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Haute école de gestion
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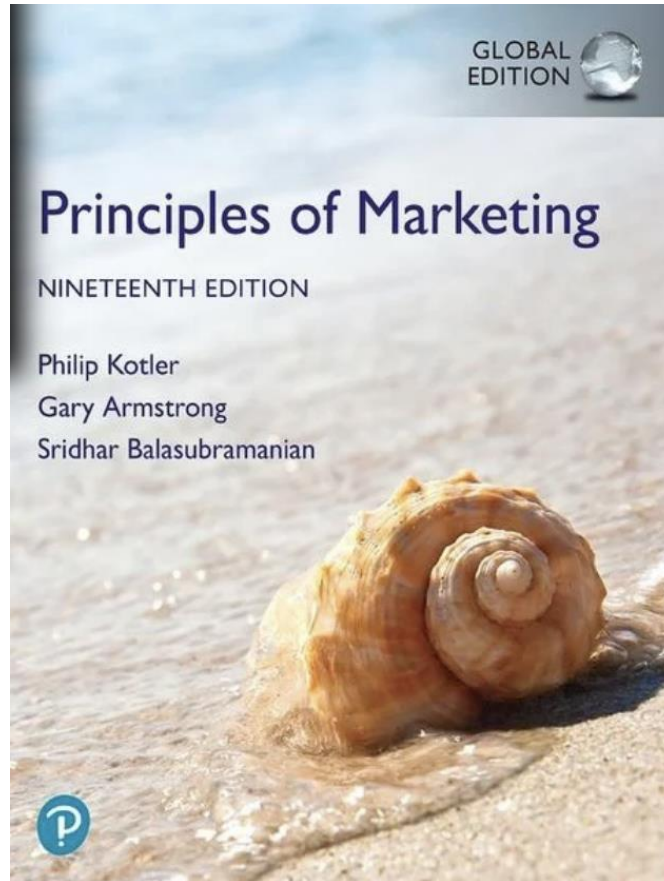
CHAPTER 4: MARKETING

MARKET RESEARCH & CUSTOMER INSIGHTS

Marketing Principles 1

Anna Wehren

Hes·SO GENÈVE
Haute Ecole Spécialisée
de Suisse occidentale

# Principles of Marketing

Chapter 4

Market Research &
Customer Insights

Learning Objectives

4-1 Explain the importance of information in gaining insights about the marketplace and customers.

4-2 Define the marketing information system and discuss its parts.

4-3 Outline the steps in the marketing research process.

4-4 Explain how companies analyze and use marketing information.

4-5 Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Learning Objective 1

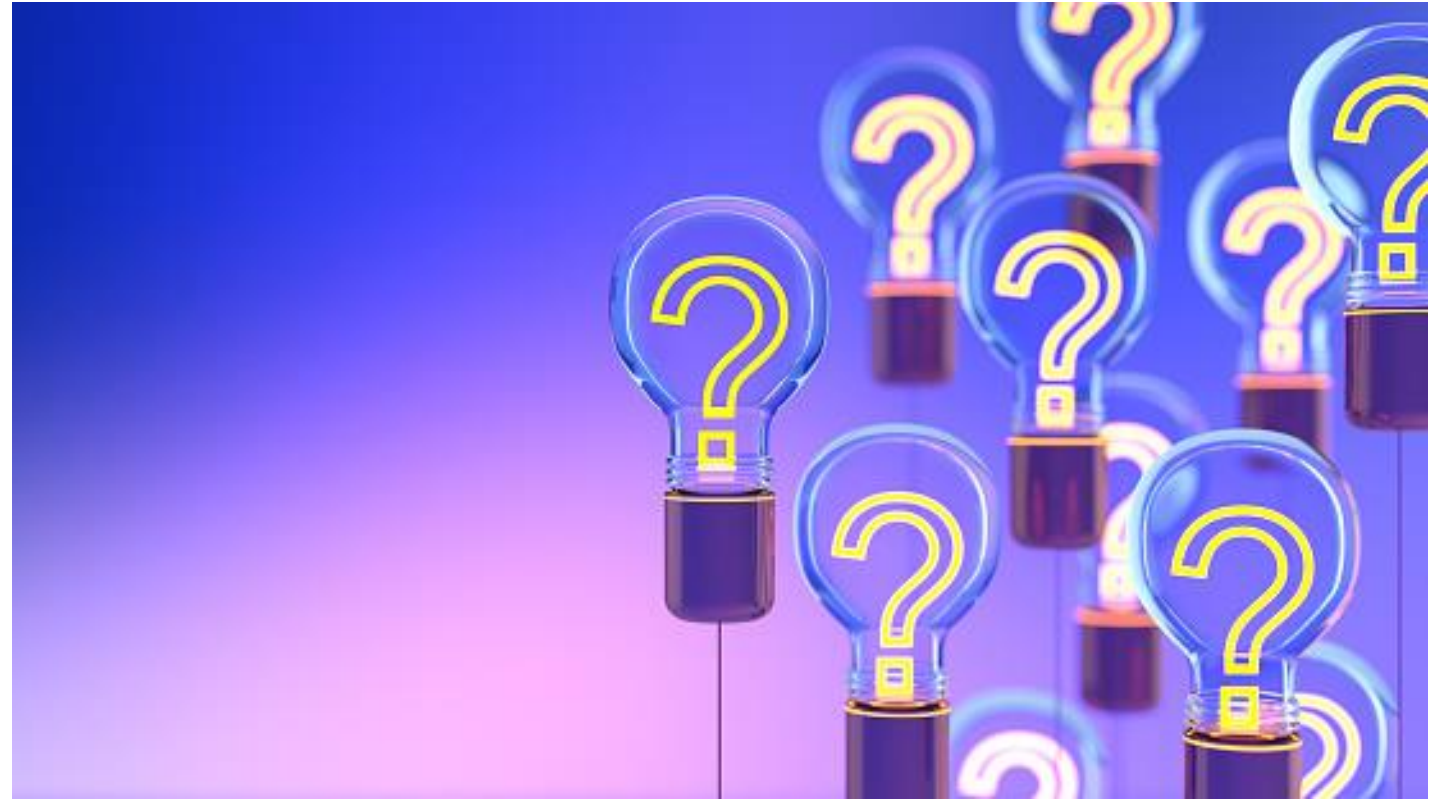Explain the importance of information in **gaining insights** about the marketplace and customers.
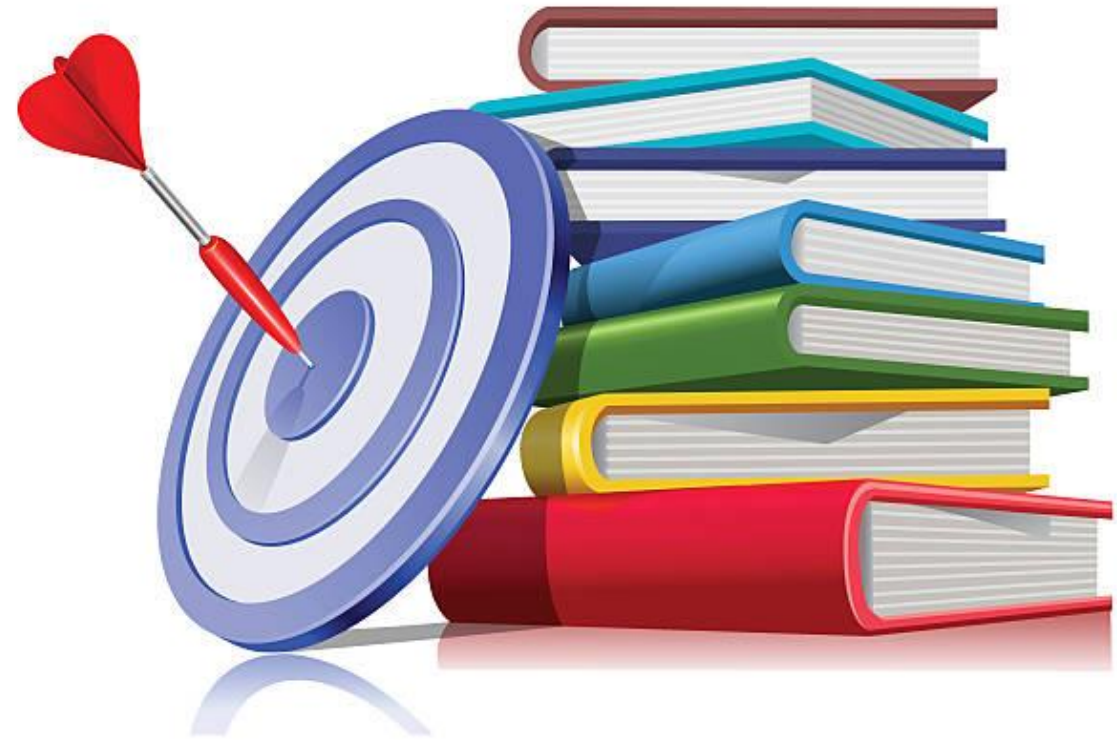
Strategy
Product development
Communication
Corrective action
Etc…

What is an **insight**?

