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Professional. Authoritative.

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## INSIGHTS

### Market studies for growing your business and beating competition.

*"Probably the most important management fundamental that is being ignored today is staying close to the customer to satisfy his needs and anticipate his wants."*

*-- Lew Young, Editor-in-Chief, Business Week*

That a business ought to be close to its customers seems obvious. So why do so many managers give lip service to this idea and stubbornly resist this benign yet critical factor that is instrumental to business success?

Excellent companies think and behave differently. They are customer-oriented to the point where customers' wants and needs are imprinted onto their organizations. This simple idea permeates the atmosphere in all successful companies, and they act upon it. Other companies only talk about it.

No existing business theory helps much in explaining how to achieve excellence in management and to create and sustain the prerequisite values so desired by customers. Generalized theories and simplistic paradigms are not sufficiently robust for decision-making. Great companies explore every nook and cranny of the marketplace, and they develop targeted programs based on their specific situation. Other companies only gloss over these considerations.

Through market research, attitudes, awareness, usage and preference about the company and its products and services can be measured precisely. Such measurements are particularly revealing when matched against competitors in the same market. And lastly, on-going (annual benchmark) surveys enable the firm to detect and react quickly to market changes.

The most essential market research studies used by leading firms to gather competitive intelligence and understand the marketplace are discussed within:

**To learn about a free initial consultation, contact Mary Sorensen or Terry Ferrell at (616) 458-8578. Or send email to [terryferrell@chartermi.net](mailto:terryferrell@chartermi.net)**

**The Aegis Group** provides clients with marketing and competitive intelligence as a foundation for business and strategic planning.

## THE BENEFITS OF MARKET/CUSTOMER SATISFACTION (BENCHMARK) STUDIES

### ASSESS "TOTAL QUALITY" IMAGE

Assessing your company's perceived "Total Quality Management" image is critical to success in today's highly competitive marketplace.

PIMS\* research shows that top-tier companies, as measured in terms of RONA (Return On Net Assets), all rank highly on perceived relative quality. This validates the following three important marketing principles:

- ◆ Perceived "total quality" relative to competition directly influences market share, and, in turn, profitability (by augmentation of the firm's relative market power, relative prices, and economies of scale).
- ◆ Strategic analysis should emphasize customer-based perceptions and expectations within the company's served market.
- ◆ Market satisfaction research is needed to determine the linkage between market strategies and performance, to deal with product positioning issues, and to measure performance against stated objectives.

*\*Profit Impact of Market Strategy, Strategic Planning Institute, Cambridge, MA*

### MEASURES EFFECTIVENESS OF STRATEGIES

Without measurement there's no way to know whether the company's communication efforts or sales strategies are working satisfactorily.

Improvement in sales growth, profitability and competitiveness does not occur in a vacuum. Successful companies know how to monitor (track) their performance in the marketplace overtime. These studies provide guidance and alert management to potential problems and changing market conditions so that corrective programs can be put into place quickly.

Strategic changes should be implemented gradually and not postponed or neglected for so long that a risky major overhaul of the company's operations is warranted. The latter frequently occurs because companies have not planned or budgeted properly for timely market research.

### DEFINES "TOTAL QUALITY" AMONG CUSTOMERS, WITHIN MARKETS

We make a distinction between "Customer Satisfaction" and "Market Satisfaction" studies and recommend these as separate projects. These studies rely on different list sources (customers vs. all potential buyers or specifiers) and different questioning format (in-depth company-specific measures versus broad-based market measurements).

**Customer satisfaction** research strives to define "total quality" from only the customer's point of view. Customer satisfaction studies are designed to measure a wide variety of factors that create satisfaction or dissatisfaction. Pareto sampling is often employed (i.e., we focus on the top 20% of customers that account for 80% of sales). Here we are surveying people (companies) that know you best: hence, questioning can get very specific. The findings are projectable to your customer base, and indicate corrective action, if needed, among top-tier customers.

In contrast, **market satisfaction** research is broad-based and targets all buying influences (both customers and prospects) so that findings are projectable to the universe of all buyers/specifiers. These studies focus on the most important buying factors and are usually product or service-specific. They are often repeated to measure changes over time. It provides measurement for judging the success of sales and communications programs, and gives management a tidy overall management scorecard. Ideally, the resulting market/competitive intelligence obtained should be integrated into the strategic planning process.

The study types are highlighted below:

Study Type	Audience	Focus	Projectability	Use
Market Performance/Satisfaction	All buyers/specifiers	Perceptions, Attitudes, Images	To total population	Measure communications, evaluate strategies, brand positioning, preference building, competitive intelligence, etc.
Customer Loyalty/Satisfaction	Key customer only	Degree of satisfaction, commitment	To customer base	Correct problems and deficiencies, understand what drives customer loyalty (commitment), retain customers and increase penetration.

**THE BENEFITS OF COMPETITIVE INTELLIGENCE AND MARKET/PRODUCT POSITIONING STUDIES (FACT-BASED, MARKET-ORIENTED S.W.O.T ANALYSIS)**

Defining the market, establishing who the buyers and specifiers are, where they are located, and how they buy, is the first essential step to successful business planning and strategy assessment. The next step is understand which products and markets offer the greatest potential in relation to company goals and objectives. For the marketing professional, the main job is to determine (prioritize) those opportunities providing the best benefit-cost-risk appraisal relative to competition.

