

# Sample Research Program

---

May 8, 2002

Prepared for  
Example of costs and approach

by

**WHIPPLE, SARGENT & ASSOCIATES**  
STRATEGIC SERVICES

Whipple, Sargent & Associates  
37 Derby Street, Suite 7B  
Hingham, MA 02043

Phone: 781-740-4025  
Fax: 781-749-9474  
E-mail: [info@whipplesargent.com](mailto:info@whipplesargent.com)

# Table of Contents

- Introduction ..... 1
- WS&A’s Understanding of Your Company’s Needs ..... 2
  - Excerpts from your July 13 Memorandum ..... 2
  - Discussion ..... 3
- Why WS&A is best qualified ..... 4
- What we intend to accomplish ..... 5
- How we will conduct the work ..... 6
  - Task 1 - Curriculum Design ..... 7
  - Task 2 - Ideation and Preliminary Analysis ..... 8
  - Task 3 - Benchmark Study and Analysis ..... 9
  - Research Response Check ..... 10
  - The Survey Package ..... 11
  - Mailing and Handling ..... 11
  - Optional Step ..... 12
  - Task 4 - Qualitative Follow-up and Analysis ..... 13
- Costs ..... 14
  - The Curriculum Fee ..... 14
  - Data Collection Expense ..... 15
  - Task 3 ..... 15
  - Reporting and Analysis Fees ..... 16
- Cost Summary ..... 17
  - ..... 17
- Experience and Qualifications ..... 18
  - Sherman Whipple ..... 18
  - Thomas J. Clark ..... 19
  - Lloyd J. Sargent ..... 20

# Introduction

Whipple, Sargent & Associates (WS&A) is pleased to submit the following proposal to Your Company. This proposal will address the development and fielding of a market research curriculum to identify the buy/specify criteria for the segments of the Market served by Your Product

Through the proposed services Your Company will acquire the information to directly address marketing opportunities and implement a sales strategy, targeted at optimum response and penetrated share. Additionally, Your Company will acquire a contextual frame of reference for future refinements of their marketing program, line extension, and product positioning.

This is the key benefit of WS&A's services, and that which differentiates a strategic services company from either a research field service, or a management consulting organization. WS&A empowers clients by combining highly accurate, custom, primary market data with independent management consulting to deliver actionable information and situational forecasting of the results for your key decision makers.

As part of every initial engagement, WS&A performs a total market (universe) determination or control to establish the context used for the analysis of findings. This one time operation defines your market(s) and segmentation, and forms the standard frame which may be applied to all future observations and data from that market, as well as your own internal marketing data.

Therefore, the core of the relationship between WS&A and Your Company is the accuracy and projectability of the information you receive. This relationship builds the foundation for your company to enjoy an absolute marketing advantage through a comprehensive market insight. With each observation of your market you will expand your understanding of the competitive fit of each of your offerings and the opportunities to increase share and profitability.

***It begins with understanding your needs.***

# WS&A's Understanding of Your Company's Needs

Based upon the information requirements submitted by Your Company on July 13, 2000 and subsequent discussions with Tom Clark on July 18, Your Company has an existing line of Products and accessories. The overall need is to define the market and disclose opportunities to capture share.

## Excerpts from your July 13 Memorandum

**Primary:** *Identify who is buying products and in what quantities (by industry, and job function/title).*

**Secondary:** *To learn enough about the buying behavior and product evaluation process of each of the identified market segments from above to tailor our marketing message to their needs and desires.*

**Also:**

1. *Names and phone #s of product buyers identified during the study.*

(Note that survey researchers are prohibited from providing respondent names to clients, however, once we have identified your markets, we can assist you to acquire highly qualified list sources from brokers.)