Marketing Information and Customer Insights

Customer Insights:

Fresh and **deep understanding** of **customer needs and wants** that can inspire a **new business opportunity** and be used to **gain a competitive advantage.**
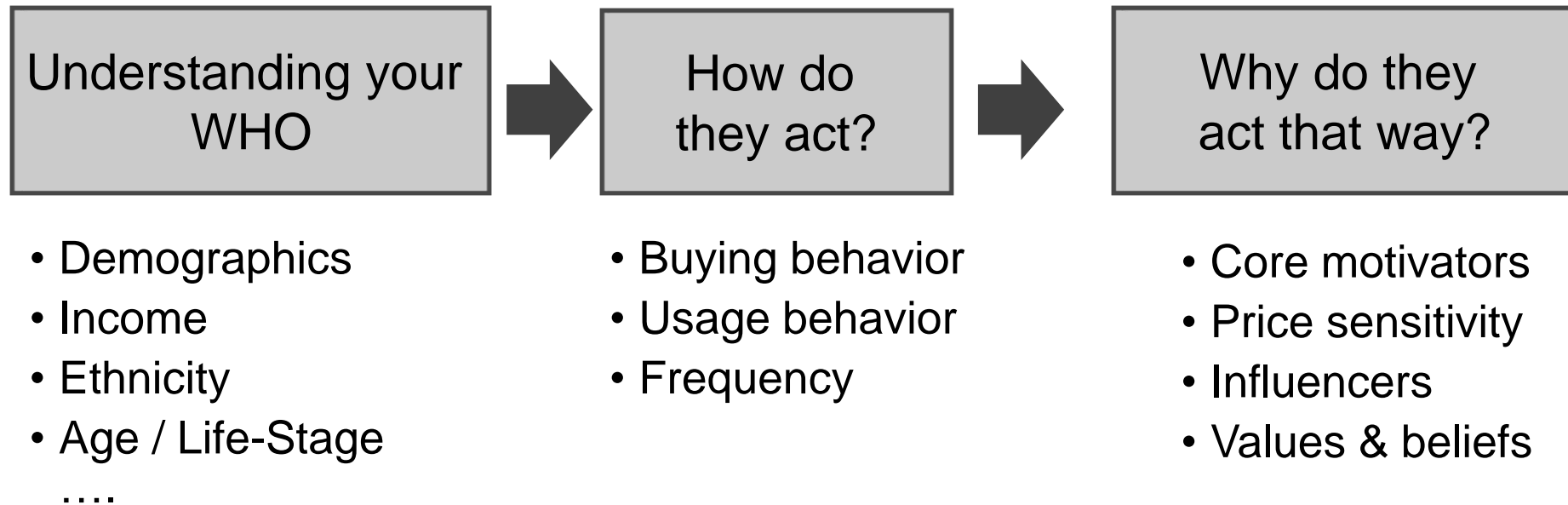
An insight should capture **the needs, behaviors and frustrations** of your target audience.

Marketing Information and Customer Insights

Customer insights:

- Important but difficult to obtain:

    - Needs and buying motivations are not obvious

    - Customers usually can't tell you what and why

- Marketers are overloaded with information: we don't need more information, we need better information and more effective use of existing information.

=> this is where **market research** is needed!

Insights Are Always Rooted In Consumer Behavior

Understanding your WHO		How do they act?		Why do they act that way?

- Demographics
- Income
- Ethnicity
- Age / Life-Stage
  ….

- Buying behavior
- Usage behavior
- Frequency

- Core motivators
- Price sensitivity
- Influencers
- Values & beliefs

Marketing Information and Customer Insights

Customer insights:

A customer insight includes a **new truth** that has been discovered as well as a **tension** that needs to be resolved.

Customer Insights : A Framework

TRUTH

A need, desire or behavior, either about the category, or about a part of their life that is relevant to the category.
Easy to discover.

+

MOTIVATION

The real reason that lies under the consumer truth and pushes the consumer to behave the way she/he behaves.
Usually takes significant digging to uncover.

+

TENSION

An unresolved tension or dilemma in relation to the consumer truth and motivation.
Usually hard to admit / uncover.

People want...

need...
always do...
believe...
are…

Because…

Thus…
Actually…
In fact…

But...

Still...
If only...

Everybody loves Coke **because** it's a little treat that tastes great, **but** it contains a lot of calories.
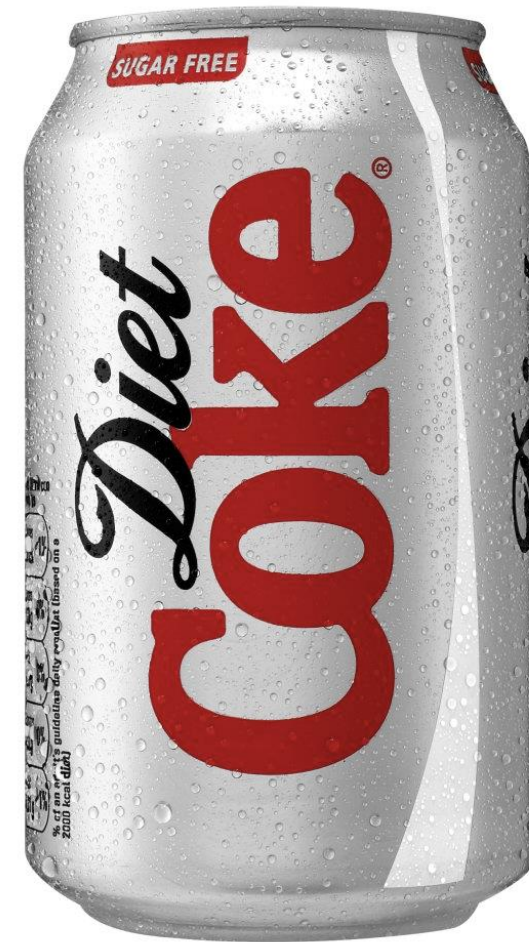
Everyone loves Ketchup, **because** it adds an exciting dimension to any meal.

But no-one loves trying to get it out of the bottle, it's like Russian roulette, you never quite know what's going to happen.

What do you think was the consumer insight that inspired Dove's "Real Beauty" campaign?

5 minutes to work on it!

TRUTH + **MOTIVATION** + **TENSION**

People want...
need...
always do...
believe...
are…

Because…
Thus…
Actually…
In fact…

But...
Still...
If only...

Dove

TRUTH

Women want to feel and be seen as beautiful

+

MOTIVATION

because this builds their self-esteem

+

TENSION

but the world has established beauty standards that remain unattainable and instead affect their mental health

People want...
need...
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Still...
If only...

