



THE STATE OF MARKET RESEARCH

How Business Leaders Use
Research to Increase Sales, Retain
Customers, and Expand Markets.



INTRODUCTION

Across three years of curveballs, business leaders faced it all. Between labor shortages and supply chain delays to rapid shifts in customer preferences, companies had to adapt and act fast. In the aftermath, forward-thinking companies shifted from firefighting mode to expansion, entering new markets, attracting new customers, and developing new products.

But, with aggressive growth comes increased pressure to deliver ROI by making the right expansion plays.

With their decisions under a microscope, the most successful business leaders thrived because they could measure (and exert control over) their growth path by using market research.

Their measured, data-backed investments have paid off: Companies that rely on market research are more likely to increase sales, expand their market, and increase customer retention than those that don't.

With nearly 80% of companies conducting market research in the last 12 months and more than two-thirds planning to increase spending on market research next year, companies that fail to keep pace will miss out to competitors

In Hanover's **State of Market Research Report**, we map how nearly 400 business leaders across the country leverage market research to achieve key business priorities.

You'll learn about how leaders drive ROI from market research, the key projects and proven methodologies, plus market research priorities for 2023.

Use this report as a roadmap to leverage market research to prioritize strategies, show the ROI of your initiatives, and outperform your business goals.

Get **market research insights** to drive growth, increase sales, and outperform competitors.



95%

of businesses report a positive ROI from market research

(n=255)



91%

say market research increases their sales

(n=118)



89%

believe it increases customer retention

(n=122)



69%

plan to increase their market research budget next year

(n=399)

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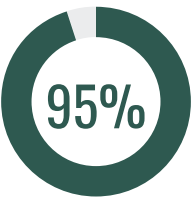


DRIVING VALUE WITH MARKET RESEARCH

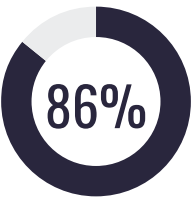
CHALLENGES ADDRESSED BY MARKET RESEARCH

In the aftermath of two years of upheaval, companies are facing steep challenges to expand their markets. From successfully identifying new customers and markets to developing new products to sell within their existing markets, organizations face heightened stakeholder expectations to grow.

Achieving any of these initiatives requires significant investments of people, finances, and time with little margin for error. Market research offers targeted insights that directly address these challenges in order to deliver measurable results.

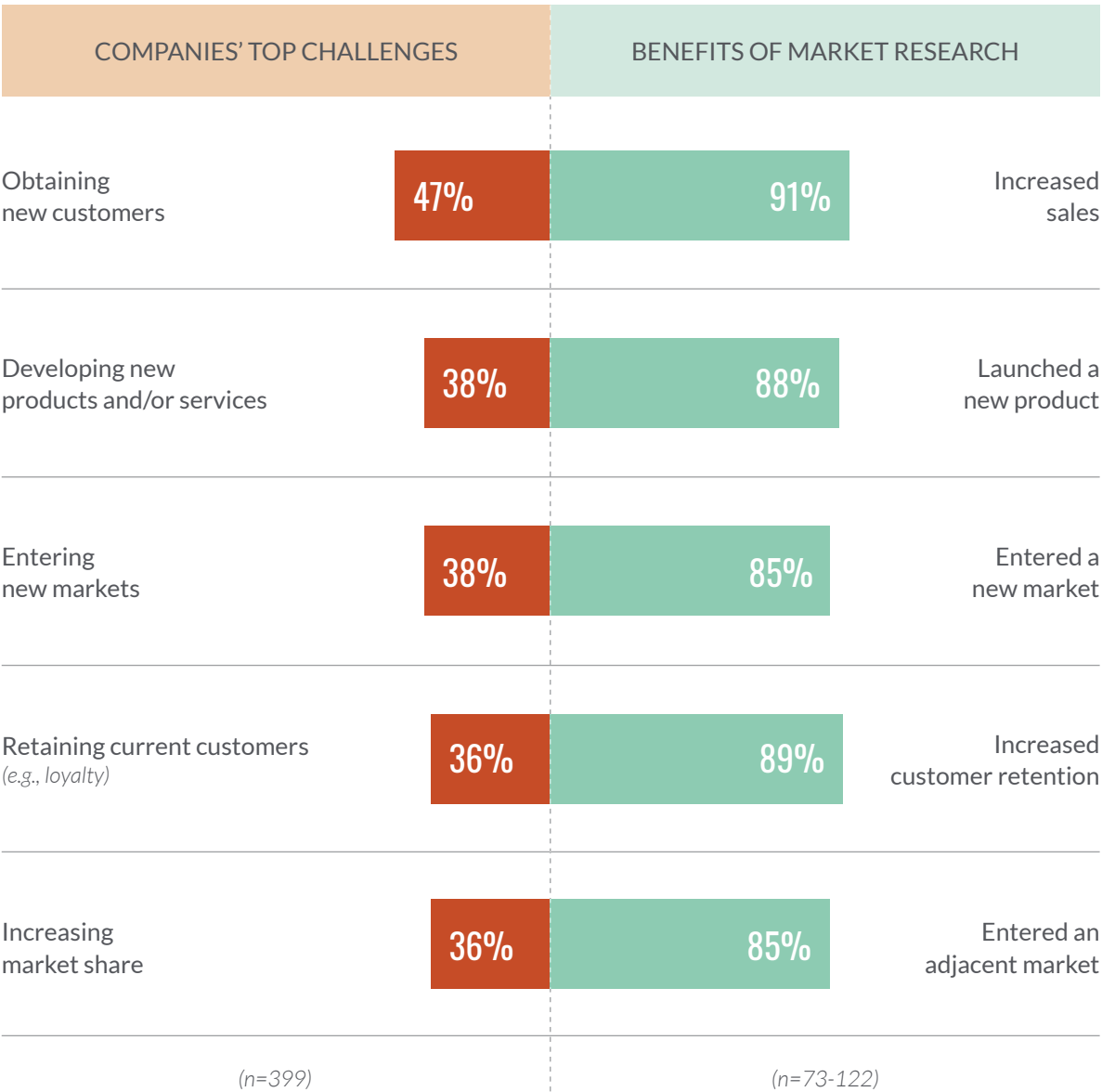


of businesses report a positive ROI from market research



of businesses report an ROI of more than 4x

(n=255)

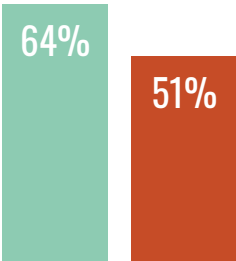


STRATEGIC ADVANTAGE OF MARKET RESEARCH

Companies that conduct market research are more likely to enter a new or adjacent market, increase sales, increase customer retention, and launch a new product than companies that do not. These benefits tie back to a direct and visible impact on business' bottom line, identifying opportunity and mitigating risk during a climate of economic uncertainty.

