



Five Factors to Consider When Choosing the Right Market Research Agency

In addition to a product manager's many other responsibilities, selecting a market research agency can be a daunting task. This article suggests five important steps for product managers to consider when selecting an agency.



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With the number of start-up pharmaceutical companies on the rise, it is increasingly common for product managers to commission market research directly from market research agencies. As a result of the lean staffing at start-ups, product managers wear many hats in addition to the traditional brand management role. Without the guidance of an internal market research department, they must navigate the process of issuing requests for proposals (RFPs), reviewing proposals, selecting a research agency, managing the process, communicating, and acting on the research findings.

More than 6,000 agencies worldwide perform some type of market research, ranging from telephone-bank interviewing to full-service marketing research consultancy. Of those agencies, more than 1,000 have experience in pharmaceutical research with a core group of about 200 agencies conducting most of the pharmaceutical research initiated in the United States. With that many agencies available and competing for business, it can be difficult to select a market research agency to support business and marketing decision making.

Selecting "the right" market research agency is essential to a successful research project outcome. Generally speaking, the right market research agency is not simply on a list of two or three "best" agencies. Five important factors consistently surface when selecting the right agency.

The Client-Consultant Fit

Client-agency rapport or fit is one of the most important factors when selecting a market research agency. Unfortunately, it is the hardest to measure, and it is often difficult for purchasing departments at pharmaceutical companies to understand its nonquantifiable value. Establishing

and maintaining a rapport with the market research agency can make or break the research process and outcome. It comes into play at every stage of the research process.

Many of the same traits that are important in choosing a spouse are also important in choosing a market research agency. The market research consultant should be someone the product manager respects and trusts. The consultant should also be a good listener and communicator, and should care about the success of the project, the organization, and the product manager's success as a professional. Finally, he or she should be someone the product manager enjoys as a person.

Many market research projects last months, involving significant travel and frequent communication. Having a rapport with the market research consultant will make the entire process smoother and probably more successful.

Market Research Experience and Skills

The agency skills and experience will determine the success of the research project. An experienced market research agency will apply best practices, make the process smooth, and avoid the many possible pitfalls in the research process.

A successful market researcher wears several hats and has a diverse set of skills. In addition to the essential need to understand market research design and methodologies, crucial skills include writing proposals, screeners, discussion guides, reports, and presentations; facilitation and interviewing; analytical thinking; and verbal communication. Other skills include negotiation, flexibility, responsiveness, managing multiple demands, sensitivity to organizational politics, attention to detail and a view of the big picture, follow-up attentiveness, and willingness to travel.

Having both client- and vendor-side experience adds much to the market research consultant's perspective and understanding of the bigger picture facing a pharmaceutical firm. Also, having experience or skills outside of market research, such as sales, marketing, forecasting, psychology, public policy, and competitive intelligence adds value to a consultant's approach.

Even with the most experienced researchers, unforeseen

Continued on page 52

Continued from page 50

problems and issues may arise in research. However, having a skilled researcher leading the project provides for a faster and smoother correction and recovery.

Services and Expertise

Five broad areas generally characterize pharmaceutical market research services: (1) source of data, (2) geographic coverage, (3) type of research, (4) principal research tools employed, and (5) sample audiences (Table). It is key to match the product manager's research needs with the agency's service offerings and expertise. It is possible on some projects that the agency has the core research skills and expertise but may be venturing into new therapeutic areas, for example. A successful project can still result if the main focus of the research is within the agency's core competencies.

Many agencies identify themselves as full-service agencies. The growing trend has been to "be all things to all companies," but that goal is often difficult to achieve. Some agencies may offer all possible services but have true expertise in only one or two areas.

Agencies that confine their services to a narrow range of offerings often have a greater depth of expertise in those areas. They provide fewer services but perform them consistently well. The downside to using a more specialized agency is that it may require use of multiple agencies with possible loss of continuity.

Advertising agencies with in-house market research departments may be considered a source of controversy. For some, this combination represents a conflict of interest, whereas for others it represents a system of efficiencies and expertise. It must be determined on a case-by-case basis which model will work best for a particular brand and product manager. There do not seem to be any clear cost advantages or disadvantages of using an advertising agency's market research division.

Source of Data. The source of market research data falls into two categories: (1) primary and (2) secondary. Primary research entails the collection of new information to address a specific business issue. It is conducted on a proprietary or custom basis and involves investigating the opinions of health care providers, such as physicians, pharmacists, managed care organizations, and consumers or patients. It is information to which the pharmaceutical company client has sole access.

Secondary research consists of previously collated or published data. This includes audited performance-type data, such as sales, prescriptions, and syndicated reports. Competitors have the same access to this information; almost all secondary data providers offer support to provide customized analyses of the data.

Geographic Coverage. Global does not always mean truly global but most commonly includes the top five European markets (Italy, France, Germany, Spain, and the United Kingdom), the United States, and Japan. For a variety of reasons, most market research agencies conducting global research subcontract parts of the project. The amount of subcontracting can range from every aspect of the project that is out of its home country to just subcontracting out the recruitment. Independent of the type and amount of subcontracting, an excellent deliverable is possible with tight project management and quality control by the market research agency.

Type of Research: Qualitative and Quantitative. The type of research conducted by agencies is a major point of differentiation. The skills differ significantly. It is not only the sample size that differentiates qualitative and quantitative but also the actual techniques used. Some agencies provide both types of research. However, it is generally thought that if the research involves only a qualitative component, then a strictly qualitative agency should be used.