Women **want** to feel and be seen as beautiful **because** this builds their self-esteem, **but** the world has established beauty standards that remain unattainable and this is affecting their mental health.
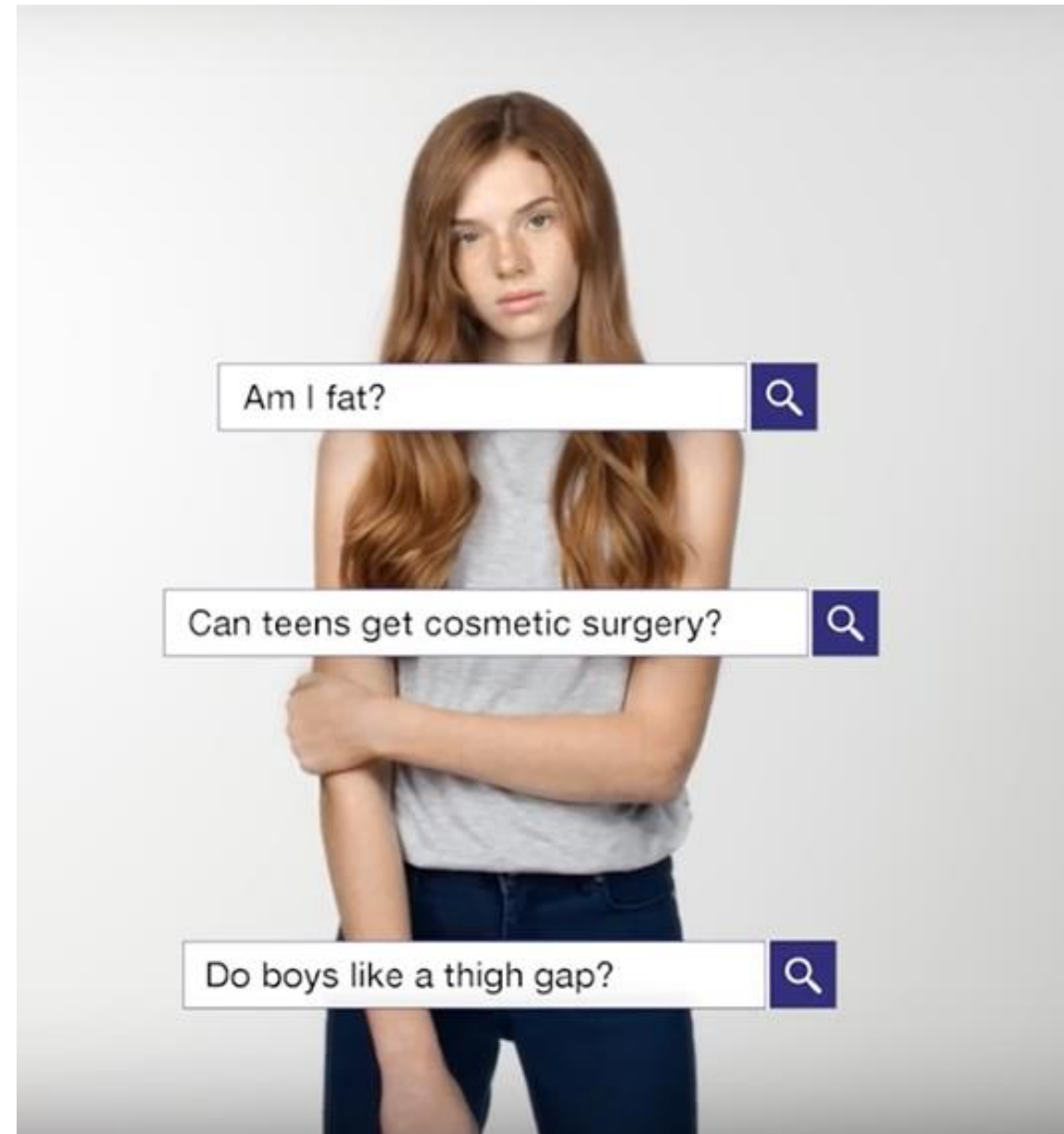
How to Spot a Great Insight

JUICY

CLEAR

FRESH

RELEVANT

TRUE

TENSION

Sources for Insights

Qualitative & Quantitative:

Salesforce

Call centre / customer service

Reviews

Talking to consumers directly

Online research

Qualitative market research

Quantitative market research

Monitoring social media

Trends

News

Etc…
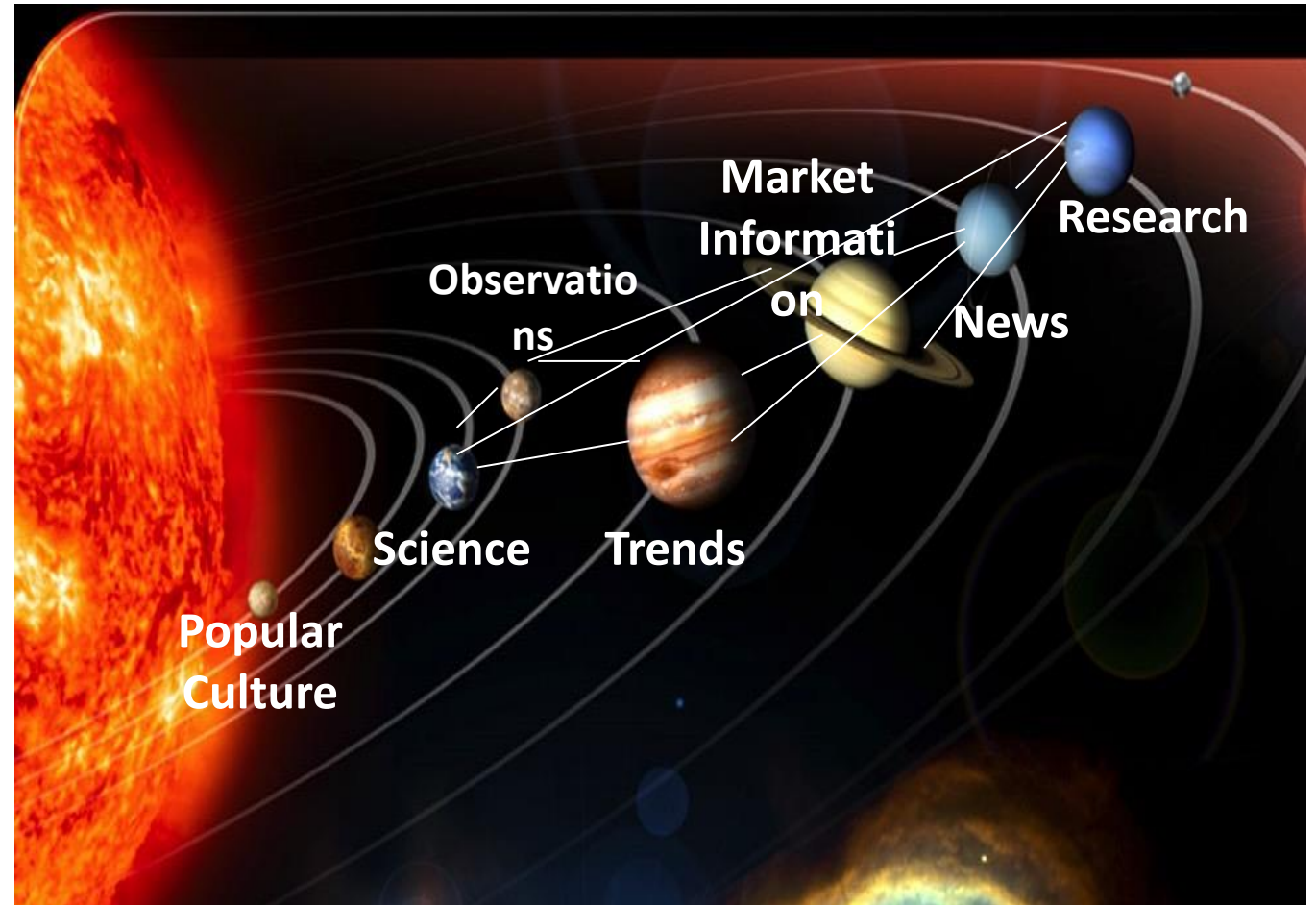
Learning Objective 2

Define the **marketing information system** and discuss its parts.
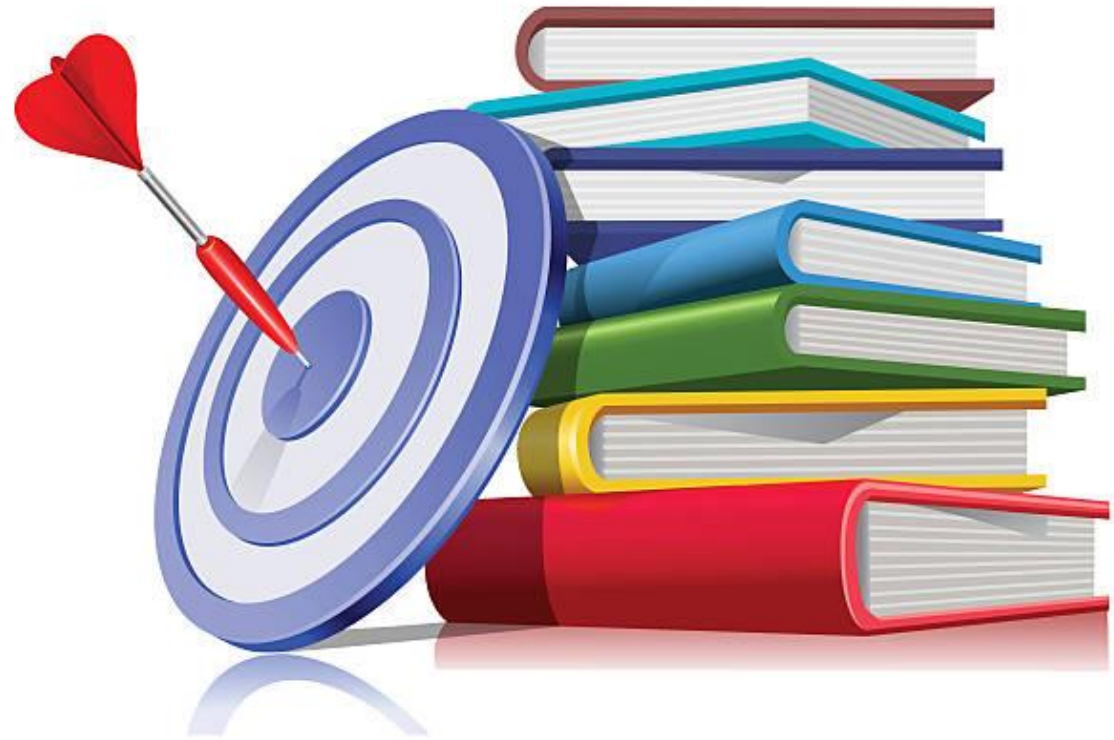
Marketing Information and Customer Insights

Managing Marketing Information

Marketing information system (MIS) refers to the people and procedures dedicated to assessing information needs, developing the needed information, and helping decision makers to use the information to generate and validate actionable customer and market insights.

