

MODULE

4

Market Research and Market Analysis

"Marketing without research is like driving with your eyes closed."

- Dan Zarella

Introduction

This module introduces students to the basics of market research and consumer analysis. Students will learn about credible primary and secondary data collection methods necessary to conduct in-depth research on their target audience. This module also explores the methods of analyzing customer behavior as well as customer insight to better understand the needs of a certain target audience.

Objectives

1. Students will be able to understand the basics of market research and its application.
2. Students will be able to understand consumer behavior and why the consumer behaves in a particular manner.
3. Students will be able to understand consumer insights and use it in conjunction with market research to analyze their market.

Agenda

1. Market Research
2. Market Analysis

Market Research

Lecture Notes:

1. [How to do Market Research](#) (p.204-214)
 - a. [Primary Research](#)
 - i. Primary research consists of gathering data by analyzing current sales and effectiveness of current practices (competitors).
 - ii. Collecting Data for primary research:
 1. Quantitative Data: employs mathematical analysis and requires a large sample size. The results use statistically significant differences. Quantitative research can be done by using G-Suite to analyze company's website traffic (not applicable to SocEnt).
 2. Qualitative Data: helps develop and fine-tune quantitative

research methods. Qualitative data helps business owners identify problems. Business professionals often use interview methods (below) to understand customers' opinions about the product. Sample size is usually small.

- a. Interviews (telephone or face-to-face)
 - b. Surveys (online)
 - c. Questionnaires (online)
 - d. Focus groups (gathering sampling of potential clients or customers and getting direct feedback)
 - i. Important Questions:
 1. Factors to consider when purchasing product/service?
 2. Pros and cons of competition?
 3. Suggestions for improvement?
 4. Appropriate price for product/service?
- b. Secondary Research
- i. Do not solely rely on secondary research
 - ii. Secondary research consists of analyzing already-published data
 - iii. Identify competitors, establish benchmarks, identify target segments
 1. The term "customer segment" encompasses the people who fall into the targeted demographic (people with a certain lifestyle, exhibit particular behavioral patterns or fall into a predetermined age groups)
 - iv. Credible sources for secondary research
 1. Business Magazines and Reports
 - a. <https://www.economywatch.com/world-industries/industry-report.html>
 - b. Industry definition
 - c. Major industry players
 - d. Market share
 - e. Historical and current trends
 - f. Employment statistics
 - g. SWOT analysis
 - h. Outlook
 2. Government article
 3. Trade groups and journals
 - a. A trade magazine, also called a trade journal, or trade paper, is a magazine or newspaper whose target audience is people who work in a particular trade or industry
 4. Local Community Resources
 5. .org and .edu sources

Portrait Painting (15-20 minutes)

Purpose:

Students will apply their knowledge of market research to create a product for a target audience.

Directions:

Split the class into two groups on opposite sides of the classroom. Tell students that they have been commissioned by the other groups to create a painting (draw on the white boards) that represents the other group. Give group one 2–3 minutes to interview group two members and write down notes on the whiteboard. Repeat this for group two. Afterwards, give the two groups about 5 minutes to use their notes to draw a “portrait” that represents the other group.

Discussion Questions (optional):

1. How did you incorporate everyone’s interests into the portrait? Did you incorporate individual interests or shared group interests? i.e. What was your main strategy as you did this activity?
2. What type of questions did you use when interviewing the other group?
3. How can you make sure that you are addressing the needs of your target audience? (maybe touch up on target audience and pain point here because they likely forgot)
4. If the picture was not what was expected, how could communication be improved to better reach the goal?

Market Analysis

Introduction to Market Analysis (10 minutes)

Purpose:

To help students understand the idea of consumer behavior and introduce consumer insight via discussion questions. (consider using the activity to introduce the consumer analysis)

Directions:

1. Ask for three or four volunteers
2. Exit the room and explain to the volunteers they have 3 minutes to develop a solution for the target audience and their problem.
 - a. Give them basic information about their target audience such as age, demographics, social status/class
 - i. Age: 16–18
 - ii. Demographics: Equally male and female
 - iii. Social Status/class: Middle Class
 - iv. Problem: Senioritis
3. Explain to the rest of the class that they have to act as the target audience and react as they think the target audience would react.
 - a. Give them the same basic information about the target audience such as age, demographics, social status/class given to the volunteers
 - i. Age: 16–18
 - ii. Demographics: Equally male and female
 - iii. Social Status/class: Middle Class
 - iv. Problem: Senioritis
4. Have the volunteers present their project and its goals to the class and let the target

- audience give reaction and comments.
5. As a class analyze the reaction and comments.

