

Rules of Thumb for Business to Business Research

A Neglected Subject

When I was in graduate school in the 1970's, marketing research courses focused on consumer research and rarely discussed business to business research. Lectures on sampling and statistical reliability usually assumed large populations. Techniques, like conjoint analysis, required the kind of laborious input from respondents that only consumers with a lot of patience might be likely to give. And, my bible, the *Handbook of Marketing Research*, focused almost exclusively on consumer topics. Out of scores of chapters, not one focused exclusively on business to business research.

The situation in today's marketing research literature is not very different. In 1999 and 2000, this journal, the *Marketing Research Magazine*, published 34 feature articles. Of these, only one appeared to me to focus on business to business research. While I have heard several conference speakers talk about their business to business research, this information does not usually find its way into the literature.

This leaves us business researchers grappling with the special challenges of business to business research on our own. I vividly recall working on my first few business to business research projects, trying to determine what standard consumer approaches would work, and realizing that none of them would quite do the trick.

Over the years, I have developed and used many rules of thumb for business to business research. I offer some here in the hopes of starting a dialog with *Marketing Research* readers so we can share our insights. I have organized my rules of thumb around the typical flow of a research project.

1. Phases in a Research Project
2. Laying the Groundwork
3. Selecting and Pulling the Sample
4. Selecting the Research Approach and Methodology
5. Designing the Questions
6. Recording and Analyzing the Data
7. Reporting the Results
8. Planning, Communicating and Acting on the Results

1. Main Rule of Thumb: Design Research to Foster Customer Relationships

My first rule of thumb applies across all the phases of research. Because there are fewer business to business customers than there are consumers, and because the average business to business customer represents a larger sales volume than the average consumer, I try to design the research process to enhance or strengthen the relationship with these valuable and difficult-to-replace business customers. This affects the

recruiting process, the tone of the questioning session and how research results are reported. I believe that the great value of business to business customers places a special burden on us researchers to see our work as part of a relationship management process and to do all in our power to use our research to build that relationship.

Laying the Groundwork

2. Allow Extra Time and Budget to Talk to Staff with Customer Contact

Laying the groundwork for consumer research is usually straightforward. We typically talk to a senior marketing, advertising or product manager, who is looking for a way to build sales through a new product or an improvement in some element of marketing. Once we have agreed upon the objectives and approach for our research with the person commissioning the research, we are ready to begin.

However, in firms that market to businesses, many people have customer contact and insights. For instance, the sales people at a corporation that provided aircraft and engine parts and maintenance told us that the respondents should be contracting officers because they made the purchase decisions. However, in talking to the CEO and CFO, we heard that the VP's of purchasing and senior executives were important. And, the staff who fulfilled orders told us that the customers on the hangar floor were the people to please. This information had a major impact on our selection of respondents and saved the project from a serious oversight.

There are several reasons for talking to as many people as possible. First, we want to notify them that the research is going to be conducted, so they are not blind-sided by questions from their customers. Second, we want to address any concerns the staff may have about the research, because this will help increase the acceptance of the research. In one firm, sales people were very suspicious that the research might be a way to evaluate them personally and were reluctant to give us the names of their customers. So, it was important to listen to their concerns and explain the true purpose of the research to them. Third, we want to be sure the real research objectives are defined. It is common for different functions to have different goals for the research, which we need to uncover before beginning the research. So, plan to spend extra time laying the groundwork by talking to as many people as feasible who have contact with and knowledge of the customer.

Selecting and Pulling the Sample

3. Expect Multiple Respondents from Each Business Customer Organization

Customer firms frequently have several types of individuals who are potential respondents. These typically include:

- Senior Executives [They focus on the strategic relationship between their firm and the vendor firm, interact primarily with senior executives at the vendor firm, and hear only about major problems between the two firms.]
- Contract Administrators or Purchasers [They focus on the financial and contract terms, meet with counterparts at vendor periodically to discuss performance and contract renewals, and hear about major daily problems between the two firms.]

- Daily Interactors [They interact with their customer service or operations counterparts at the vendor firm, have daily or frequent contact, experience problems first hand, and may be unaware of cost or contract terms.]

There is often disagreement about which of these individual customer types should be interviewed. In one case, the sales people of a medical products firm insisted we should interview only physicians, because they focused their sales efforts on physicians. But the CFO insisted that we interview hospital administrators and nurses because he had been reading that they were making more and more of the actual purchase decisions. We finally resolved the issue by conducting a snowballing research study of purchase influencers, which showed that many people played a role in purchase decisions.. So, I often find myself interviewing all three types of customers, although each one may be asked slightly different questions.

4. Expect Pulling a Customer Sample List to Be Challenging but Worthwhile

Most businesses that market to other businesses cannot buy a ready-made list of customers (even potential customers), and most do not have complete existing customer lists, so I expect pulling sample lists to be challenging and allow a lot of time for the task. While the situation appears to be improving with the advent of Customer Relationship Management (CRM) databases and the understanding of their power, many firms do not have good customer lists from which to pull a sample. I have had to assemble lists by asking people to go through their rolodexes or review bills and contacts. The challenge is compounded when we want to interview potential customers. Then we have to try to combine purchased lists or databases with our customer lists. About the only experience I have not had is finding a customer list ready made and up to date.