Give managers the **right information, in the right form, at the right time** so they can **create value** for the consumer.

Marketing Information and Customer Insights

FIGURE | 4.1
The Marketing Information System

This chapter is all about managing marketing information to gain customer insights. And this important figure organizes the entire chapter. Marketers start by assessing user information needs. Then they develop the needed information using internal data, marketing intelligence, and marketing research processes. Finally, they make the information available to users in the right form at the right time.

Marketing managers and other information users
Obtaining customer and market insights from marketing information

Marketing information system

Developing needed information

Assessing information needs

Internal databases

Marketing intelligence

Marketing research

Analyzing and using information

Marketing environment

Target markets

Marketing channels

Competitors

Publics

Macroenvironment forces

Assessing Marketing Information Needs

A marketing information system (MIS) provides information to the company's marketing and other managers.

But not only, it can also serve external partners such as suppliers, resellers, and marketing service agencies.

Assessing Marketing Information Needs

Characteristics of a Good MIS

Balancing the information users would like to have against what they need and what is feasible to offer.

It's about finding balance between what a manager really needs as information, the cost of the latter and the feasibility of getting the data!

User's Needs

MIS Offerings
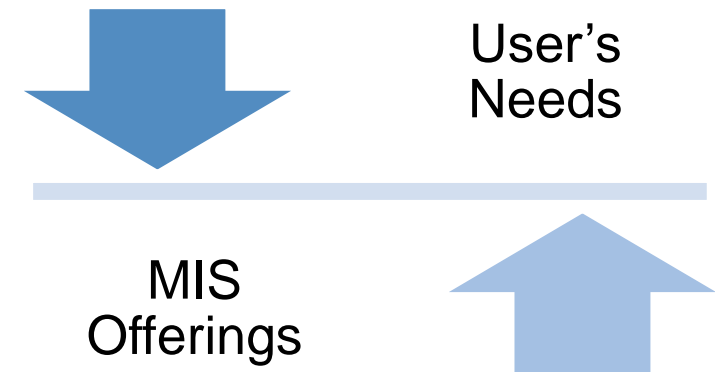
Market Information Teams

- Collect information from a wide variety of sources
- Use insights to create more value for their customers
- Sub-function of marketing that serves the business

VP of marketing strategy and insights heads up a team of 25 strategists who develop strategy based on marketing research insights.

Consumer Market Intelligence (CMI) as a function in the company

So Where Do We Find The Information?

- The problem isn't finding information; the world is bursting with information from multiple sources.

- The real challenge is to find the **right information and turn it into customer insights.**

Developing Marketing Information

Where can you find information?

1. Internal data

2. Marketing intelligence

3. Marketing research

Developing Marketing Information

Internal databases

Internal databases are collections of consumer and market information obtained from data sources within the company network.

What types of data can be obtained internally?

Developing Marketing Information

Internal databases

- Sales
- Website visits
- Customer satisfaction
- Cost & cash flow
- Shipments & inventory
- Customer characteristics
- Sales transactions
- Social media engagement
- Etc…

Developing Marketing Information

Where can you find information?

1. Internal data

2. Marketing intelligence

3. Marketing research

Developing Marketing Information

Competitive Marketing Intelligence

Competitive marketing intelligence is the systematic collection and analysis of **publicly available information** about consumers, competitors, and developments in the marketing environment.

Microenvironment:
Consumers, Competitors…

Macroenvironment:
Trends, Demographics, …

Developing Marketing Information

Competitive Marketing Intelligence

Improve strategic decision making by understanding the consumer environment, assessing and tracking competitors' actions, and providing early warnings of opportunities and threats.

Reactive response to the environment

How can you obtain publicly available competitive marketing intelligence data?

How to Obtain Marketing Information

Competitive Marketing Intelligence

- Observing consumers firsthand

- Quizzing the company's own employees

- Benchmarking competitors' products

- Researching online

- Monitoring internet buzz

Examples of Competitive Intelligence

Samsung introduced
large screen phones at
competitive prices

Apple introduced
the iPhone 6 Plus

Examples of Competitive Intelligence

Nike saw great success with its Flyknit technology

Adidas introduced Primeknit technology

Examples of Competitive Intelligence

The airline industry:
constantly adjusting
its prices
$$$

Developing Marketing Information

Watch out on ethics!!

Competitive information cannot be obtained at any price

Can you think of an example of unethically obtaining competitive intelligence?

Learning Objective 3

Outline the steps in the **marketing research process.**
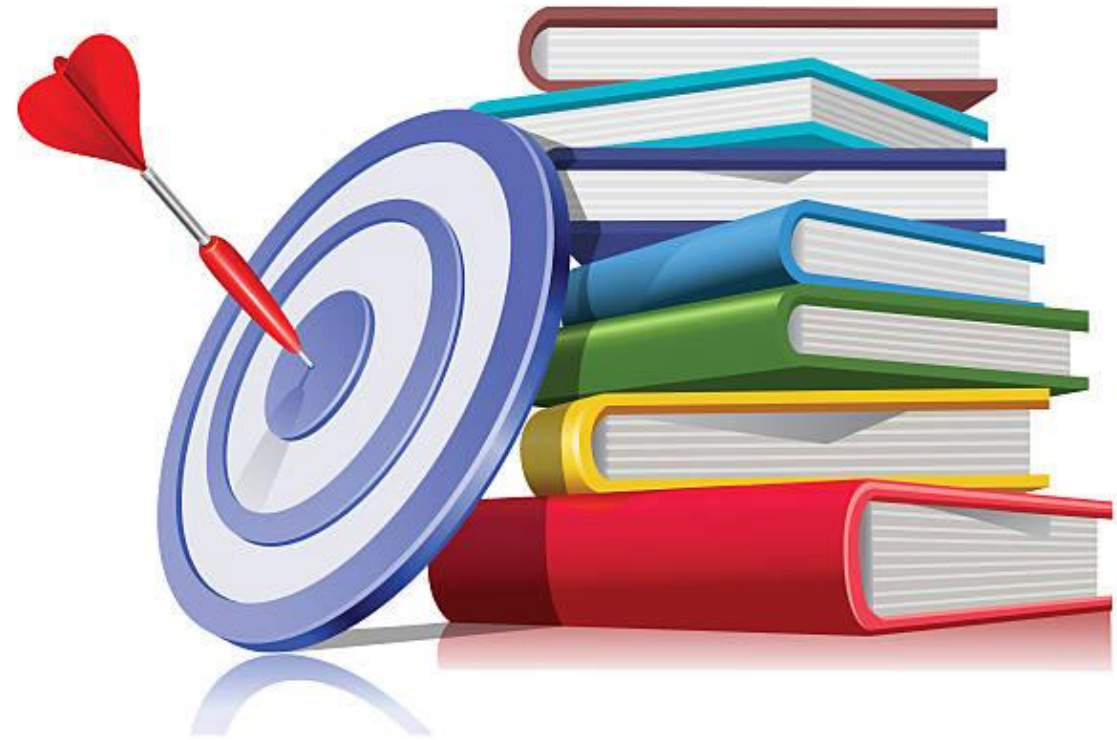
Developing Marketing Information

Where can you find information?

1. Internal data

2. Marketing intelligence

3. Marketing research

Marketing Research

Marketing research is the **design, collection, analysis, and reporting** of data relevant to a specific marketing situation facing an organization.

When do we need to do market research?

Marketing Research

Why do we do marketing research?

1. Gain insights into customer motivations, purchase behavior and satisfaction.

2. Assess market potential and market share.

3. Measure the effectiveness of pricing, product, distribution, and promotion activities.

Steps In The Marketing Research Process

This first step is probably the most difficult but also the most important one. It guides the entire research process. It's frustrating and costly to reach the end of an expensive research project only to learn that you've addressed the wrong problem!