The attractiveness of opportunities are evaluated and rated based on the firm's capabilities and core competencies (strengths and weaknesses) in a competitive environment. All successful companies are competitor-oriented and they don't fall into the trap of underestimating their competitors... a leading cause of business failures. Rather they look for weak points in the position of their competitors and then launch strategic attacks against those weak points. Any well-thought-out business or marketing plan will include a section titled "Competitive Evaluation." Moreover, dynamic firms continue to dedicate more pages to competitive intelligence, and fact-based, market-oriented feedback is essential to an honest appraisal of the firm's current situation and future prospects.

Myopic companies are often blind-sided from indirect competitors, or alternative technologies. Such potential threats get overlooked when the firm does not monitor the marketplace. It's extremely important for marketing people to anticipate the moves of both direct and indirect competitors and the potential threat each may represent. Likewise, successful firms must possess strategic awareness of all relevant opportunities that may be exploited and have the wherewithal to choose wisely.

The first step uses survey techniques to obtain fact-based, market-oriented data for reliable SWOT analysis (SWOT is an acronym meaning strengths, weaknesses, opportunities and treats).

The second step is the correct interpretation of findings. Raw data can be misleading. It is usually not possible to identify key competitive strengths and weaknesses from basic figures. The data must be analyzed in a relative context with due recognition to salience, i.e., buying factors must show competitive divergence and play an essential role in the buying process. The Aegis Marketing Group has pioneered accurate and reliable techniques for doing just this.

SWOT research is indispensable to brand positioning decisions, corporate image studies, performance appraisal, as well as the development of selling messages and advertising copy points.

SWOT data collection efforts are highlighted below:

**CONCLUSION**

No professionally managed firm accepts the evaluation of their company, products or service offering relative to competition based only on feedback from their sales organization. Although valuable, this information is limited to those people who are personally contacted, and thereby, ignores those key buying/specifying influences who are not contacted but who may be even more important to the firms success in the future. Such internally generated information on competition is usually spotting and often biased, even unreliable.

Suffice it to say, good strategic decisions depend on the availability of precise and reliable information about the firm's markets and its competitive position.

In the past fifteen years, our principals have conducted well over a thousand market studies as described above. As a result, we excel at interpreting findings and applying norms. We are frequently complimented on the depth and clarity of our conclusions and recommendations. We also make the following available to interested parties.

- ◆ Free initial consultation
- ◆ Relevant research "White Papers" (hard copy or retrieval from secure website).
- ◆ Samples of market studies conducted by us (company name disguised for confidentiality).

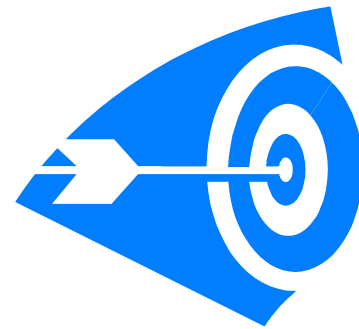
Study Type	Technique	Advantages	Problems
In-house SWOT Analysis	Internally developed (opinions of management)	Inexpensive, easy to do	Approach may yield biased, misleading information that doesn't match the "real" world.
SWOT Research	Fact-based, market-oriented (opinions of buyers)	Accurate, reliable, unbiased	Limited budgets for conducting "bona fide" research and implementing business strategies.

## **Your Company is Special — Act Like It Is!**

Greater understanding of your competitors' strengths and weaknesses is always beneficial in that it enhances your chances of success in the marketplace. Product differentiation is the lifeblood of all progressive companies. It reduces pricing pressures. It provides a rationale for choosing your product over a competitors. It's what makes your company and its people special.

All successful companies understand what distinguishes them from their competitors. They have an insatiable appetite for delving into every aspect of their markets' wants and needs. They explore their markets by segments, by company size, by degrees of loyalty, and any number of other parameters.

Such narrowly defined data requirements are never available in government statistics or off-the-shelf, macro-economic studies. Only research can provide the unique, highly focused, market-oriented knowledge your company needs as a foundation for strategic planning — whether you are attempting to rank targets of opportunity or identify problem areas for corrective action.



### **Our Strategic Aim**

***The Aegis Groups provides clients with marketing and competitive intelligence as a foundation for business and strategic planning.”***

## **Why Hire an Independent Research Agency?**

Marketing professionalism is greatly enhanced when management is armed with unbiased and highly reliable findings. For a number of reasons, internally generated customer/market satisfaction findings are suspect and don't constitute a sound basis upon which to develop and implement corrective plans or strategies designed to enhance the firm's competitive position in the marketplace.

Internally generated performance measures are naturally biased, and sometimes quite misleading. Reasons are: 1) the lack of anonymity among respondents taints their answers, 2) knowledge of the sponsor pre-heats respondents answers, and 3) respondents generally infer from an internally conducted satisfaction study that the client is not serious about getting at root causes.

To get totally impartial and untainted answers, respondents need to believe that the research is being conducted by a professional, independent research agency who will not pass along their specific answers to the client (i.e., violate their trust).

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