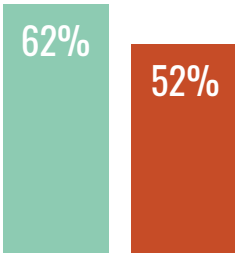


BUSINESS ACCOMPLISHMENTS IN THE LAST 12 MONTHS



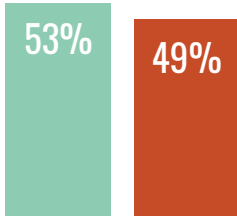
INCREASED SALES

Market research helps companies uncover new business prospects and provides companies with the insights they need to more effectively market to prospects, all leading to higher sales conversions.



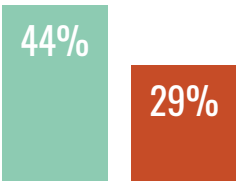
INCREASED CUSTOMER RETENTION

Companies that leverage market research have a deeper understanding of customer needs and can use these insights to optimize their services and products to align with customer expectations, ultimately improving customer loyalty.



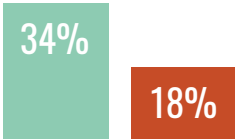
LAUNCHING A NEW PRODUCT OR SERVICE

Market research can size the potential and viability of new product offerings, confirm customer demand, and vet concept offerings and messaging to enhance the likelihood of new product success.



ENTERING A NEW MARKET

Market research provides an in-depth understanding of new markets, highlighting differences in new customer needs, buying habits and preferences, in addition to macroeconomic factors such as regulatory or political limiters, in order to prioritize growth opportunities.



ENTERING AN ADJACENT MARKET

Market research can size the opportunity, risks, and hurdles to enter adjacent markets, aiding companies in prioritizing adjacent expansion plays.



INSIGHTS FROM MARKET RESEARCH

By providing companies with a comprehensive understanding of their business opportunities and challenges, market research empowers its users to develop more effective strategies and, ultimately, accomplish their goals.

MARKET RESEARCH ALLOWS YOU TO...



UNDERSTAND THE MARKET

Market research provides in-depth insights, allowing companies to understand their market, identify their customers' needs and preferences, discover how they are perceived in the market, and measure the impact of their investments and strategies.



IDENTIFY OPPORTUNITIES

Market research spots untapped opportunities for companies to focus on, including how to: improve their brand status and market more effectively, identify new customer bases and markets to sell to, and provide information to help senior leadership prioritize investment opportunities.

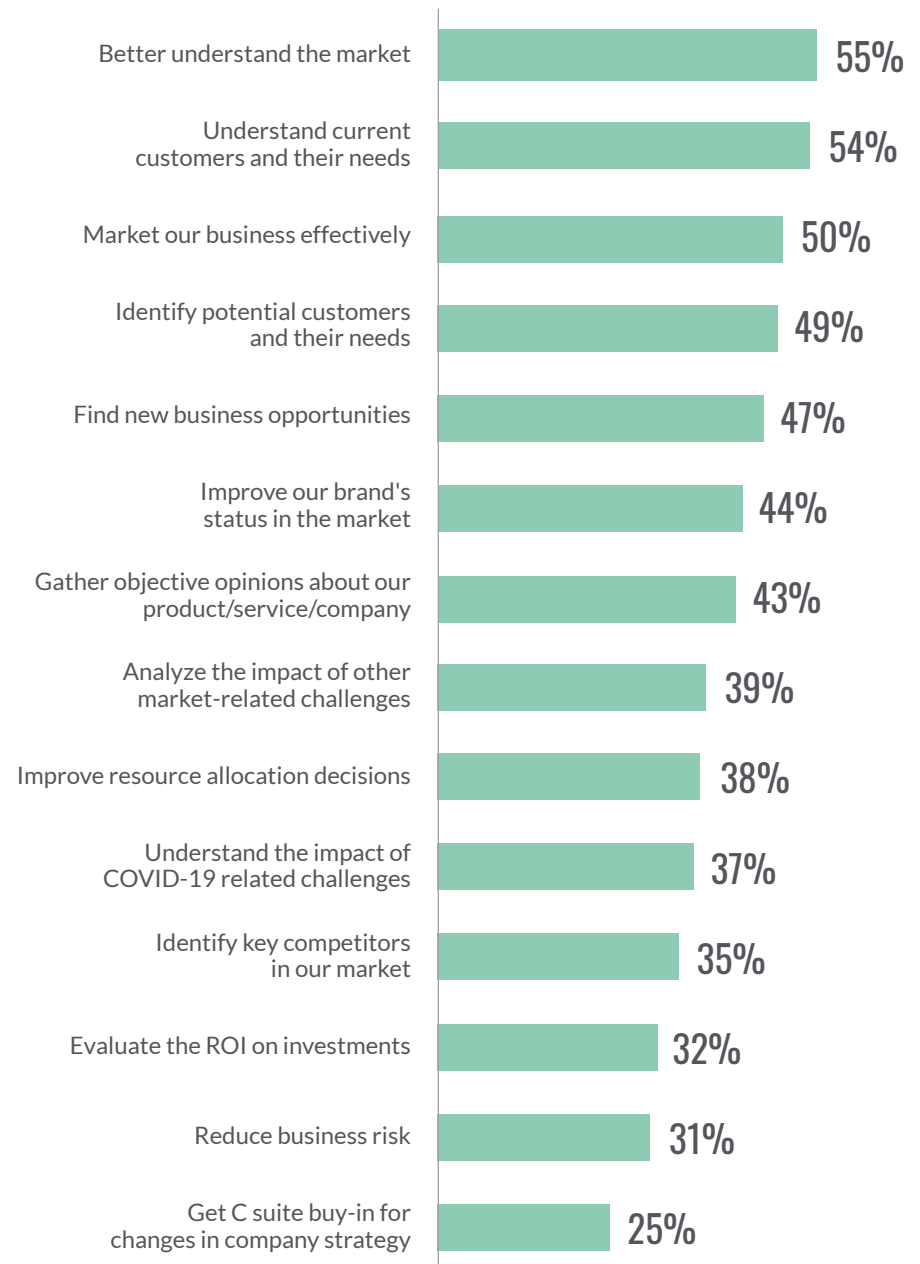


UNCOVER RISK

Market research also uncovers risks that, if ignored, can cause serious damage. This includes insight into competitors, the impact of major challenges or economic influences (i.e., COVID), and negative perceptions of your company.

HOW DOES MARKET RESEARCH HELP YOUR COMPANY?