● FIGURE | 4.2
The Marketing Research Process

Defining the problem and research objectives

1

Developing the research plan for collecting information

2

Implementing the research plan—collecting and analyzing the data

3

Interpreting and reporting the findings

4

Marketing Research

IMPORTANT
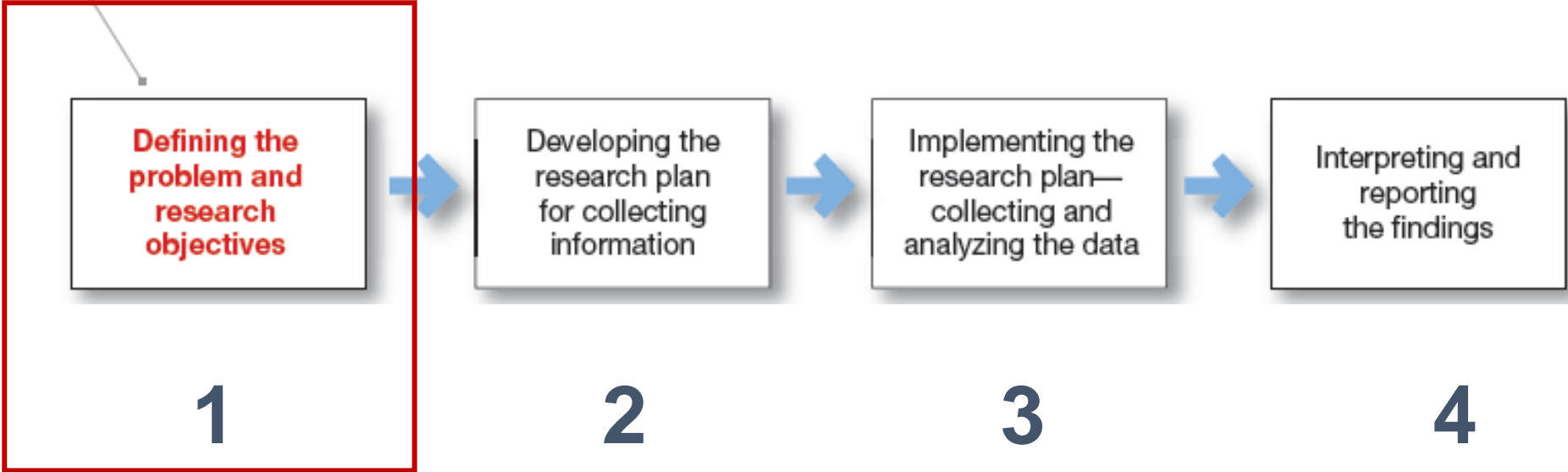
Align first on the **research objectives!**

Discussion between the marketer (who best understands the decision for which the information is needed) and the researcher (who best understands how to obtain the information):

- Define the problem to solve
- Define the research objectives

Marketing Research

A marketing research project might have one of 3 types of objectives:

Exploratory research:

Gather preliminary info that will help define the problem and suggest hypotheses

Descriptive research:

Describe & react to specific things (likes/dislikes…)

Causal research:

Test hypotheses about cause and effect relationships

Let's think of some examples

Exploratory research

Focus groups
Interviews
Online research

Descriptive research

Attitudes of consumers towards an ad
Potential for a product
Qualitative research to understand likes/dislikes

Causal research

What would be the consequence on purchase behaviour of a 10% price increase on product x….
A/B testing (2 different versions of an ad)

Steps in the Marketing Research Process

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● FIGURE | 4.2
The Marketing Research Process

| Defining the problem and research objectives | Developing the research plan for collecting information | Implementing the research plan— collecting and analyzing the data | Interpreting and reporting the findings |
| 1 | 2 | 3 | 4 |

Marketing Research

Developing the Research Plan

Once the objective is clear, you define the information needed, develop a plan to gather it and present it to management.

The research plan must:

- Outline sources of existing data;

- Spell out the specific research approaches, contact methods, sampling plans, and instruments to gather data.

