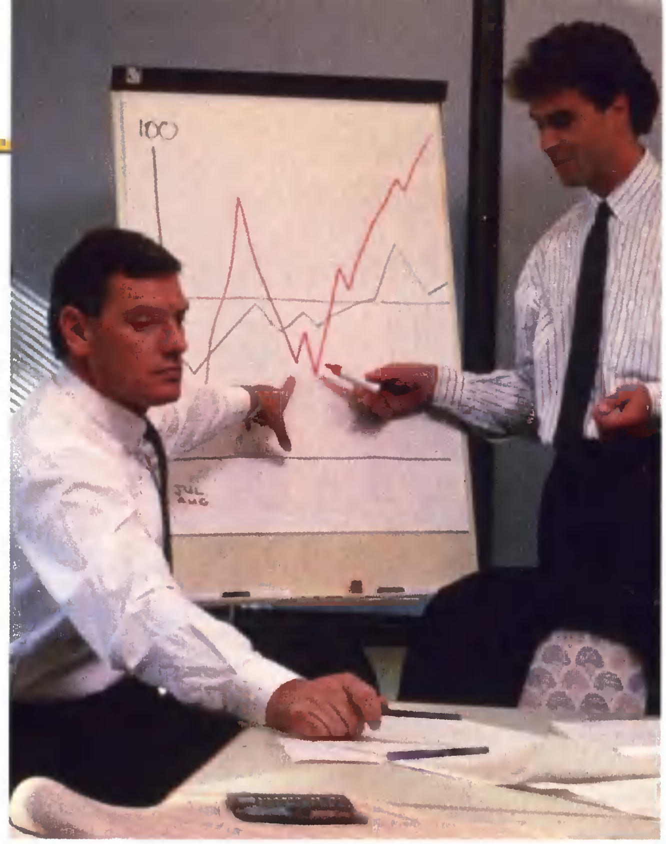


In the above chart we show a hypothetical Z-shaped price curve. It shows three distinct sections. At lower prices (i.e., below $30) it shows a high sensitivity to price, similar to what we would expect to see in a flat or concave price curve. At middle price points (i.e., between $30 and $80) we see a very low sensitivity to price changes. This differs from traditional price curves (i.e., flat or concave price curves) which would indicate that price sensitivity should be medium. At higher price points (i.e., above $80) we see the exact opposite of what traditional economic theory would indicate. Instead of low price sensitivity, we see instead an area of very high price sensitivity.

We have both empirically derived this phenomenon in numerous quantitative studies as well as validated these results in qualitative studies. These findings indicate that there are, indeed, three distinct sections to the price curve — high price sensitivity exists at both very low and very high prices while low price sensitivity exists over a range of prices we call "going priees."

Uuique purchase process explains Z-shaped price curves

To understand why sensitivity to price varies over certain ranges of prices, it is first necessary to understand the purchase process for advanced technology and many business-to-business products. We can use as an example the purehase of a laptop computer. Business purchases, and especially advanced technology purchases, tend to be high risk purchases to buyers. Mistakes can have a high cost in terms of dollars and to one's career. In addition, the "true" cost of many high technology products can be much higher when intangibles such as training costs, potential down time, and installation costs are included. When all of these factors are taken into account, many advanced technology products and other business purchases follow a similar purchase process. In this purchase process, the typical buyer moves through four stages.



Purchase Process fer Advanced Technelogy Products

Awareness Stage
- "Should pay" price range established
- "Long-list" developed

Consideration Stage
- "Should pay" ceiling used to reduce to short list.

Evaluation Stage
- Features/benefits determine purchase, not price, unless price is below "floor"

Purchase

Stage 1 is the awareness stage. During this stage it is quite typical for a buyer to conduct a literature search (i.e., look at a review of notebook PCs in a computer magazine), or ask a reseller or colleague for recommendations. The main purpose of this stage is to become educated about the alternatives and features available.

Stage 2 is the consideration stage. The purpose of this stage is to reduce the number of products evaluated. There are literally hundreds of possible notebook PCs available on the market. During this stage the buyer selects a small subset for evaluation. This process of reducing the alternatives is often brutal and quick. By now the buyer has decided on the key features he requires and typically has a solid idea of what he should have to pay. We call this range of prices the "should-pay" prices. At this stage, price is often a key determinant in what products make the cut and the should-pay price range becomes extremely important. Products that exceed the should-pay ceiling often are automatically excluded. And several products which are below the should-pay floor are often evaluated even though they would normally not be evaluated. For example, when reviewing available notebook PCs, the buyer may decide that for a given set of features he should pay between $2,000 and $3,000. Any product that exceeds the $3,000 ceiling never makes it to the next stage. However, products that are less than the $2,000 floor are quite often taken into the next stage even though they would not typically have been evaluated at expected prices (perhaps because they are from an unknown manufacturer). In other words, the product is evaluated

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5 myths about business-to-business telephone samples

By Amy Starer

Editor's note: Amy Starer is vice president, GENESYS Sampling Systems, a full-service sampling company based in Fort Washington, Pa. This article originally appeared in the company's newsletter.

The value and the necessity of business-to-business research has become increasingly apparent to the corporate world. This has caused explosive growth in the demand for this type of research. To capitalize on the new opportunities presented by this growth, many research organizations find themselves venturing into unfamiliar, uncharted and somewhat confusing waters.

It's not surprising, then, that our company's customer service staff is encountering more and more researchers who harbor misconceptions or a lack of basic knowledge about the sampling aspects of business-to-business research. These misconceptions and myths, like stories of sea monsters and mermaids, can seem humorous to those who have already sailed these seas, but they can be extremely dangerous to the less experienced. We would like to take a few of these myths and examine the reality hiding underneath.

Myth #1 — The supplier that provided the list also compiled the list. This may sound silly, but you would be amazed at the suppliers who claim to be generating sample from a proprietary data source when they are actually just remarketing someone else's database. For example, at this time there are primarily two companies that compile yellow page information for the entire United States: Database America and American Business Lists. Everyone who markets a yellow page list uses basic information that most likely started with one of these two companies. Many sampling products that are misrepresented in this way will have glitzy names — be cautious.

Myth #2 — Standard Industrial Classification (SIC) codes are, in fact, standard. SIC codes classify companies based on their line of business (i.e., doctors, lawyers, restaurants, tool and die companies) and are a valuable tool for targeting purposes. The first four digits of the SIC code (called the basic four) are administered by the United States Government's Office of Management and Budget, and are standard. However, many marketing information companies further classify businesses and industries into smaller, more specific subgroups (i.e., medical specialty or restaurant type). This is accomplished by adding more digits onto the basic four-digit SIC code. For example, Dun & Bradstreet Information Services has developed an enhanced SIC coding system by adding four

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The changing face of business-to-business qualitative research

By Dr. Leslie M. Harris

Editor's note: Leslie M. Harris is chairman emeritus, Focus on Boston. The following researchers contributed to this article: Vicki Savala, ACG Research Solutions, St. Louis; Bill Hammer, Hammer Marketing Resources, Severna Park, Md.; Tony Blass, Field Dynamics, Encino, Calif.; Daisy Spier, Spier Research Group, Larchmont, N.Y.; Paul Bolden, Focus on Boston; and Amie Saltzman, MOR/PACE, Farmington Hills, Mich.

Conversations with staff at a number of research firms reveal some changes in the use of qualitative research by the business community. Those of us who conduct business-to-business research are depending more and more on technology such as teleconferencing. Teleconferencing gives niche and special interest marketers the chance to assemble groups of highly specialized respondents from all over the country or even the world. CEOs and other high level executives who might otherwise not be in the respondent pool are given the opportunity to participate.

The obvious benefits to this technique are reduced travel cost and the ability to efficiently bring subject matter specialists together regardless of their physical location. A disadvantage is that these groups seldom have the same kind of dynamics of an in-person group discussion.

Other benefits include the ability to involve respondents from different departments or divisions within the same company even if they are in different cities.

There is no travel time for respondents involved with telephone focus groups and scheduling can be more flexible. In addition, since respondents aren't physically in a room with several other people, they may feel more open about sharing their opinions. On the other hand, it may be easier for them to "hide out" and not respond as much as they might in a typical focus group.

A number of other trends in business-to-business research are worthy of comment. Most arise from the never-ending drive to save time and money.

One trend is toward conducting a number of one-on-one executive interviews, sometimes several within a company. Many times the outcome of these interviews is the basis for a highly-tailored account plan designed for that particular customer.

A second trend is to conduct large group research with up to 400 respondents using interactive equipment. Since we began using this technique, its popularity has skyrocketed. Results are instantaneous and, if the recruiting is done appropriately, they can be highly projectable.

Two additional trends in the use of qualitative research are smaller projects and more pressure to push qualitative methodology into a quantitative realm. Both trends result from the persistent push for more efficiency and lower cost.

The "small" in smaller projects may mean many things — fewer groups per project, fewer cities, fewer extra recruits, fewer respondents per session, more local focus groups with less travel. Some researchers have rational-

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The fine art of data reduction

By Richard J. Vondruska

Editor's note: Rich Vondruska, Ph.D., is founder of Research Mentors, a division of Vondruska Associates, Chicago.

The great challenge in dealing with data is to find what amounts to the best portrayal of the conglomeration of numbers at hand. In some regard, the task we face is much like that of Michelangelo confronting a block of marble — to chip away everything that is not David. If this implies that there is much art, as well as science, in dealing with data, then the point has been well made. Regardless of the data itself, there is an inner drive to make sense of it; to derive meaning from an array of observed or experienced events.

Although there are many sophisticated ways to attack a data set, the process always starts with common sense. It has been said that the role of science is to "cut nature at her joints," meaning that there are natural breaks in the data that must be respected. Demographic variables such as sex, educational level and income are standard "joints" in marketing research. Reduction and understanding of the data usually begins by inspecting cross-tabs of key measures by demography. Unfortunately, it often ends there as well. In many cases, the data is not "mined" to its full potential. Part of the true joy of doing research is to explore the data sets, not merely to dutifully record the outcome. When analyzing data, I have discovered "gems" in the data with major marketing implications. Those of you who have had similar experiences know that cases like these make the whole process of data reduction worthwhile.

Loosening the Gordian knot

The diagram below is symbolic of the process of data reduction. What presents itself as a Gordian knot still appears inextricable when it is first reduced. Upon greater reduction, however, the knot eventually disappears. So it is in the analysis of data. What seems insurmountable at first becomes a non-problem when the knot disappears.

Sometimes what appears very obvious to a skilled researcher is less than obvious to a corporate manager who must choose to act on the findings. Data is typically sampled from a larger population, and inferences must be made in order to make the leap of faith to implementation. I have even had a person unsophisticated in statistics accuse me of having "tainted data!" The truth is that as long as the sample can be construed by reasonable people as representative, there will always be some uncertainty as to the reliability of the findings.

Decision making criteria

The accepted scientific criterion for what might be called reasonable doubt is a probability of .05 (i.e., the likelihood that the finding could have been obtained by chance alone is very small — 1 in 20). This stringent criterion is relaxed a good deal in marketing research.

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In customer satisfaction measurement you don't always get what you expect

By David Lavinsky

Editor's note: David Lavinsky is a research analyst with the Customer Satisfaction Strategies Division of Find/SVP, New York City.

As companies strive to increase their profitability, they are placing a greater emphasis on customer satisfaction measurement (CSM) studies. These studies can do just that: increase a company's bottom line by showing them how to both retain existing customers and attract new ones. Unfortunately, methodological flaws prevent many CSM studies from achieving this goal.