(n=322)

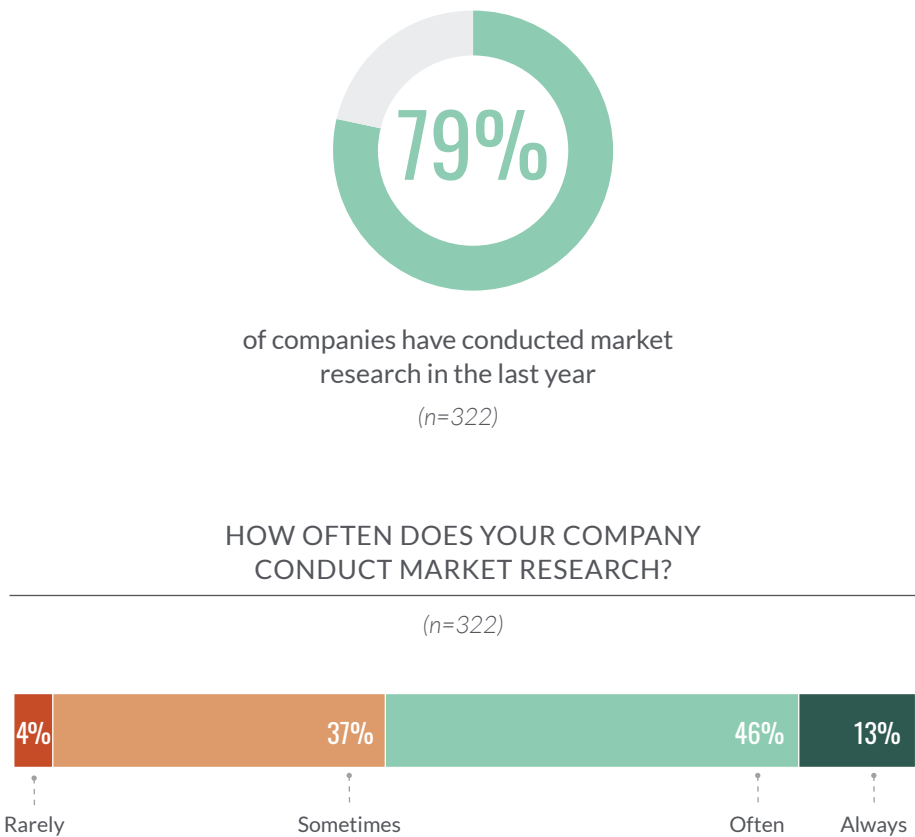




HOW COMPANIES LEVERAGE MARKET RESEARCH

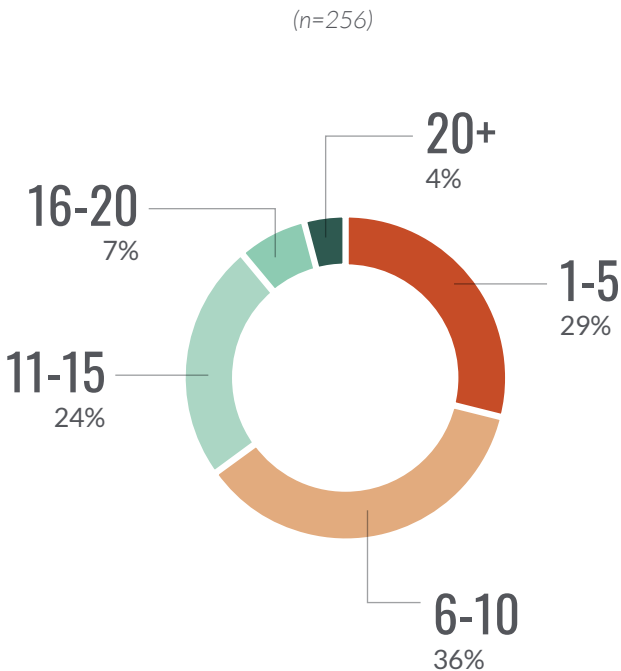
FREQUENCY OF MARKET RESEARCH

Market research isn't new: It's served as a foundation for companies to gauge themselves and their markets for decades. As market and customer needs shift, the need for accurate and actionable insights from market research has increased. This is why almost four in five companies have conducted market research in the last year and 59% do so on a regular basis.



Organizations typically prioritize the most urgent challenges with the greatest impact when choosing the research they conduct. However, accurately addressing their key challenges often takes more than one project. In addition, their initial projects may identify new risks or opportunities that require additional research to accurately address. As a result, the majority of companies conduct between one and 10 market research projects per year.

NUMBER OF MARKET RESEARCH PROJECTS CONDUCTED LAST YEAR



TYPES OF MARKET RESEARCH CONDUCTED

In the past year, companies have focused research on their markets, products, and customers. This focus aligns with leading business challenges: obtaining new customers, entering new markets, and developing new products and services. Half of companies also conduct brand-based projects which help optimize brand positioning to align with new markets and effectively position new products and services.

Businesses' choices about which projects to pursue also align with the top reported benefits of market research: a better understanding of the market, customers, and more effective marketing.

MOST POPULAR MARKET RESEARCH PROJECT TYPES

(n=218-242)



61%

MARKET ANALYSIS

Examples include:

- Market entry strategy
- Market share identification
- Competitive analysis
- Market segmentation
- Market trend analysis
- M&A opportunity



59%

PRODUCT LIFECYCLE

Examples include:

- Product lifecycle management
- Product development
- Product portfolio review
- Package design
- Pricing strategy
- Product message testing
- Channel strategy
- Sales forecasting



58%

CUSTOMER EXPERIENCE

Examples include:

- Buyer persona
- Customer segmentation
- Customer journey
- Path to purchase
- Customer decision-making process
- Customer needs assessment
- Voice of customer



55%

BRAND STRATEGY

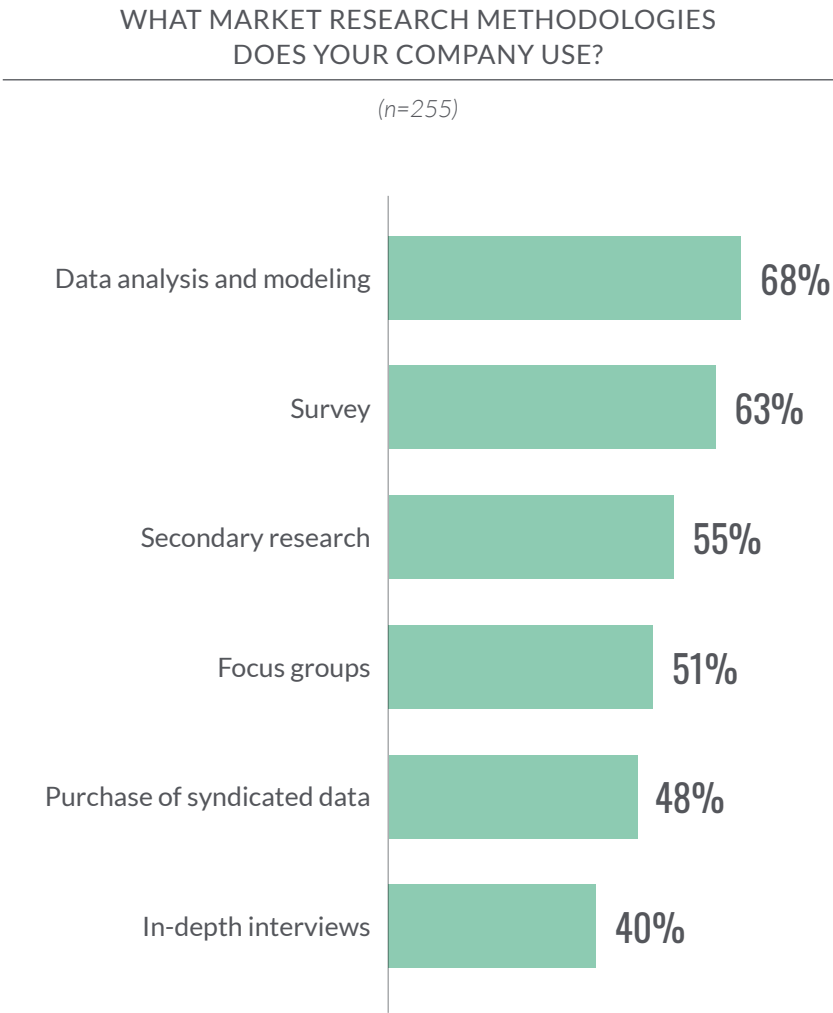
Examples include:

