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## Report

Best Practices of the World's Successful MRDs—Plus Key MR Industry Providers

### Answers Research

## Academic Market Research Finds a Home in Professional Market Research

Al Fitzgerald, President of Answers Research (Solana Beach, CA), is blatantly honest about his company, the nichest of niches of its offerings and its honey that mesmerizes clients. "A frustrated client is our best customer," he told *RDR*, "someone who's already gone through every firm on the Top 50 list without satisfaction. We make it clear to them that we're not selling them a black box solution. After our presentation, they know we're something different and tend to say, 'Wow, that's a clever, fresh perspective!'"

That's a reaction to the 15-year-old boutique company's artful use of marketing research sciences. "Answers Research services hi-tech and durable goods companies, specializing in complex product development and incredibly complicated purchasing processes," Fitzgerald related. "We're accustomed to helping sort through 50 or 150 options in a new product. That's a vital service. No manufacturing line is flexible enough to juggle that many options and customers can't sort through all those combinations," he said. "Traditional choice modeling techniques weren't designed to handle this many options. It's not mathematically practical to handle 150 options, but by combining techniques we've figured out a way."

Answers Research's solutions emanate from a wholly unique source: academia. University professors churn out a steady flow of ingenious new MR methodologies and approaches, yet many are often disregarded by professional market researchers for their lack of immediate marketplace utility. Fitzgerald claims MR agencies' reluctance to embrace academics' sometimes unorthodox methods gives Answers Research a significant competitive advantage.

"We attend conferences and read academic papers," he detailed. "A lot of them are nearly impossible to understand at first blush," he elaborated. "We used to just read them, until 1998 when we realized professors are generally quite accessible and eager to bring their concepts to life. So I began calling them to inquire how a person could actually use their ideas. We've collaborated on a number of studies with professors that have brought their concepts into actual practice. In the process, we've absorbed and learned these techniques very early on, often long before they ever go mainstream."

Fitzgerald claims inspiration from the papers. "I recall Compaq presenting us with a problem that I saw no way to confront," he said, "but that client's need stuck in my consciousness and some-

time later I came across a paper that provided the answer I needed to assist the client."

Fitzgerald has established ties over the years with a tiny cadre of leading MR academic minds, most notably professors Peter Fader of the Wharton School and Seenu Srinivasan of Stanford (both widely regarded as "fathers of conjoint" and past recipient of AMA's Charles Parlin Award). Proof of the contacts' payoff: One of Answers Research's best customers was referred by Stanford.

Fitzgerald's macro view has brought applicability to academic MR theories. "We work with academia because we want to see the latest and the greatest. A lot of times, being successful means being clever. Our firm is not filled with mathematical geniuses in any way, shape or form and I can't say we've ever invented anything. We've got a knack for understanding intimidating, sophisticated, almost esoteric methods and adapting them in a novel way to traditional marketing problems. We've worked hard in identifying potential new methods and packaging and deploying them," he admitted.

He sees the MR world as sometimes consumed with a single way of looking at a problem, whether it's latent class segmentation, conjoint, discrete choice or Bayesian theory. "There tends to be a somewhat narrow view that things must be done in a single way. I don't know if it's due to stubbornness or the time and effort it takes to learn a technique. We've never bought into that and we stay open to new, different possibilities. We've succeeded by being agnostic about methodology selection and recognizing that one method alone isn't always sufficient for every problem," Fitzgerald said. Answers Research has assembled several approaches to solve a problem no single methodology alone could handle.

It solves the recurring problem of interactions between features when modeling highly complex products by using multiple methodologies in a merged platform. "Discrete choice is useful in solving part of the problem and the next technique solves a separate problem, etc. That led to our four-step technique that focuses the best feature of each mathematical technique," he remarked.

Fitzgerald's company's creativity and inventiveness have proven



Al Fitzgerald

### "Learnings" In This Answers Research Profile

- A MR agency has been built around academic MR innovations
- Often, there's no single MR answer. Try merging several of them

especially well-suited for MR in the B2B arena. “Roughly 80% of all MR dollars spent worldwide go toward CPG,” he explained.