A good CSM study identifies the key issues that drive the customer in choosing a supplier and identifies the purchaser's loyalty rationale. However, this is not the goal of the study. The goal is to allow a company to optimally allocate its resources to maximize customer satisfaction. Fortunately, the two go hand in hand; the company reallocates its resources to the areas deemed most critical by the study.

Too many CSM studies are being conducted without this goal in sight, and with most, you can never achieve it, because these CSM studies measure satisfaction based on expectations. Expectations vary from issue to issue, so such studies only allow you to monitor customer satisfaction. They do not allow you to act on the results to maximize satisfaction in the future. The following example will help explain the downfalls in measuring satisfaction based on expectations.

Let's say a company determines that its customers find two main issues important when choosing a supplier: product quality and customer service. As a result, the questionnaire for the company's CSM asks the following question, "For the following two issues, please tell us whether Company A (1) exceeds your expectations, (2) meets your expectations, or (3) does not meet your expectations."

Suppose the company receives a "1" for product quality and a "3" for customer service from a customer. Furthermore, suppose that the company had the same questionnaire last year and received a "3" for both issues from that customer.

The only result of this survey would be a low quality comparison of satisfaction versus the last study. It won't help to optimize the allocation of resources because expectations are a relative measurement and thus do not stay constant from issue to issue. Thus we cannot tell if the customer is more satisfied with one issue over another. Even though the company received a higher rating for product quality than customer service it does not mean that the customer is more satisfied with product quality. Maybe the customer didn't care much about product quality and expected a horrible product only to find that it was fair; this would have exceeded their expectations. On the other hand, the company's customer service could have been excellent, but since the customer knew this and expected even more, they responded "does not meet expectations" even though they were quite satisfied.

Another downfall of measuring satisfaction with expectations in CSM studies is that they also fail to stay constant from competitor to competitor, even within the

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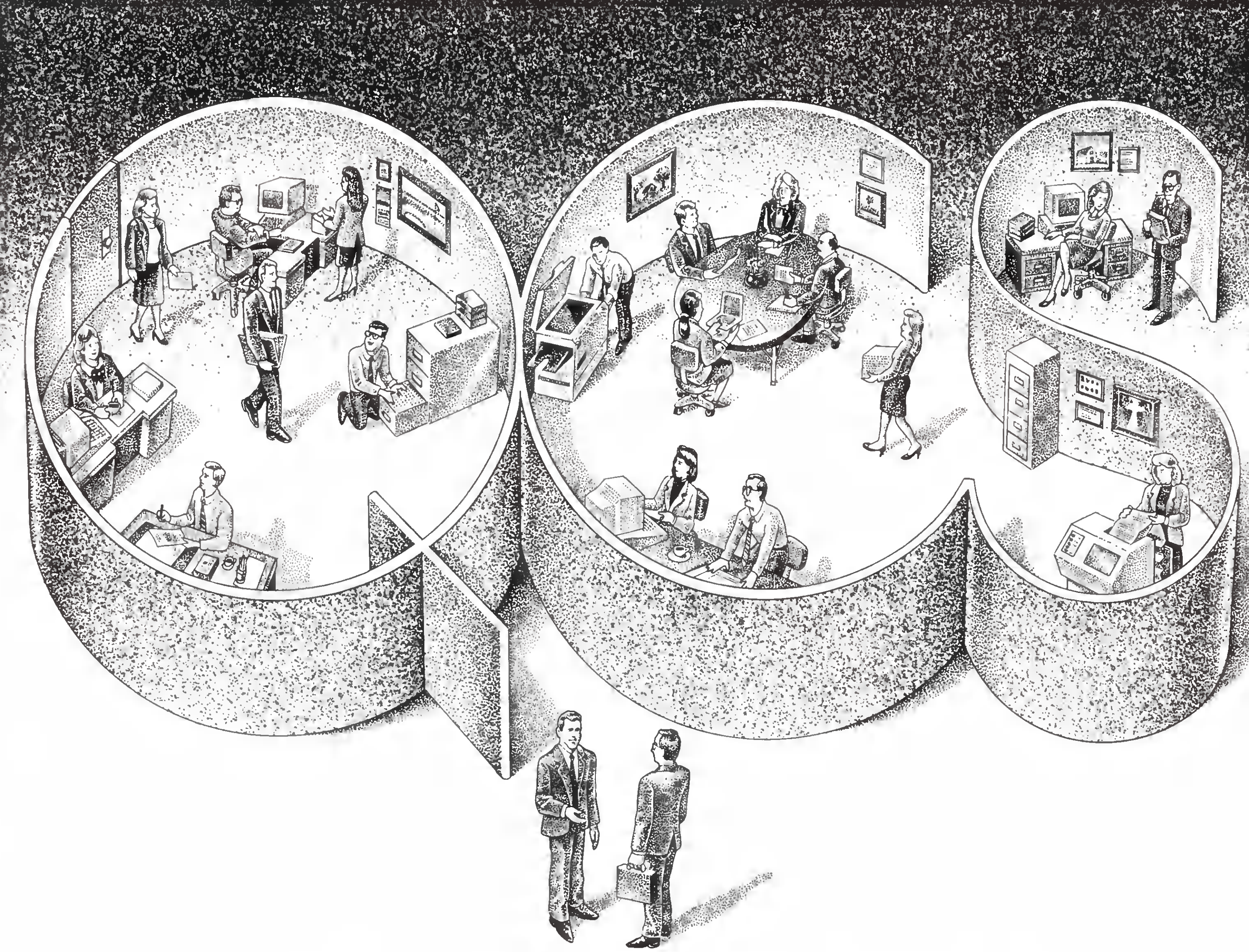

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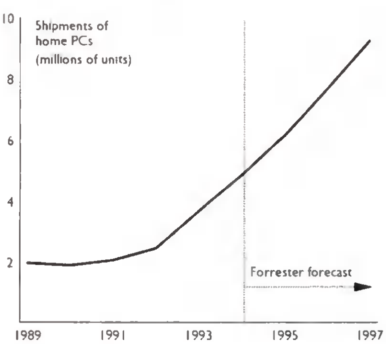
Home PCs: the Golden Age is yet to come

Don't believe the hype that more than 30 percent of U.S. households own personal computers. A recent People & Technology Strategies report from Forrester Research contends that only 20 percent of U.S. families now use home PCs. By explicitly accounting for retirements of obsolete machines and households that own more than one computer, Forrester's estimate differs from those that paint a more extensive pattern of consumer PC adoption.

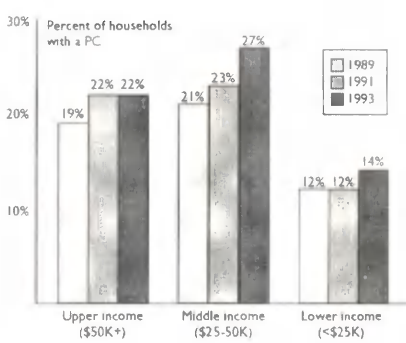
"The number of consumers who have opted for PCs has been overstated," says William Bluestein, People & Technology Strategies senior analyst and author of the report. "However, this is not bad news for the industry. We believe that it means that growth in this important market has only begun to take off (see Figure 1). We estimate that both middle- and

Figure 1



upper-income market segments are far from saturated (see Figure 2). By 1997, 42 million PCs will be humming away in American homes, up from 23 million today. This upsurge in home computing will provide a powerful magnet for content and service providers that sell to consumers."

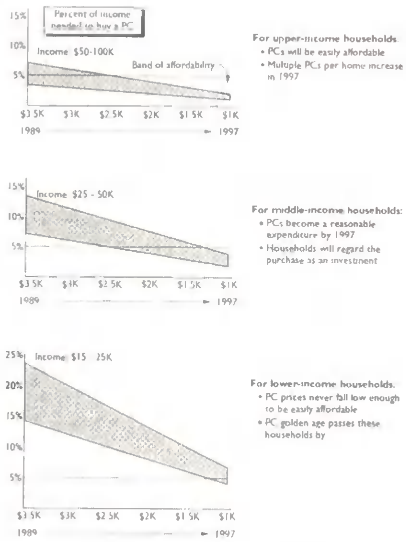
Figure 2



Home PCs are entering their golden age. Lower prices, easier-to-use software, and the onset of new interactive services will fuel growth of this market. However, after 1997 the home PC market will become a more difficult environment for both technical and economic reasons. "By 1997, Intel's migration to RISC will set off a chain reaction throughout the industry," adds Bluestein. "This move will require Microsoft and application vendors to completely rewrite their software. Delays, incompatibilities, and uncertainties will cast a pall over the market."

The report also predicts that in 1997 PC makers will encounter problems with extending the market to low-income households. Even though PC prices will be brought down to $1,000, this will not establish a band of affordability for this consumer segment (see Figure 3). "To reach the

Figure 3



acceptance levels of VCRs, telephones, and television, major changes in the PC world will be needed," concludes Bluestein. "A universal computer must emerge that is intuitive, simple, low-cost (less than $500), and powerful."

The report, "Home PCs: The Golden Age," is part of People & Technology Strategies, a Forrester research service that analyzes technology's impact on consumers. For more information, call Katie Kelley 617-497-7090.

Gender equity in on-court action

If you have cable TV, you know that you could watch basketball 24 hours a day if you were so inclined — there is always at least one game on. What you may not know is that TV coverage does not accurately reflect the level of participation in the sport by women. The North Palm Beach, Fla.-based American Basketball Council, through American Sports Data, does an annual survey of the sports' health and popularity. And the most recent poll discovered that 41 percent of players 12 to 17 are female. (The ABC also reports that National Basketball Association games were televised in 141 countries in 1992-93, so the broadcast phenomenon is not isolated to the U.S.) In 1993, 42.1 million Americans played basketball at least once, making it the most popular participation sport in the country, and some 13 million of those players are women. People are playing more than ever, too. In 1987, participants hit the court 36 times a year; the number rose to 46 in the most recent survey. In the latest survey, measuring round-ball activity in 1993, women played an average of 36 days a year; men played almost once a week on average. While women's professional basketball enjoys much more success in Europe than it has in the U.S., activity at the collegiate level is impressive: 1,573 colleges and junior colleges have women's ball programs, 57 percent of which are head-coached by a women. For more information, call Gregg Hartley at 407-842-4100.

The downside of downsizing

As usual, bigwigs' decisions have proven to most affect the worker bees. Penton Research Services, a division of Penton Publishing, Cleveland, reports that the flurry of staff cuts that took place in business and government during the late '80s has resulted in increases in remaining employees' workloads. American industry, Penton speculates, has gone beyond a helpful trimming of dead wood and has possibly cut back (perhaps because of fears generated by the potential for changes in employers' obligations with regard to workers' health care) to a point that will eventually result in a kind of mass burnout among the country's workforce. Almost 87 percent of the purchase-decision makers surveyed said their workload has grown in the last five years. Government workers (95 percent) reported longer dockets most frequently, though some would argue that they most needed more things to do. Some 91 percent of workers in wholesale and retail trade noted increases. The number was 90 percent among those in processing industries. The lowest level of increase was found in agriculture, mining and construction — all of which have strongly unionized workforces; still, 76 percent of workers there said their job descriptions

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Names of Note

Cari Pienta has joined *C.J. Olson Market Research*, Minneapolis, as administrative assistant.

Research 100, Princeton, N.J., has appointed **Mark H. Sandler** as president. **Michael H. Sandler**, the firm's founder, becomes chairman of the board. These changes are being made in conjunction with the celebration of the company's 25th anniversary.

Cheryl Hawkins has joined *TrendQuest Custom Medical Marketing Research*, San Diego, as project manager.