Given the effort involved in developing a good customer sample list and the natural resistance to the task, I emphasize that the list can be used repeatedly and be the basis for a powerful CRM database. For instance, one company had over a dozen separate business units, many of whom sold to the same business firms. Once we had laboriously collected their customer lists, this formed the basis for a linked CRM database that covered all business units and demonstrated how many customers they shared and the power of joint marketing.

Selecting the Research Approach and Methodology

5. Be Creative in Selecting Interview Methodologies

It is important in selecting our interview approach to respect the respondents' busy schedules. A large oil firm wanted to survey its top 100 customers each year, but the customers were extremely busy people who got many requests to do surveys. We decided to conduct our research during the annual performance review meetings with these customers. These meetings were a chance for the top executives from the oil firm and the customer to talk for an hour or two about strategy, performance and plans for the future. We got almost universal cooperation because the business customer valued the meetings and was in the mood to confide.

Another firm that supplied enterprise software for universities wanted to conduct focus groups but knew the clients could not travel to a central site. We took advantage of an

annual users' group meeting hosted by the firm to hold the focus groups. We also conducted research at the annual industry conference with great success. With customers spread out around the country or world, face to face interviews can often be conducted most effectively when combined with other scheduled events.

We also face the challenge that business customers are often not at their desks (or may not even have desks) and work at unpredictable or night hours. This calls for creativity in selecting an interview method. For a while, when faxes were new, many business respondents answered fax surveys – especially if they were in other time and language zones like Asia. Now, if we have their email addresses, they sometimes respond to email surveys. For instance, one high tech organization has had great success in emailing surveys to its technology customers because it has all their email addresses and because they are used to communicating by email. In fact, we find that their open ended answers on email are far more eloquent than their answers to mail surveys (probably because they can type answers more quickly than they can hand write answers).

We all know that we need to use highly-specialized interviewers for highly-valued business customers. However, I have repeatedly faced situations where the firm wants to do its own interviewing – sometimes to save money and sometimes because they think the customer will be more willing to talk to them than to a professional interviewer. Sometimes they are correct, and I have used their people after training them how to interview well. One firm wanted to use its executives and sales people to conduct a simple survey with its top 100 accounts while holding regular sales and review meetings. I put together a two-hour training program for them on the do's and don'ts of interviewing (no desk pounding, no arguing, and no selling instead of listening) and then had them practice in several humorous scenarios (with one person playing a difficult customer and one playing the interviewer). This worked well and gave the executives a new listening skill that many of them lacked.

One interesting downside of this method is that busy executives gradually lose their enthusiasm for doing these interviews. This means that the most important customers (those assigned to the top executives) are not being heard. I try to watch this carefully and offer remedial training and incentives if we are going to make this method successful.

While no interview method is always perfect, I have found we can increase our cooperation rate by offering to share the results with the respondents. Please see rule of thumb 10 for an example of this.

Designing the Questions

6. Keep Questionnaires as Sweet and Short as Possible

The questionnaire is the research element that probably has the biggest impact on respondents' satisfaction with the interview and their feelings about the company conducting the research. A questionnaire that asks engaging or interesting questions and that allows the respondents to express their own opinions in a conversational way (instead of just giving dry lists of ratings) can be a relationship-building experience.

For example, one industrial business unit was required by headquarters to measure customer satisfaction each year using a lengthy standardized questionnaire. However, our respondents told us they hated the interview and would not repeat it. So, we selected the three most important quantitative questions and asked them last after we had engaged the respondents in a conversation based on qualitative questions. This eliminated all objections to the interviews and, in fact, gave us much richer information than the original survey. It also allowed us to track our performance based on the three key questions.

Busy customers like short and simple questionnaires. While short surveys may leave some questions unanswered, they have the advantage that they become the basis for a continuing dialog with valued customers. For instance, one insurance firm uses a very short survey mid-way through each year's contract to ask whether the customer plans to renew, why, and whether they have any suggestions for improvements. This allows the insurance company to call the customer back to discuss any concerns or suggestions for improvement and to thank the customer for the renewal. (See rule of thumb 10.) The answers to these follow up calls are then added to the survey database.

7. Do Not Automatically Make Replies Anonymous

Most of us have grown up with the idea that respondents should be kept anonymous to prevent firms from using their replies in unscrupulous ways. The classic how-not-to case was a survey by a funeral home that asked consumers if someone in their family was seriously ill and used their answers to create a call list so the funeral home could prey on the distressed families.

However, in business to business situations, the customer often feels a bond with the supplier and may prefer to have his or her answers reported by name. One customer spent nearly half of its annual budget with one supplier and did not want its answers to be anonymous. In fact, the customer asked that its results should be reported by name, and it prepared its own evaluation of the supplier each year which it shared with the supplier. In cases where the supplier is important to the customer and where relationships have been established, the customer is almost always willing to waive anonymity. So, we recommend asking the respondent at the beginning of the interview if he or she willing to answer on the record. (Please see rule of thumb 9 on the value of personalizing reports by customer.)