2. *What magazines do the buyers in each market segment read*
3. *How are they buying? (direct from Mfg.. via catalog or salesman, From distributors (and which ones)*

**Related info we may also want to acquire:**

1. *Who are the five largest competitors?*
2. *Where / How do they market? (would you do this either yourselves or contracted out, or would you recommend we simply hire a clipping service*
3. *What message do they use to distinguish/differentiate themselves.*

## Discussion

The market for products is a subset of the total market defined the Data Acquisition/Collection Market. This market has been well established for more than century and, prior to solid state devices, was served by counter, plotter, strip recording devices or people running around reading gauges and meters and recording the readings or events on clip boards.

In fact, all of these methods of logging data are still with us. Even some of the turn of the century clockwork systems remain in service, not just in the meteorological field, but in such areas as foundries and petrochemical plants which are otherwise fully automated and digital.

As such, the market for specific data logging devices, such as the XYZ Series, is in continuous, overlapping, evolution where some segments lag behind the current state of the art, while others are pushing the envelope, seeking even greater storage, features (ie. wireless) and capabilities.

Therefore, for WS&A to appropriately address Your Company's information needs, all of the information, with the single noted exception or respondent names, requested in the July 13 memo, will be gathered. In addition to this, we must collect both lagging indicators (penetration of older technologies) and leading indicators (intent to adopt new or advanced technologies).

What this means is that the context of the response, by segment, application or industry will provide Your Company a greater value than just an observation of the current usage, penetration and marketplace composition. With this information Your Company will not only be in a position to target it's current offering at those presently purchasing this class of products, but those who will emerge as prospects in the future.

Further, Your Company will acquire the insight to anticipate future needs for product development or specialized application targeting.

## Why WS&A is best qualified

WS&A and its Stratagia associate, have extensive experience, both in the method required to provide the insight you need, as well as in the specific and related markets and categories being investigated. WS&A has provided research and analysis for test and measurement, process control, quality assurance, and other field related to data acquisition applications for manufacturing, mechanical systems, and process industries.

More important than the prior experience WS&A brings to the table, however, is WS&A's approach to solving your problem and delivering the answers you need. This is because, WS&A is, first and foremost, in the business of delivering accurate and reliable answers to your questions. We are not limited to any research discipline or methodology, but provide any method, regardless of whether it is primary or secondary, qualitative or quantitative, that is required by your information requirements.

In that we will be proposing the use of the market benchmark method, WS&A is one of the world's most qualified companies to provide this service. Market benchmarking is a core competency of WS&A and the method most closely identified with its senior partner, Sherman Whipple, who may be credited with many of the advances and standards which form this research discipline, not limited to the chi-square analysis technique, segmentation standards, research response check collection technique, and a priori weighting methods used to eliminate design error.

*We never assume... We find out.*

## What we intend to accomplish

WS&A will get your answers, because our approach is logical and accountable at every step. Each step builds upon the previous one, to expand insight and clarify the issues you face.

Upon completion of the market determination and ideation, Your Company will have an aggregate understanding of the market formative criteria for the data acquisition market and the subset served by data logging devices.

Upon the completion of the quantitative observations, Your Company will acquire a complete map of the incidence and distribution of the total market, and the key lagging, concurrent and leading factors contributing to both the present and future buy/specification process for data logging devices and the related accessories, conditions and segments.

The study will benchmark both Your Company's market potential, optimum channels of distribution, and competitive positioning in the marketplace. You will know more about your competitors strengths and weaknesses than they know themselves.

You will have a complete SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. It will give you a roadmap to target sales and maximize profits.

## How we will conduct the work

To complete this project, we will assemble a team of senior professionals with experience in the marketing and research fields. For the research and administration tasks, WS&A will utilize its senior partner, Sherman Whipple. For project liaison, consulting and implementation, WS&A will utilize its associate Tom Clark of Stratagia.

We believe that frequent contact with Your Company is essential to successful completion of this project. We plan to maintain frequent communications with Your Company through telephone conversations, e-mail, and meetings conducted during the project. There will be up to three scheduled meetings at which both Mr. Clark and Mr. Whipple will be present.