- Brand equity
- Brand awareness
- Brand perception
- Brand tracking
- Brand development and positioning
- Rebranding
- Content marketing development

MARKET RESEARCH METHODOLOGIES

Companies employ a variety of methodologies in their market research, depending on the type of project and the depth of insights needed. For example, a company wanting to track customer satisfaction might run a survey to gather quantitative data on trends. However, if it wants specific feedback on already identified customer satisfaction issues, in-depth interviews can collect richer insights. Depending on the complexity of insights, two or more methodologies might be necessary to obtain a holistic understanding and actionable results.

Data analysis and modeling are leveraged by 68% of businesses followed by surveys at 63%. In-depth interviews have the least investment, likely because of their complexity, higher costs, and the increased challenge of collecting feedback. Less than half of companies leverage syndicated data for their projects. While obtaining this data is easy, most businesses are looking for research that is tailored to their company and their unique needs rather than generalized data that may not provide the level of insights they need.



HIGH-VALUE OPPORTUNITIES FOR MARKET RESEARCH

While all market research projects studied ranked as high value (ranging from 72% to 94%), companies use some market research projects more frequently than others. Projects around market insights and expansion, customer needs, and customer satisfaction occur more frequently than any other type.

While overall higher usage of a market research project tends to correlate with higher value, there are three outliers with high value, but low implementation, that represent opportunities for companies. These three projects align with many of the projects with high rates of implementation, and if used in tandem, can help companies develop more effective strategies.

EMERGING OPPORTUNITIES FOR MARKET RESEARCH



CUSTOMER SEGMENTATION

While many companies are leveraging research on customer needs and satisfaction, customer segmentation presents an opportunity to take these insights further, allowing them to develop targeted sales, marketing, and service strategies to obtain new and retain existing customers.



VALUE PROPOSITION ASSESSMENT

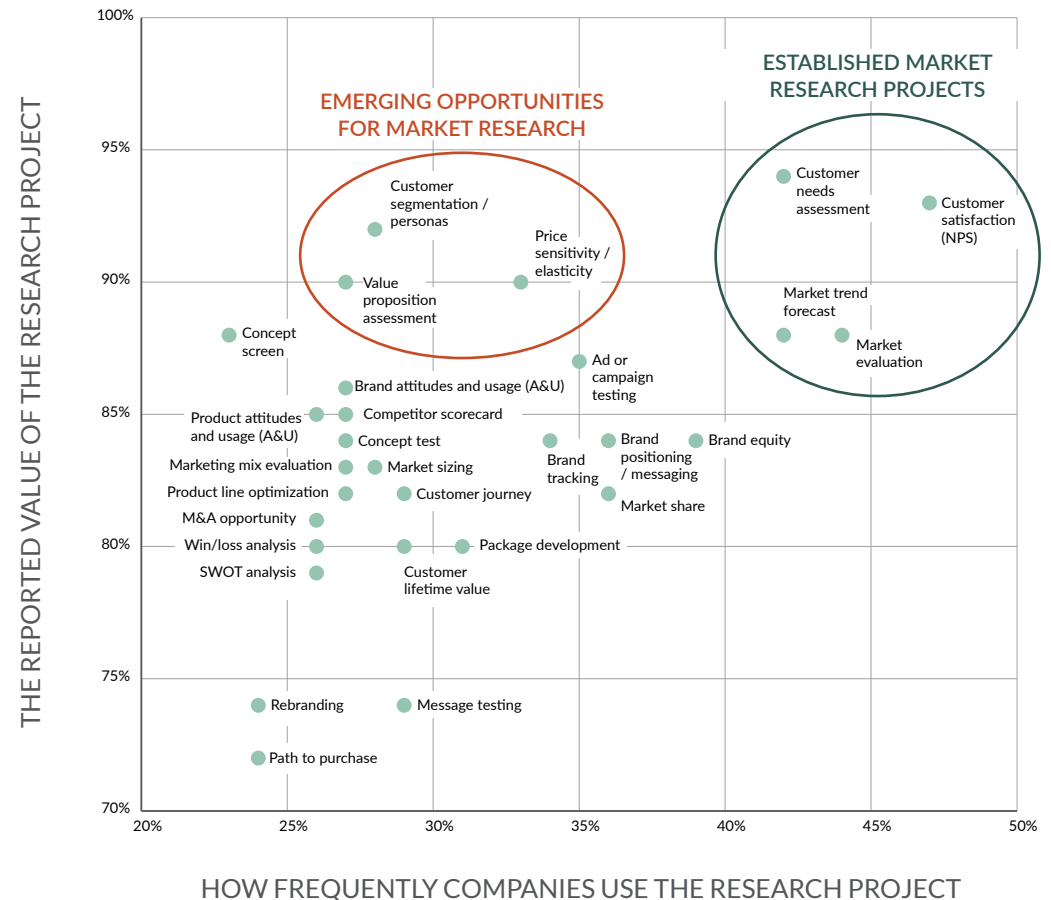
By providing businesses with a better understanding of the value customers attribute to their offerings, a value proposition assessment enables companies to not only assist in customer-centric challenges, but also increase market share and ROI.



PRICE SENSITIVITY

By providing insight into how prices affect sales, companies can develop a pricing strategy that identifies the optimal price point. With an optimized pricing strategy, businesses will be able to drive revenue without alienating their customers.

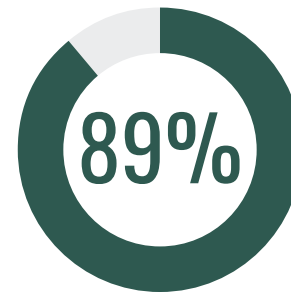
MARKET RESEARCH PROJECT USAGE AND VALUE



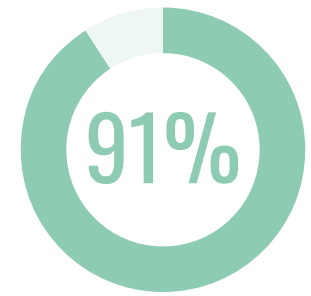
INTEGRATING MARKET RESEARCH INSIGHTS

There's a reason so many companies decide to conduct frequent market research projects: They recognize that when they integrate these insights into their business decisions and strategies, they consistently see better outcomes.

Companies that successfully integrate market research do so thanks to their commitment to data-driven decision-making, accountability, and incentives for using market research findings.