John Parsons has joined *Total Research Corp.*, Princeton, N.J., as chief financial officer and vice president, corporate development.

Data Recognition Corp., Minnetonka, Minn., has promoted **Patricia Davis** to chief financial officer, from controller.

The Marketing Partnership, Inc., Stamford, Conn., announced that **C. Alan MacDonald**, former chief executive of Nestle Foods Corp. (U.S.), Stouffer Frozen Foods and Lincoln Snacks Company, has joined the firm as a general partner.

Edward Solky has joined *Chilton Research Services* as research consultant for the Consumer Products Division under the direction of vice president and group manager, William Kramkowski.

Solky Sears

James M. Sears has joined *Technometrica, Inc.*, Emerson, N.J., as director of operations and senior advisor for long-term planning.

Dennis Splawski has been named director of customer satisfaction in addition to continuing duties as director of marketing communications, for the Sandoz Crop Protection Business Unit of Des Plaines, Ill.-based *Sandoz Agro, Inc.*

Marketing Metrics, Paramus, N.J., has appointed **Jim Schwartz** senior vice president.

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Research Company News

Opinions Unlimited, Inc., Amarillo, Texas, recently opened a new qualitative facility in the Houston Galleria. Opinions Unlimited also offers GroupNet, a videoconferencing service of The VideoConferencing Alliance Network. For more information contact Anndel Martin at Opinions Unlimited, Three Riverway, Ste. 250, Houston, Texas, 77056. Phone 713-888-0202.

Penton Publishing, Cleveland, has acquired **The Social Dynamics Group** (SDG), a social and marketing research firm. SDG is now a division of Penton Research Services.

McNair AGB, a New Zealand research firm, has purchased exclusive rights for the New Zealand market to **Creative Research Systems**' Voice Capture Interviewing system. CRS is a Petaluma, Calif., maker of software for the research industry. In addition, SMS Consultants, a Honolulu research firm, has negotiated exclusive rights for the Voice Capture system in the state of Hawaii.

TrendQuest Custom Medical Marketing Research has moved to 16885 Via Del Campo Ct., Ste. 211, San Diego, Calif., 92127. The phone and fax numbers remain the same. Phone 619-674-1031, 800-83-TREND. Fax 619-674-4973.

Irwin Research Services, Inc. has relocated its corporate offices to the Sun Bank Building, 9250 Baymeadows Rd., Ste. 350, Jacksonville, Fla., 32256. Phone 904-731-1811. Fax 904-731-1225.

Quick Test has opened a focus group facility at 15315 Magnolia Blvd., Ste. 120, Sherman Oaks, Calif., 91403. Phone 818-995-1400. Fax 818-995-1529.

Helcn Jacobs now provides field direction consulting and auditing services. For more information write Jacobs at 2124 Broadway, Ste. 182, New York, N.Y., 10023. Or call 212-362-1312 or fax 212-595-0381.

The VideoConferencing Alliance Network has added new locations in the following cities: Atlanta—Jackson Associates; Bos-

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Product & Service Update

New stand-alone survey kiosk

Surveys International, Miami, is now offering the SV-9000, a stand-alone electronic device resembling a cylindrical phone booth that can process up to 2,000 questionnaires per day. Each respondent receives a discount coupon for businesses who pay Surveys International for the exposure. Consumers mark their answers on questionnaires by coloring in small bubbles on a 3-1/4" wide tear-off card, which is inserted into the device. Instructions scroll across the device's character display in English, French, German, Spanish and Portuguese, prompting users to insert their completed card. The responses are read and stored in the system's memory. Survey results are retrieved during the late evening hours by a central computer that calls each device by modem. Special software then consolidates the data files and tabulates the results. For more information, call Gregg Chumbley 800-733-3065.

Claritas Conference scheduled for early May

The 5th annual Claritas Precision Marketing Conference will be held May 7-10, 1995, at the Stouffer Orlando Resort in Orlando, Fla. The conference speakers include Steve Clifford, senior vice president, Smith Barney Shearson, on database marketing; Bob Garfield, *Advertising Age* columnist; and Ron Harrison, senior vice president, director of media technology, BBDO/San Francisco, on precision targeting in the new media world. Preceding the conference, The Burke Institute will offer a two-day workshop, "Using Geodemographics for Marketing Decision Making," on May 4 and 5. Registration is regularly $1,200 but Precision Marketing Conference attendees will receive a $200 discount. The conference will feature several breakout sessions covering database marketing, GIS applications, precision marketing tools and techniques, segmentation systems, site evaluation and media planning. The conference also includes a trade show. The registration fee for the three-day conference is $675. For more information, call 800-678-8110 and press "3."

Roper conference will include findings on global consumers

On June 15-16, Roper Starch Worldwide, New York City, will present findings from new studies in regions such as Latin America, Eu-

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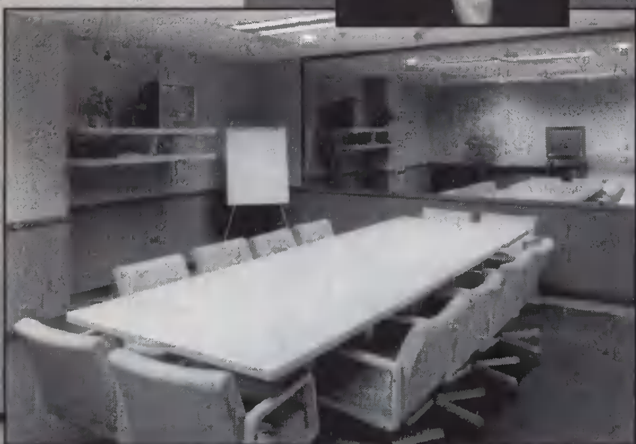

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- **Secured Storage Room** Adjacent to central location facility for product materials.

Circle No. 134 on Reader Card

Designing a customer satisfaction survey for industrial products

By Chris Van Derveer

Editor's note: Chris Van Derveer is president of Van Derveer Industrial Research. Phone 800-531-9025.

The past few years have been one of rapid advancement for marketing research as it is applied to industrial products. In the past, engineers would design products and introduce them to the market, rarely pre-testing users' attitudes about product features and performance. As long as sales were not disastrous, management would assume the product was OK. What could not be measured was what profits were actually lost because products were not designed properly or tested once they were in the field.

As in most segments of business, customer satisfaction is the hot topic in industrial research. Since industrial product purchasing is less motivated by emotion, the design of a questionnaire to test industrial attitudes looks relatively regimented by consumer standards. These questionnaires do not ask about how purchasers feel personally or what their lifestyles are. Unlike consumer buying this field is removed from a fully personal choice since several committees may also become involved in the purchase process.

In the ideal, if an industrial questionnaire is to rate attitudes properly it must do so with a mix of both open- and closed-ended questions. Questionnaires that include only open-ends usually indicate a writer who is not familiar with their markets and/or what responses are to be expected. Also, open-ends are more subjective and their tabulation can yield results which have a higher error rate. So where to begin?

Usually, such issues are evaluated by either a rating or a ranking question. Let us first cover ratings and then show a ranking example.

Ratiugs question

A typical ratings questionnaire begins with a question like the one shown below and is laid out in the following format.

> Q.1 For the companies that you are familiar with, please rate them per the following features and factors.
>
> After firms are read, ask "Are there any others?"

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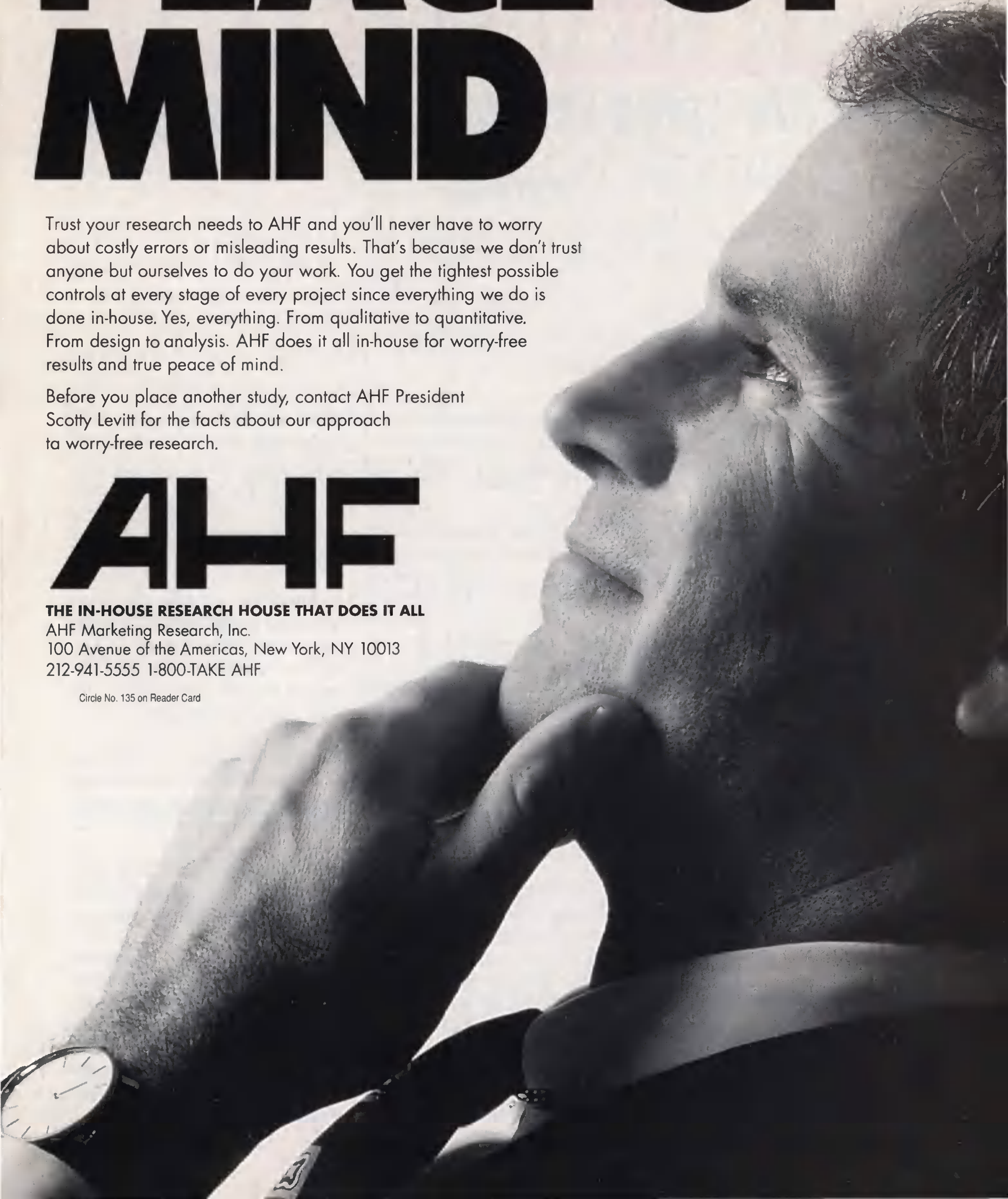


War stories:

True life tales in marketing research

By Art Shulman

Editor's note: "War stories" is a regular feature in which Art Shulman, president of Shulman Research, Van Nuys, Calif., presents humorous stories of life in the research trenches. Readers are invited to call or write Shulman with stories of their own.

We all know that working in market research can be sexy. We are hot! Or maybe we all feel hot because we're working too hard.

Some years ago I was involved in a series of focus groups involving sex toys. We explained to the president of the client company, inexperienced in research, that we'd need to have a lengthy warm-up period, gradually getting into the subject before we could get to the heart of the discussion. After my first group of male respondents introduced themselves, I raised the general question, "In what ways have your sexual attitudes and behaviors changed in recent years?"

