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RESOURCE SYSTEMS GROUP, INC.

# Proprietary Panels Help Keep B2B Strategies on Track

**A**s a business-to-business marketer, you must overcome significant challenges in order to develop and implement winning strategies for your company. Typically, you must identify the proverbial 20% of customers that supply 80% of the opportunity, create value propositions that lead to competitive advantage within this group, and implement programs to establish the value proposition and ultimately increase market share. Equally important, you must be able to track metrics that evaluate the company's performance in each of these areas so that resources can be reallocated if necessary. Further, you must have processes in place to provide timely input to guide making adjustments to your strategies as new challenges emerge and the market environment changes.

Providing insightful, timely, and cost-effective input to help management make informed decisions and track key performance metrics can be quite difficult to accomplish in many business-to-business markets. Syndicated data or data from industry trade groups is often inadequate, particularly at the segment level, and ad hoc research can involve long lead times and high costs. Ideally, research can provide not only the metrics that show the relationship between marketing programs and market share, but also metrics that forecast market share trends so that strategies and programs can be adjusted before revenue suffers. In reality, however, it can be very problematic to obtain the right metrics in the first place, let alone to make reliable forecasts or provide timely input on emerging challenges.

In many cases, establishing your own proprietary

panel of stable research participants has strong advantages over relying on syndicated sources or conducting ad hoc research studies:

- 1) It provides better information from which to identify cause and effect relationships.
- 2) It provides more timely feedback.
- 3) It can be more easily managed as an ongoing process (as opposed to the "fire drills" that can happen once a need for ad hoc research comes across management's radar).
- 4) It is less expensive in the long run.
- 5) It helps to reinforce market focus throughout the organization.

## Research Challenges

There are many research challenges, some of which apply generally to B2B research and some of which are particular to ongoing measurement. One obvious difficulty is the logistics of identifying, contacting, and engaging people who can give valid answers. In B2B markets, the number of customers and prospects tends to be much smaller than in consumer markets, greatly limiting the pool of potential research participants. This constraint is often exacerbated by a heavy concentration of purchasing power among a small subset of companies. Further compounding the challenge is that those key decision-makers and influencers whose input is most important to gather are often high level executives and managers who can be extremely difficult to recruit as research participants. In the particular case of an ongoing panel, building the trust and confidence of the participants is critical to obtaining accurate information and gaining long-term participation.

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## RSG Case

In 2002, our client, a division of a large industrial equipment manufacturer, faced these challenges. Several years earlier, research had highlighted the 80/20 challenge – in this case 60% of the opportunity was controlled by 10% of the companies. The heavy concentration of purchasing power is expected to increase as the industry continues to consolidate, and purchasing decisions are typically made at the senior management level. After we helped the client to identify and define this segment, senior management prioritized achieving success within this 10% as critical to the company's long-term growth. Historically, the company had underperformed in this critical segment. Further research led to the development of a unique value proposition that could create positive competitive differentiation in the minds of the decision-makers, and programs to establish it were defined and enacted.

Despite a heavy initial investment in developing the company's strategies for targeting the "large company" segment, ongoing efforts were continually undermined by two factors. One factor was the high cost and long lead-time for gathering input from this segment to help guide ongoing decision-making and stay abreast of emerging issues. The second was the absence of any well-established processes for tracking changes in market share and other key performance metrics specifically within this segment. In particular, senior management lacked the means to evaluate the success of its strategies and programs, much less make adjustments or respond to newly emerging challenges and opportunities.

Since the time when the segment was first targeted, sales were up, but there was no way from existing sources to determine actual market share or track the value proposition's progress. With the advent of the value proposition initiative, it became clear that a systematic way to collect market share data within this segment was needed, as well as a method to track progress and guide efforts toward establishing the value proposition. Armed with both sets of data, the client could

assess the impact of the value proposition on market share over time and redirect resources as necessary to maximize results.

Working with the market research director, we identified a single solution to address these shortcomings: the establishment of a proprietary research panel made up of several hundred decision-makers exclusively from among the "large company" segment. We would have to focus on getting a high participation rate from a small group of purchasers, as well as focus on how to retain them. Even within the top 10% of purchasers, purchase volume was concentrated in a smaller segment, and we would have to ensure a minimum number of extremely large companies in order to accurately estimate market share. Considering that we needed to get information about competitors' market share and an unbiased assessment of performance on value proposition elements, we could not use the client company's name as a recruiting tool.

The initial recruiting was conducted by phone, but all interviewing has been conducted via web-based surveys for which panel members are e-mailed links and unique passwords approximately eight times per year. Some of the surveys are metrics-based, asking for extensive purchase data, satisfaction ratings, and/or competitive performance evaluations. Other surveys are used to gather input on emerging issues and challenges within the industry, or to provide guidance for particular management decisions. The main incentives provided to panel members are cash honorariums and the opportunity to receive feedback on how their peers are addressing key challenges within the industry. The panel is kept "double blind" to protect members' confidentiality and avoid potentially biasing survey results.

### Benefits Achieved

Overall benefits of establishing the proprietary research panel have been numerous and substantial. They include shorter cycle times for getting answers from this segment, increased cost effectiveness for surveying them, access to reliable

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information on performance, and a means to predict future market behavior:

**Greater Access to Market Input** Since it is known within the organization that periodic panel surveys are already budgeted, managers have easy access to a means of gathering market input that does not require them to make painful trade-offs in their own budgets. Where past decisions were often made without the benefit of a market perspective, management now has greatly improved access to timely input to help revise strategies and direct tactical initiatives.