The percent of businesses that use market research insights in strategy meetings
(n=255)



The percent of businesses that say market research findings are an effective tool for decision-making
(n=255)

TIPS TO INTEGRATE RESEARCH INTO DECISION-MAKING

1. Commit to consistently using research to support decision-making
2. Create a culture of data-driven decision-making across the organization
3. Incentivize use by creating accountability or ownership over the market research results
4. Ensure the value of integrating market research is present from the top-down in your organization
5. Communicate the importance of integrating market research and ensure it is incorporated from the bottom-up in your organization

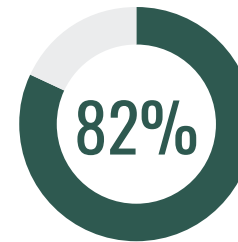


INVESTMENT IN FUTURE MARKET RESEARCH

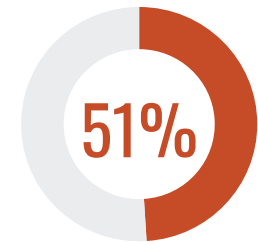
Between evolving customer expectations, an economy in flux, and all the benefits of market research, most businesses plan to invest in market research in the next 12 months. Of those that have previously conducted market research, 82% will start another project in the next year. Of those that haven't done so in the last five years, more than half plan to initiate a market research project in the next 12 months. Companies that plan to conduct research are also planning to increase their budget for market research. Over two-thirds (69%) of companies expect their budget for market research to increase in the next 12 months.

This percentage is even higher with B2B2C companies, where 81% expect a budget increase. B2B2C brands likely plan to invest more due to their dual-layer business model (selling to retailers who in turn sell to consumers) which requires them to understand the needs and motivations of their direct customers as well as those their customers sell to.

MY COMPANY HAS PLANS TO CONDUCT MARKET RESEARCH IN THE NEXT 12 MONTHS

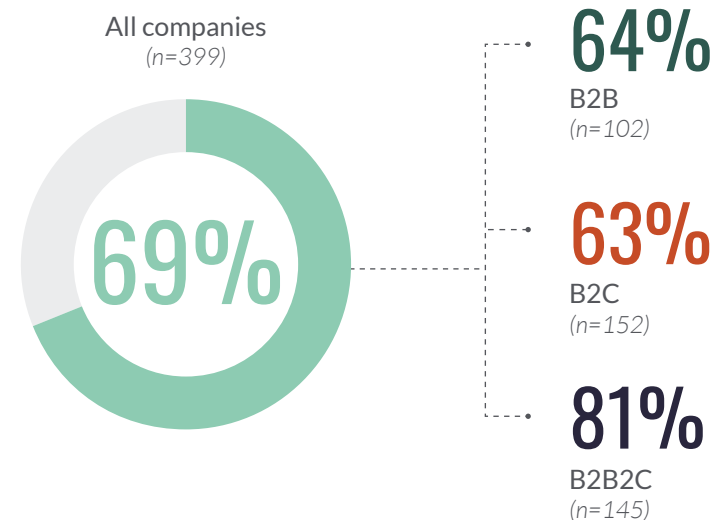


Companies that **have** conducted research previously
(n=322)



Companies that **have not** conducted research previously
(n=77)

MY COMPANY'S BUDGET FOR MARKET RESEARCH WILL INCREASE IN THE NEXT 12 MONTHS



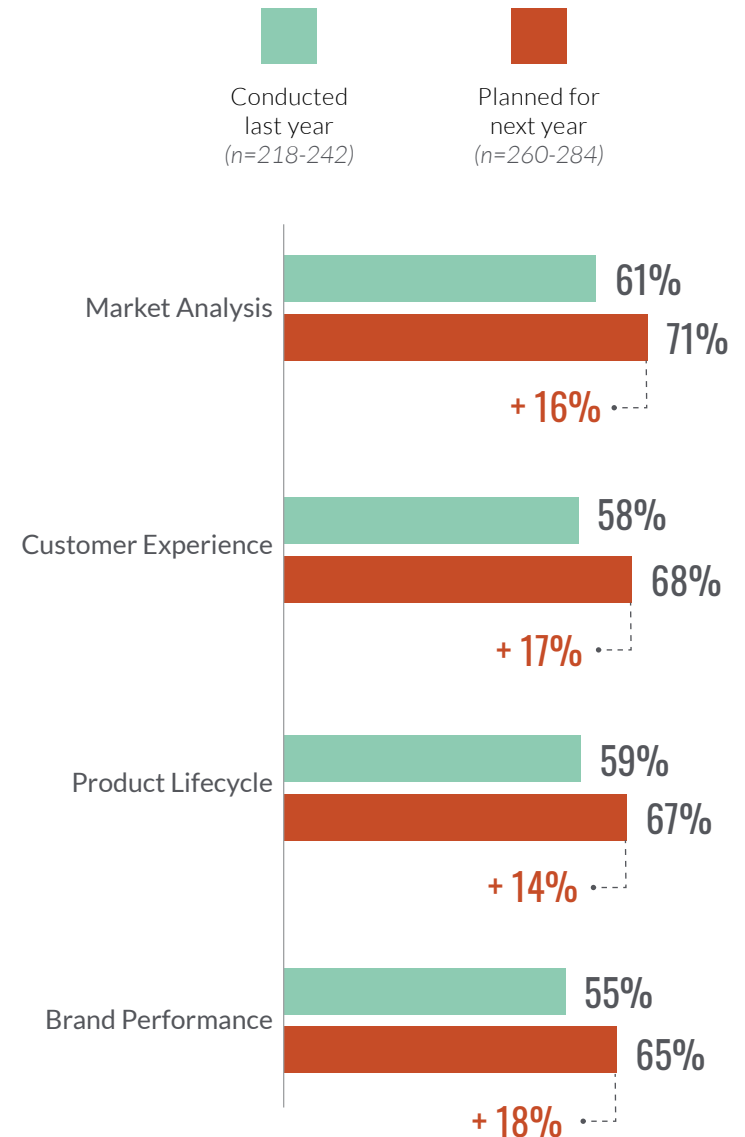
FUTURE FOCUS OF MARKET RESEARCH

To strengthen their company amidst significant inflation and recession concerns, businesses are planning to increase then number of projects they conduct from all four research types by 17%. Market analysis projects will remain the most frequently performed project type, with 71% of businesses planning to conduct one in the next 12 months.

Though fewer companies expressed interest in brand performance projects, it has the highest increase (18%) compared to last year. Companies that completed projects in the other categories frequently identify brand insights work as a subsequent priority. Against the backdrop of economic uncertainty, many businesses seek to strengthen their brand in order to weather potential disruptions.



RESEARCH CONDUCTED LAST YEAR VS. RESEARCH PLANNED FOR NEXT YEAR



PRIORITY MARKET RESEARCH PROJECTS

Inflation and other market factors drive the research trends for next year, all of which tie back to a direct and visible impact on companies' bottom line — a critical benefit given the economic uncertainty many companies face.

