Research Product Merchandising

by
Lynn W. Robbins and Harold G. Love
Department of Agricultural Economics
University of Kentucky

The intent of this paper is to explore the basic requirements and procedures for properly merchandising a research product. These principles are universal whether they come from an in-house, university, government, research society, or consultant source. The approach will be to discuss a private firm's in-house research. Other research sources will be referred to only when the technique for merchandising their product provides insights into or differs substantially from in-house research.

A few preliminary questions arise as one begins to investigate techniques for merchandising a research product. What is research? What is a research program? What are the reasons for having a research program? What are the proper goals of such a program?

No one answer exists for any of these questions. Research could range from investigating elements of basic employee behavior to determining the proper temperature for the frozen food case; from basic laboratory product development to attitude sensing with respect to a firm's general merchandising technique. Should a research program consist of a long-run plan with stepping-stone projects or take the reactionary approach and respond quickly to immediate short-run problems?

Reasons for having a research program are equally as broad and possibly as nebulous. This in itself is a good question for the researcher or research team to ask. Should in-house researchers study the firm's problems as they see them, as management sees them or are they to address the real problems. The latter point assumes that real problems differ from those perceived by the groups mentioned and can somehow be identified. Other questions are does the research program exist to reduce costs, expand sales, or simply to study those areas that the research staff feels comfortable with?

One answer does not exist that applies across firms or for that matter to one firm over time. The key is for each research staff to answer the questions independently for their own firm and be aware of whether those answers change over time. Such an awareness will allow the researcher to utilize the following merchandising prescriptions to the firms best advantage within the framework of the firms research orientation.

The Situation

The food distribution industry in general spends a smaller share of their revenue on research than does the vast majority of American business. But on the other hand, a lot of food distribution firms do not apply the research that is available to them whether it be in-house or public research. Why is this? Some insights maybe obtained from examining present research.

An inventory of industry research would show that the large share is designed for short-run problems. Even so, not all short-term research is used. The record for research designed for long-run problems is worse. The fairly low level of research activity and the reluctance to apply some good research may be due to the fact that the industry is very competitive; there are few excess profits. Consequently, it is important to make good profits in the short-run. There may be a considerable lag in the cash flow resulting from research expenditures. Moreover, it may involve risk.

Among in-house industry research that has been accepted is energy saving research that has a low investment and a quick pay-off. Research in store layout-front-end and backroom, store location, product positioning, packaging and product ordering has usually been accepted, but not always. These, of course, are all short-run projects.

Examples of in-house research not accepted or accepted very slowly include physical efficiency research that might lead to radical changes in the retail unit, some of the more sophisticated forms of variable pricing and basic research into human behavior and demographics that might have considerable bearing on market strategy and capital planning.

Public research efforts generally are more varied. There are both short-run and long-run research, and theoretical and applied research. Again, acceptance has been better for applied research on short-run problems for long-run theoretical type research.

Examples of research accepted includes financial management systems designed to increase leverage, transportation routing and scheduling, product packaging, facility design, and meat handling systems.

Examples of research not accepted include many market demand and analysis studies such as those of about a decade ago that indicated away-from-home eating would take a larger share of the market at the expense of supermarkets. Other research that has received limited application is market segmentation and supply coordination research.

A rather wide variety of research disciplines are found in the industry--economic, business management, engineering and technological. Much of the needed research is multidisciplinary. It is difficult to get these various disciplinary groups together. Consequently, there are major voids and gaps in many research programs and projects.

It is understandable that management, in many cases, has considerable misunderstandings about research and its application to their situation. Moreover, the organizational structure of most business organizations provides for less coordination between management and the research function than between management and the operating divisions. Moreover, coordination between the public and university research groups and the private sector is even more difficult.

It is clear that a problem exists in selling research within the food distribution firms and organizations.

How to Develop a Research Program

Merchandising an in-house research product is actually no different than merchandising any other product. The potential user must want the product in both situations. Research will not sell if it was not well planned, screened, and selected for the "market." The merchandising of the research being planned

should be all but complete before product development begins.

The magnitude of any research contribution depends on management's attitude. They must be receptive to the research results that will be forthcoming. Management must be willing to support, encourage, lead, suggest, and use research. The best research in the country is of no use to the firm if management does not apply it to their own problems. The budget must and will reflect management's support.

