

EXAMPLE

Amoco Digs for the Right Stuff

Abdul Azhari, marketing research director for Amoco, Chicago, looks for the following credentials when hiring new members for his department:

“It's essential that they know how to dig into the analytical matters, that they know how to analyze things. Also, it's essential that they know how to analyze data with an eye to practicality and application to marketing needs. It is also essential that they can communicate verbally and in writing to the various client departments that we have and also adjust communication to these various departments so that when they are with R&D people, they talk the language of scientists. When the client is the director of sales, they have to be able to speak ‘marketingese.’ Their written word as well as their presentation must be appropriate to the audience.

They must look at the broad picture. They must see the forest -- not only the trees. They must also understand that marketing research is one element of the process and is not the end itself.”³⁰

EXAMPLE

Cereal. Eat it for Life

Faced with a slump in the market, Kellogg's faced the challenge of reviving low cereal sales. Through marketing research, it was able to identify the problem and develop several solutions to increase cereal sales.

To identify the problem, Kellogg's used several tasks to help them in the process. The researchers spoke to decision makers within the company, interviewed industry experts, conducted analysis of available data, and performed some qualitative research. Several important issues came out of this preliminary research. Current products were being targeted to the kids. Bagels and muffins were winning for favored breakfast foods. High prices were turning consumers to generic brands. Some other information also came to light during the research. Adults want quick foods that require very little or no preparation. These issues helped Kellogg's identify the problem. It needed to be more creative in introducing new products to meet the needs of the adult market.

After defining the problem, Kellogg's went to work on solutions. First, it began to introduce flavors more suited to the adult palette, but were not the tasteless varieties of the past. For example, it introduced Honey-flavored Shredded Wheat and Honey Crunch Corn Flakes. Both aimed towards the adult market. It also implemented promotions featuring Microsoft software for the entire family instead of the usual toys. Finally, it launched an ad campaign aimed at the adults called, "Cereal. Eat it for life."

Through creative problem identification research followed by problem solving research, Kellogg's has not only seen an increase in sales, but also in increased consumption of cereal at times other than just breakfast.¹⁷

EXAMPLE

Reviving an Ailing Giant

In the early 1980's, Chrysler was fighting for survival. Fortunately, a few years earlier, two men had come to the company from Ford. These men were Lee Iacocca and Howard Sperlich, and they brought with them a revolutionary idea - the minivan.

Iacocca, a senior manager, and Sperlich, a designer, used marketing research to identify a need - better family transportation. Despite skyrocketing fuel prices in the early 1980's, "overpowering" research in the form of focus groups, mall intercept and mail surveys suggested that consumers wanted a van that handled like a car. A Chrysler executive stated that "the people we're selling [the minivan] to don't tow. A very small percentage of Americans on a regular basis tow more than a Class 1 trailer; we can tow a Class 1 trailer." It was clear that the public did not need a work horse vehicle, but a reliable, spacious, convenient mode of transportation.

Marketing research suggested that a minivan met these characteristics. As a result, Chrysler stunned the competition with an innovative new product that eventually was dubbed an automotive "home run" for the company. Chrysler designed its product around the consumer rather than the internal perceptions of the organization. Marketing research gave the company the confidence to enter a market that GM and Ford considered too risky. GM and Ford missed the opportunity to bring the minivan to market. GM feared it would detract from its highly lucrative station wagon segment. Ford passed for the opportunity of smaller more fuel-efficient models.

Chrysler, in contrast, developed a strong linkage between the consumer problem and the product solution. Almost twenty years later, the company's product line still accounts for about one-quarter of Chrysler's sales and a significant portion of its profits.

EXAMPLE

DSS Give FedEx a Decided Edge

Federal Express (FedEx) has developed a reputation for being a reliable express service. It has become a technology leader in the highly competitive shipping market and aim to become the best worldwide. A major ingredients in the success has been the advanced world wide decision support systems which provide information on customers including detailed aspects of every shipment including ordering, billing, tracking and tracing.