A man immediately jumped in, "Well, recently I've been into mild bondage and masochism."

So much for lengthy warm-ups.

Dave Sedlin, a senior researcher at Temerlin McClain, reports a telephone study he once conducted on sauces and condiments. When informed of the subject of the study an elderly, perhaps hard of hearing, woman commented that she was offended that the interviewer would ask about such a topic, and furthermore, she couldn't understand what sausages and condoms had to do with each other in the first place.

An unnamed owner of a focus group facility tells about a new person she hired who took the specs for a project where the moderator required virgin respondents. Wanting to seem helpful, she advised him that it might be hard to find virgins. "This is Los Angeles, after all," she nicely explained.

Can you imagine what the screening questions might be when recruiting virgins? Perhaps something like, "Hello, we're doing a brief survey today. Are there any virgins in your household?"

Laurie Robertson of Robertson Communications recalls a telephone survey conducted by some bureaucratic government agency which included the following question, "How many people are there in your household broken down by sex?"

Kenneth Hollander, of Kenneth Hollander & Associates, reports an interesting experience that his wife, Elise, had while working as an interviewer trainee. Doing some door-to-door interviewing, she approached a house and rang the doorbell. When no one answered, she rang again. Still no response. Determined, she then vigorously used the door knocker. Finally a man appeared and she asked to speak with the woman of the house. The man looked at her, shook his head and said, "If you want to talk to her, you'll have to wait for a while because right now we're — no, we were — making love."

One strongly suspects that this was not the sole historical instance of a market research interviewer interrupting the sex act.

Of course, researchers don't only tell tales of sex. We also have drinking stories. Alan Fine reports a study he worked on where a new board game was being considered for purchase by a toy company. In consumer testing the product fared poorly and the toy company turned it down. The game's inventor shot back a nasty letter, his missive reporting that the previous weekend a group of his friends had the most wonderful time playing his game and drinking martinis. Fine shot off a return letter, advising the inventor that the next time he submitted the game he include in the rules that players are required to drink martinis while playing.

In future installments of this column, we'll report on more quirky, loopy and strange happenings in the world of market research. Whether you're a research provider or a client, if you'd like your story to be told — anything related to marketing research is usable, from spilling soup on your client's new suit to cute answers respondents provide on questionnaires — please call me (818-782-4252) or, better yet, write it up and fax it to me (818-782-3014). ❑

Alan Fine reports a study he worked on where a new board game was being considered for purchase by a toy company. In consumer testing the product fared poorly and the toy company turned it down. The game's inventor shot back a nasty letter, his missive reporting that the previous weekend a group of his friends had the most wonderful time playing his game and drinking martinis. Fine shot off a return letter, advising the inventor that the next time he submitted the game he include in the rules that players are required to drink martinis while playing.

Pricing

continued from p. 9

because it is such a great deal.

In Stage 3 products are evaluated. Only the few products that made the short list are seriously evaluated. But once a product makes it to this stage, price becomes much less important and features/benefits are key in the final purchase decision. I have seen this validated not only empirically through pricing studies, but also through myriad focus groups and one-on-one interviews. The bottom line is that price becomes disproportionately important in the consideration stage and is used primarily to eliminate products from consideration. Since only those products that are either within the should-pay range or have an unexpectedly low price are seriously evaluated, price takes on a unique role. And individual price points are subordinate to the should-pay prices, meaning that as long as the price is within an appropriate range, it does not matter if it is on the high or low end — resulting in low price sensitivity.

In Stage 4 the actual purchase is made.

Reasons for the kink

One could argue that there really should not be kinks in the demand curve because each individual determines their own unique should-pay price range. However, in many advanced technology product categories, we have found that the should-pay price range varies little between individuals. One of the main reasons is due to the dynamics of advanced technology markets. Advanced technology markets are often highly influenced by gurus — a few, highly knowledgeable, highly respected people who influence entire markets.

We find that for most advanced technology product categories, there are several magazine editors who fit this description of a guru. Price ceilings and floors are often talked about in magazine reviews with many publications excluding products that exceed ceiling prices. Even when they include higher priced products, these products rarely win Editor's Choice awards, and magazines are clear in saying if they feel the price is too high. Likewise, floor prices are defined. Anyone familiar with the computer industry will certain see plenty of magazine covers with headlines like "Pentium PCs break the $2,000 price barrier."

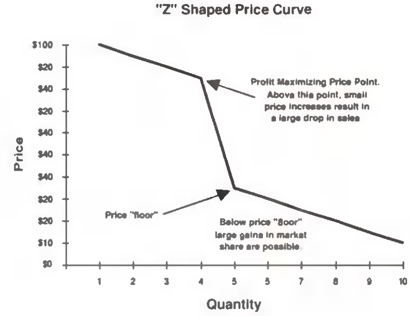
The reason gurus become very influential is because it is difficult to stay abreast of rapidly changing technology. Business buyers rely on experts to guide their purchases. These experts set price expectations for entire markets. This is rarely true for consumer or commodity products. We would rarely see a Z-shaped demand curve if the product has become well understood and commodity-like. For example, desktop PCs have become so well understood that gurus are much less influential in establishing should-pay prices. Therefore, price curves will often follow traditional economic theory, with the market's "invisible hand" creating more traditional price curves.

Interpreting Z-shaped price curves

Several important implications can be drawn from Z-shaped price curves.

1. The profit maximizing price point would typically be at the high end of the should-pay range. But caution must be exercised because pricing above the should-pay ceiling would result in a dramatic drop in sales.

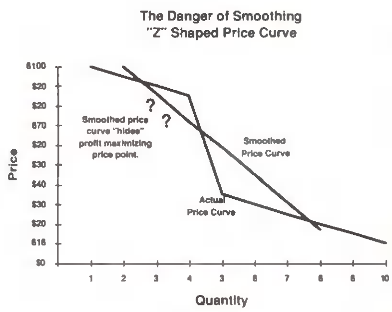
2. Pricing below the "floor" has the effect of potentially gaining significant market share. Loss leaders, sales, and introductory prices are all pragmatic examples of how many companies have — if not theoretically at least from experience — recognized that going below the floor price has the effect of gaining significantly increased consideration, evaluation, and purchase.



Daugers of smoothing price curves

Over the years, I have read numerous articles on market research pricing studies which automatically assume that resulting data will be "fit to a curve." However, very few articles ever discuss the caveats and pitfalls of smoothing pricing data. Perhaps it is the desire to eliminate "outliers" — data that would look weird if a client actually saw the raw data — or more likely it is due to pragmatic considerations of current software packages commonly used in the research community. Many packages require that results from pricing research be treated as continuous ratio data (as opposed to nominal data) in order to extrapolate demand at prices other than those explicitly measured. For example, SPSS's conjoint simulation module requires that utility scores for price be treated as continuous data (i.e., forcing all points to sit on a line) rather than discrete (data which is not forced to fit a line) in order to simulate prices between those actually measured. SPSS gives basically two options for continuous pricing data: linear, which forces all points to fit a straight line; or ideal/anti-ideal, which are quadratic models which can be used to generate a concave price curve.

The chart below illustrates what might happen if a researcher were to smooth a Z-shaped price curve.



We can see that the inflection points would disappear. And it would be unlikely that an optimal price point would be chosen.

Here are some implications for pricing research:

1. The range of prices tested is very important. We recommend including prices which are higher and lower than the should-pay prices. Of course this leads to another important implication.

2. It is critical to understand both the purchase process for the product under study and the range of should-pay prices. Our staff typically accomplishes this using one-on-one interviews, focus groups or focused interviews (essentially telephone focus groups).

3. The number of price points tested is important. If too few price points are tested, it is unlikely that the inflection points (where the kinks appear) can be accurately predicted. We recommend testing a minimum of five price points. And those prices must also be carefully chosen. Therefore, test as many price points as is practical in order to accurately predict where the kinks are in the price curve.

4. Be cautious in smoothing price curves. A smoothed price curve could result in a serious miscalculation of the profit maximizing price point.

5. Price points do not have to be equidistant, as would likely be required if a smoothing algorithm were being used. ❑

Myths
continued from p. 10

more digits to the basic four. These additional digits are proprietary and non-standard. Other compilers start with the same, basic four digits but the additional digits they add may represent something very different than those in the Dun & Bradstreet scheme.

Because this additional coding is not standard and varies from company to company, great caution should always be used when defining a sample based on what is being called an SIC code. It is very important that you ascertain exactly what type of SIC code is being used, especially when your project calls for a sample definition that will supposedly replicate an earlier study.

There is no easy way to determine, on a large scale, which business entity is a parent company or a corporate headquarters. How do you find out which locations are subsidiaries, which are branches and which are considered independent, though related, businesses? This information can only be gathered by contacting the firms directly or as a by-product of other data acquisition activities which are typically proprietary.

Myth #3 — Record-level data is always accurate. Much of the data contained in the sample record is accurate and up to date. However, some data is simply modeled using other available information. And sometimes, data that was once accurate (or perhaps even exact) has since changed. This, of course, presents difficulties when one is targeting a sample based on this data.

For example, most business databases have a field related to the number of employees at that location. Often, this number does not represent reality and is an approximation based (or modeled) on other information the database compiler has obtained about the company. Further, even if the number represents what was once an exact employee count, that number usually changes too quickly to be relied on completely. How many employees has your company gained or lost in the past year?

Myth #4 — Yellow page-hased databases bave limited targeting capabilities. This myth seems to be perpetuated because it is assumed that the lack of information available in the basic yellow page listings (i.e., company name, address, phone number and yellow page header) translates into a lack of useful targeting information in the resultant databases. However, many compilers take the basic yellow page information and merge other data with it. Often this data can be used successfully to target a business sample. It's important to keep in mind that the accuracy of this data can vary depending on the supplier and how the information was obtained (see myth #3). As always, the usefulness of this type of information for targeting purposes depends greatly on the particular specifications of the study.

Myth #5 — Targeting samples hased on the headquarters/ branch designation is as simple as it sounds. It's not a trivial task to gather the data necessary to accurately represent the relationships between the various business entities within all of the companies and corporations in American commerce. There is no easy way to determine, on a large scale, which business entity is a parent company or a corporate headquarters. How do you find out which locations are subsidiaries, which are branches and which are considered independent, though related, businesses? This information can only be gathered by contacting the firms directly or as a by-product of other data acquisition activities which are typically proprietary.

Researchers must be aware that, depending on the source, this information can be very accurate or very inaccurate. For example, Dun & Bradstreet gathers this information for millions of businesses as a routine part of its credit services operations. The information is highly reliable. However, list compilers who do not have access to this type of information, and who don't want to incur the expense of contacting all the firms on their list, may attempt to approximate this information through other, less effective means (such as name matches).

The very qualities that make a particular list or supplier the best source of sample for one study may spell disaster for another. The best defense against this happening is to ask questions.

It is situations like this that most remind us that these lists are not created with market researchers (who are most concerned with representation) in mind. If list compilers come across headquarters/ braneh-type information, they may include it in their list, but they don't make an effort to gather this data for every record. This means that a record not marked as a headquarters location may, in fact, be one. In these cases, the lack of a designation is not the same as a negative designation, it only indicates an absence of data.