A researchers responsibility for program development must include management in his efforts. He must know what management does and what they need. Each has the advantage from their individual viewpoint to help the other. The researcher can provide invaluable insight for prioritizing researchable areas where management indecision exists.

A sound research program will be tied to the firm's goals and plans. Management is often too close to the firm's every-day problems to ensure this kind of an essential tie. The researcher is in a position that is less encumbered by day-to-day problems and may more clearly ascertain the firm's situation. He must strive to reflect the firm's goals in the research program if that program is to survive and be successful.

Researchers must identify the problem that management wants to solve as well as see to it that that problem is important to firm goals. Selecting the wrong research problem initially could prove the downfall of the entire effort. Researchers must realize the importance of the research selection process. Selecting the solution alternative(s) to be evaluated is of equal or greater importance. A solution that management will not accept leaves the research effort as ineffective as if the wrong problem were addressed.

For example, it may well be that the most economical answer to "how should warehouse inventories be controlled?" is "warehouses and their inventories are not needed." However, the resources spent evaluating this alternative may well have been saved if management (and their research staff through proper questioning) knew in advance that such an alternative would not be implemented.

An advisable prerequisite to developing a research program would be to compare a list of researchable problems to the firm's resources and commitments. Such questions as:

1. What can we do something about?

2. What do we want to do something about?

3. What does our management want us to do something about?

The idea, especially in the beginning research program, is to demonstrate the ability to do well. If credibility is not established up-front another opportunity will not be likely. The trade-off is not between difficult relevant problems and simple irrelevant ones, but rather between difficult time consuming relevant problems and more straight forward relevant problems.

How can research be made relevant? University shortfalls in providing theoretical and long-term research but especially applied internal-firm research have been discussed widely and although they are not specifically the topic of this effort many implications for merchandising research can be drawn from them.

Richard Crowder, a Pillsbury executive summarized the major portion of the university research relevancy problem when he recommended:

> ...that the following criteria be applied to all research. (a) The research must be problem oriented... Problem-oriented research is research that will improve the decision making process or improve the methods of observation, measurement, and interpretation of data that should be used in decision making... (b) The problem must be real... (c) Assumptions must be realistic and explicit. Two of the most frequent weaknesses of research are that assumptions are not stated explicitly and consequently a potential user does know if or how the results apply to his particular problem, or that the problem is many times assumed away. (d) The research results must be usable. There are three elements here: The proper technique must be applied to the problem, reliable data must be available on a timely and repetitive basis, and the results must be updatable as conditions change. (e) Finally, the results must be timely. The results of research must be available for use before the decision requiring the results has to be made. A time objective should be built into every research project (p. 992).

Research is often inadequate because it is too technical to be interpreted (Dobson and Matthes, p. 558). This means keeping mathematical formulae and disciplinary jargon to a minimum; determined by the executive(s) who will be utilizing the report.

Robbins adds to Crowder's usability criteria by requiring, "...constant surveillance of legal, political, social, and physical feasibility..., otherwise solutions may be proposed that are theoretically valid but not realistic" (p. 584). For example, it may be economically and financially expedient to eliminate price marking in supermarkets with electronic front-ends but it may not be politically or socially feasible if clerks or customers rebel; and not legally feasible in the long-run if such rebellion causes mandatory price marking legislation. This UPC example also fits Grayson's suggestion that research solutions must take resistance to change into account (p. 43). Possible resistance to research must be anticipated. Methods for overcoming or avoiding resistance should be included as part of the research plan.

Again, the time demands in industry for short-term solutions preclude other research-types. But, even here care is required to avoid also precluding adequate short-term research. Unlike company executives, in-house researchers must be free to contend with their research directives without interference from day-to-day management responsibilities.

How to Present the Program to Management

The key to developing a strong research program is management participation and commitment. Obviously, this is also the key to presenting the program to management. In this way each program component is brought before management and their research staff simultaneously.

Management presents the research program to itself through participation. Any potential problem with the program can be dealt with as it arises because

managers will help to formulate and prioritize research problems as well as the solution alternatives to be evaluated. Similarly, managers should be encouraged to participate in the research directly by committing some of their own time and indirectly by promising employee time. The most desirable and complete management participation would also include input into research implementation and evaluation; both in the planning and the process.

How can a research program be communicated? The answer is to have management intimately involved in the research effort. Then as research results become available managers are more likely to understand the assumptions, data limitations, analysis limitations and anticipate results. Essentially, management as well as the research staff must have commitment to the research program (Brunthaver, p. 890). Participation provides that commitment.