**Timely, Accurate Feedback** Management now has access to periodic feedback to accurately track changes in market share, as well as other key performance metrics that are critical to assessing the company's progress within its most important target segment. Armed with this information, management is much better able to determine whether the organization is making the required progress toward achieving its goals and, if not, where resources need to be redirected.

**Reduced Costs** Ongoing survey costs have been drastically reduced. The initial investment in recruiting the panel was only 20% more than it would have been to recruit a *single* independent survey of similar sample size from among the same audience. Factoring in the ongoing panel maintenance costs, the direct cost of the panel (not including incentives and interview programming) represents a savings of close to 70% compared to what it would have cost to recruit six surveys as independent projects.

**Reduced Cycle Time** The typical time required to conduct a comparable survey within the "large customer" segment has been reduced from up to eight weeks to only two, and in particularly urgent cases a survey can be turned around within one week.

**Predictive Metrics** Analysis of time-series data from repeat panel participants has enabled the identification of a small set of questions that can be

effectively used to predict customers' *future* behavior. This analysis has provided the organization with a meaningful customer loyalty metric that serves as a leading indicator of future market share changes. In addition, this analysis has provided the basis for developing a short set of questions that can be used tactically in the field to identify potentially at-risk customers from among the company's own customer base, as well as those of competitors who are most likely to be vulnerable.

## Keys to Success in Establishing a Proprietary Panel

Tracking these metrics is like monitoring the vital signs of your marketing strategy. There is no single key to successfully create, maintain and utilize a proprietary panel; there are several practices that will help to ensure its success:

**Find an Experienced Partner** To handle recruiting, find a firm with solid experience working within your industry and with the types of decision-makers being targeted. Recruiting members for a B2B panel can be considerably more challenging than in consumer markets, and the plan of attack and skill sets of those involved need to appropriately address the unique characteristics of your desired targets.

**"Over" Recruit** Plan on recruiting a panel with at least twice as many members as the number of participants you are targeting for a typical survey. Response rates in the case described here have typically been in the neighborhood of 50-55% for a survey that is open for two weeks. Most who participate in a particular survey respond within the first week, with the additional week used to maximize the sample size when time permits.

**Offer Meaningful Incentives** Be prepared to provide panel members with meaningful incentives. This can include cash honorariums and/or charitable donations, as well as information-based incentives such as newsletters that provide highlights of results from previous surveys. Feedback on how other panel members view

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important emerging trends within the industry or are dealing with common challenges is often highly valued. Even so, some sort of meaningful cash incentive will likely be required. Whatever type or combination of incentives you decide to use, you always have the option to vary the level between different control groups to find the amount that provides the desired participation rate. In our case, we found that increasing the cash incentive from \$50 to \$75 had a negligible impact on the response rate, but dropping below \$50 caused a substantial drop in participation.

**Maintain Participant Interest** Keep the surveys as interesting as possible for the panel members. Recurring surveys that focus heavily on mundane details or repeat tedious question sets are likely to bore panel members and potentially undermine your participation rates.


**Minimize Intrusions** Avoid the temptation to over-use the panel. In our case, the number of surveys in which each panel member is invited to participate is limited to six to eight per year. In this regard, it can be very helpful to establish and communicate clear guidelines internally within your organization as to how often and when the panel will be utilized.

**Manage Internal Expectations** In many organizations, it may also be necessary to establish clear guidelines and expectations with the sales department that the panel is not intended to provide sales leads and “inside” information on specific customers and/or prospects. As with the previous two points, it can be helpful to establish a charter for the panel that clearly lays out how it

will and will not be used, and get management buy-in before any temptations to misuse the panel arise. Set your guidelines and adhere to them strictly.

**Treat Participants as Members** Perhaps most importantly, adopt the mentality of treating your panel members as just that: *members* of an organization with whom you are trying to build a long-term relationship. That means placing a premium on customer service and attention to details, such as providing a dedicated 800 number when members have questions or encounter problems with a survey, making sure that incentives are sent out in a timely manner, periodically asking members for their feedback on ways to improve the experience, and keeping your promises and commitments.

**Budget for Replenishment** Lastly, be sure to budget for panel replenishment. No matter how well you treat your panel members, a certain level of attrition will be inevitable. By tracking who has and has not participated over time you can identify those who have effectively dropped out and need to be replaced. In our case, those who do not participate at least once within a calendar year are removed from the panel, resulting in an annual attrition rate of approximately 20%.

With a solid plan and effective implementation, developing a proprietary panel can substantially improve the quality, timeliness, and cost effectiveness of the market information you are able to provide your organization. While the challenges and the commitment can be great, the reward is essential to your business: the means to effectively manage and adapt your marketing strategies. 

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*RSG, Inc. is a leading consulting and market research company that was established in 1986 to advance the state-of-the-practice of market research while providing reliable, fact-based market intelligence. Headquartered in White River Junction, Vermont, the firm has conducted several hundred market studies throughout North America, South America, Europe and Asia. RSG is comprised of five practices that share a core quantitative competence and common analytical tools, with specializations in market-based business consulting, advanced market research, transportation, technology, and the environment.*

*For more information on how RSG can help your organization develop a proprietary research panel, please contact the author of this paper:*

Stephan McCurdy, Director  
Resource Systems Group, Inc.  
205 W. Wacker Drive, Suite 615  
Chicago, IL 60606  
Phone: (312) 673-3320 ext. 202  
Email: [smccurdy@rsginc.com](mailto:smccurdy@rsginc.com)