Recording and Analyzing the Data

8. Put Extra Effort into Recording and Analyzing Qualitative Information

Almost every business has a way to record quantitative information, but almost no business has a way of capturing all the qualitative information they acquire. For instance, it is common for businesses to hear from their customers during sales meetings, annual executive or supplier review meetings, contract renewal discussion, industry conferences, and calls to customer service. However, it is uncommon for them to have a way to record and analyze this information.

Let's take the example of a questionnaire -- administered by salespeople during an annual contract renewal meeting -- that primarily asks qualitative, free-form questions. Let's assume that dozens of these interviews are completed and that we need to

develop a process for recording and integrating this information so it can be used effectively. There are several steps to this process.

First, each salesperson must do a good job of recording what was said. This can involve tape recordings and transcriptions or taking good notes and writing them up as soon as possible after the meeting. I have found it is helpful to train the salespeople how to organize their information around the key questions covered in the interview or around key points, such as likes, dislikes, suggestions for change, or future needs.

The second step is to code the open-ended responses so that we can see what issues are discussed. Some firms use a cross-functional team to review the replies and discuss codes (along with what this means for the firm). Other firms assign the task to researchers or have the executives code the answers to the interviews they conducted (based on pre-determined codes).

The third step is to put all this information into a common database where it can be analyzed and retrieved. Many firms like to put the information into a CRM database or Lotus Notes so they can keep track of what each customer firm has said over time. Ideally, they also connect the customer databases to a research tool (such as Access or even Excel) so the information can be turned into codes and percentages for analysis. It also allows us to segment replies by size or type of account.

While the process of recording and analyzing qualitative information is time consuming and expensive, it is the best way to make use of this valuable customer feedback, and I see more and more firms doing it well.

Reporting the Results

9. Personalize Results with Customer Reports to Increase Credibility and Actionability

Just as some consumer marketers respond better to focus group quotes than to quantitative reports, so many business to business executives find results that are reported by business customer to be more believable than those that are aggregated. Take the case of a business that leased huge pieces of equipment and had only about 25 current customer firms, with 20 of them responding to the survey. We realized that reporting aggregated statistics was useful for certain key questions (say overall evaluation and intention to lease again) but that the managers preferred to hear exactly what each customer firm said. Since we could have more than one respondent from each firm, we prepared two types of reports. The first type was a report by customer organization, showing the exact answers that each respondent in that firm gave to each question. It showed the individual and combined rating answers and provided the complete text of all open-ended answers. This report allowed the account teams to study their accounts, determine what needed to be done, and then respond individually to each account and the individuals in the account. The second type of report was an aggregated report that showed some overall statistics and then discussed the similarities and differences in the answers of the various accounts. For example, it was able to say that 18 out of the 20 accounts had one problem in common and that the firm might want to have representatives of its account teams work together on that common problem.

Reporting by account is a powerful tool and one that I recommend whenever the budget permits and the customers are valuable enough to warrant it.

Planning, Communicating and Acting on the Results

10. Communicate with Customers and Involve Them in Implementation

One of the best ways to boost response rates and to foster a relationship with customers is to communicate to customers about what has been learned and what is planned. I first saw this used by an insurance company in communicating with the insurance brokers. It sent every broker (even those who had not participated in the survey) a letter saying, "Here's what we learned from the study, here's what we are planning to do as a result, and here's what you can expect to see happening soon. Please tell us if you think we are on the right or wrong track." This letter did several things. It showed the brokers that the company really did care and base its plans on their answers. It alerted the brokers to coming changes, and increased satisfaction much quicker than would have been possible if the brokers weren't looking for improvements. And, it got some brokers to volunteer to discuss changes and act as sounding boards for future improvements.

Communicating with customers allows us to involve them in implementing whatever action is dictated by the research. Many firms establish customer advisory groups, which are made up of customers who are willing to offer periodic advice to the firm about decisions it is contemplating. For instance, a dental insurance firm has advisory groups for its participating dentists and for the employer groups that buy its group insurance. These groups are asked to comment in depth on why certain issues arise on surveys and to critique new products or new marketing efforts before the firm implements them. The firm also asks their closest customers to take part in its annual strategic planning process. The benefits of involving customers in implementation are obvious, and business to business customers are more likely than consumers to participate without pay and on an on-going basis because it is in their own interests to do so.

Next Steps

I hope that these rules of thumb will be the beginning of a general conversation about what works and doesn't in business to business research. I am sure that many other researchers have developed their own rules of thumb, and I hope that they will share their ideas by writing letters to the editor or submitting articles here about what they have learned. I'd love to hear where people agree or disagree with what I've said and where they think I've missed something important. And, I'd like to think that these letters and articles will be the foundation for a literature in business to business research – a neglected but vital activity.

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