This project will be defined by a sequence of tasks. The first three are quoted as part of this proposal. Task 4, if required, will be proposed separately based upon the findings from the completion of Task 3.

## Task 1 - Curriculum Design

Beginning with a meeting with WS&A project team, we will review and define your information needs and develop the full range of project parameters, factors and market segmentation. This task requires two weeks and produces the following deliverables.

- Market Determination including sampling frame (segmentation)
- Definition of variable data and required metrics (indices)
- Availability of list sources
- Specification of Research Disciplines
- Methodology Options
- Project Time line

Task 1 will be completed upon your approval of the variable data and metrics. This is produced as a spreadsheet and will be sent to you via E-mail as an Acrobat PDF attachment.

## Task 2 - Ideation and Preliminary Analysis

Working from the variable definition, WS&A will conduct depth pre-tests using telephone interviews with representative samples of your market called respondent blocks. This is called ideation. Here will be testing the syntax of the questions, range of possible responses, and relevance/appropriateness of questions/response to the survey objectives.

This task requires between one and two weeks depending on the number of blocks which must be fielded. After each block is fielded, WS&A edits the variable definition based upon and fields a subsequent block to validate the changes.

Note that this is, in fact, a qualitative, non-parametric survey, conducted in blocks of 5 or 10 respondents each. Though not projectable, such surveys can produce definitive findings when a consensus is achieved for a given variable.

The deliverables from Task 2 are:

- Final Definition of variable data and metrics
- Preliminary Analysis including ideation findings, definitive curriculum/research plan, and expected results
- Preparation of control frame and a priori weighting
- List source for respondent base

Task 2 is completed upon receipt of the preliminary analysis and variable definition.

## Task 3 - Benchmark Study and Analysis

The key feature of a benchmark test is that it is census proportional to the real world distribution of your market. As a blind test (the respondents will be unaware of the sponsor), the incidence values it produces will, within the sampling tolerances determined by survey size, produce a 1:1 relationship to empirical data. With a sampling base of 1,000, for example, the tally incidence will be within + or - 3.2%.

A properly conducted benchmark survey produces a statistical map of both your market and the relative positions (market strengths and weaknesses) of your competitors. You will learn the exact same detail about your competitors' markets as you learn about your own. This will often disclose opportunities.

Since it requires no weighting or massaging, the data from benchmark research can be directly cross-tabulated to produce chi-square tables for each response. WS&A will use either "Bumprock Chi-Square", Quantum or Merlin to produce chi-square tables as the initial run-out from data entry. We then summarize the tables under the response categories for the Preliminary Reporting.

Delivery of the benchmark study will include the Preliminary Report including all documentation and summary of findings, and a copy of the full set of tables. This typically occurs within ten working days from completion of data entry and is normally delivered in person at a review session so we may discuss relevant findings and go over areas of additional information which may be derived from the table and may require a separate reporting.

## Research Response Check

Unlike many of the qualitative research disciplines, where findings are relative, focused or subjective, market research is tremendously sensitive to non-response error. Non-response error occurs when those people you need to test most are too busy or too inaccessible to participate in the study. This can cause the results to be weighted towards those who may not be the ultimate buyer/specifiers of your product or services.

For mail-out and self-administered intercept distribution, WS&A offers a monetary instrument called the Research Response Check to serve as both an incentive and as the data recording instrument to maximize the response rate and virtually eliminate non-response error in most benchmarking applications. With comparable functionality to a reader service card, the Research Response Check enables the respondent to record his/her answers on numbered boxes on the face of the check and we receive the data once the check as been cashed. This eliminates the need for the respondent to remember to mail back the questionnaire. In most cases 90% or more of all surveys mailed out are completed.

It must be noted, however, that certain populations are very difficult to test, regardless of methodology including Research Response Checks. Past experience has shown that department heads, purchasing agents, managers, directors, and all public servants fall into this category. To address this, we have found that the addition of a small gift (an executive pen) and a charitable donation option, including a stamped envelope, will bring response from these categories up to 50% or more.