In conclusion, it cannot be emphasized enough that there isn't one ideal set of attributes that makes a list perfect for all studies. The very qualities that make a particular list or supplier the best source of sample for one study may spell disaster for another. The best defense against this happening is to ask questions. If your supplier is remarketing someone else's data, make sure they know enough about the product to be able to answer all your questions. Taking the time up front to effectively evaluate the various options available to you will lead to a more representative, cost effective survey and, ultimately, a happier client. ❑

Industrial

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> The rating scale would be: a "1" is excellent, a "2" is very good, a "3" is good, a "4" is somewhat poor and a "5" is poor.
>
> The features/factors would be: product quality, price, product features, service, warranty, company reputation and advertising.

Below are some suggested open-ended questions. Remember, it is best to ask only one, as telephone interviewing time is limited to about 15 minutes.

1. In question #1, you rated the A and C companies as having an excellent level of quality. Why do you feel this way?
2. You said that you were familiar with companies A and B. Which of these firms is the best and which is the worst. Please describe exactly why you feel this way.
3. You mentioned that you were familiar with both the A and C companies. Could you describe the strengths and weaknesses that you attribute to both firms. How would you suggest these firms correct problems you experienced with them?
4. Which one of the four companies is most capable of introducing new technology to the market. Could you describe what that technology would be and how it would benefit to you?

COMPANY NAME	PRODUCT QUALITY	PRICE	PRODUCT FEATURES	SERVICE	WARRANTY	COMPANY REP.	ADV.
Firm A	____	____	____	____	____	____	____
Firm B	____	____	____	____	____	____	____
Firm C	____	____	____	____	____	____	____
Firm D	____	____	____	____	____	____	____
OTHER?	____	____	____	____	____	____	____

In constructing the questionnaire you should keep in mind the following when instructing interviewers:

1. After the introduction, the interviewer will read the names of the companies and circle the ones that the respondent is familiar with.
2. It is important that respondents be very familiar with the firms, otherwise they will deliver responses that are meaningless.
3. For circled firms and for one firm at a time, the interviewer should read the features/factors from left to right and elicit a response rating before proceeding to the next feature.
4. In general, don't present more than eight factors, it just becomes too tedious for the respondent.

When a respondent mentions a firm that falls in the "other" category, take down the name and rate it as you had the others. Include this category if you sell a product in a market that is expected to have new competitors.

The completion of a closed-ended question such as this provides the perfect opportunity to ask an open-ended question as a follow up. The types of questions are only as limited as your imagination. Typically, I suggest that the client ask open-ends about issues that are very, very important to them.

Ranking question

The other option in customer satisfaction work is the ranking question. I recommend to my clients that they conduct a closed-ended ratings format, as described previously, and a rankings question. Developing customer satisfaction data from both formats is a good cross-check and can greatly increase the accuracy of the final project result.

> Q.1 Could you please rank the following companies as to their product quality, pricing, service (or whatever)?
>
> Which is the best, second best, third best or worst based upon their delivery of ____________ (fill in from above) to your firm?

TO INTERVIEWER: Place a "1" next to best, a "2" next to second best a "3" next to third best and a "4" next to worst.

RANKING

COMPANY NAME	PRODUCT	QUALITY	PRICING	SERVICE
A	______	______	______	______
B	______	______	______	______
C	______	______	______	______
D	______	______	______	______

Note: You may again follow up a ranking question with an open-ended format. On our questionnaires, I try not to have open-ends after both the ratings and rankings sections. Usually one well structured, pertinent open-end is enough.

Couclusion

Well, there is the essence of a simple customer satisfaction questionnaire. Based upon the product and the numbers of surveys conducted per segment, other statistical techniques such as regression, conjoint analysis and the like can be employed. Please be advised that statistics should be used only in a focused manner and can greatly increase project cost.

As in all projects, always pre-test the questionnaire with a limited number of respondents to assure that it's sequenced properly and that the questions are well understood by the respondents. All participants should be thoroughly pre-screened to make certain that they can respond knowledgeably to the survey topics.

As in all projects, always pre-test the questionnaire with a limited number of respondents to assure that it's sequenced properly and that the questions are well understood by the respondents. All participants should be thoroughly pre-screened to make certain that they can respond knowledgeably to the survey topics.

Don't make the ratings/rankings section too cumbersome. You will have up to 15 minutes to conduct your telephone interview. A good rule of thumb is that this section should consume about half of your survey time. In the other half you can ask them about how they use the product, what they will buy in the future, what they think of your advertising, or whatever else you need to know at that point.

Best of luck with your next customer satisfaction survey. ❑

Names of Note

continued from p. 22

Michelle Bogie and **Melissa Scharf** have joined *Alliance Research*, Crestview Hills, Ky., (greater Cincinnati) as associate program managers. **Missy Krallman** has joined Alliance as associate program manager. The company also announced several promotions: **Boh Kushner** has been promoted to account director of Healthcare Services; **Laura Deaton** has been promoted to group program manager; **Danyne Connell Sherman** has been promoted to group manager, software support; and **Dave Suedkamp** is now vice president of systems and technology.

QualiData Research Inc., Brooklyn, N.Y., has named **Merrill Carey** as senior associate.

Total Research Corporation, Princeton, N.J., has appointed **Patti Hoffman** as vice president, director of human resources.

GENESYS Sampling Systems, Fort Washington, Pa., has promoted **James Minieri** to production coordinator and **Janice Woodrow** to account executive. In addition, **Meg Ryan** has joined the company as account manager and **David Presloid**, **Trish Stafford** and **Karen Vint** have joined GENESYS as customer service representatives.

James Fong has joined *Action Research*, Burlington, Vt., as director of marketing research and planning.

Fong Moya

Lizza Moya has joined Miami-based *Market Segment Research & Consulting* as senior project director.

Rolf Wulfsberg has been appointed president of the New York-based Customer Research Division of *Research International*.

The Delahaye Group, Inc., an international marketing communications research and consulting firm, has added two staff members. **Denise Boyd** has joined the firm as business development manager, and **Craig Mitchell** has been tabbed as a senior communications analyst.

The Council of American Survey Research Organizations (CASRO) has elected its new board of directors. The board officers are: chairman—**David F. Miller**, president of Miller Research Group, Inc., Chair-Elect—**James H. Fouss**, president/CEO, Response Analysis Corp., Secretary—**B.J. McKenzie**, president, Market Dimensions; and treasurer—**Bruce A. Newman**, CFO, Gordon Black Corp. **Diane Bowers** continues to serve as CASRO's executive director.

Clockwise from top left: Bruce Newman, Jim Fouss, David Miller, Diane Bowers, Wm. Wilson (past chmn.), B.J. McKenzie

Burke Marketing Research, Cincinnati, has made several staff additions: **Lori Turner** and **Kirsten Bech** have joined the firm as account associates; **Todd McClain** has been named assistant controller; the company's Project Services staff has expanded to include **Sanserrae Frazier** as senior project director, **James Cowan** and **Brad Marsh** as project directors, and **Wayde Shanks** as writing assistant.

Gunilla Broadbent, president of the BAI International division of *Behavioral Analysis Inc.* (BAI), Tarrytown, N.Y., has been elected national representative in the U.S. for the European Society for Opinion and Marketing Research (ESOMAR). The United States representative is elected by 150 U.S. members of ESOMAR every two years. In other BAI personnel news, **Robert G. Ferguson**, vice president, has been named Qualitative Division director. As head of the new division, Ferguson will supervise all the firm's qualitative research. In addition, **Robert K. Adams** has joined BAI as vice president.

B-t-B qualitative

continued from p. 12

ized that they get as much out of a five to seven-person group as they do an eight to 10-person group.

Clients are pushing to get more out of qualitative interviews — including definitive answers to pricing and color questions, and go/no go decisions.

Recruiting the business respondent

Companies report that participants who were formerly uncomfortable entering a focus group room are now increasingly willing to participate in group research. Many businesspeople looked at focus groups as a way to test a new kind of soap with homemakers. They didn't see that anything they were doing professionally could researched in the same way.

In addition, they were suspicious of the methodology. After all, who but a direct competitor would want to ask questions about their thoughts on, techniques in and methods of conducting business?

But many companies now report less resistance. Business group respondents seem to understand that they might learn something. The expectation of gaining knowledge is often now combined with the promise of money as an incentive to participate in a group. Participants also appear to be more at ease in the conference rooms. There is not so much concern with the other side of the mirror and the attention is more enthusiastically directed toward the subject of discussion.

Flexibility is key

The consensus among qualitative researchers working on business oriented projects is that flexibility with regard to research technique is key to creative product development and/or positioning. Clients appear to be more willing to try new techniques and vary from their tried and true ways of using qualitative. Projects will often include one-on-ones as well as focus groups, each addressing different issues, e.g., one-on-ones are used for comprehension and reaction to specific copy and concepts; focus groups for understanding or developing imagery and uncovering users' connection to a brand.

Moderators are no longer as strict about showing the same materials in each city or to each group because they understand that qualitative research is there to help marketers better understand their products. So if the copywriter wants to change a paragraph or a few words before the next group, why not? Or if the product concept seems to lack a reason for being, why wait until the end of the project to rewrite it?

Though the goal behind business-to-business research — obtaining usable, helpful information — hasn't changed, it's clear that researchers are changing their approaches to meet clients' needs and take advantage of technological advances. If clients are willing to support these efforts, the payoff should be better research for all. ❑

Data Use

continued from p. 14

This is due partly to the sample sizes, and due partly to the fact that marketers rely on what have been called "natural experiments," in which no attempt is made to manipulate independent variables such as the brand of a product consumed. Rather, most marketing surveys are opportunistic, and rely on the fact that people have already chosen certain products.

The attitude of many corporate managers is what I like to call the Joe Friday attitude — just the facts ma'am. The plain and simple truth in most of these cases is rarely plain and never simple. One of my university professors used to characterize the difference between fact and opinion in this way: "Whereas paternity is sometimes a matter of opinion, maternity is always a matter of fact." Marketers will always be in the "maternity ward" of the research process. They have the accountability for the actions taken in light of research.

There is an interesting phenomenon that sometimes occurs in marketing research. When a marketing effort is successful, the marketer takes all of the glory, but when a marketing effort is unsuccessful, the research is scrutinized for "taints." This serves to demonstrate the wisdom of an ancient Chinese proverb — Success has many fathers, but failure is an orphan.

The point, of course, is to emphasize the care that must be taken in the process of data reduction. It is not enough to merely reduce data. One eye must always remain on the practical use of the findings, and the repercussions that may result from them. The value of research depends upon the ability to move from incomplete information to action. Often the best way to do this is to make changes in a test market situation, where the extent of failure (the possible downside) can be contained.

Observing the signals

Companies that do not rely on marketing research can only take a "reaction posture" in the marketplace. The true innovators are willing to take the necessary risks. Just as when one is driving in traffic, research findings provide green lights, red lights and amber lights. Usually the light is amber in marketing research. As long as one remembers that amber means caution, accidents will be minimized.

An analogy from chess may shed light on the problem as well. Most people know that the object of the game is to checkmate the enemy king. However, since both sides have the same objective, the attainment of that goal becomes problematic. To attain the ultimate goal, it is necessary to attain a number of sub-goals, such as controlling the center of the board, before the opponent does. Likewise, analysis of data requires a disciplined step by step procedure.

Dealiug with data doubt

Unlike an academic test, there is often no "answer key" that allows us to verify the way in which we construe the facts. So somehow we need to assure ourselves, and our clients, that the data can be used to address real-world business situations. On this score, I have even heard a hierarchical cluster analysis referred to as "Astrology to five decimal places!" The researcher becomes the target of the doubting Thomas: "How do you know that the data says what you claim it says?"