How to Implement the Program

With participation and commitment from management, program implementation should be no problem. After all, management is a part of the planning and the process for each program component. But what specific implementation guidelines exist to support the conceptual one of mutual development, implementation, and commitment?

The earlier list of criteria for relevant research provides the main source of specific guides.

a) The research must be problem oriented.

b) The problem must be real. An aware management/research team should have no problem with these criteria.

c) Assumptions must be realistic from the firm's point of view and be explicit. With participation, researchers will insure realism as long as they state all assumptions explicitly.

d) Research results must be usable. Here research credibility can be insured or lost completely. The research staff is responsible for applying the correct technique to reliable data in a timely fashion. Results reports must be straight forward and not laced with excessive mathematical and disciplinary jargon. Together with management the research staff must continually consider economic, financial, physical and legal feasibilities in addition to such political and social feasibilities as resistance to change.

e) Results must be timely. This requires setting deadlines, providing progress reports, and establishing an environment that leaves researchers unencumbered by those day-to-day business activities not related to the research effort. One exception to the day-to-day activity interference criteria must be noted. The exception relates to doing a thorough job of reporting progress. Progress reports would normally be planned and submitted regularly. However, should the need arise for research results that exist or could be easily obtained prior to the regular progress reporting time, an interim report should be generated. Management decisions and the research programs credibility will be improved.

Given the proper environment for research, solutions to problems that are critical to the firm's success will be expedited. Management as well as the research staff must continually live with, develop, improve, and recognize the limits of the research program. It should have neither more nor less status than any other contributing department.

In addition to management there must be interchange between research and operating personnel. Such interchange not only increases the value of the research but also helps to insure that the results will be received, understood, and used. "When...researchers work with merchants in defining the storage surplus or shortage by areas, it becomes the merchants work as well as the researchers and the operating people are more likely to understand and use the material" (Brunthaver, p. 890).

Keeping staff turnover low is as important and actually an integral part of a supportive environment. A good researcher understands the firm's research needs. He will have developed good data sources and analytical models and he will have gained the support and confidence of operating personnel as well as management. Management has the major responsibility to see that the individual stays on the job and continues his professional development. This increases the quality of communication.

There are some basic qualifications for the type of researcher we have described. He should be well grounded in theory and principles, economic or otherwise. He should be aware of fundamental quantitative analysis' strengths and weaknesses. And ideally he would also be well grounded in communications and related interpersonal skills.

All researchers should generally be aware of computer capabilities and some few well grounded in computer skills. Similarly, the staff administrator or his immediate subordinate should be aware of and utilize the science of management information systems as a tie-in to the entire organization's operations.

In addition to knowing these avenues for implementing research, the researcher should be aware of and sell his efforts to the doubters. These doubters will have to be reminded of positive results that have come out of implemented research. Here demonstration will be easier if current research efforts are built upon previous projects, either in technique, topic, or both. But generally, doubts will be minimized if the research program is continually publicized and proselytized by keeping channels of communication open to those who must be informed and educated.

Summary

Merchandising a research product is no different from merchandising any other product. It must be well planned, screened, and selected. It requires operating personnel and management as well as research participation and commitment. The goal is to establish credibility by demonstrating competency. Research should be sold to doubters by pointing out positive results from implemented research. A supportive research environment will be provided by a management that accepts mutually developed research programs as being a credible contributor rather than a threat. In this manner a sound research program will meet its main goal; improving the decision making process.

References

Brunthaver, Carroll G., "Agricultural Economics as an Aid in Management Decision Making." Amer. J. Agr. Econ. 57(1975): 889-91.

Crowder, Richard T., "Research Needs and Priorities in the Food System: An Industry Viewpoint." Amer. J. Agr. Econ. 58(1976): 991-99

Dobson, W.D., and R. C. Matthes. "University-Agribusiness Cooperation: Current Problems and Prognosis." Amer. J. Agr. Econ. 53(1971): 557-64.

Grayson, C.J., Jr., "Management Science and Business Practice." Harvard Bus. Rev. 51(1973): 41-48.

Robbins, Lynn W., Stephen B. Harsh, and John W. Allen, "Enhancing Mutual Benefits from Firm-Level Research Efforts." Amer. J. Agr. Econ. 59(1977): 583-86.