“Accordingly, most of the existing and emerging MR methods are designed with CPGs in mind. Over the years,



## Answers Research, Inc.

we’ve taken a lot of methodologies like conjoint analysis, segmentation and some of the more sophisticated consumer techniques that maybe were intended to produce a best-selling chocolate chip cookie and tweaked and modified them to work for non-CPG research--pharmaceuticals, computer, telecoms, automotive and the like.

“These are entirely different animals from CPG. The purchase process is different,” continued Fitzgerald. “If you buy a new flavor of *Coca-Cola* and don’t like it, toss out the can and you’re out 50¢. But buy a \$25,000 car and three weeks later decide you’re not happy driving it, and you can’t get rid of it. So a car buyer is much more risk averse and becomes much more educated before he buys the car. These complex purchase processes may start six months before a final decision to buy is ever made. And who is the decision maker? In many cases, it’s unclear. There may be an economic decision maker, a technical evaluator, a financial evaluator, a strategic evaluator. These aren’t impulse buys.”

Fitzgerald says the MR opportunity in non-CPG is significant and growing. “These industries are increasingly aware of the importance of basing their decisions on solid MR. It’s a matter of security. It costs millions upon millions of dollars and years of R&D to generate a product in these industries. No one can afford another *Edsel*.”

Fitzgerald knows his company isn’t the only one competing for those dollars, but he doesn’t blink at the prospect of facing larger, more established MR agencies with significantly more manpower and resources. Burke and Maritz are examples. “Most of our competitors have been swallowed up by huge conglomerates like TNS and Ipsos,” he noted. “These acquisitions aren’t necessarily to our detriment. Intelliquist was a great competitor before Millward Brown bought them and shifted their focus to branding and ad MR.” Ironically, industry consolidation has opened opportunities for Answers Research. The inevitable change, reassignment of service personnel and shift in focus disengages many clients, who turn and seek out small, nimble, service-centric MR firms like Fitzgerald’s.

Answers Research’s small stature is an advantage, he insists. In response to customers’ growing cost consciousness and unwillingness to pay a premium even for unquestioned expertise, he shut down his call center to eliminate unnecessary overhead (leaving 15 researchers who mostly specialize in data processing and analysis). He has no sales reps, and regularly presents the findings personally. “We cater to a very specific clientele that appreciates extremely specialized services,” he explained. “Their every wish is anticipated. We know our clients’ industries and businesses like our own.”

Fitzgerald built a business around his personal hi-tech career expe-

riences. With a Wharton School MBA in marketing and a Master’s in Computer Science from Penn, he joined Hewlett-Packard at a time when hi-tech knew nothing about MR. “But in the mid-80s, when consumer-friendly software products and PCs

hit big, HP brought in MR because it had introduced a string of products that sold maybe, literally, only six units worldwide. I was an HP product manager when we hired a couple of different firms to do research for us. While they knew MR, they were clueless about our industry and ended up relying on us to write our surveys for them. And their analysis was frustratingly as thin as a soap bubble,” summed up Fitzgerald.

He smelled an opportunity. “I started Answers Research in 1989 with the idea that we would be a firm that both knew MR from a very, very sophisticated mathematical perspective, but also with an absolute understanding of the high-tech industry,” recalled Fitzgerald. His wife Cathy left her post in HP’s corporate MRD and the duo built a business based solely in telecom and high-tech clients for the first seven years.

Answers Research’s initial offerings did basic survey and data analysis project work. “Clients were amazed at the limited alterations that they had to do on our surveys and at our ability to speak the language of engineering-driven geeks and ‘labbies,’” Fitzgerald noted.

Gradually, Answers Research also conditioned and assisted hi-tech companies’ international MR projects. “They had made all their decisions from U.S.-based research, then realized that not all their customers live here. Today, about 60% of all our studies are international in scope,” he revealed, “primarily cutting-edge product development work for Fortune 500 companies in highly competitive industries with short life cycles. Most of our studies collect data on at least three continents.” Fitzgerald handles this through local agencies (three in Europe and the U.S., plus two in Japan and one each in Mexico, Brazil, Australia and New Zealand, respectively).

Answers Research has added tracking studies and sizeable segmentation studies to its normal custom ad hoc project flow. “Clients have given us two enormous tracking studies. They were frustrated with late cross tabs and generally poor service from much larger MR agencies,” he disclosed. The company’s once absolute B2B business now represents only 40% of total project work. **RDR**

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