WS&A proposes the Research Response Check in an amount of \$10.00, with the executive gift and charitable donation option using a self-administered, mail-out questionnaire as the data gathering methodology for this survey. Typically the majority of response is collected by the third week after the mail-out. In cases where the charitable donation is used, two additional weeks may be necessary.

## The Survey Package

A key to the effectiveness of a mail out survey is the presentation of the research instrument. It must invite the respondent and absorb their thoughts into the flow of the survey. A double envelope and cover letter to establish the research proposition are critical to both the level and quality of response.

It has been found that a padded envelope, with a mailing label affixed, is more than twice as likely to reach an organizational decision maker than a standard catalog envelope. The questionnaire is enclosed in a sealed business reply envelope which allows a respondent to return the survey, unopened, and keep the gift item, if they elect not to participate. This allows recycling if necessary.

The questionnaire is a multi-page booklet which continuously exposes the response check or checks, in the case of more complex surveys. The format will allow for the use of charts, graphs and illustration. When the respondent has completed the survey they remove the check and discard the booklet.

Printing and stationery costs for a typical self administered survey package run between \$4.50 and \$10 each, depending on the number of pages and elements in the design. Turnaround on printing, including check numbering with magnetic ink, collating and bindery of the questionnaire requires ten working days from sign-off of the final proof of the questionnaire.

## Mailing and Handling

Stuffing, addressing and mailing the sampling will commence immediately upon receipt of the printed questionnaires and typically goes out within 48 hours. The mailing cost is \$3 per unit plus postage and includes list verification and documentation.

## Optional Step

An option, which is often recommended when surveying key decision makers, is a pre-mailing to the respondent list three weeks prior to the survey mailing to notify them to expect the survey instrument and give them the option of sending back a business reply card with a control number in the event they wish not to participate or wish to delegate the responsibility to another in their company.

Typically, such mailings are sent to twice the number of potential respondents as will be receiving the actual test. The per-unit cost for this step is \$3.34. If time allows, this step has been shown to substantially increase response.

The deliverables for Task 3 include:

- Production of the RRC survey instrument and package
- Fielding of RRC package
- Survey coding
- Data entry
- Tabulation
- Opt-in respondent database
- Summary Analysis Report of RPI incidence and distribution

Task 3 is completed upon delivery of the Summary Analysis and Report. This includes the full technical report containing all documentation and chi-square tables, and a management report of all response categories in a tabular and chart format, highlighting the overt or definitive findings.

## Task 4 - Qualitative Follow-up and Analysis

While the quantitative research will produce definitive findings, Your Company may find that, in order to make the most informed decisions, you may want additional information about specific findings or you may want to experiment with various sales or marketing scenarios to prove or disprove that which is indicated in the market survey as it directly applies to your offering. Until you have the summary analysis and report in hand, however, there is no way to anticipate whether this need will exist, or how to approach it.

Depending on what we find, there are hundreds of methods available to conduct follow-up. These methods range from massaging your existing tables and performing overlay observations to conducting depth interviews (similar to the ideation process), discrete choice tests, or assembling focus groups.

Regardless of what follow-up is required, WS&A provides either in-house or through its associations, specialists in every related discipline and method to perform these observations. More important, because collecting opt-in respondent participation is integral to Task 3, we will already have the sampling pool, so follow-up can be turned around, literally in a matter of hours for many of the methods.

# Costs

Key to WS&A's services is that we are a provider of business intelligence for organizational decision making. Our product is information, not research. This distinction is reflected in WS&A pricing structure and method of payment.

WS&A's research services are structured around four cost variables: Curriculum Development; Data Acquisition, Analysis/Consulting, and Reporting, plus out-of-pocket expense. This provides both cost controls and optimum flexibility.