An example is in order here. Imagine yourself delivering a presentation of the findings from a recent survey. Midway through the presentation, the chairman of the board waltzes into the room. He glares at a chart that shows his company dead-last in the industry ratings for customer satisfaction. Then his glare passes from the chart to you. In a rather fierce voice, he demands, "Why should we believe this chart?" Assuming that you first take a sip of water to remove the dry feeling in your mouth, you must then address the issue forthrightly. The non-obvious answer is that data never stands alone. There is always contact with a realm of reality that transcends the chart on the presentation screen.

Is the data consistent with what is already known? Is there any reason to question the methodology of the survey that obtained the information? Does the presenter have a hidden agenda with regard to the information? By casting doubt upon the constellation of findings, the chairman has revealed a new dimension

The attitude of many corporate managers is what I like to call the Joe Friday attitude — just the facts ma'am. The plain and simple truth in most of these cases is rarely plain and never simple. One of my university professors used to characterize the difference between fact and opinion in this way: "Whereas paternity is sometimes a matter of opinion, maternity is always a matter of fact." Marketers will always be in the "maternity ward" of the research process. They have the accountability for the actions taken in light of research.

of the role of information in marketing research. Since he is the primary decision maker, he has the ultimate responsibility for accepting or rejecting the information, regardless of the external validity of the information itself. By analogy, the captain of a vessel may obtain a report of an iceberg in the path of the ship, but it is up to him to act upon the information.

Heading off data problems

It must be born in mind that any set of data, regardless of its reduction level, can be construed in more than one way. At one point in the history of astronomy, there were two separate theories that explained the movement of heavenly bodies. There was the Ptolemaic system in which Earth was the center of the heavens, and the Copernican system in which the sun was at the center. Obviously, there were major metaphysical implications to be drawn from these two perspectives, since they had religious as well as scientific overtones. The same is true with data in marketing research. If a particular piece of information fits the chairman's overall direction for a company, that information will be highlighted. If it does not, that information will be suspect. So, there is a delicate balance between the information itself and the way in which it is implemented. Unwelcome news still sometimes results in the messenger's head being chopped off.

It is instructive to note that the level of precision in the data is of paramount concern in many instances. There is a dynamism between the amount of data that can be collected and the funds available to collect them. Oftentimes, greater precision is demanded than is possible with the data at hand. In those cases, either decisions must be made using "incomplete" information, or more data must be collected.

Statistical techniques such as factor analysis are aimed toward reducing an array of data into understandable factors or dimensions. In work I have done in both the automotive and recreational marine industries, clients have requested "maps" of the marketplace. In those instances, the challenge was to represent the various products within a N-dimensional space. The logic was that products that were in close proximity to each other were close competitors, whereas those that were far apart were not. By factor analyzing measures on attributes such as style, durability, safety, ease of handling and so forth, it was possible to create a two-dimensional "competitive environment" in which the products could be plotted. These maps were so popular that one of the clients requested wallet-sized versions for easy reference. Talk about data reduction!

The point here should be clear — clients do not need voluminous data, except possibly to impress those who are impressed by "data by the pound." What clients truly want are answers, and those can only be achieved by the proper portrayal of the data in a form that is both useful and enlightening. ❑

Research Company News

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ton—Performance Plus; downtown Chicago—National Data Research; Detroit—M.O.R.-PACE; Minneapolis—Focus Market Research; San Diego—Taylor Research; downtown San Francisco—Nichols Research; Stamford, Conn.—Focus First America. For more information call 800-288-8226.

Calverton, Md.-based **Macro International** and **AHF Marketing Research**, New York City, have merged their market research and consultation capabilities under the name of **Macro•AHF**, a division of Macro International. Macro•AHF will concentrate on value-added market and survey research, international survey research and marketing consulting in the areas of brand positioning, new product introductions and global expansion.

Langer Associates, Inc., New York, has formed a new telephone division headed by Vice President Sue Miller to provide clients with in-depth qualitative research at lower cost than personal interviews.

Cardiff Software, Inc., Solana Beach, Calif., has formed a new division, called Cardiff Consulting Services, to serve users of its Teleform software. The division will provide consulting to value-added resellers and corporate clients on system integration, design and implementation of applications.

QualiData Research Inc. has opened a branch office in downtown San Francisco at 140 Second St., Ste. 400, San Francisco, Calif., 94105. Phone 415-284-0422; fax 415-284-0334. E-mail: QualiData@aol.com

Results from Fairfield, Conn.-based **Survey Sampling, Inc.'s** most recent Research Monitor survey of research firms found that researchers are expecting steady growth in the industry in terms of both staffing and types of research. Firms of all sizes are experiencing increases in staff size compared to July 1994 and one year ago. Overall, the research staff size is up 3.8 percent from a year ago, with the medium-sized firms (5-19 employees) showing the largest increase (5.9 percent). The medium-sized firms also reported the largest increase in staff size when compared to July 1994 (3.6 percent). But the small firms (1-4 employees) are predicting the largest increase for the first quarter of 1995; a 10.2 percent is anticipated. Reports of steady growth apply to almost all types of research as well. Mall, focus, panel, mail, scan and phone research are expected to increase. Focus groups and door-to-door research will hold steady in the next quarter.

Satisfaction

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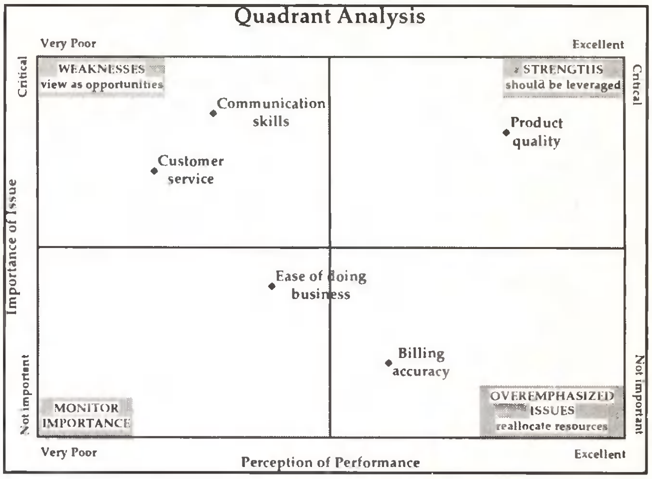
same issues. Sticking with the previous example, let's say that Company A also asks the customer to rate Company B on product quality. If the customer expected a higher level of quality from Company A than Company B, the expectations scale would once again render a comparison impossible. The customer could give a lower expectations rating to Company A, even if they were more satisfied with A than B. This would happen if they expected even more from Company A than Company B. (Another methodological downfall of many CSMs is that they fail to gather insight into the competition. It is extremely difficult to increase your profitability and/or market share if your are not aware of your competitive situation.)

Fortunately there is a way to achieve the goal of CSMs. It entails substituting questions measuring satisfaction of the key issues based on expectations with questions asking the customer's perceptual and importance ratings of them. Instead of asking if the customer's expectations were met on product quality and customer service, ask two questions. First, how important is each issue to the customer? Answers may include (1) Not important, (2) Somewhat important, (3) Very important, or (4) Critical.



Second, how well does Company A perform with regards to each issue? (1) Very poor, (2) Poor, (3) Fair, (4) Good or (5) Excellent. (Note that both importance and perceptions scales can vary based on the specific project.)

As opposed to the expectations questions, the importance and perceptions questioning provides a comparable measurement for each issue. Thus the company could determine whether its customers are more satisfied with product quality or customer service. It could also determine which issue is more important to its customers. Furthermore, it could accurately compare its performance to its competitors.

Such a questionnaire would lead to the goal of optimally allocating the company's resources to maximize customer satisfaction. (Obviously, the actual questionnaire would address more than just two issues.) This goal could be achieved in two ways. The first method would involve constructing a quadrant analysis (see chart). This analysis would map each issue on a grid with importance and perceptions as the axes. The company could determine its key strengths (issues with high importance and high perceptions) and its key weaknesses (issues with high importance and low perceptions). The company could furthermore reallocate its resources from the overemphasized issues (issues with low importance and high perceptions) to the areas of weakness. Issues low in both importance and perceptions would be monitored over time.

A second method to optimize the allocation of resources with the results of the importance and satisfaction questions is to construct a mathematical maximization model. This simply consists of multiplying the importance of each issue by the maximum satisfaction rating ("5" for "excellent" would be the maximum score in this scenario). The sum of these products would give you a figure representing 100 percent customer satisfaction. Since each issue would be given a different weight according to its importance, you could then determine (by plugging in estimations of increased perceptions if increased expenditures were made in each area) how to best allocate your resources to come closest to this 100 percent goal.

Expectations measurement is only useful in CSM studies when it is solicited by focused questions that are mutually exclusive (not to be compared with other questions). Such questions could include "How often do you expect a visit from your sales rep?" or "How long of a lead time do you expect between ordering the product and delivery?" However, measuring satisfaction based on expectations only allows you to determine if the satisfaction of your core customers is increasing or decreasing over time. Since this methodology fails to allow meaningful comparisons across issues and competitors, it does not allow companies to proactively improve their customer satisfaction in the future. By utilizing importance and perceptions ratings you can determine where your resources will be most useful in ensuring the satisfaction of your customers. ❑

Survey Monitor

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now included more tasks that ever. For more information, call Ken Long at 216-696-7000.

Kids with money

Teenage Research Unlimited says that teenagers spent $99 billion in 1994, and believe it or not, all of that money did not go toward basketball shoes and game cartridges. They reportedly earned about $96 billion last year — they must all be heading into careers in government. Kids' earnings were up a whopping 12 percent over '93 numbers. The Northbrook, Ill., firm queried 2,081 kids 12 to 18 and found that boys spend about $68 each week and girls spend $65. Of the $99 billion, $63 billion was their own money; the remainder came out of the family stash. Daughters spend more family money than sons. Boys, on average, earn $18 more per week than girls. Kids' money sources include parental handouts (47 percent), occasional jobs (45 percent), allowances (32 percent), part-time jobs (28 percent) and full-time jobs (11 percent). Right now, there are 28.5 million people between 12 to 19 in the U.S., and the growth in the number of teens in America that started in 1992 is expected to continue for another 15 years. For more information, call Peter Zollo at 708-564-3440.

Too much work, too little love

Remember that woman? You know, that one who was wearing the white dress on the day you were sporting a tuxedo. Here's a hint: wife. You may recall this person as someone you'd like to spend a great deal of time with, but if you're like the readers of *Exec* magazine, published by Rodale Press, Emmaus, Penn., you may not be very familiar with her anymore. In a recent survey of 3,000 *Exec* readers, more than half of all respondents said they work a minimum of 60 hours a week; 29 percent say they work 70 or more hours per week. There's no telling how much of that is "woe-is-me" whining, but it is clear that the heavy workload is taking its toll on American marriages. Some 58 percent of survey respondents said their work habits cause monthly arguments at home. Since 54 percent said they're usually too tired for a little off-the-cuff romance, it's no wonder there's trouble on the home front. More than a quarter of the men (28 percent) said their long hours at the shop had prompted their wives to accuse them of smooching somebody at work. (Twenty-seven percent of respondents admit that they feel they have more in common with female colleagues than they do with their wives.) When they do get together with their spouses, most men say they talk (35 percent). Other popular activities include watching television (30 percent) and sleeping (27 percent). Sex is less popular — 10 percent cited it. Even though they say they're working like dogs, more than half of survey respondents (57 percent) said they spend more time with their families than their fathers' did — a finding that may indicate guys are painting a somewhat idealized picture of their lives. For more information, call Patrick Taylor at 610-967-8621.

