



Research Suppliers – Selecting the Right Vendor

In today's tight fiscal environment, selecting the right research vendor is even more critical than ever. In spite of economic conditions - good, or bad - continuing pressures on budgets have resulted in limited research dollars as well as decreased internal research staff resources. More and more, non-research professionals (e.g., brand managers and engineers) must select research vendors because there are no, or limited, in-house research departments. The result has been an increased reliance on external marketing research vendors. Since this increased reliance on outside vendors is likely to continue, the following guidelines are offered to assist in the selection process:

- **Determine your requirements.** Prior to contacting potential vendors, it is worth the time and effort to assess your requirements. For example, are you merely looking for a vendor to supply the data collection, or do you need a firm that can assist you in designing the project, executing the data collection, analyzing the results and recommending a course of action. Research firms can usually be classified into three broad categories -- field services, consultants, and full-service.
 - **Field services** traditionally offer only data collection. They do not assist with study design, questionnaire development, tabulation or analysis. However, if the project does not require assistance with design and/or analysis, field services tend to be the most economical choice.
 - **Consultants** usually offer project design and analytical services, but normally have to subcontract the data collection and tabulation portions of the project. Although the cost for a consultant is generally more than a field service, many times it is less than a full service firm.
 - **Full-Service firms** combine design and analytical services with data collection and tabulation. These firms provide more services and can exert more control over the execution of the project, but tend to be somewhat more expensive than field services or consultants.

If there is any doubt at all about your internal resources and capabilities to tabulate and analyze the data to be collected, look for a firm that offers more than data collection. All too often, companies fall into the "do-it-yourself" trap in an attempt to save money, only to find that they are ill equipped to derive anything meaningful from the data collected.

- **Assess the areas of expertise of potential firms.** Some research vendors have a particular area of specialization. For example, some firms may specialize in advertising or customer satisfaction research. Other firms may be devoted to a particular technique (e.g., conjoint analysis or market segmentation) or data collection method

(e.g. mall intercepts, mail surveys, web surveys, etc.), while others may offer a full range of services.

Be aware that firms who are committed to a particular technique and/or data collection method are more likely to “force” your research project into their particular model, rather than tailor the research to fit the specific needs of your project.

- **Consider the size of the firm when making your decision.** The size of the vendor is an extremely important decision criterion. It is important not to overwhelm a small firm with an enormous project, and conversely, a small project may not get the proper attention at a large firm.

The general rule is to favor the smallest firm consistent with the scope of the project. However, any project that is 30% or more of a vendor’s annual revenues may be too large for them to handle effectively. It is also important to bear in mind the eventual scope of the project. If there is some likelihood of a small inquiry expanding later on, it may be better to retain a larger vendor.

- **Establish up front who will be working on your project.** You should determine in advance exactly who will be responsible for the day-to-day management of your project. Will it be the person who “sold” the project? Will it be a project director hundreds of miles away? If your contact becomes unavailable, will competent support staff be available?

In most cases, a principal in a smaller firm will be more experienced, will be of higher caliber, and will be more highly motivated than a project director in a large research firm.

- **Become acquainted with the background of the potential vendors.** There are some general questions that every potential vendor should be asked to determine the stability of the company, and their qualifications to complete the project in a satisfactory manner. These questions would include:

- How long has the vendor been in business?
- For what other companies has the vendor conducted research projects? (Remember, it is imperative to request references and check them for each firm).
- What are the academic backgrounds and experience of those persons who will be working on your project, i.e., the project director, field director, data processing manager, etc? Does the composition of the project team strike the right balance between top-level management and technical researchers and analysts?
- Does the success of the project depend on the capabilities of a subcontractor? If your vendor will be subcontracting any elements of your project, be sure that the subcontractor and their qualifications are identified.

- **Review the quality control standards of each potential vendor.** The reliability of the results of any research project is dependent on the quality control measures practiced by the vendor. For example, on telephone studies, what are the procedures with respect to callbacks, monitoring and validation? It is prudent to avoid firms who do not practice generally accepted practices in their operations.
- **Factor the reputations of the firms into your decision.** Reputation is important, but you shouldn't pay a premium for it. However, there may be situations that require the services of a prestigious research firm because you plan to publicize the results, or use them as selling "ammunition." In such cases, paying a premium for a more *visible* reputation may actually be a good investment.
- **Avoid letting price be the sole determining factor in your selection.** When reviewing proposals, price should be the last item to be considered. Often times, available budgets can constrain your ability to work with a trusted researcher. In these situations, it may be wiser to consider alternative methodologies or changes to the study design, rather than to go with the lowest bidder. Ask your preferred vendor if they can work with you on meeting budget requirements.

Now, how do you go about choosing a research firm? The following provides a list of steps that can be adapted to meet your specific needs:

1. **Define the situation requiring research.** This should consist of a brief background statement outlining the reasons your organization is considering a research project. It should also include the decision, or decisions that the research results will be used to make. For example:

Product development has reformulated Brand X Detergent to increase its cleaning power. Prior to introducing the reformulated product, brand management requires consumer testing to confirm the improved efficacy and ensure that no unanticipated negatives exist.

The results of this research will be used to determine whether the reformulated product is introduced into the marketplace.
2. **Develop a set of specifications.** This set of specifications should include a priority listing of the research objectives, the market segments to be surveyed and the criterion to be used to make the decision. Include in the specifications any timing or budgetary constraints.
3. **Prepare a list of the firms to be solicited.** Among the key criteria to use are competence, special knowledge, prior experience in the subject, reputation, fees, ability to honor deadlines, not currently working for competitors, etc.
4. **Brief the research firms you are inviting to bid.** Give identical information to each firm. Use a written brief if the problem is complex. This is the time to mention budgets and deadlines.

5. **Compare the written proposals.** If the subject is straightforward, the comparison may boil down to one of time and cost estimates. Generally, however, other criteria may also be used to advantage: A judgment on the bidders' grasp of the problem, caliber of the proposal in terms of quality of writing, organization, format, etc. If the problem is complex, you may need a further meeting with one or all of the bidders.

There are two advantages to requesting bidders to design research from scratch. First, it fully tests the ability of the bidders. Second, it may yield an idea that has not previously come to mind. The problem arises in assessing the proposals. Even "pros" are sometimes amazed at the extent to which equally competent research houses will recommend different procedures to solve the same problem. Ultimately, the final decision lies with you. However, a trusted research provider can help you decide the best way to achieve the goals of your project.