If the research is both qualitative and quantitative, then the selection can either be a full-service agency that offers both or two different agencies, a qualitative and a quantitative. In this case, product managers should separately choose the best agency for the qualitative research and the best agency for the quantitative research using quality and depth of experience as the decision criteria. Alternatively, one agency may be used for both the qualitative and quantitative components of the research considering simplicity and continuity in addition to quality. Using one full-service agency does not necessarily translate to cost savings but may save time.

Research Tools and Methods. Many methods and variations on traditional methods are available; some are proprietary to an agency but most methods are used by a range of agencies. A review of the major quantitative and qualitative meth-

ods in use today is beyond the scope of this article. Broadly however, research is conducted either in person, by telephone, or through the Internet.

It is easy to be intrigued by new or proprietary methods, but it is important to

TABLE: THE COMPONENTS OF PHARMACEUTICAL MARKET RESEARCH SERVICES

Source of Data	Geographic Coverage	Type	Research Methods	Research Tools	Sample Audiences
Primary	Domestic	Qualitative	Too Many to List	In Person	Professional
Secondary	Global	Quantitative		Telephone Internet	Consumer

Continued on page 54

Continued from page 54

remember that the goal of the research is to meet the business objectives. Some research agencies have created some exciting and useful new methods. However, a few agencies try to sell only those proprietary methods as the solution for a wide range of problems. Methods should be used that address product manager's the unique business decision. Product managers must understand what a market research agency is recommending and ask questions. It is probably best not to try a new method on a high-profile and strategically important project.

Sample Audiences: Professional and Consumer. Most pharmaceutical market research agencies conduct research in both professional and consumer/patient audiences, varying degrees. Based on the objectives and research methods, some agencies have an expertise in accessing and recruiting specific or more difficult audiences. Sample audiences are generally not a point of differentiation between experienced agencies, but on select projects they can be crucial to success.

Flexibility and Responsiveness

A flexible and responsive market research agency can make the process smooth and even pleasant. They know that the project is one of many balls the product manager is juggling, and thus try to fit into the product manager's schedule. However, being flexible and responsive is not the same as saying "yes" to every request the product manager makes. The agency needs to know when a request or change is realistic, possible, and worthwhile. If a market research agency seems rigid or not service oriented, the product manager should step back and completely assess the situation. Is the issue the type of the requests being made or a lack of flexibility and responsiveness on the part of the agency?

Cost Effectiveness

Many drivers influence the cost of conducting market research, making this a complex issue to address. However, cost can be assessed on two levels: (1) on a specific project basis and (2) on an agency basis. Some of the drivers of cost for a specific project include sample size, sample composition, level of analysis and reporting, methodology, timeline, research tools, and level of the agency project director.

Broadly speaking, larger agencies tend to have as high or even higher expenses than smaller agencies. Other drivers include location of research agency (costs to maintain a business in a premier New York City location are higher than

in a medium-sized midwestern city) and service offerings. For example, agencies offering both quantitative and qualitative services tend to have higher overheads than agencies that offer either service. They tend to have larger staffs and employ more specialists, which raise the overhead.

Other Considerations

Determine the Level of Service Required. Depending on the immediate business questions or issues, sometimes a "field and tab" data dump—compiling raw data in cross-tabulated tables—will meet one's objectives. At other times, only a senior consultant at an established pharmaceutical marketing research agency with a thorough understanding of the nuances of market trends and specifics will fit the bill. Market research agencies, ranging from order taking to true consulting, provide a continuum of services.

Be Open to Working With New Agencies. Despite the time and effort required to meet with new market research agencies and listening to sales pitches, it is important to continually search for agencies who may have something new to offer, are proficient in an area of interest, or share

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one's values and approach.

Nevertheless, working with a new firm involves some risk. To reduce the risk of working with a new agency, product managers should award a project in such instances with a low price tag, which can be closely managed and kept on track, whose success can be easily measured, that is more tactical than strategic, and has a minimal corporate exposure level.

Start the Project off on the Right Foot

One of the most common reasons market research projects fail to meet a product manager's expectations or needs is that the agency did not understand the objectives or business decisions to be made. It is a shared responsibility between the pharmaceutical company and the market research agency to clarify the objectives and expectations before the project begins.

After selecting the right agency, it is important to keep the lines of communication open. Some practical tips follow for a successful market research project.

Put It in Writing. All details of the project must be committed to writing. This includes deadlines, costs, contingencies, responsibilities, and deliverables. Any changes in the original research plan should be followed up with written confirmation to manage expectations.

Conduct a Kick-off Meeting. All relevant stakeholders should meet to review and confirm the objectives, structure, logistics, responsibilities, deliverables, and deadlines. The meeting may be held in person or over the telephone.

Provide Background. The product manager should provide the research agency with as much background information as possible. This includes information about previous studies, assumptions, relevant audited data, and access to staff internally. Generally, the more background the agency has, the more useful the research will be.

Keep in Touch. Regular communication must take place throughout the entire study. All sides must work to ensure a competent communication process is in place. A lack of communication in the process can result in disappointments which could have been prevented.

Discuss the Findings. Product managers should discuss the findings with the research agency after completion of the project. It is worth spending time to discuss the findings

and implications to optimize value from the research. This is one area where pharmaceutical clients often lose much value of their research dollars by not fully exploring the research findings and insights of the market research consultant.

Conclusion

With the increasing involvement of product managers in market research, it is important to understand the agency-selection process. The use of these objective and subjective measures should provide a framework to increase confidence and ease in selecting an agency.

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