Market evaluation and customer needs assessment will overtake customer satisfaction as the top research projects. Price sensitivity, while not previously high on the list in terms of usage, has seen an increase in interest for next year. As inflation causes companies to reevaluate their pricing to cover increased costs, many need to ensure changes will not alienate customers. In addition, price sensitivity is one of our identified priority research opportunities, with a potential for high reported value many businesses failed to capture previously.



TOP MARKET RESEARCH PROJECTS PLANNED FOR NEXT YEAR

(n=302)



45%
Market
evaluation



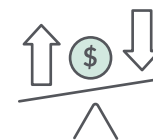
45%
Customer needs
assessment



43%
Customer
satisfaction



42%
Market trend
forecast



37%
Price
sensitivity

To see the full list of market research projects companies are planning for next year, see the appendix on page 25

CONCLUSION

Between a shifting economy, evolving customer needs, and increased competition, companies need to develop enhanced strategies that address their biggest challenges and achieve their goals. In planning upcoming growth strategies, keep in mind:

TOP 8 TAKEAWAYS

1. Businesses can overcome leading challenges through market research.

The benefits of market research directly address companies' leading challenges, including winning and retaining customers, entering new markets, developing products, and increasing market share.

2. Companies that conduct market research accomplish more than those that didn't.

Companies that conduct market research are more likely to enter a new or adjacent market, increase sales, increase customer retention, and launch a new product than companies that do not.

3. Market research provides meaningful, in-depth insights for informed decision-making.

Market research insights allow companies to gain a comprehensive understanding of their market, identify untapped opportunities, and uncover hidden risks.

4. To gather in-depth insights, companies conduct multiple projects a year.

The majority of companies conduct between one and 10 market research projects a year.

5. There are three particularly high-value, high-opportunity market research projects.

Customer segmentation, value proposition assessment, and price sensitivity are three high-value, but low implementation projects that represent opportunities for companies.

6. Market research provides significant, measurable ROI.

Almost all businesses report a positive ROI from market research, with 86% saying it provides an ROI of over 4X.

7. The investment in market research is growing.

More than two-thirds of businesses are planning to increase their market research budgets next year.

8. Market analysis, customer preferences, and pricing evaluation are the top projects for 2023.

Companies are looking to evaluate current and forecast future market developments, analyze customer needs and satisfaction, and evaluate price sensitivity.



Get targeted research and insights to **identify, develop, and implement a strategic plan** to uncover new opportunities, minimize risk, and accelerate growth.

APPENDIX

STUDY OVERVIEW

Key Objectives

- What are the general perceptions of market research?
- Are successful businesses using market research? Why or why not?
- What challenges do market research insights solve?
- What benefits does market research provide?
- What are companies' future market research plans?

Methodology and Approach

- Hanover Research tested these questions and assumptions via a quantitative online survey targeted at professionals across relevant industry categories.
- A third-party panel vendor, Lucid/Cint, was used to recruit qualified participants.

Respondent Qualifications

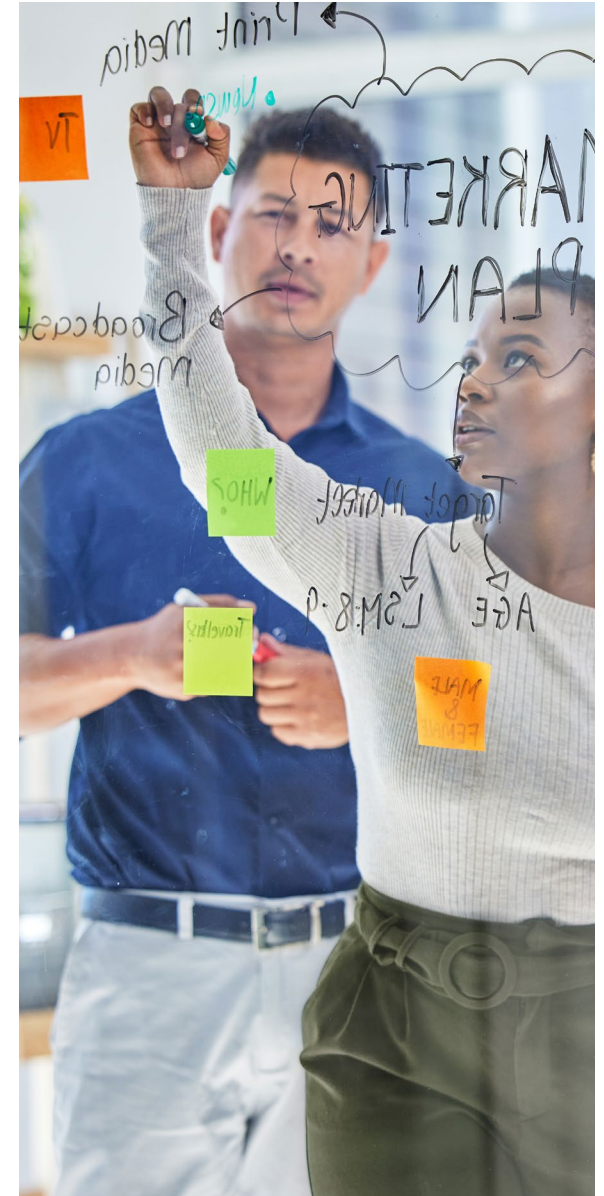
Respondents met the following criteria to be qualified participants:

- Reside in the United States
- 25 years of age or older
- Currently employed full-time

To ensure sample representation, participants were recruited based on the following organizational and role-based criteria:

- Role level (ranging from manager to C-suite)
- Department (Marketing, Market Research, Consumer/Customer Insights, Product Management, Public Relations, Research and Development, Strategy, Operations)
- Industry representation across B2B, B2C, and B2B2C organizations
- Organization size (revenue)
- Geography
- Tenure

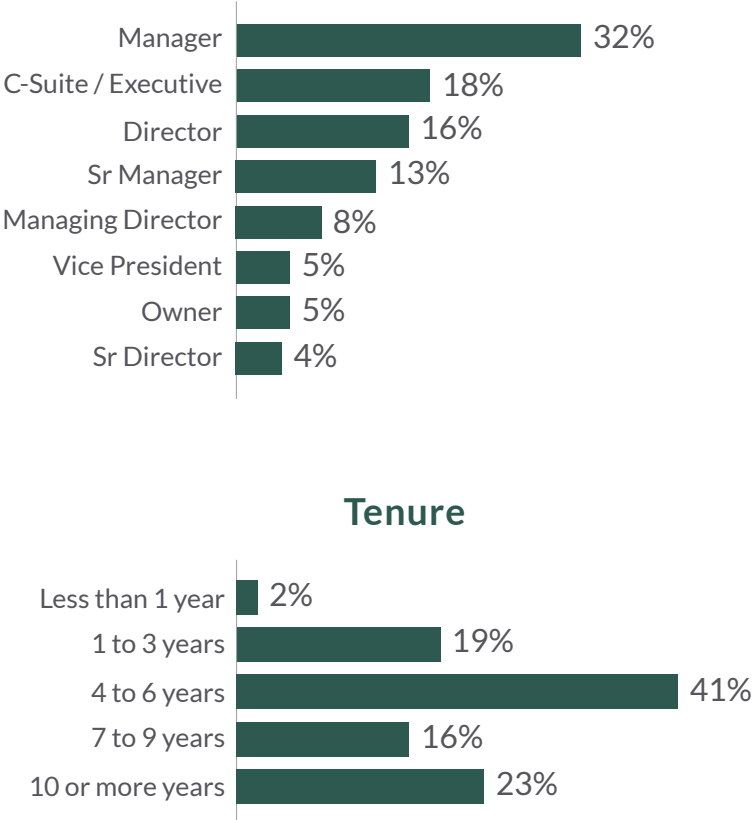
After quality control measures, the analysis is based on a final sample size of 399 participants.



