



Using Market Research for Decision Making-3

NEW VENTURE CREATION

Lecture

Lecture this week are designed as under

1. Understand Market Research

2. MR Process

3. Conducting MR

4. **Common Research Methods**

a. U&A

c. Concept Research

e. Concept and Product Usage

g. Pricing Research

i. Brand/ Ad Track

b. Listing Studies

d. Product Testing

f. Volume Estimation

h. Communication Research

5. Using Syndicated Research

a. Usage & Attitudes/ Need Mapping/ Need Gap Assessment Studies

- How is a U&A useful? : U&A provides exhaustive mapping of needs operating in the category, mapping of brands & brand perceptions, motivations & barriers to consumption of category/ brands. These are more useful for virgin categories where our organized knowledge is very limited. For existing categories it should be more specific in terms of assessing growth drivers etc. However we must make U&As accountable in terms of relevance to marketing decision process.
- U&A: Qualitative
 - For generating spectrum of needs, attributes/ benefits need by consumers to make brand choice, generating needs - gap hypotheses, SWOT of brands
- U&A : Quantitative
 - Sizing segments/ markets, Need hierarchy
 - SWOT of brands, consumption/ Usage mapping;
 - Testing hypotheses generated in qualitative research
- Primarily helps to arrive at brand proposition and TG definition.

a. Usage & Attitudes/ Need Mapping/ Need Gap Assessment Studies

- Segment Profile Information
 - Demographic details
 - Lifestyle details
 - Psychographics profiling
 - Product Usage information ; how much do you use, when, how
- Category Needs
 - Motivations for usage / barriers for non-usage/ infrequent usage ; Need hierarchy; Level of Satisfaction; Need gaps
- Brand Usage
 - Brand awareness (top of mind, spontaneous and aided)
 - Brand usage (current , ever, lapsed)
- with existing brands on each of the attributes

a. Output of U&A studies

- Hypotheses on emerging trends
 - Comparison with previous years
- Ideas for New Initiatives on each of the Marketing Mix elements
 - New product ideas (combinations of products typically used together, liquid formulation for easier consumption) OR weeds typically encountered
 - New packaging ideas (different dosage options)
 - New promotion ideas
 - Alternate pricing options
 - Distribution extensions
- Product Usage Insights that can be leveraged in Communication

b. Listing studies

- When to do
 - When there are only a few pieces of information required on a large base
 - E.g., How many drivers recall the name of the petrol pump they visit
 - How many drivers use credit cards to pay for fuel
 - How many use different vehicle services at a pump
 - How many buy groceries at the petrol station convenience store
- How to do
 - Using a field agency to run a questionnaire with 4-5 key information needs
 - Using company field force
 - Saves time and cost

c. Concept Test

Why is it done?

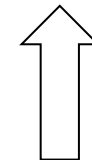
- To test the brand proposition at an initial stage
- To assess the trial probability of the product & whether it is relevant and unique to consumer

Qualitative

For developing & short listing a few potential concepts among many for further quantitative testing

Quantitative

For evaluating the concept at absolute level and against relevant benchmark
For short listing among multiple options



Critical - Needs to be done

C. Concept Test - Writing a Concept

A concept is used to describe the product to a consumer in terms of what need it proposes to satisfy by giving which specific benefits. It has 4 distinct parts

1. Need state : Consumer need which could be a generic need gap, need not being '*fully satisfied*' by current products, addressing a satisfied need by raising expectations, or new offering to the category
2. Benefit
 - Explains what the product does
 - Essentially mirrors the need state
 - Functional, emotional or combination of both
3. Support/ Reason to believe
 - How product/brand are able to deliver the benefit
 - Functional/emotional supports
4. A headline /sum up helps to
 - Ensures main message communicated

C. Concept Test - Qualitative

Objective : To shortlist and finetune concepts

- Allows to test a large no of need-states, benefits and supports. Also allows a mix-match of these
- The focus at this stage is more on gauging uniqueness, relevance, credibility
- Allows a clear understanding of linkage of concept elements

C. Concept Test - quantitative

Objective : To assess the trial probability of the product/ whether it is relevant and unique to consumer

The Study consists of two parts

I. Key evaluation parameters

(What do customers feel about the concept?)

Key Measures for this are

- Overall likeability
- Relevance
- Uniqueness
- Rating vis-avis most often used brand
- Intention to purchase

II. Diagnostics

(What are the reasons for their feeling the way they do?)

Measures for this are

- Reasons for Purchase Intent
- Likes and dislikes around the offering
- Key message takeout

c. Concept Test - Quantitative

It is critical that the MR expert provides relevant norms for key measures such as overall likeability, relevance, uniqueness, purchase intent, etc.

