

### Market Research & Information Systems

**Research and Risk:** helps to *reduce* risks associated with a new product but it cannot *take away the risk entirely*

**Market Research:** often needed to ensure that we produce what customers *really* want and not what we *think* they want

"Investment": to reduce uncertainty

Help guide decisions: whether to enter, product characteristics, promotion strategy, positioning

Weight costs and benefits of research: money, time spent

No perfect method: tradeoffs between methods, things can change in the market-place (changes in customer taste, competitor product intro, etc.)

**Marketing Information System:** set of procedures and methods for regular collection (built over time/readily obtainable) and analysis of information for marketing decisions

Databases: international information (sales volumes)

Primary/Secondary Market Research

**Data Mining:** processing of vast amounts of data to find relationships between variables

Strategic adjacencies: items that are frequently purchased together are placed together in retail settings (serve as a "trigger" if forget to go a specific section)

Season sales patterns, customer segments

**Primary Research:** you design and conduct yourself

*Precision Methods:* deeper understanding with large sample size but less flexibility

Ex. experiments, surveys, panel, scanner data

Surveys: useful for getting a great deal of specific information at usually low costs

Vulnerable to bias based on wording of the question, face-face interview bias

### Market Research & Information Systems (cont)

Generally useful to employ *continuum scales*: scale 1-10 then yes/no - brand loyalty, interest, knowledge, etc

PROS: *conditional branching* allows a direct skip to a relevant question`

CONS: *quality of response* (time pressures, willingness to write out answers/respond to multiple closed-ended questions, willingness to read/follow directions is limited), *reliability/browser compatibility issues*

Experimentation: helpful when determining what people *do* rather than what they *say/think they will do*; useful to attempt determining causality (High Costs)

*Control* for factors that are not = in real life (tips more likely with CC because company card?), rule out alternative experiments (increase # accidents bc of holding phone or phone distraction)

Different groups of people must be treated differently OR the same individual must be given different treatments at different times

Scanner Data (Supermarket Club): membership card grants discounts/gas benefits which allows for analysis of purchase histories to direct coupons (competing brand/free product)

Scanner Data (Panel): MOST USEFUL; all local retailers included, TV viewing (ads), and demographics (family size, occupation, income)

*Split Cable Tech* (TV Viewing): randomly select 1/2 panel to receive 1 advertising treatment and other 1/2 another (allow for sampling error because receive 1 treatment or other)

Scanner Data (Aggregated Retail Sales Records): sales volume of products by UPC may be available from an assortment of retailers/data available for more product categories (not tied to individual consumer data = cannot relate to other things at store)

### Market Research & Information Systems (cont)

Triangle Measure: each respondent given 3 items (current, new, duplicate of either old/new) and asked to identify the one that is different and explain why

*Explorative Methods:* get a basic understanding of issues that may surround a product or practice; smaller participation so cannot generalize to overall population;

Flexibility: if a customer says something interesting in an interview, follow-up questions can be asked

Ex. observation, in-depth interview, focus groups, projective techniques

Observation: look at consumers in the field of selecting products can yield insights into how they make decisions and what they look for (Low-High Cost depend on coding/analysis)

Ex. search for product category area, # of products inspected/time spent on each, apparent scrutiny of labels/other info, involvement of others, behavior under limiting circumstances

**Secondary Research:** using information that others have already put together

**Focus Group:** (most appropriate as an early stage method/not best or default research) groups of 5-12 consumers assembled, start out talking generally about context of product, gradually "focus" in on actual product (High costs)

Uses: identify possible issues of concern with a new product, probing complex issues where different factors/issues may affect opinions, probing differences in perspectives among different groups, very preliminary pilot testing of ideas, identify actual language used by customers

### Market Research & Information Systems (cont)

**Composition:** members of group should generally be similar in terms of affect of comfort with speaking openly (socioeco, age, gender), if target market crosses the variables, different focus groups should be run, may be helpful to run them in different geographic areas

**Dynamics:** facilitator should allow members to talk as much as possible to get views/-perceptions, gently attempt to steer the group in desired direction, probe/ask for elaboration when interesting ideas are raised (may involve activity/sampling product)

**Caveats:** small sample size even with many groups, opinions are not independent due to social influence, issues identified should be examined with more powerful methods using larger sample sizes (SHOULD STUDY MORE PRECISELY)

**PROS:** getting *breadth* - what kinds of *issues* are important for consumers in a given product category

**CONS:** inherently *social*, say things to make them look good, reluctant to speak on embarrassing issues

**In-depth Interviews:** questioning of an individual about his or her interest in or experiences with a product (More Costly than focus group)

**Structured:** Planned set of questions vs. **Unstructured:** Go where discussion takes you

Difficult to generalize to other consumers but identify contrasting types of consumers (useful for highly emotional, identity involved products - car, clothes)

**Projective Techniques:** used when a consumer may feel embarrassed to admit to certain opinions, feelings, or preferences (tend to discuss other people instead; getting at motivations not consciously known) (Usually high cost)

### Market Research & Information Systems (cont)

**Physiological Measures:** occasionally used to examine consumer response at various phases of advertisement/marketing exposure (High Cost)

Tracks eye movements (areas of focus, for attention/involvement), heart rate, skin conductivity, brain waves (state of mind/a-ttention)

**Real-Time Response Over Time:** asked to move a lever or dial to adjust how much like it, agree with, or is positive toward some message over time

Test which statements are more effective in persuasion or bring about favorable affect

**Conjoint Analysis:** determine relative importance of various attributes of a product

1. Consumers rate several "profiles" (combinations of features) 2. Statistical analysis is used to "decompose" ratings into preferences

*Ex.* rank car 1 overall and car 2 overall after given all facts about each

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