Its sophisticated DSS has enabled FedEx to become the first company to go from “...zero to 1 billion in sales in 10 years without the aid of mergers or acquisitions, and to dominate the fast-growing overnight-cargo field...”? As one example of the several strategic ways in which the DSS is used, FedEx has implemented highly sophisticated “Segment Management Marketing” (SMM). FedEx has developed a “value quotient” formula that allows marketers to analyze individual customers on a case by case analysis. This value quotient includes weights for strategic/competitive value of customer and profitability through a survey of 30 questions. The objectives of FedEx help define the weight given to an individual customer and provide a more strategic perspective than simply using profit to pinpoint the value of a customer. FedEx has defined 14 highly specific customer segments based on consumer attitudes relating to price, reliability, urgency, content safety of product, tracking and proof of delivery. The current SMM includes family classifications and segments to help marketers further understand the customers they serve. Thus, FedEx has taken a very aggressive information oriented approach to competition which will be the key to continued success.²¹

EXAMPLE

J & J's Gentleness Could Not Handle Pain

Johnson & Johnson's attempt to use its company name on baby aspirin proved to be unsuccessful. Johnson & Johnson products are perceived as gentle, but gentleness is not what people want in a baby aspirin. While baby aspirin should be safe, gentleness per se is not a desirable feature. Rather, some people perceived that a gentle aspirin may not be effective enough. So here is an example of what seemed, intuitively, to be a natural move but turned out to be an incorrect decision.¹⁰

EXAMPLE

The Jury is in for Marketing Research

Lawyers are now turning to marketing research in order to better understand their jury.

Lawyers find target marketing research to be beneficial especially when the case is difficult, the jury pool is diverse and the facts are controversial.

Jury research consultants use such techniques as focus groups, demographic and psychographic databases. One such marketing research device is PercepTrac, a juror database. The device is used by mock jurors to determine their positive or negative responses to facts presented in the trial. The juror records their response changes as the trial is presented. The lawyer can then review the responses to determine if the presentation of the facts is being received well. The response data can be sorted by demographic and psychographic profiles so that a lawyer will have a better understanding of the reactions of the actual jury. The device was successfully used in a Florida Department of Transportation case in securing land for a road widening project. The device pointed out a legal term for condemning land, "a taking," which was causing large negative responses from the mock jury. When the case went to court, the lawyer avoided the legal term that had caused such a negative response in mock jurors and won the case.⁶

EXAMPLE

Lotus Development Corp. Uses Marketing Research as a Development Tool



Recently, Lotus Development Corp. redesigned its Web site after market research revealed some improvements that customers desired.

The company conducts focus groups (group interviews with 8 to 12 people at a time) of customers and business partners every four months. This routine use of focus groups recognizes the fact that Web sites are products with very short life cycles and need ongoing attention to keep them up-to-date. The focus groups evaluate Lotus' Web site and the sites of other companies. Some objectives for the focus groups include: identifying factors that lead Internet users (and non-users) to visit a Web site; identifying what factors entice visitors to return often to a Web site; and identifying users' technological capabilities. The focus group findings are verified by survey research, which also forms the basis of quantitative projections.

The use of focus groups and survey research allows Lotus to actively collect some information that is not collected passively. Passive counters can keep track of the number of visitors to a Web site, as well as the number of visitors who actually use the site. For example, Lotus can monitor the number of visitors who use its chat rooms that pertain to specific products. However, just knowing that the number of visitors is changing does not

provide a company with any insights concerning why there is a decrease or increase in visitors. Focus groups and surveys are ways to gain those insights.

From focus groups, Lotus learned that customers wanted improved navigation and a higher level of consistency. In the past, the emphasis was on making sure that information was delivered quickly to customers. Focus groups revealed that the company needed to further develop the site to make it easier for Web site visitors to navigate through all of that information. These findings were further verified through an Internet survey posted at the Web site.

Based on these findings, Lotus redesigned the site so that every page is consistent and looks like part of a coherent whole. The company brand logo has a consistent place on each page, and a navigation shortcut system remains on the left side of the page as the user switches from page to page. The redesign was a huge undertaking for Lotus, but it resulted in a substantial increase in the number of visitors to the Web site, and generated additional repeat business.¹

Insert A Picture of a FedEx Overnight Envelope

Marketing research that brought the minivan to market has revitalized the once ailing car manufacturer.⁴

Insert a picture of a Chrysler Minivan - Latest Model

EXAMPLE

M/A/R/C And Peapod: Two Peas in a Pod

The M/A/R/C Group is a leading market research provider. Peapod, L. P. is an on-line grocery shopping service. Consumers can access the Peapod Web site (www.peapod.com), and place their grocery orders on-line. Peapod partners with regional grocery stores which provide the groceries. The groceries are then delivered to the customer.