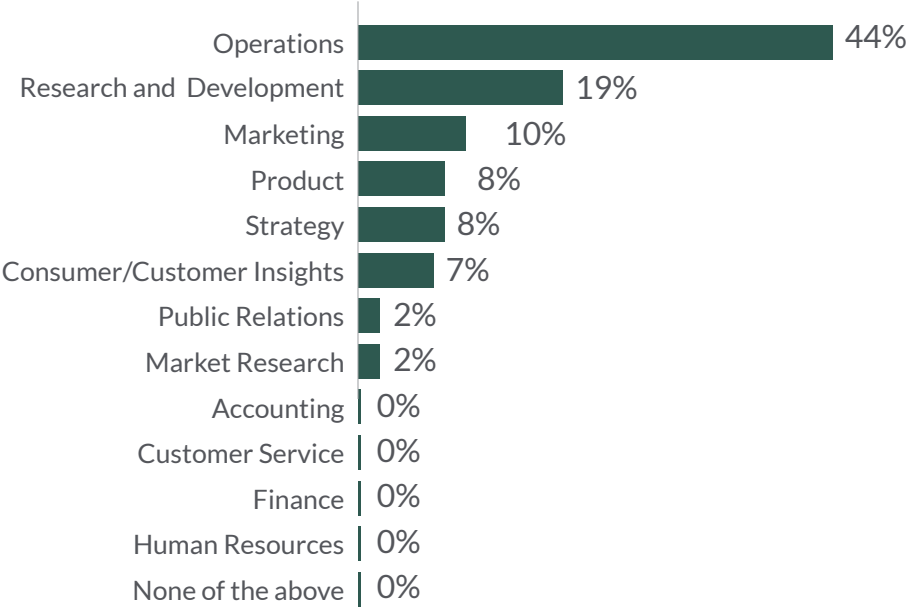
PROFESSIONALS PROFILE

(n=399)

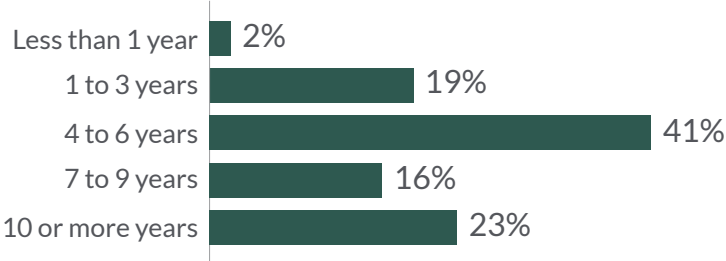
Title



Department



Tenure



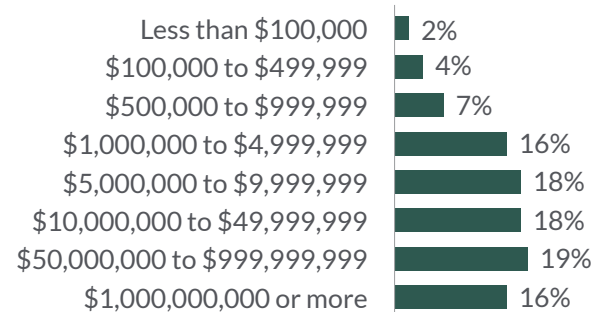
ORGANIZATION PROFILE

(n=399)