Taking 'em to school

After polling, by phone, 15,000 school districts, Market Data Retrieval, Shelton, Conn., has determined that for the 1994-95 school year, there are 43.7 million kids enrolled in public schools. The firm says this is the largest number of kids the public schools have been charged with since the mid-'70s. There are

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470,000 more kids in public schools this year than there were in '93-94. MDR estimates that enrollments will continue to increase through 1996 in response to the growth in the number of kids born in the late '80s. Middle schools gained the most students, 183,000, while senior highs added 174,000 and grade schools made room for 113,000 more kids. Twelve states — California, Texas, New York, Florida, Illinois, Ohio, Pennsylvania, Michigan, Georgia, New Jersey, North Carolina and Virginia — account for 58 percent of total public school enrollment; each of those serves more than 1 million students. California tops the list with 5.3 million kids in public schools. The fastest growing rolls, by county, were found in the five boroughs of New York City, followed by Clark, Nevada; Harris, Texas; Maricopa, Arizona; and Dallas. For more information, call Kathleen Brantley at 202-926-4800.

Violence among teens — in towns both big and small — is widespread

Violence among teens in towns of all sizes is prevalent, and many teens feel their schools have become more dangerous, according to a survey recently conducted by Roper Starch Worldwide, New York City, for the nationally syndicated television talk show "Rolonda," with the consultation of the Harvard School of Public Health. The survey indicates that 31 percent of high school and junior high or middle school students think teen violence is a serious problem in their own school, and 45 percent think violence in their school has become "more dangerous over the past five years." On a more positive note, the study found nearly three in four students whose schools have made efforts to reduce violence believe they have been "very" or "somewhat effective."

A major report by Roper Starch presents findings from a national projectable telephone survey of children, primarily between the ages of 12 and 17, on the subject of teenage violence and crime. An equal number of boys and girls were randomly interviewed for a total sample of 502 high school and junior high or middle school students. The survey was conducted between October 20 and October 26, 1994. The margin of error is plus or minus 4.4 percentage points on the total, and much larger for subsamples.

The study found several differences — both expected and unexpected— in levels of violence. While violence is typically more common among boys than girls and among high school versus junior high and middle schools as expected, the survey yielded the surprising findings that violence often varies more by geographical region than by size of city. (Roper Starch suggests that regional differences may in part be explained by the greater presence of gangs in areas such as the

West. And the fact that violence is in many ways no more prevalent in large cities than small cities and suburbs/rural areas may be due to greater security measures in many inner-city schools.)

Examples of expected differences:

Thirty-four percent of boys versus 11 percent of girls "have been in a fight in the past year." More than twice as many high school students as junior high/middle school students currently usually carry a weapon (16 percent versus 7 percent).

Examples of unexpected differences:

Violence is typically most prevalent in the West and least prevalent in the Northeast: 30 percent of students in the West have been in a fight in the past year, compared to 23 percent in the South, 18 percent in the Northeast, and 17 percent in the Midwest.

Violence is often most problematic in small cities: 17 percent of students in small cities currently carry a weapon, compared to 12 percent in suburbs and rural areas and just nine percent in large cities.

Other major findings in the survey included the following. Violence among teenage students today is widespread: 22 percent have been in a fight in the past year; 17 percent claim to have "ever been robbed at gun and/or knife point;" 13 percent currently carry a weapon (a gun, knife, razor, or some other type of weapon).

Violence and the threat of violence affects students in a variety of ways. Fifty-four percent "feel angry." Twenty-five percent "have more difficulty concentrating in class." Twenty-one percent are "less eager to speak up in class." Seventeen percent "want to change schools or consider changing schools." Seven percent "stay home from school or skip classes."

Students commonly know people who are involved in violence. Fifty-one percent know someone (whether it be a teenager or an adult) who carries a weapon to school or in their neighborhood. Forty-two percent know someone "who is involved in a gang." Forty-one percent know someone in their own home who owns a gun. Thirty-four percent know someone "who has been shot." Seventeen percent know someone who "has been killed as result of violence."

Most schools are taking actions to prevent violence, and students think they have been effective. Twenty-six percent of students say their schools have "had a program or class to prevent violence." Twenty percent "have peer mediators." Twelve percent take both approaches.

Students in large cities are most apt to say their school has had a special class or peer mediators. Overall, while 35 percent of all students say their school has taken neither of these steps, only 24 percent of students in large cities say this, compared to 37 percent of students in small cities, and 43 percent of students in suburban and rural areas.

Students believe in the efficacy of these efforts. Nearly three in four students whose schools have had anti-violence classes and/or peer mediators (73 percent) say they have been effective, with 22 percent saying they have been "very effective."

Product & Service Update

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rope and Asia as part of the INRA Global Conference. The presentation, called "Citizens of the World, Consumers of the World," is slated for New York City's Hotel Maclowe. It's designed for executives interested in global marketing and lifestyle trends. Included in the conference will be celebration of the 50th anniversary of the company's international division, the International Research Associates (INRA) network. For registration fees and more information, call Toni Shields 212-599-0700.

Digisoft offers link between Telescript and SPSS, Survey System

Digisoft Computers, Inc., New York City, now offers a link between Telescript call center software and the SPSS and Survey System tabulation packages. This new connection enables call centers to quickly generate market research tabulation and statistical reports.

Previously, managers were required to manually enter text and labels and coordinate the questions for each tabulation report. In addition, each manager had to match his or her data file with the statistical package.

Now, Telescript generates the text of questions and responses in a format that the tabulation software can easily understand. Report generation is simplified by making it less time consuming to retrieve and organize the text and data. For more information, call 212-490-7980.

Western Wats offers predictive dialing system

Western Wats Center, Provo, Utah, now offers Divine Link, its predictive dialing software system, for commercial sale. The software is being sold bundled with a dialing engine of Dialogic cards housed in a rack- or wall-mount PC. The plug-and-play system will sell for as little as $1,795 per agent, depending on the configuration ordered. Rental options are also available. Divine Link was developed to easily integrate into an existing network, thereby protecting any LAN investment already made. Divine Link will run on networked 286 PCs or higher, and can be acquired in standard configurations from four agent seats and 12 phone lines to 32 agent seats and 48 phone lines. Custom configurations are also available.

Western Wats operates four call centers with 250 phones. It developed Divine Link because it was unhappy with the cost versus value of other predictive dialers. For more information, call 800-748-4522.

New release of SYSTAT

SYSTAT 6.0 for DOS is now available from SPSS. The product is the first release since SPSS acquired SYSTAT, Inc., in September 1994. The new release is a major upgrade, offering all new object-oriented graphics, greater statistical capabilities, improved data handling and extended memory support. System requirements are: 286 or better processor; DOS 3.3 or higher; 4MB RAM; hard disk with 6MB storage space; 3.5" floppy drive; mouse recommended but not required; math coprocessor recommended but not required. Existing SYSTAT customers can purchase the upgrade at a reduced price until June 30, 1995. SPSS/PC+, SAS, Statistica and Statgraphics users can also upgrade for a special price until the end of June. For more information, call 800-543-2185.

Online data service lets respondents take surveys anytime

Research Connections, Inc., Westfield, N.J., has launched Quest Connect, a new online data collection service. Quest Connect enables respondents to dial in and take a survey at their convenience, 24 hours a day. It is designed to reach busy people like physicians, MIS professionals, executives, teens, college students, and Generation Xers. Most studies can be completed, from questionnaire programming through data tabulation, in a week.

Respondents use specially designed software that configures their modems and automatically dials a toll free number. They then take the survey that is waiting for them, and the results are tabulated instantly. Quest Connect is a completely private bulletin board run by researchers. Specialized questionnaire software allows surveys to include complex branching logic, rotations, calculations, and open-ended questions.

Quest Connect will be used to electronically register new customers and survey them at the same time. Those same customers will be tracked over time on key issues.

Quest Connect also offers a teen panel of 10-19-year-olds who can be accessed for full surveys or queried by adding questions to the weekly omnibus study which will also explore the relationship between teens and technology. A TeenTech newsletter highlighting the results of the omnibus studies will be published quarterly. Quest Connect panels of kids and parents are in development. For more information, call Amy Yoffie at 800-665-9724 or send e-mail to rconnect@aol.com

Handbook profiles Latin American markets in detail

Strategy Research Corp., Miami, now offers a new Latin American Market Strategic Planning Handbook. The book provides in-depth information and comparative market data to analyze markets in Brazil, Mexico, Argentina, Venezuela, Colombia, Chile, Peru, Ecuador, Uruguay and Paraguay. The handbook also offers updated population and demographic figures, along with a breakdown of the marketing infrastructure of each country (i.e., media outlets and advertising/PR agencies). For more information, call 305-649-5400.

Synopsys

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views in the respondent's language from local offices was one of Synopsys' requirements for its research vendor. "That was a big differentiator between Burke and the other companies," Moller says. "A lot of research firms said they could do it but they hadn't ever done it before or had very little experience with it and that was one of the things that was mandatory for us because of our diverse customer base," Moller says.

"You really have to do the interviews in their language," says Steve Benjamin, Burke CSA consultant. "It shows consideration for the customers. You're asking them to help you so it's the least you can do.

"Many of the designers we interviewed for Synopsys are educated in English and work in English but we have learned that they have difficulty with some of the softer issues that you need to get into to measure customer satisfaction in English, so it was imperative to speak to them in their own language."

Make it convenient

As with most business-to-business research situations, a key concern was to make participating in the research convenient for the respondents. "The customers of Synopsys are very busy people," Benjamin says. "They are the superstars of their business, so they're very hard to get a hold of. They won't fill out a written survey; you won't be able to get detailed information from a mail survey because you have to make it brief to get them to fill it out. And in-person visits would be far too expensive.

"In general for business-to-business applications, we find that telephone is the way to go. Respondents are willing to do it in a 20-minute interview. It's customer-friendly and we do the interviews in their language."

"We found their custemers weren't used to heing asked what they wanted. So the mere act of asking produced positive results. It sent the message that their customers' information is driving the way Synopsys does husiness."

The interviews covered product quality, performance, integrity, licensing agreements and pricing policies, customer support and training, and the sales staff.

Earned goodwill

Because the EDA industry didn't have an outstanding record of soliciting customer opinions, Synopsys earned goodwill by making the effort to listen to its customers. "We found their customers weren't used to being asked what they wanted," says Benjamin. "So the mere act of asking produced positive results. It sent the message that their customers' information is driving the way Synopsys does business.

"We learned that Synopsys was performing well relative to its competitors. But we also learned the industry is not known for paying attention to customers' needs. We had to dig deeper to understand their needs and requirements and how Synopsys could address them."

The research found that some of the customers who had service contracts did not understand the value of their contracts. As a result, Synopsys developed a new service that more clearly demonstrates its value.

The company also found that customers were having trouble finding information within its software manuals. Additional interviews with customers uncovered more information and led Synopsys to introduce Solv-it!, an on-line help product that gives customers access to all of the company's documentation 24 hours a day, seven days a week.

In addition, research found that customers placed a lot of value on a predictable release schedule. So Synopsys refined its release procedures to make sure new releases come out when they are scheduled to.

Different expectations

The research confirmed that there were a number of differences in the expectations of the German, Japanese and U.S. customers. "We'd been hearing about these differences from our people in these regions, but we found it really helped to have an independent consultant define the issues," says Moller.

"Here is a company that is making a product that's being sold worldwide and the people who are buying the product are all buying it for same reason, or so it seems," Benjamin says. "And yet when we measured these 40-odd attributes and looked at the importance of the attributes and performance, in many cases we ended up with differences."

For example, the research showed that U.S. designers want to be the first to have the newest technology. They don't care that the software may have some bugs or the documentation might not be complete. They're the equivalent of test pilots who are willing to risk a crash in order to be the first to try a new program that can take them to new heights.