Marketing Research

Developing the Research Plan

```
┌─────────────────────────────────────┐
│         Management problem           │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│         Research objectives          │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│         Information needed           │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│      How the results will help       │
│        management decisions          │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│              Budget                  │
└─────────────────────────────────────┘
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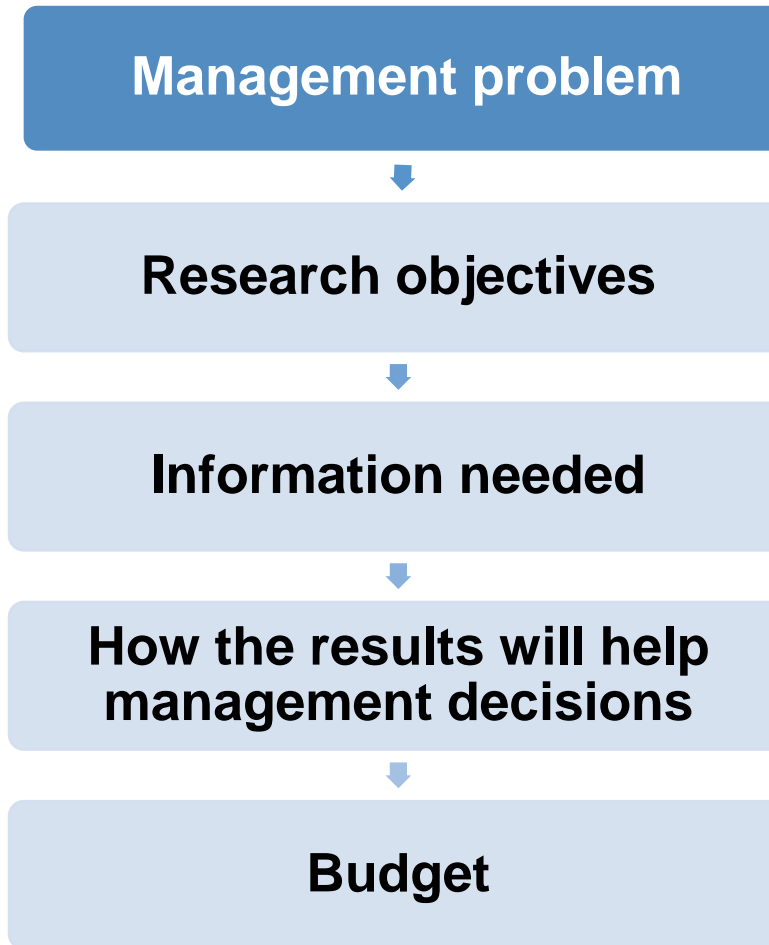
Marketing Research

Objective:

Qualify a new male haircare & grooming line for the Wella portfolio

Research plan:

- Concept : quantitative test (consumers & stylists)
- Product range & performance: qualitative tests (stylists)
- Fragrance: quantitative tests (consumers)
- Packaging design: quantitiative tests (consumers)
- Holistic test: qualitiative (stylists)
- Feedback from the markets (qualitative)

Sebastian Professional New Packaging

Objective:

Define the winning packaging for the brand restage with one clear improvement: facilitate navigation

Research Plan:

1. Qualitative to identify design directions
2. Online shelf test in key geographies for stand out
3. Quantitative study to assess likes/dislikes, brand equity fit, etc…

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Marketing Research
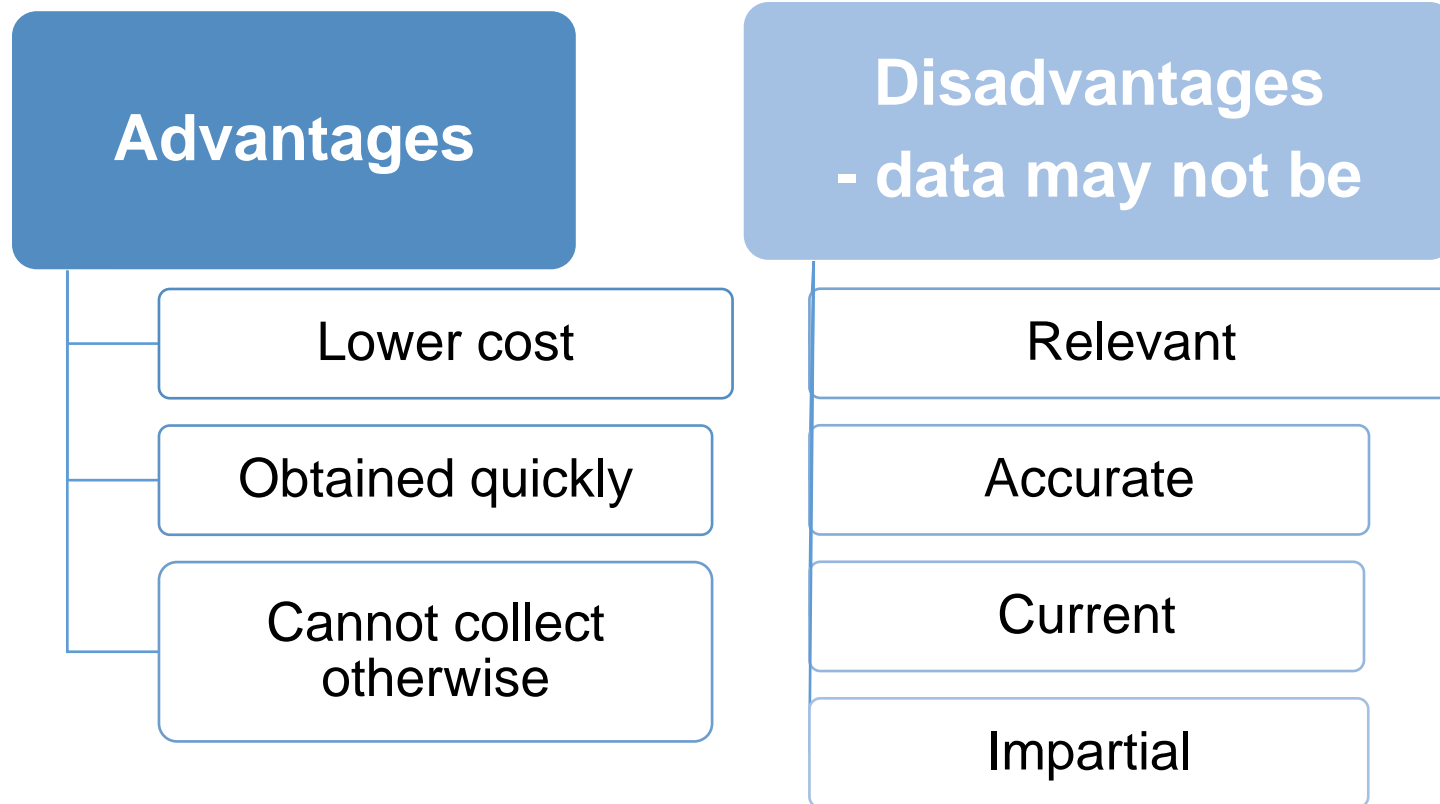
Developing the Research Plan

Secondary data is information that already exists somewhere, having been collected for another purpose. Usually research always starts there.

Primary data is information collected for the specific purpose at hand.

Marketing Research

Gathering Secondary Data

Advantages

- Lower cost
- Obtained quickly
- Cannot collect otherwise

Disadvantages - data may not be

- Relevant
- Accurate
- Current
- Impartial

=> A **good starting point** but not sufficient in the majority of cases

Marketing Research

Gathering Primary Data

Table 4.1 | **Planning Primary Data Collection**

Research Approaches	Contact Methods	Sampling Plan	Research Instruments
Observation	Mail	Sampling unit	Questionnaire
Survey	Telephone	Sample size	Mechanical instruments
Experiment	Personal	Sampling procedure	
	Online		

Marketing Research

Research Approaches

Observational research:

Obtained by observing relevant people, actions, and situations <u>in their natural context</u>.

<u>Examples:</u>
Observe customers reactions and feedback in store, ratings & reviews, social media listening, blogs, website comments….

Marketing Research

Research Approaches

Survey research:

Obtained by <u>asking people questions</u> about their knowledge, attitudes, preferences, and buying behavior.

Marketing Research

Research Approaches

Experimental research:

Obtained by selecting matched groups of subjects, giving them different treatments, controlling related factors, and checking for differences in group responses.

Example: A/B testing

WHAT IS A/B TESTING?

Marketing Research

Research Approaches

A/B test on change in prices:
- Test different prices for the same menu
- Take one price in one city and another price in another city and draw conclusions