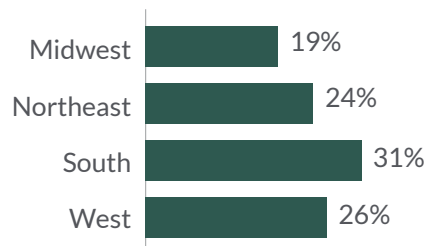
Industry Type



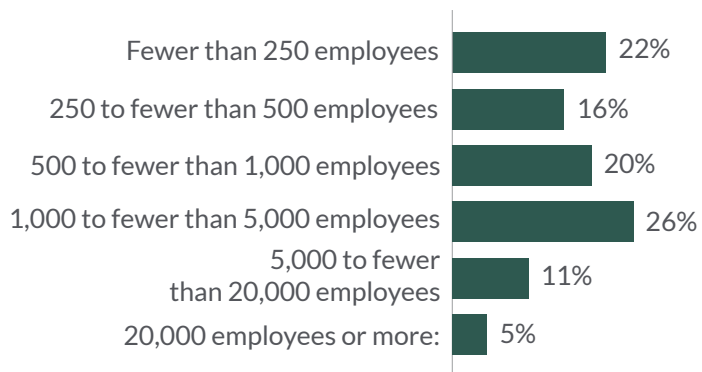
Annual Revenue



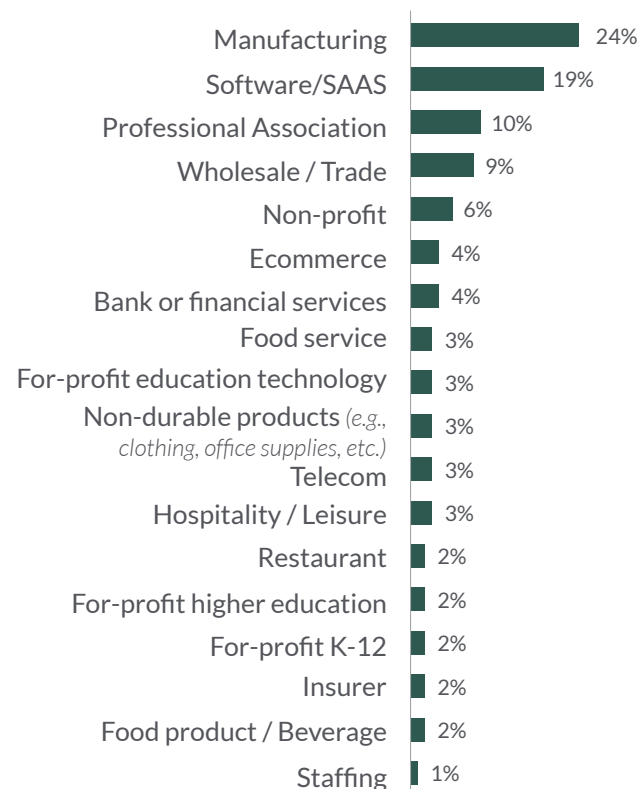
Region



Organization Size



Industry



MARKET RESEARCH CONDUCTED IN 2022

What type of market / product / customer / brand focused market research has your company conducted in the past 12 months?	B2B (n=67)	B2C (n=91)	B2B2C (n=97)	All (n=255)
Customer satisfaction (NPS)	40%	53%	46%	47%
Market evaluation	37%	53%	41%	44%
Customer needs assessment	49%	45%	35%	42%
Market trend forecast	45%	37%	44%	42%
Brand equity	42%	38%	37%	39%
Market share	51%	33%	28%	36%
Brand positioning / messaging	36%	45%	27%	36%
Ad or campaign testing	31%	36%	37%	35%
Brand tracking	31%	34%	35%	34%
Price sensitivity / elasticity	36%	29%	35%	33%
Package development	37%	24%	34%	31%
Customer lifetime value	31%	30%	28%	29%
Message testing	28%	31%	27%	29%
Customer journey	31%	30%	26%	29%
Market sizing	34%	26%	25%	28%
Customer segmentation / personas	28%	25%	30%	28%
Concept test	28%	24%	30%	27%
Value proposition assessment	36%	23%	26%	27%
Marketing mix evaluation	22%	23%	34%	27%
Brand attitudes and usage (A&U)	21%	27%	31%	27%
Competitor scorecard	28%	26%	26%	27%
Product line optimization	27%	27%	26%	27%
M&A opportunity	31%	20%	29%	26%
SWOT analysis	27%	19%	32%	26%
Product attitudes and usage (A&U)	34%	21%	25%	26%
Win/loss analysis	37%	21%	23%	26%
Rebranding	22%	24%	25%	24%
Path to purchase	22%	29%	20%	24%
Concept screen	25%	24%	20%	23%
Thought leadership creation	24%	19%	26%	23%

THE VALUE OF MARKET RESEARCH PROJECTS

Please rate the value each type of market research adds to your company	B2B	B2C	B2B2C	All
Customer needs assessment	94%	93%	97%	94%
Customer satisfaction (NPS)	96%	90%	96%	93%
Customer segmentation / personas	95%	87%	93%	92%
Price sensitivity / elasticity	96%	81%	94%	90%
Value proposition assessment	92%	81%	96%	90%
Concept screen	94%	73%	100%	88%
Market evaluation	84%	88%	93%	88%
Market trend forecast	87%	82%	93%	88%
Ad or campaign testing	81%	79%	97%	87%
Brand attitudes and usage (A&U)	79%	76%	97%	86%
Thought leadership creation	88%	82%	88%	86%
Competitor scorecard	89%	75%	92%	85%
Product attitudes and usage (A&U)	83%	79%	92%	85%
Brand equity	89%	71%	92%	84%
Brand positioning / messaging	75%	80%	96%	84%
Concept test	95%	77%	83%	84%
Brand tracking	81%	81%	88%	84%
Marketing mix evaluation	67%	81%	91%	83%
Market sizing	78%	75%	96%	83%
Product line optimization	78%	84%	84%	82%
Customer journey	71%	89%	84%	82%
Market share	82%	80%	85%	82%
M&A opportunity	81%	78%	82%	81%
Package development	84%	73%	82%	80%
Win/loss analysis	76%	79%	86%	80%
Customer lifetime value	90%	78%	74%	80%
SWOT analysis	83%	59%	87%	79%
Message testing	74%	64%	85%	74%
Rebranding	87%	59%	79%	74%
Path to purchase	60%	73%	79%	72%

THE MARKET RESEARCH PROJECTS PLANNED FOR NEXT YEAR

What areas of market / product / customer / brand market research will you focus on in the coming 12 months?	B2B	B2C	B2B2C	All
Market evaluation	42%	50%	43%	45%
Customer needs assessment	47%	50%	38%	45%
Customer satisfaction (NPS)	37%	48%	42%	43%
Market trend forecast	42%	39%	45%	42%
Price sensitivity / elasticity	38%	30%	41%	37%
Brand equity	41%	38%	32%	36%
Ad or campaign testing	28%	46%	31%	35%
Brand positioning / messaging	34%	37%	30%	33%
Customer journey	33%	33%	29%	31%
Brand tracking	29%	31%	32%	31%
Brand attitudes and usage (A&U)	33%	26%	35%	31%
Win/loss analysis	34%	28%	31%	31%
Concept test	34%	27%	31%	30%
Market share	29%	36%	26%	30%
Product line optimization	32%	28%	31%	30%
Customer lifetime value	32%	30%	28%	29%
Market sizing	26%	31%	29%	29%
Package development	34%	24%	29%	28%
SWOT analysis	29%	16%	33%	26%
Value proposition assessment	21%	28%	28%	26%
Path to purchase	20%	28%	27%	25%
M&A opportunity	29%	19%	28%	25%
Marketing mix evaluation	24%	20%	31%	25%
Competitor scorecard	30%	18%	27%	25%
Message testing	16%	31%	25%	25%
Product attitudes and usage (A&U)	24%	27%	24%	25%
Customer segmentation / personas	22%	23%	26%	24%
Thought leadership creation	21%	22%	27%	24%
Concept screen	22%	22%	21%	22%
Rebranding	22%	17%	21%	20%



ABOUT HANOVER RESEARCH

We leverage a deep understanding of your business challenges to provide critical intelligence that helps you uncover new opportunities, minimize risk, and accelerate growth.

OUR BENEFITS



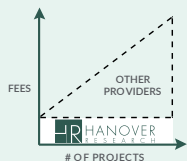
EXPERT
200+ analysts
with advanced
multiple methodology
research expertise



FLEXIBLE
Ongoing custom
research agenda
adapts with
organizations' needs



DEDICATED
Exclusive account
and research teams
ensure strategic
partnership



EFFICIENT
Annual, fixed-fee
model shares
costs and benefits

OUR CORPORATE SOLUTIONS

MARKET ANALYSIS

Drive growth and outperform competitors through targeted exploration and analysis of hard-to-quantify markets.

- Market Entry Strategy
- Market Penetration Strategy
- Trend Analysis
- Market Share Identification
- Market Segmentation
- Merger and Acquisition Opportunity Analysis
- Competitive Analysis

PRODUCT LIFECYCLE

Optimize each stage of a product's lifecycle from ideation, development, launch, and marketing.

- Product Lifecycle Management
- Product Development
- Product Portfolio Review
- Package Design
- Pricing Strategy
- Product Message Testing
- Channel Strategy
- Customer Needs Assessment

CUSTOMER EXPERIENCE

Understand the complex customer journey to pinpoint problem areas and uncover opportunities for high-impact improvement.

- Voice of the Customer
- Consumer Decision-Making Process
- Customer Segmentation
- Customer Needs Assessment
- Buyer Persona
- Customer Satisfaction
- Customer Journey
- Lead Scoring
- Pathway to Purchase

BRAND STRATEGY

Identify and measure the most important metrics for assessing brand and cultivating effective messaging.

- Brand Equity
- Brand Awareness
- Brand Perception
- Brand Tracking
- Brand Development and Positioning
- Content Marketing



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