German customers, on the other hand, look at Synopsys products as productivity enhancers. Technology issues aren't as important to them. German firms want their designers to have tools that will help them do more effective, productive work. "They want to hear about performance, ease of use and overall quality and reliability," Benjamin says.

"It was clear to us that what motivates the German customer, the Japanese customer and the U.S. customer are significantly different and hence one cure does not solve all. If you're doing one thing, not all customers are going to buy-in," Moller says.

"Isolating the needs of the individual markets allows people within the company to tune their delivery programs and their customer satisfaction efforts to the needs of those local areas," Benjamin says.

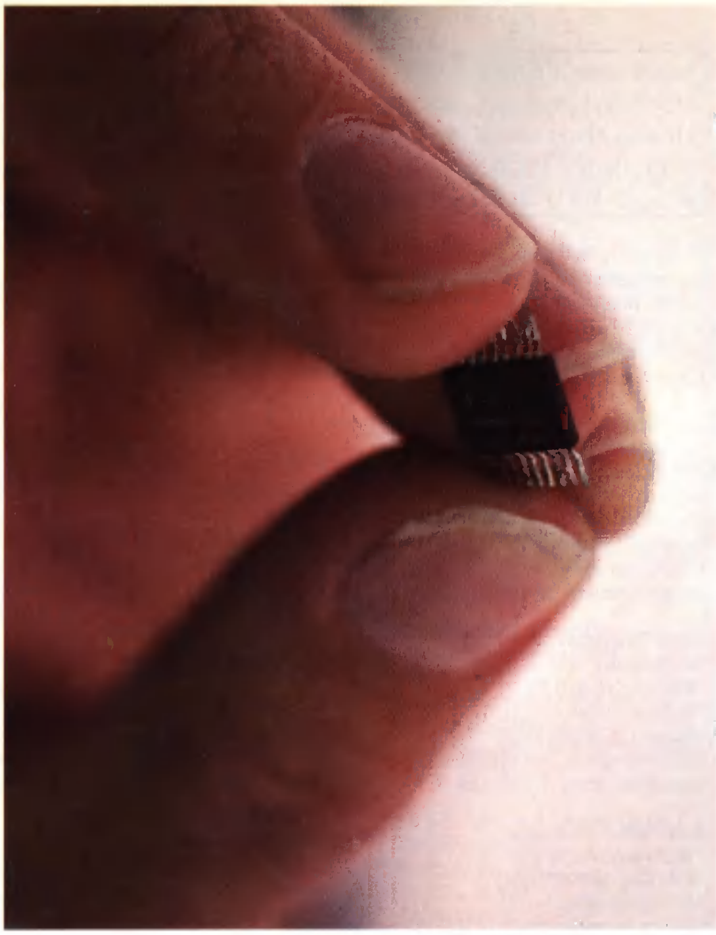
"It also tends to sensitize the corporation itself," Moller adds. "People from the overseas branches will tell the company, 'You can't give us a U.S. solution. It won't be accepted here.' And the company doesn't always understand what that means. If you can go back and support that with some quantifiable data, it helps sensitize people to the issue. You can quote text until you're blue in the face. But it becomes much more persuasive when they're reading feedback from the customer and it's summarized in a fashion that they can understand and internalize."

Don't compare

Moller says that for companies that have overseas divisions, it's critical not to compare the customer satisfaction scores of branches in different countries. "Different cultures grade differently. You can't sum the results up together when you're done. You have to look at things in relative terms. You almost have to create your own baseline for each culture."

Steve Benjamin: "We continually remind our clients when we do international work that countries are like children — you love them all and you treat them individually.

"We generally find that clients stay out of the comparison game. They don't use the research results as a hammer and ask one division, for example, 'Why aren't you performing like the others?' That approach creates a lot of unnecessary anxiety and never gets you the behavior that you want," Benjamin says.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Verbatims don't correlate

The interviews included an open-ended question that asked the respondents what Synopsys could do to increase their overall level of satisfaction. Benjamin says that the verbatim responses are always interesting and helpful, though the opinions expressed in them don't typically correlate to actual satisfaction drivers.

"The verbatim comments won't agree with analysis of what's driving behavior but it's really useful to have them because they're the kinds of things that management and the salespeople are hearing. But just because you hear something doesn't mean it's driving behavior.

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Moderators

Listed below are names of companies specializing in qualitative research moderating. Included are contact personnel, addresses and phone numbers. Companies are listed alphabetically and are also classified by state and specialty for your convenience. Contact publisher for listing rates: Quirk's Marketing Research Review, P. O. Box 23536, Minneapolis, MN 55423. Phone 612-861-8051/ fax 612-861-1836.

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First Market Research (L. Lynch)
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Leichliter Associates
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Outsmart Marketing
James Spanier Associates

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Synopsys

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When presenting this information to our clients we say, 'You've probably been hearing about price a lot — customers say you're charging too much.' But when you look at key drivers, usually price doesn't come up. That's the difference between what customers say and what drives their behavior."

In addition, respondents were asked if there were any areas of concern or issues that they would like someone from Synopsys to contact them about, be it product information or some other need. "If the respondent said yes, we immediately faxed that over to Synopsys and they would arrange to follow up and get the customer what they need," Benjamin says. "We didn't get many of those, but it's a nice thing to do, and it's an opportunity to respond to the customer immediately and show them that you're taking this seriously."

Key customers

Customer satisfaction research in the business-to-business realm may be even more important than it is in the consumer product world. Most consumer product or service firms have many thousands or even millions of customers but an industrial firm may have a small number of key customers who are vitally important to the firm's survival.

Benjamin: "You really have to understand what the big guys are thinking, because at the end of the day the primary benefit of [satisfaction] programs is customer retention. A secondary benefit is customer acquisition. If you do a higher quality job with your existing customers the word will get around and you'll get more new customers. It's not the same as marketing for new customers. So if your primary objective is retention, you want to retain the largest customers.

"The business-to-business relationship is more complex: it's not one person buying from one company. When you do business with another company you interact with three or four different kinds of people. For Synopsys, the customer isn't just the company, it's four or five people at the company — the designer, the manager of the department, who is literally making career decisions on which software he's going to use, the procurement people, and the CFO. You've got a much more complicated relationship, which means you have to talk to a wide bandwidth of people to understand what different people are looking for."

Benjamin says that Burke CSA's high-tech clients are the most inquisitive about research methodology. The people at Synopsys were no different. "They wanted to know where we got the information, how much they could rely on it, etc. Once you demonstrate that you have done a thorough job and can support your recommendations, they take them to heart, which is really what you want because that's when action happens." ❑

Listing Additions

Please add the following firms to the 1995 Data Processing/Statistical Analysis/Software Directory:

Datacase Inc.
18 First St.
Florham Park, NJ 07932-1720
Ph. 201-377-4546
Fax 201-377-4546
Casey Zmuda, President

Meta Information Services
9806 Old Winery Place, Ste. 4
Sacramento, CA 95827-1736
Ph. 916-368-9474
Fax 916-368-0705
Patricia Jenkinson, V.P. Opinion Research

NCS
4401 W. 76th St.
Edina, MN 55435
Ph. 800-347-7226
Fax 612-893-8102

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Classified Ads

Sales Offices

Headquarters: Evan Tweed, *Quirk's Marketing Research Review*, 6607 18th Ave. So., Minneapolis, MN 55423, Phone: 612-861-8051. Fax: 612-861-1836

West Coast: Lane Weiss, Lane Weiss & Associates, 10 Black Log Rd., Kentfield, CA 94904, Phone: 415-461-1404. Fax: 415-461-9555

From the Publisher

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the last five years. There are a number of reasons for this, but certainly one of them is the reduction in middle-management/supervisory employees, which has forced companies to make greater use of outside organizations to monitor employee performance, particularly when dealing with customers and prospects.

Typical users of mystery shopping are department and discount stores, restaurants/fast food units and banks. Others include industrial firms, health care organizations, catalog sales and telemarketing firms, and high-tech — basically any industry where personal contact is made and service is an issue.

Successful mystery shopping requires well-trained personnel who are familiar with the business being shopped, can blend in with the regular customers, and can do a fair, objective evaluation. Shopper training for a specific study can run eight hours or more.

The evaluation forms the mystery shoppers use should be as objective as possible to insure that each contact can be compared on an equal basis. There should be an opportunity for the shopper to provide qualitative comments but they should be outside of the regular questionnaire and be a separate section of the report.

It has become more common to mystery shop the competition. Some of the firms providing mystery shopping services have become so specialized within certain industries that they have established industry norms. These norms let them rate their client's performance to industry averages.

The frequency of mystery shopping varies by industry and client. Some fast food outlets are shopped weekly, while grocery stores or banks are often checked on a monthly basis.

Increasingly, well-publicized mystery shopping programs are being used to deter retail store employees from promoting only the products that earn them the highest sales incentives.

Other uses of mystery shopping include the testing of outside vendors in the medical industry. The shopper makes an appointment for a service and visits the health care provider. The individual is able to duplicate the experiences of a patient to determine customer service and quality issues.

Another involves telemarketing, where shoppers are used to determine if phone staff are following proper procedures. The client can be either the telemarketing company or a firm which is outsourcing its telemarketing projects. Telemarketing mystery shops can also be used to evaluate technical support for high-tech items.

Banks, brokerages and insurance firms use mystery shoppers to determine if employees are following rules on disclosure and fairness. For example, investment program bank employees are checked to insure they properly disclose risks associated with non-insured investments and loan department personnel are monitored to ensure that all customers are treated fairly and equally.

When it comes to choosing between providers of products and services, consumers most often cite price, quality and service. When price and quality are similar, the prospective customer's choice will probably hinge on the quality of service they receive. Mystery shopping is an excellent way for companies interested in capturing customers to make sure their service is top-notch.

Index of Advertisers

From the Publisher

By Tom Quirk

Mystery shopping takes a giant leap forward

Shortly after graduating from college I worked in Allied Stores' buyer training program. Although I didn't complete it, it gave me an excellent educational/working experience.

I was assigned to the dry goods department. At that time, electric blankets were the hot item and many of the nation's leading bedding manufacturers were competing vigorously for market share. Each attempted to train and motivate our department's employees to promote their brand because the store sales personnel had such enormous influence over the brand consumers selected.

One brand used a very successful approach to sales clerk motivation. This company employed a woman who came into our department and told the clerk that she was interested in purchasing an electric blanket but wasn't sure which brand to buy. As she was being shown the brands available she asked questions that allowed the clerk to provide details regarding the differences among the products. By the end of the sales presentation, if the clerk had accurately (and positively) identified the features of the sponsoring firm's blankets this "mystery shopper" would identify herself and present the clerk with a $5 bill, which back then was nearly a full day's pay for a sales clerk.

Because the program was well publicized and the reward so special, the sales clerk made certain that the product features of the company using the mystery shoppers were fully presented. This program was a such a strong motivator for the people selling electric blankets that I wondered why more companies didn't take a similar approach.

Since my time at Allied Stores I have not been directly involved in mystery shopping. Recently, however, we have been receiving calls requesting more information on the subject and names of firms who specialize in it.

To bring me up to date on the subject, I contacted three individuals with substantial expertise in mystery shopping. They are: Judith Hess, Customer Perspectives, Hookset, N.H.; Jeffrey Friedlaender, Meyers Research Center, New York City; and Christian Doomanis of Commercial Service Systems, Van Nuys, Calif. Each is an officer of their respective company and has been involved in mystery shopping for a number of years.

Although each had unique observations and comments they agreed that the use of mystery shopping grown rapidly in

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