## The Curriculum Fee

For all initial engagements the job start is the curriculum fee. This is where we set up the parameters based upon the information requirement and deliver the findings. The minimum is \$20,000, 50% payable upon the initial engagement. This fee covers the primary area of investigation with additional investigations, such as certain types of follow-up, being charged at \$5,000 or \$10,000 depending upon whether a new market determination is required.

The curriculum fee covers all professional services including

- Market Determination
- Variable Definition
- Selection of Research Disciplines
- Methodology
- Preliminary Analysis Report
- Project Time line
- Design of Test Instrument
- Documentation
- Summary Analysis Report
- 12 hours of Client Site Consultation

The curriculum fee does not cover out-of-pocket costs for such items as travel, lodging, delivery, secondary data purchase, equipment rental. These expenses are either billed net direct or provided by the client.

## Data Collection Expense

Task 2 ideation interviews are charge at \$125 per completion. Since xyz is a well established function, we anticipate that no more than ten interviews in two blocks of five, will be required.

### Task 3

The following represent the data collection costs for a 1,500 unit mail-out, to produce a target 1,000 base. This is a not-to-exceed cost estimate, based upon targeting a 90% return.

Cost savings may be achieved by cutting back or eliminating certain components (ie. substituting the \$2.25 gift pen for a \$0.39 pen, or going from a padded envelope to a standard envelope). During Task 2, we will pre-test the optimum trade-offs to produce an exact cost.

#### Survey Package

Printing, imprinting and bindery	\$7.50	.....	\$11,250.00
Envelopes (Padded and Return)	2.25	.....	3,375.00
Stuffing, Handling & List	3.00	.....	4,500.00
Postage (1 st. Class approx. 8 oz.)	1.93	.....	2,895.00
Postage (Charitable Envelope)	.32	.....	345.00
Research Response Check	10.00	.....	15,000.00
Gift Item	2.25	.....	3,375.00
 Total Survey Instrument		.....	<u>\$40,740.00</u>

The following represent the costs for a 1,000 base tabulation.

Census Proportional Culling	1.00	.....	\$1,000.00
Data Entry and Tables (Est. 25 entries)	2.50	.....	2,500.00
 Total Data Processing		.....	<u>\$3,500.00</u>
 <b>Total Benchmark Costs:</b>		.....	<u><b>\$44,240.00</b></u>

## Reporting and Analysis Fees

Basic reporting, analysis and consulting are included in the curriculum fee. This includes one hard copy of the Management Report, and the Management Report, technical reports, tables and documentation in a PDF file burned on a CD-ROM.

Many clients will opt for additional reporting services including such things as custom reports, slides, animations, PowerPoint presentations, additional hard copies and hand-outs. These services are readily available through WS&A's graphics production department headed by Lloyd Sargent and quoted upon request.

Additionally, WS&A offers scenario testing using WS&A's proprietary multi-variate, volumetric model of market conversion/exchange dynamics, as well as independent statistical or academic inference analysis through its association with SRI International and other consulting/research organizations. These services can be quoted upon request.

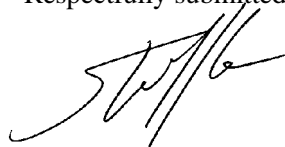
# Cost Summary

Following are the estimated costs to conduct the basic design, fielding and summary reporting of the research engagement for a 1,000 base market benchmark:

Curriculum Fee .....	.....	\$20,000.00
Data Collection		
Ideation .....	.....	1,250.00
Benchmark .....	.....	44,240.00
<hr/>		
Total .....	.....	\$65,490.00

It would be premature to project any costs for follow-up research and analysis at this time. The findings from your benchmark should be sufficient to address all of your current information needs. Once, however, Your Company begins to implement programs based upon the market benchmark, you may find the need to conduct follow-up to optimize or fine-tune your marketing efforts. At such time, the benchmark will provide the control for such observations to substantially reduce costs and provide context.

