

Marketing Research: Choosing Between Internal and External Resources

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A major decision in any marketing research initiative involves the assignment of responsibility for the research function. The range of research options includes: performing all marketing research in-house using internal resources; totally outsourcing the research process; and utilizing a combination of internal and external resources. Another “compromise” approach might involve bringing in an outside consultant to coordinate the use of internal resources for the marketing research. Different health care organizations pursue different paths among these three options. Nevertheless, at some point the choice “to make or buy” will come up, and the organization must decide whether or not to bring in an outside consultant. To a certain extent, the corporate culture of the organization will influence its willingness to utilize such outside resources.

There are several advantages to carrying out the marketing research using in-house resources. Assuming that staff are already in place, the marketing effort will require a reassignment of responsibilities rather than developing marketing capabilities *de novo*. No additional costs would be expected besides the opportunity costs of diverting resources from other projects. Presumably, in-house staff are familiar with the organization’s services and products as well as its organizational structure. Research processes may already be in place and a certain amount of data (particularly secondary data) would have already been compiled.

On the other hand, if there are no existing marketing research capabilities within the organization, there are likely to be considerable costs involved in establishing them. New resources will have to be acquired and/or transferred from other functions. The ramp-up effort for developing the necessary skills may make the process costly and inefficient. Further, in-house researchers may be “too close” to the situation and not have the objectivity of outside consultants. Indeed, there may be reasons why different parties have a vested interest in the outcome of the marketing research.

The advantages of using outside resources are numerous. Outside consultants generally bring a broader perspective than might be found within the organization. Hopefully, they have been involved in similar research activities with other healthcare organizations. An outside consultant also brings an objectivity that may be compromised if the project is implemented using in-house staff. The outsider does not have to tailor his findings to placate his manager and is generally free of the political considerations that inevitably arise. The outside consultant may have expertise in specialized techniques that are required for the project or may already have expensive resources (e.g., geographic information systems) that would otherwise have to be acquired.

There are disadvantages to using outside experts as well. They can be very expensive and a certain level of sophistication is required in order to negotiate a reasonable contract. (Note that there are no small costs involved in carrying out research activities in house, particularly if no dedicated function is already in place.) There may be situations in which such sensitive data is involved that outside access

may be undesirable. Further, an outsider is an outsider and there may be aspects of the community or organization that are difficult to understand without having an insider's perspective. Ultimately, every organization will have to weigh the pluses and minuses of the two approaches.

One way to resolve the issue of whether to implement in house or bring in a consultant is to ask some basic questions. Is it cheaper to outsource the work than to do it ourselves? (This assumes that the organization has a realistic understanding of the true cost of conducting research using in-house staff.) Does it involve a type of expertise that is not available in house? Is special data, software or equipment required whose purchase would not be practical for a one-time study? Is the issue being studied significantly controversial or sensitive as to demand the input of an objective outsider? On the other hand, is the information of such a confidential nature that it needs to be kept "in the family"? Finally, the one question that should be asked with every proposed project is: Does in-house staff really have the time and resources to conduct this project?