- The concept ratings can not be taken on their face-value
- This makes norms a must
- Attempts to be made to get relevant norms for the same/similar category, specific to urban & rural, specific geography
- We should try and build our internal norms over time
- Another important point is having provision for sufficient diagnostics, especially the open-ended ones
- We must understand the reasons being the scores, especially if they are not good
- Many times, open ended diagnostics provide actionable communication cues

d. Product Test

- What is it? An evaluation of the product, in terms of :
 - its physical attributes
 - its performance
 - its post-use characteristics
- When should you consider product tests? Is my product going to be well received by consumers?
- Product testing best done :
 - In a 'real-life' setting
 - in-home for home use products
 - respondent makes and uses product himself/herself, with only some product specific instructions from you
 - Over the specific period required to give consumers a 'meaningful product experience'
 - e.g., consumers may be able to judge a hair oil in a week, but a fairness cream could take longer
 - Classical product testing : It is usually in unbranded form, to ensure that no biases creep in because of brand image and perceptions

d. Product Test

- Some typical product testing scenarios are :
 - Developmental product testing : choosing between 3-4 product options developed by R&D
 - Any proposed change in product formulation : may be a function of :
 - Response to competitor products : to ensure parity/ superiority vs. competition
 - Internal, organizational considerations
 - External, regulatory considerations
 - Changing consumer needs
 - The larger the market share, the larger the risk
 - For Quality Control
 - For claims support in advertising

d. Choosing the right Product Test design option

- **Monadic:** Each respondent uses only one product at a time. This can in turn be of 2 types
 - single monadic: Separate matched panels for each product
 - Give product A to panel 1, obtain reactions
 - Give product B to panel 2, obtain reactions
- **Sequential monadic**
 - Single panel
 - Give product A, obtain reactions
 - Give product B, obtain reactions
 - Vis-a vis Single monadic, less 'pure'
- **Paired comparison:** Each respondent uses a Single panel
 - Respondent given two products A & B, compares one against the other overall and on individual attributes

Choosing the right Product Test (contd)

Design

Monadic (absolute ratings)

Paired comparison (relative ratings)

Best used for

- Evaluating product options/ prototypes
- Spotting minor differences that consumers usually would not spot
- Identifying preference in saturated category with minor product differentiation
- When there exists a need to force preference for the purpose of claims support

d. Characteristic of Good Product Test

TG: Principal source of business to be primary Research TG

Brand Objective

Gain share from competition

Expand the Market

Consolidate Brand

Wherever required loyal users should be included additionally to ensure that alienation does not take place

Appropriate TG

Users of competition brands

Category Nonusers

Core users of own brand

Scale: Use consumer relevant scales. Worthwhile to invest in understanding how consumers refer various attributes of a product

e. Concept Use Test (CUT)

- When to do?
 - To assess if the final product mix (viz. the proposition and the formulation) is acceptable to consumers (I.e., the trial and repeat probabilities)
 - When the proposition (concept) and the product mix are ready
- Methodology :
 - Respondent sample is exposed to the concept being tested and their responses are obtained like a concept test
 - They are then given a product sample to use for a specified period
 - At the end of this period, they are visited a second time to obtain their reactions to the concept and the product considering their recent experience
 - The concept and product scores should meet absolute benchmarks. A high concept score and low product score means the proposition is strong, but the formulation is not able to do justice to the proposition.

f. Volume Estimation: STMs

- Objective :
 - To get an estimate of volumes that can be expected behind the new initiative
 - To compare the impact of alternate marketing mix scenarios on volumes
 - To understand the source of the new volume
- Inputs : Concept-Product Test data
+
Marketing Plan scenarios.
- Marketing Plan scenarios are combinations of alternative levels of :
 - Distribution
 - Advertising plan
 - Consumer promotion (sampling, trial sizes, coupons, free goods, price offs)
 - Trade promotion (displays, temporary price reductions)
- The effects of marketing plans on consumers are simulated and hence volume estimates obtained.

g. Pricing research

(Pricing Research is a complicated matter. Needs to be handled carefully)

Role of Pricing Research

- Pricing research helps marketing decision making in the following ways :
 - When one needs to examine whether pricing can be used as a strategic or tactical tool
 - Pricing for new products - determine their viability
 - Deciding on price hikes or downward revision
 - Understand the Value-Price equation for a brand in the market scenario

Techniques in Pricing Research

- There are many commonly used techniques for conducting the pricing research :
 - Buy scale or Intention to Purchase (ITP)
 - It uses a 5 point scale to measure intention to purchase
 - Stated purchase intents converted to actual probability of purchase
 - Top Box scores
 - Probability estimates attached to proportions of “Definitely” and “Probably”
 - ITP can be attached to any quantitative research study

g. Pricing research

- Conjoint/Brand Price Trade Off (BPTO) Technique
 - Most used and quite useful tool for pricing research
 - The BPTO technique measures prices sensitivity of brands in a competitive context
 - The brand is looked on as a fixed bundle of benefits
 - At each purchase, a trade-off happens between various benefit/attribute entities
 - Market shares of each brand can be simulated for different price scenarios - including the current market scenario

h. Communication Development

Communication development : Helps in assessing various creative routes at initial stage