Marketing Research

Gathering Primary Data

Table 4.1 | Planning Primary Data Collection

Research Approaches	Contact Methods	Sampling Plan	Research Instruments
Observation	Mail	Sampling unit	Questionnaire
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	Online		

Marketing Research

Contact Methods

- Mail, telephone, personal interviewing

- Focus groups
  - Six to 10 people
  - Trained moderator
  - Challenges (expensive, difficult to generalize from small group, consumers not always open and honest)

- Online marketing research (low cost, speed, higher response rates)
  - Internet or mobile surveys
  - Online focus groups
  - Consumer tracking (eg. loyalty cards)
  - Online panels
  - Brand communities …

New focus group designs: The Mom Complex uses "Mom Immersion Sessions" to help brand marketers understand and connect directly with their "mom customers" on important brand issues.

© caia image/Alamy

Marketing Research

Gathering Primary Data

Table 4.1 | Planning Primary Data Collection

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Marketing Research

Contact Methods

A **sample** is a segment of the population selected for marketing research to **represent the population as a whole.**

3 key questions:
- Who is to be studied?
- How many people should be studied?
- How should the people be chosen?

Marketing Research

Gathering Primary Data

Table 4.1 | **Planning Primary Data Collection**

Research Approaches	Contact Methods	Sampling Plan	Research Instruments
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Marketing Research

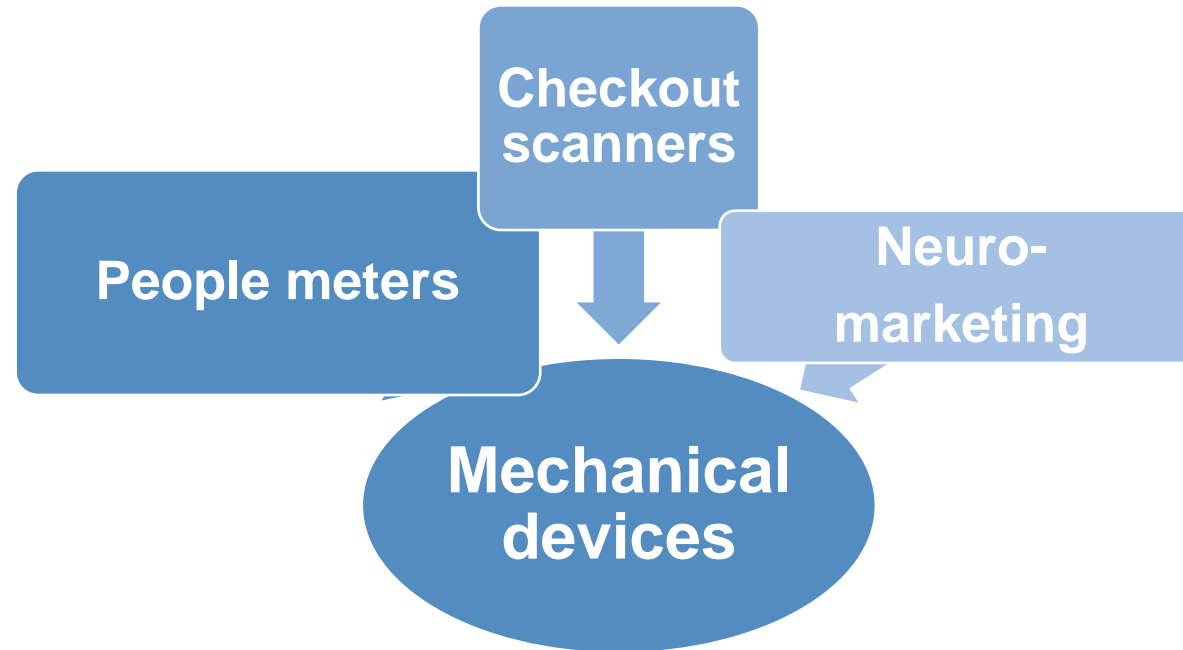## Research Instruments

QUESTIONNAIRES are most common:

- In person, by phone, or online

- Flexible

- Researchers must be careful with wording and ordering of questions
  - Closed-ended questions (eg. yes/no…)
  - Open-ended (full answers give more insight)

- Useful in exploratory research

Marketing Research

## Research Instruments

Mechanical Research Instruments

Example of Neuro Marketing

Time Warner's Medialab uses biometric measures to analyze every game that subjects play, every reality show they watch, or every commercial they skip.
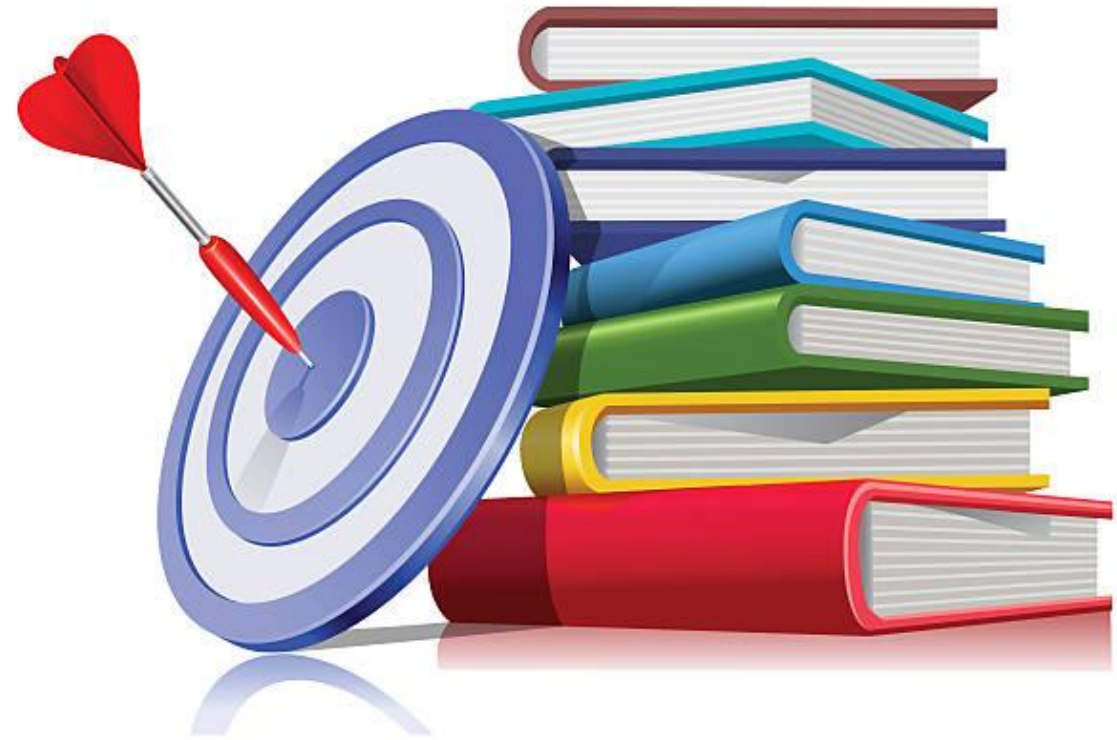

Biometric belts and recording devices transmit detailed data like heart rate, skin temperature, and facial movements that researchers use to decipher viewer engagement.

Example of Mechanical Instruments
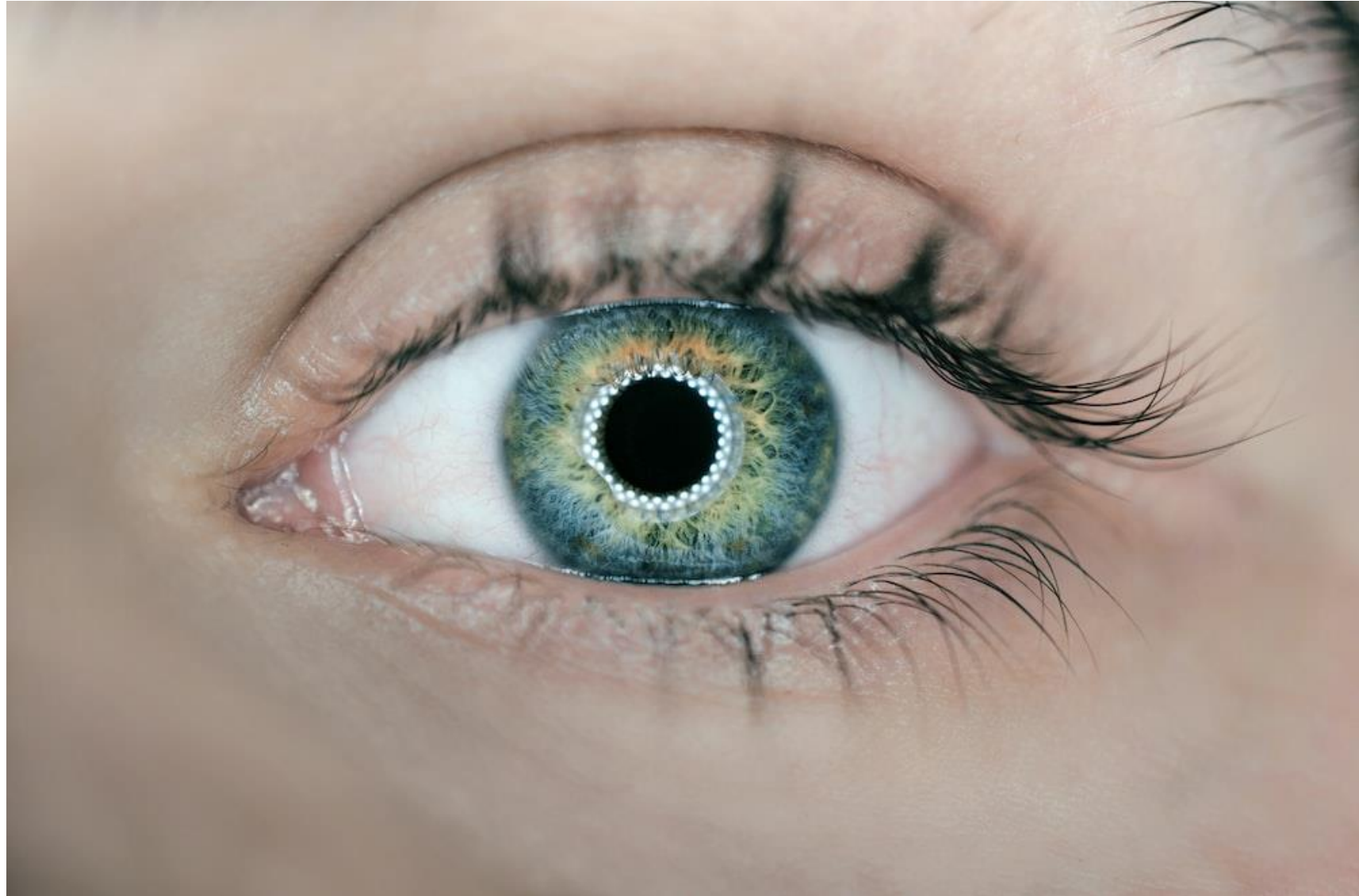
Learning Objective 4

Explain how companies **analyze and use marketing information.**

Steps in the Marketing Research Process

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● FIGURE | 4.2
The Marketing Research Process

Defining the problem and research objectives

Developing the research plan for collecting information

Implementing the research plan—collecting and analyzing the data

Interpreting and reporting the findings

1   2   3   4

Steps in the Marketing Research Process

3. Implementing the Research Plan

- Collecting the information
- Processing the information
- Analyzing the information

4. Interpreting and Reporting Findings

- Interpret findings
- Draw conclusions
- Report to management
- Action next steps

Analyzing and Using Marketing Information

Marketing Analytics

