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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

Intro to Market Research

Crash Course: Facilitators vs. Class, 20 Questions Game. Students are presented with a statistic or fact and facilitators know the underlying reason for that fact. Students get 20 questions to ask the right questions to figure out the underlying cause.

Directions:

1. Introduce the problem.
2. Tell the students that they get 20 questions to ask the facilitator to find out **why** the problem occurred/occurs.
3. Answers don't necessarily have to be yes/no answers, but facilitators should not give away too much information. A little bit of elaboration on yes/no questions is acceptable.
4. End the activity either when the class figures out the root cause or when 20 questions run out.
5. Repeat the activity with different problems.

Problems:

1. 19% of children in Argentina do not go to school.
 - a. A large number of children in Argentina do not have access to shoes to use to go to school. Due to poor economic conditions, many students cannot afford shoes.
2. 120,000 Vietnamese Refugees entered America.
 - a. After the Fall of Saigon (capture of South Vietnam's capital), the president at the time Gerald Ford, created the Indochina Migration and Refugee Assistance Act. Under this act 120,00 people from South Vietnam along with others from Laos and Cambodia were allowed to enter the country. This act allowed these people to be given a special status, and help financially and with relocation in the US.
3. If an ancient Greek of average smartness at the time was transported to modern times, he or she would rank among the cleverest people on Earth.
 - a. In ancient Greece, people were living in less protected environments than now. Therefore, people with lessened cognitive abilities would be naturally selected against, and the proportion of intelligent people to unintelligent people would be higher than it is now, when people are less susceptible to death. (Ex. an unintelligent hunter-gatherer in ancient Greece would be likely to die before reproducing, whereas there are less chances of death in modern times)

Discussion Questions:

1. What types of questions assisted you in understanding the problem?
2. Can you connect this activity to design thinking?
3. How can you use these interviewing and questioning skills in your own projects to gather good market research? Who would you ask and what would you ask about?

Case Studies

Survey: Taco Bell uses surveys to ensure quality of service to their customers. Every Taco Bell in America provides customers with an opportunity to take a survey to help Taco Bell improve their service. The survey is short and lets customers comment on their experiences regarding food quality and customer service. There are several key features Taco Bell uses to encourage customers to take the survey:

- The employees are encouraged to ask customers to take the survey by the use of incentives to the employees
- Receipts contain survey information, which makes it easy for customers to remember and know where to call to take the survey.

- Customers can take the survey online, which makes the process infinitely easier for many customers
- Completing the survey allows customers to enter a sweepstakes

Discussion Questions:

1. What type of market research is this?
2. Are focus groups the most effective ways for large, nation-wide businesses, such as Twitter, to gather information from customers?
3. Are focus groups the most effective ways for small start-ups to gather customer information?

Focus Group: Twitter used case studies while designing their platform by asking Facebook users what they were dissatisfied with. The biggest issue Facebook users had was that the interface was very cluttered and difficult to keep up with. Based on this complaint, they formulated the idea for Twitter— a streamlined platform for people to share articles, entertainment etc.

Discussion Questions:

1. What type of market research is this?
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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 a 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

Market Competition (20 minutes)

Lecture Notes:

- 1. Value propositions
 - a. These are easy-to-understand phrases that communicate *why* a target audience would find value in an organization’s product or service. They should convince a potential customer or user that the service beats out any competing services. Essentially, it’s a promise by the company to the user, explaining how that company solves a pain point-- and it can be understood in less than **five seconds**.
 - i. **Ex: SLACK! -- “Where Work Happens”** <https://slack.com/features> **9**
 - 1. Slack makes “working lives simpler, more pleasant, and more productive”
 - 2. Its main value points include integrated file sharing, organized conversations, and keeping company data secure
- 2. **Comparison charts**
 - a. **To come up with a value proposition, you need to outline how your company is better than other companies who aim to solve the same pain point. This is often done through competition charts (picture on next page):**
 - b.

Communication	eko	slack	WhatsApp	Workplace
1:1/ Group chats	✓	✓	✓	✓
User limits in group chat	100 000	~10 000	256	150
Threaded chats	✓	✓	✗	✗
1:1 voice/video calling	✓	✓	✓	✓
Group voice/video calling	✓ Free plan Video up to 5 members, voice up to 50	✗ Free plan Paid plans: up to 15 members	✗	✓
Voice messages	✓	✗	✓	✓
Broadcasts	✓	✗	✓	✓
Message acknowledgement	✓	✓	✗	✓
Files	✓	✓	✓	✓
Files storage limit	✓ Unlimited for all plans	✓ Only 5 GB on free plan	✗ Files are stored only on your device	✓ Unlimited
Photo editing	✓	✗	✓	✓
Convert messages to tasks	✓	✗	✗	✗
Search	✓ Unlimited	✓ 10k searchable on free plan	✓ Only for messages stored on your device	✓
Custom stickers	✓	✗	✗	✗
Thumbs up	✓	✗	✗	✗
Polls	Coming soon!	✓	✗	✓
Message visibility limit	✓ Unlimited for all plans	✓ Only 10k messages on free plan	✓ Only messages stored on your device	✓ Unlimited
Chat history	✓	✓	✗ Messages are not stored on server (you have to do backups)	✓

<https://www.ekoapp.com/wp-content/uploads/2017/11/Comparison-Chart-Eko-Slack-WA-Workplace.pdf>

