Famous Last Words

- "I think there is a world market for maybe five computers"
  - Thomas Watson, IBM 1943

- "Computers in the future may weigh no more than 1.5 tons"
  - Popular Mechanics, 1949

- "640K (of RAM) ought to be enough for anybody"
  - Bill Gates, 1981
What is good marketing research?

- It is rigorous
  - It moves logically and explicitly from identification to analysis
  - Precision?
  - Sometimes it cannot be precise but this is when rigor becomes particularly important

- There is a lot of information, but not all is relevant
Marketing research Questions

- Market share
- Market segments
- Value of features
- Product image
- Usability testing
- Revenue estimates
- Competitive position
- Etc……
Stages

- Use information to define the problem
- Identify what information is most crucially missing
- Understand how best to uncover this “missing’ information
- Collect data
- Analyze the data
- Repeat if needed
Stages

1. Define the problem and specify objectives
2. Decide on the research approach
3. Develop the research plan
4. Collect the information
5. Analyze and interpret the information
6. Prepare the report
7. Take action
Types of information

- Primary
  - Original research

- Secondary
  - Nilsen
  - Newspapers
  - Information sources
  - There is also a lot of information from competitors
    - Ads, product, announcements, patent offices
Types of market research

Primary Approaches

Non-Experimental

Surveys

Interviews

Focus Groups

Observation

Storytelling

Experimental

Field

Laboratory

Secondary

Internal

External
Seeking information

- Tradeoffs
  - Time, cost etc.

- Identifying a method
  - What method to pick
  - What are the disadvantages of the different methods
  - What can we learn from the different methods
Some tradeoffs

Accuracy
Completeness
Precision
Elegance

Relevance
Timeliness
Cost-Effectiveness
Simplicity

The best market research and marketing models can leverage managerial judgment... But cannot replace it!
Methods

- Subjective/ not-structured
  - Focus groups
  - Interviews

- Objective/ structured
  - Questionnaires
  - Conjoint

- Real
  - Market test
Subjective/ not-structured

- Focus groups
  • Data rich
  • Can provide information outside of the researchers’ view

- Interviews
  • Limited to a small # of people
  • Less good for really new product
Objective/ structured I

- Questionnaires
  • Response language
    ➔ How would you rate your attitude toward drugs?
    ➔ Toward marijuana?
  • Desire to be seen positively
Objective/structured II

- Conjoint
  - What products (or versions of products) to test (ask about) to maximize learning
  - Orthogonal design – all combinations
    - Mac, PC, UNIX
    - 32 MB RAM, 128 MB RAM
    - Screen 15’, 17’, 19’
Conjoint Analysis Method

1. Determine Customer Needs
2. Fractional Factorial Cards
3. Customers Sort Cards
4. Derive Utility Functions
5. Predict Market Share
Real

- Market test
  - Very expensive
  - Limited in scope & imagination
  - The least amount of data, but the most important data?

- Simulations
  - Virtual prototyping
Static and Animated Renderings

Low cost, yet informative to respondents
Virtual prototyping with pumps

- How good are the different approaches for predicting market share
  - Verbal
  - Graphical / WWW
  - Animated
  - Animated was as good as the real usability testing
Market research summary

- Intuitions are dangerous
- Picking a method depends on
  - Method constraints
  - Own constraints
  - Data needed
- Important, interesting, yet limited
- A part of the decision making process
Final Papers

- 6-8 pages total
  • 2-3 pages: Analyze company
    อาทิ What is their product?
    อาทิ What kind of ads do they use?
    อาทิ What kind should they use?
  • 2-3 pages: Describe your project
  • 2 pages: Did it work?
    อาทิ What would you change if you could make another ad?
    อาทิ Recommendations for company?
Presentations

- In class, May 12!
- 5-10 minutes, follow same format as papers
Let’s practice….

- What is the product?
  • What is it (or could it be) used for?
- Who are the customers?
- How would you advertise?
Let’s practice…

- Dollar Coins
- Expired T Passes
- Plastic six-pack rings
- Used Kleenex