Analysis tools, technologies and processes to find meaningful patterns in big data and hence drive customers insights.

Analyzing and Using Marketing Information

Find the gems in the mine of all the existing data: **it's all about finding the customer insights from the mass of available data.**

Analyzing and Using Marketing Information

Customer Relationship Management (CRM)

Smart companies capture info at every possible touch point but this information is usually scattered in the organization.
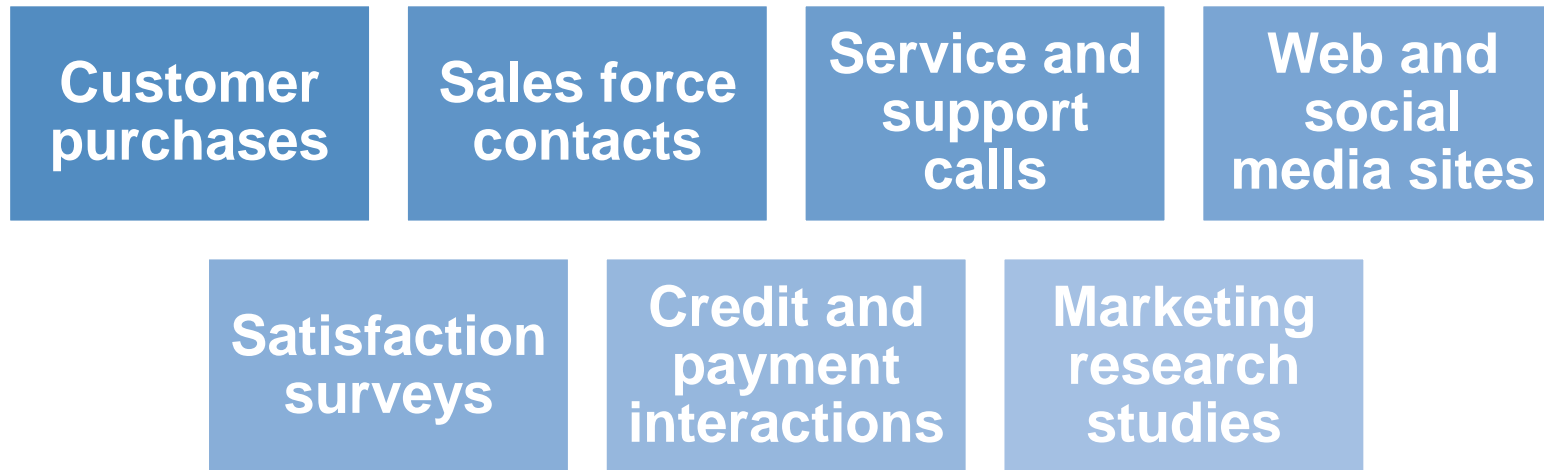
To overcome that problem, companies use CRM programs. CRM involves managing detailed information about individual customers and carefully managing customer touch points to maximize customer loyalty.

Analyzing and Using Marketing Information

Customer Relationship Management

CRM Touchpoints

Customer purchases	Sales force contacts	Service and support calls	Web and social media sites

	Satisfaction surveys	Credit and payment interactions	Marketing research studies

Analyzing and Using Marketing Information

Customer Relationship Management

CRM consists of software such as salesforce, Oracle, SaaS (=software as a service) that integrate info from all sources and use it to build stronger customer relationships.

Analyzing and Using Marketing Information

Get real time data from every subscriber (searches, ratings, plays, at what time, on which device, at what location, when you hit pause/rewind/fast-forward)

Detailed subscriber profiles: used to tailor programs, make personal recommendations…

Analyzing and Using Marketing Information

Distributing and Using Marketing Information

Information distribution involves making information available in a timely, user-friendly way.

- Intranet => facilitate information distribution **internally**

- Extranet => to allow key customers/suppliers… to access data **externally**
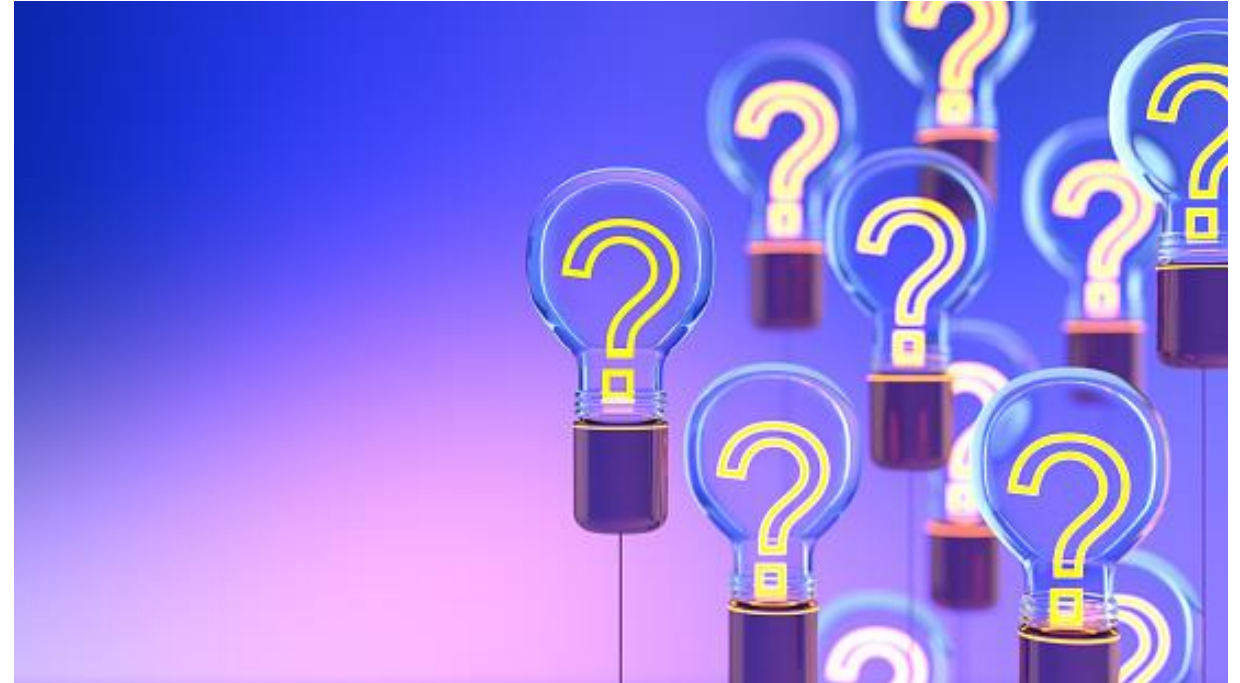
Learning Objective 4

Discuss **the special issues** some marketing researchers face, including public policy and ethics issues.
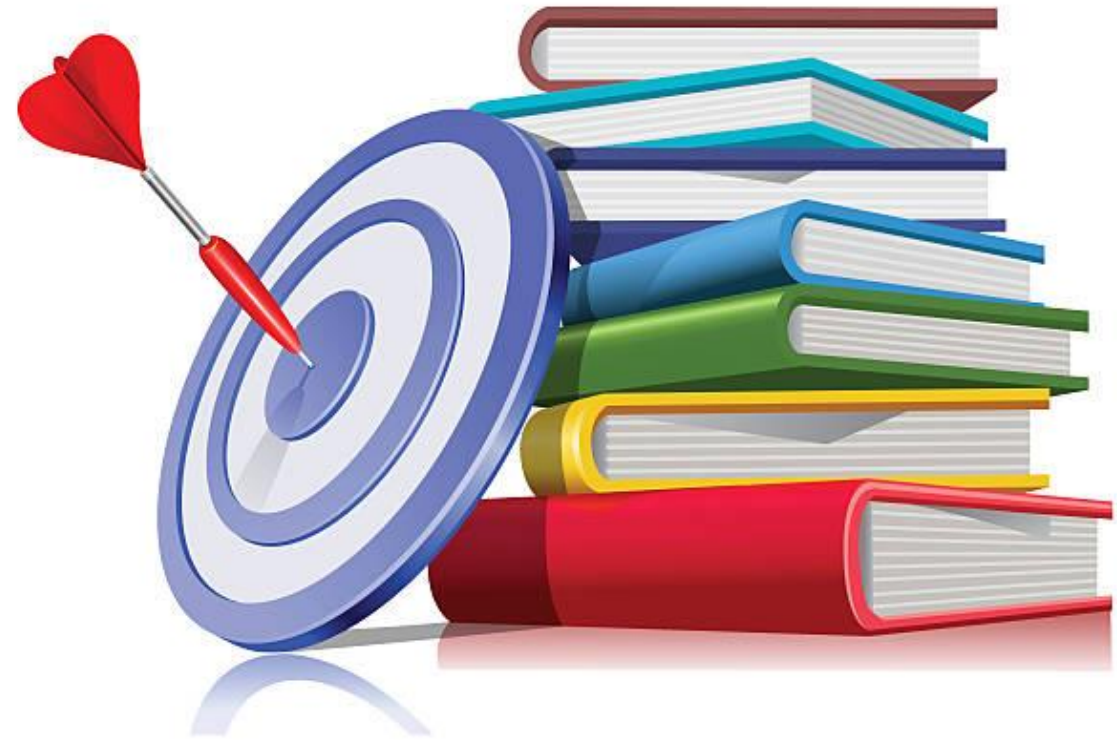
How do you feel about your privacy with online, phone, in-person, or mail surveys?

Are some better than others?

When might the questions feel like an invasion of privacy or fraud?

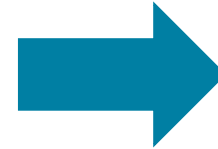# Issues with Public Policies and Ethics

Consumer Privacy

Many consumers feel positive about marketing research and believe that it serves a useful purpose.

Others strongly resent or even mistrust marketing research. They don't like being interrupted by researchers.

Issues with Public Policies and Ethics

Miss-use of research findings

Examples:
- Fake claims
- Product pitches
- Misrepresentation of findings…

JUSQU'À | +1CM*

*Test clinique sur 34 sujets après application du shampooing, démêlant, sérum et brushing. Illustration de l'effet atten.

Key Take-Aways

- Insights are a **gold mine for Marketing** – but they are not always easy to find!

- They should be based on **real consumer understanding.**

- Understand market research, the different types and when best used.

- Know the difference between market intelligence and market research. Primary and Secondary data sources.

- Use digital wisely, be careful of research bias. Be honest.

PRESENTATIONS ON OCT 29TH!!!!

Haute école