- c. The comparison chart breaks up features that a company finds valuable relative to its service, and it compares those features to its competitors.
 - i. E.g., a productivity service like Slack will value communication features, so this comparison chart examines features like message visibility limits, voice messages, and voice/video calling
 - ii. Eko is another productivity service who boasts “mobile-first” internal communication, as opposed to Slack’s interface which is optimized for desktop use, so Eko’s emphasizes that in their value prop:
 1. “Mobile-first communication for teams with distributed operations and staff who are on-the-go”
 - d. Using the comparison chart, a company will be able to outline the ideas it wants to incorporate into its value proposition; this will be a guideline for what ideas the company wants to get across.
3. Competition research
 - a. Three types of competitors
 - i. Direct competition: businesses offer the same product or services to the same clients to the same niche audience
 - ii. Secondary/indirect competition: businesses that offer slightly different products and services or target different clients within a part of the market
 - iii. Substitute competition: businesses that offer different products and services to the same clients in the same part of the market
 - b. Gather information about competitors
 - i. Products and services: evaluate their products and services and compare them to your own by purchasing them or trying them out
 - ii. Pricing: How are their products and services priced? Do their prices vary for channel partners and customers? Can you estimate their cost structure?
 - iii. Positioning and branding: Analyze your competitors’ websites, product documents, brochures, and catalogs. Follow them on social media and visit them at trade shows. What are their target markets? What is their unique selling proposition?
 - iv. Market reputation: Talk to customers, suppliers, and distributors to get their views. What do they know about your competitors? What are their opinions

- about their products, sales and marketing strategies and customer service?
 - c. Analyze the competition's strengths and weaknesses
 - i. List your competitors and write out their respective strengths and weaknesses
 - d. Talk to your competitors directly
 - i. Talking to your competitors can help develop a relationship beneficial for both sides that can help you differentiate your business in the market
 - e. Identify your competitive advantage
 - i. Identify strategies when analyzing the competitive landscape to take advantage of a weakness in the competition
 - ii. Rely on your key differentiators to create your branding
- 4. Strategies
 - a. Idea must be simple and visible as possible so that it can be repeated on the media
 - b. Have a deep understanding of your competitors and their place in the market
 - c. Make sure your product idea is understandable, oversimplify your message
 - d. Make projects more steady to build heritage differentiation
 - i. Heritage differentiation focuses on what makes you different based on how long you've been around. Case studies have been found that show those companies who are around longer are usually found to be more reliable or memorable. General Electric was the second most mentioned blender company in a study measuring recalled blender memory even though they hadn't made a blender in twenty years.
 - e. Don't ignore unique traits/qualities
 - f. Repositioning: hanging a negative on your competitor as a way to set up your positive

Value Props and Comparison Charts: A BATTLE!

Purpose:

Students will apply value propositions and comparison charts to the solutions they came up with earlier.

Directions:

1. Explain to students that they'll be creating a comparison chart for their company vs. the other companies that were presented. They'll do this on their own.
2. Groups will then use that comparison chart to come up with a catchy value proposition, which they'll use in their final pitch.
3. Each group will give a final pitch, referring to their comparison chart & value proposition, explaining why their company is WAY better than all the other companies in the room.
 - a. If you want to be memey, you can tell them their pitch is basically a roast session for why their company is so much better
4. If you want, you can incentivize it like a competition and give a prize to the best/most organized roasts/pitches!

Market Analysis

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

lighting 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.
 2. <https://fortune.com/2019/08/06/apple-airpods-business/>

Marketing:

1. **Definition:** Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
 - a. **Brand:** a name, term, design, symbol or any other feature that identifies one seller’s good or service as distinct from those of other sellers.
 - i. “ISO brand standards add that a brand “is an intangible asset” that is intended to

create “distinctive images and associations in the minds of stakeholders, thereby generating economic benefit/values.” (<https://www.ama.org/the-definition-of-marketing-what-is-marketing/>)

2. Types of Marketing

- a. influencer marketing:
 - i. focuses on leveraging individuals who have influence over potential buyers and orienting marketing activities around these individuals to drive a brand message to the larger market
- b. Relationship Marketing:
 - i. relationship marketing refers to strategies and tactics for segmenting consumers to build loyalty
- c. Viral marketing:
 - i. a marketing phenomenon that facilitates and encourages people to pass along a marketing message
- d. Green marketing:
 - i. the development and marketing of products that are presumed to be environmentally safe (i.e., designed to minimize negative effects on the physical environment or to improve its quality)
- e. Keyword Marketing:
 - i. placing a marketing message in front of users based on the specific keywords and phrases they are using to search
- f. Guerilla Marketing:
 - i. an unconventional and creative marketing strategy intended to get maximum results from minimal resources

3. 4p's of Marketing:

- a. Product
 - i. A product is defined as a bundle of attributes (features, functions, benefits, and uses) capable of exchange or use; usually a mix of tangible and intangible forms
- b. Price
 - i. Price is the formal ratio that indicates the quantity of money, goods, or services needed to acquire a given quantity of goods or services
- c. Place (or distribution)
 - i. Distribution refers to the act of marketing and carrying products to consumers. It is also used to describe the extent of market coverage for a given product
- d. Promotion
 - i. tactics that encourage short-term purchase, influence trial and quantity of purchase, and are very measurable in volume, share and profit