- Provides developmental cues at initial stage
- Mainly qualitative research
- Aimed at communication development and to some extent for shortlisting
 - dimensions of current proposition
 - scripts
 - get consumer insights to develop powerful communication

Communication pre-testing: When you have clarity on the proposition

- Focus on evaluating creative strategy and elements
 - At the
 - storyboard / animatic stage
 - rough edit stage stage
 - finished film stage

Brand/ Ad Track Immediately on launch

- Quantitative

h. Stages of Advertising Development

What to say
to whom

- To define in precise terms the primary target group we are aiming at. Identify and select the basic selling proposition that is most likely to motivate them

- Use of basic studies to define the primary target group and the main factors that are likely to motivate them.
- Quantitative research to develop and refine the alternative selling propositions

How to say it-
Creative
development

- To develop alternative creative routes/executions and select the one which will express the intended selling proposition most effectively

- Qualitative research to assess whether the creative routes/executions communicate the chosen selling proposition as intended.

h. Stages of Advertising Development

Pre-Testing of ads	<ul style="list-style-type: none">- To test whether the finished advertisement in fact is successful in communicating the intended selling proposition and has sufficient impact or attention getting power	<ul style="list-style-type: none">- Quantitative pretesting of animatics- Helps in short listing the better creative among different options- Helps predict likely response to the creative and hence decide on spends on the creative
Campaign Tracking	<ul style="list-style-type: none">- To determine whether the campaign has been successful in the marketplace in changing specific previously identified beliefs or attitudes that target group consumer hold about our product.	<ul style="list-style-type: none">- Post campaign/ ad tracking studies to measure attitude shifts on dimensions related to the communication objectives of the advertising specified

h. Advertising Pre-Testing

Help us in

- Short listing the better creative among different option.
- Helps predict likely response to the creative and hence decide on spends on the creative.
 - Eg. A creative which gets very strong pre-test scores is likely to work well even with limited spends
- Primarily ad pre-testing is quantitative because we need to evaluate the ads. However, we can also have a add-on qualitative module for finer diagnostics of the creative

h. Advertising Pre- Testing

- Alternatives can be checked at any stage and therefore in any form - rough animatic/ storyboard/ finished film.
 - For most TV commercials, there is little difference between results of testing the same campaign in rough or finished form. This includes anything from a narration to a finished commercial.
 - Exceptions are 'mood' commercials requiring 'tranquil' or 'stormy' scenery ,pictures of cooked food, advertising requiring complex visual effect.
- Advertising needs to be tested in terms of
 - Cut-through
 - Persuasiveness
 - Likeability/ enjoyability
 - Uniqueness
 - Ability to communicate intended message
- Ad Test Models are equipped to provide norms

h. Advertising Pre-Testing Models

AD-Eval: Measures the ad on three dimensions viz.

- Communicates the brand values: Is the creative idea integrated with the brand?
- Is involving: Does the creative idea/ message involve the audience?
- Finally, motivates the consumer: And ultimately, is the creative able to build the brand/consumer relationship?
- Millward Brown and AdAct are two such models

Brand / Ad Tracks

Marketing issue warranting Brand / Ad Tracks:

- (a) I have run my ad. Has it worked in the desired way?
- (b) How has the marketing inputs impacted the health of my brand?
- (c) If my brand is not doing well, which marketing mix elements is responsible for it?

What does a Brand Track/ Ad Track do?

- Brand/ad tracks are always quantitative
- Conducted among random sample. Specific booster samples of users, aware non-users can be added over and above
- Provides:
 - brand and ad awareness
 - how many have tried, using currently, how many have lapsed etc.
 - reasons for trial, lapses etc
 - whether ads have reached them or not; has the ad been able to break clutter?
 - how consumers perceive the brands?
 - has it been impacted in the desired fashion by communication?
 - how are consumers disposed to various brands?

Continuous vs Dipstick - Brand / Ad Tracks

Continuous

- Relevant for brands with intensive competitive activity
- Relevant for brands with multiple ad bursts in a year

Dipstick

- Mainly used for one time snapshot
 - Over periods the results can be compared
- Can accommodate richer diagnostics

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Syndicated studies

Critical studies for Market Planning

- AC Nielsen RSA/ ORG Retail Audit
- HH Panel
- IRS/ NRS

Others

- NCAER , Census of India
- IRS, BARC, Alexa, App Annie

Industry consultant and other published studies/ white papers

Bridging the Gap: Customized & Syndicated Studies