Respectfully submitted,



Sherman Whipple,  
partner

# Experience and Qualifications

## Sherman Whipple

Partner

Sherman Whipple is a nationally recognized research and strategic planning professional. Whipple is an often quoted source on issues of banking, technology, national market trends, and patterns of commerce in both print and broadcast media including National Public Radio's "All Things Considered", The New York Times, Wired, Barron's, The Wall Street Journal, US News & World Report, and Worth magazine.

Starting his career in 1971 with New York advertising agencies, he has extensive background in consumer demographics, home and industrial products, and financial services. Prior to forming Whipple, Sargent & Associates, Sherman learned his strategic, creative and market analysis skills in the highly competitive consumer products arena.

While vice president of SMS/A Communications, Mr. Whipple created organizational market penetration strategies for the management development programs of IBM, Exxon, Union Carbide and Honeywell.

Most recently, his firm has provided strategic development services to Hyundai Electronics, Lexmark, InterQuest, the Federal Reserve Board of Governors, PTN Publishing, Consumer Banker's Association, John Hancock Properties, Wallwork, Curry & Clark, Worthington Foods of Ohio, and other private and public organizations.

Sherman's research capability and authoritative market insight help WS&A recommend and implement smart, effective programs for our clients.

Kansas State University, C.W.Post College, Carnegie Mellon.

## **Thomas J. Clark**

Consultant, STRATAGIA - Think Strategy

Tom Clark began his career on the client side, as vice president of marketing for a major New England supermarket chain. This experience engendered Tom with a special understanding of client needs and the realities of sales-driven businesses. For more than a decade, Tom has applied this insight to provide a competitive advantage to a broad range of regional and national clients.

In 1986, Tom established TJ Clark Advertising and Public Relations, a company recognized as the "hottest agency in New England" by Adweek. Focusing on research, planning, and results, he attracted a base of consumer, retail, business-to-business, and technology clients including Ocean Spray, Kraft/General Foods, Iconics Software, Polyflex, General Datacomm, and Uniroyal Chemical.

Merging his company with Cosmopolos Crowley & Daly/CKG in Boston in 1992, Tom served as president, attracting the Hynes Convention Center, Brigham's, Elan Yogurt, Dynapert, and Private Healthcare Systems, all drawn to CCD/CKG by Clark's results based approach.

In 1993, he joined Jack Wallwork and Bob Curry to form Wallwork, Curry & Clark. Tom was part of the hot new partnership attracting such accounts as Domain Home Furnishings, Neighborhood Health Plans and Pet Supply Depot in highly competitive reviews. In 1995, Tom began 4Marketing.

Mr. Clark has played a pivotal role working in concert with Whipple, Sargent & Associates, on the successful implementation of strategic planning assignments for Mercedes Benz of North America, Kraft General Foods, Boston Popcorn, and Mattress Discounters.

Tom is past president of several advertising organizations, and has been Chairman of Annual Catholic Charities Events.

He is a graduate of Boston College.

## Lloyd J. Sargent

Partner

For 35 years, Lloyd has contributed to every facet of marketing design and communications. A graduate of the Vesper George School of Art, Mr. Sargent is widely respected for his clear communications style in advertising, print, display, publishing and consumer product packaging.

At Warren, Gorham & LaMont, Inc., Lloyd executed layout and design of banking, financial, law and real estate publications and coordinated all aspects of production. From 1979 through 1985, he served as art department supervisor at SGM & Company an industrial and consumer advertising agency.

Following his tenure with Federal Distillers, where he created package designs, collateral, point-of-purchase, display and sales support materials for new product roll-outs and retail promotion, Lloyd joined Whipple, Incorporated in 1989 and became a partner in WS&A in 1996.

Lloyd has created memorable and effective advertising and collateral for Gladu, Barnes & Jones, Lamello, Striebig, Ecin Industries, Separation Technologists and deHaart.