Lecture Notes:

1. Consumer Behavior

- a. Consumer Behavior is “ **the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer’s emotional, mental and behavioural responses that precede or follow these activities.**”
- b. Consumer behavior enables a corporation to understand the method of the madness of why customers buy what they do.

2. Story

- a. Alright so X over here makes a list of everything they need, drives to the store, goes and picks up the groceries, sometimes more than they need because something catches their eye, and then drives back. Wow, it takes forever and you waste gas money and you waste money on other things. For those of you that enjoy grocery shopping go for it. But for those of you that would rather watch a couple episodes on Netflix or go out and play some sports, I’m speaking to you. BOOM! The groceries are delivered right to your door and you just pick them up.

3. Discussion Questions

- a. How do you think AI and other technologies will affect the future of customer behavioral analysis?
- b. How can technology be applied to a SocEnt project?

4. Consumer Insight

- a. A consumer insight is "a non-obvious understanding about your customers, which if acted upon, has the potential to change their behavior for mutual benefit"
- b. Consumer Insight acts as the intersection between the interest of the consumer and the features of a brand
- c. Consumer insight is the collection, deployment and interpretation of information that allows a business to acquire, develop and retain their customers.
 - i. Primary goal of Consumer Insight
 1. To understand why the consumer cares about the product or brand and the underlying mindsets, moods, motivation, desires, aspirations, that motivates and triggers a reaction.

2. Forms of analysis

- a. Once Market Research and consumer insight is gathered you can begin to apply that information by using the different methods of consumer analysis
- b. Methods of consumer analysis

- i. Impact Assessment is when a business works to understand how action taken by the business affected consumer behavior. It also allows for some predictions of customer reaction to proposed changes
 1. In September of 2016, Apple removed the headphone jack from all their mobile devices. This decision was due to an impact assessment of removing the headphone jack. They realized that they could increase revenue streams when their customers would purchase adapters and wireless headphones. This led to the successful launch of the original airpods. It also increased the revenue streams from royalties due to the lightning connector being essential in “dongles”. This caused very little damage to their market share in the mobile space as Apple users value convenience and are less likely to jump to a new ecosystem.
- ii. Customers as Assets measures the lifetime value of the customer base and allows businesses to measure several factors such as the cost of acquisition and the rate of churn (is a measure of the number of individuals or items moving out of a collective group over a specific period.) Customers are viewed as important intangible assets of a firm that should be valued and managed.
 1. <https://www.forbes.com/sites/petercohan/2013/10/22/netflixs-reed-hastings-is-the-master-of-adaptation/#3818d606671b>
 2. One example of customers as assets is Netflix during its transition to streaming from DVD rental. Although there were several customers thrilled with the prospect of Netflix adapting to the newest, emerging technology, there were customers who preferred movies in DVD form. Although Netflix undoubtedly played a strong card in switching from DVD to streaming, they left behind those customers who preferred DVD movies.
- iii. Propensity Modelling predicts the future behavior of customers based on previous actions and helps businesses understand how likely it is that a customer will behave in a given way.
 1. (<http://techland.time.com/2012/02/17/how-target-knew-a-high-school-girl-was-pregnant-before-her-parents/>)
 2. Alright, wait how accurate are these algorithms. There was a woman in her late teens and she was pregnant. (Don't get any ideas y'all.) Anyway, she hadn't told her parents yet, but she wanted to be a good mother and was easing up on the food she was buying in terms of health-wise and all of that. The store predicted she was pregnant and sent her catalogs for baby outfits, toys and other items. Well, when her dad goes the catalog in the mail, he knew his wife wasn't pregnant, made an educated guess, and that was when the girl had to come clean.
- iv. Cross-Sell Analysis identifies product and service relationships to better understand which are the most popular product combinations. Any

identified relationships can then be used to cross-sell and up-sell in the future.

1. Car companies use cross-sell when they attempt to figure out what services would be beneficial to implement among their dealerships.

Facilitator Homework

N/A

Student Homework