

MMK265 Market Research Lecture Notes

Week 1 – Research Overview

What is Market Research in 2017?

- The basis for making decisions
- Helping businesses predict the future
- Understanding customer needs and wants
- Building profiles of usage
- Determining the problem solved by your company's products/services
- Figuring out what the "next big thing" might be
- Detecting changes in taste before competitors
- Deciding whether to spend more money on corporate (brand) or product (call to action) advertising next quarter

What is common?

- These all require information
 - Information is the lifeblood of businesses
 - Understand the market
 - Track how we are going
- Creating insights from information
 - These come from many different sources
 - And often serve different purposes

Insights?

- Currency of a good marketing department
 - Help understand the customer
- Why they do what they do
 - Help customer understand our offering as best
- Assuming it is!
- An insight is about underlying process generating information
 - Knowing that your sales are changing is information
 - Knowing WHY your sales are changing is an insight

Market Research: Then and Now

- In the traditional (old) research world:
 - Market Research was limited to:
 - Surveys
 - Focus groups
 - Industry analysis reports
 - Customer sentiment panels

- Now, things are different!
- Still do those things
- But we use a lot more in-house data too

So What's the Diff?

- Difference is what we use the data to achieve!
- Was to answer specific questions
- Now, we can understand markets before our competitors, predict questions before asked, and see market shifts before they happen
- Because “Insights” show underlying process

Understand the Job and How to Improve the Product Becomes Obvious

- This is an example of an insight!
 - The “product” is not what people are “hiring.”
- Instead, they are “hiring” the solution to a real or perceived problem they have.

Misconceptions

- So how you solve that problem better, becomes the goal of product improvements
- Note that the “job” for which milkshakes are “hired” has little to do with:
 - Taste
 - Ingredients
 - Healthiness
 - Volume

Insights

- Instead, it's all about
- Convenience, including lack of:
 - crumbs,
 - sticky fingers, and
 - fiddling with the product
- Alleviating boredom,
 - But not endangering self and others
- Avoiding expected future hunger
 - While not inducing excessive guilt
- Taking longer to consume
 - While not necessarily adding to calories

Let's Try Another One

- What if you were told that people have an average of 17 credit, loyalty, debit, or other cards each in their wallets*?
- What if you were also told that people always carry their mobile phones with them?
- These are two pieces of information, but taken together, it generates an insight:

- Why not allow people to store their cards on their phones?
- We see Apple and Google have done this for credit cards
- Why not loyalty cards too?

Information vs Insight

- Information is necessary but not sufficient for insights
- So the information about the number of cards and the carrying of phones is just a pair of factoids
- Until someone sees that you can replace one with the other
- How much money would (say) Virgin, Qantas, Emirates, etc save if they no longer needed to produce cards for all their FF customers?
- How much more convenient would it be for you if you could wave your phone at the check in kiosk instead of your FF card?
- How much would you be willing to pay for an App like that?
- It has already been done for barcode cards (see Storcard for example),
- So why not chip cards?
- This is the power of insight

Yet Another Example

- How do you decide which carrier to use for your mobile?
- Sure, price comes into it, but what else?
- How do Telstra, Optus and the rest figure this out?
- Think of the carrier you are currently using
- Why did you choose this carrier?
- Potential Answers:
- I didn't, my (parent/colleague/friend) chose it for me
- Don't know
- It was (cheaper/more convenient/more reliable) than other offerings
- My friends use this carrier and I can (call/text) them for free
- Had the (best handset deal/handset I wanted/best contract terms)
- Only one with coverage in my area

So What Does this Mean?

- Think of each answer:
- What is the job you are hiring your carrier to do?
- In other words, why do you use this carrier?
- Do not make the mistake of assuming it is just so that you can use a phone/smartphone/tablet/laptop wherever you want

What Does This Tell You?

- What if you were a Telstra exec?
- How would you use this information to create insights?
- What should Telstra do differently to make sure that they get your business?
- Forget price, Telstra is premium, so they won't move (downwards) on price
- What insights can you offer that would help them out?
- What if you were an entrepreneur who wanted to buy bandwidth from Telstra and on-sell it?