The M/A/R/C Group and Peapod recently conducted a market research study in which they used the Internet to gather observational data on on-line grocery shopping behavior. They supplemented this with data gathered through surveys. The observational data allowed them to observe actual consumer purchase behavior. The survey data allowed them to gain insights into the motivations for the purchase behavior, as well as attitudes, beliefs and lifestyles of the consumers. The study was conducted to provide consumer goods manufacturers and retailers with insights into the behavior and motivations of on-line grocery shoppers.

The observational data was collected on-line through the Internet. Consumers make their grocery purchases on-line through the Peapod network. Peapod then has a record of the name and address of each customer, the items they purchased, and the time of the purchase. Through this observational methods, Peapod and M/A/R/C were able to observe actual, real time purchasing behavior of 20,000 on-line shoppers.

For the survey portion of the study, M/A/R/C and Peapod administered surveys to 800 Peapod customers. The purpose of the surveys were to provide insight into the motivations behind the purchasing behavior of the on-line shoppers. M/A/R/C and Peapod believe this is first study of its type which associates online observational transaction data with survey data.

The study produced interesting results that give insight into the behavior and motivations of on-line shoppers. For instance, the study showed that on average, the shoppers spent \$113 per visit. This is much higher than that spent on an average shopping trip in a grocery store. The average Peapod shopper spent \$2,072 per year in groceries. The heavy Peapod user spent \$4,155. Also, on-line shoppers were more receptive to bargains than the typical in-store, grocery shopper. Furthermore, the most commonly mentioned reasons for purchasing specific items were, in order of importance, price, brand and nutrition. It was clear that consumers were looking for value. Based on these findings, Peapod successfully positioned itself as a high value alternative to in-store grocery shopping.⁵

EXAMPLE

The Making of a President

President Bill Clinton used market research to develop policies and to polish those policies once they were in place. Bill Clinton and his team made extensive use of published sources of information, focus groups (group interviews), telephone and personal surveys, and interview style meetings in order to understand what the people were expecting from the policies that are developed. In the eyes of President Clinton, the taxpayers of the country were his administration's "customers."

His first big test came during his first State of the Union address when President Clinton unveiled his "product of uncertain demand," a new economic package that included higher taxes. The White House used market research in order to smooth the rough edges of the new package and to sell it to the American people. The raising of taxes was the ultimate hard sell. Clinton made use of focus groups and telephone surveys to determine how to make the new package palatable. The research indicated that the public was willing to pay higher taxes in order to reduce the national debt, but the research also revealed that it expected both the President and Congress to deal with wasteful federal spending. Thus, deficit reduction was an important aspect of this package.

One advertising executive noted that "instituting a new policy is the same as offering a new product. When you market anything you need to concentrate on the end benefit." Bill Clinton attempted to do just that, by making extensive use of marketing research.³

EXAMPLE

Marketing Research Puts Sandwich Chain On A Roll

In 1972, Port of Subs began as a single shop in Reno, NV. The company now continues to make submarine sandwiches on a regional basis. Port of Subs has 81 units concentrated as franchises in Las Vegas, Reno, and Fresno. Franchisees function through local co-op organizations or 22 single store markets.

Not long ago, the company was having problems with competition in the area. This comprised of both submarine sandwich shops and other fast food vendors like hamburger, taco, and pizza restaurants. CEO and founder, John Larsen made a decision to hire a market research team to analyze the market and make recommendations on how to improve sales. The market research group conducted customer focus groups and one-on-one in-depth interviews to understand what factors influence consumers' choice of fast foods and submarine sandwiches. Then, a telephone survey was done to identify the consumer image of the sub shop.

Gail Humes, Port of Subs marketing manager stated that the research "told us that our image needed a little shock-therapy. Instead of continuing to position ourselves vis-à-vis just our sandwich competitors, which we'd been doing for some time, the agency proposed that we go after a bigger, more profitable slice of the pie – the entire quick-service restaurant category."

Consequently, co-op markets began to utilize a new advertising plan. Since radio would provide precise and cost-effective audience targeting, it was selected as the primary medium to deliver the new Port of Subs message. Billboards and direct mail were also used to focus advertising on select geographical regions. In areas where radio and billboard advertising were not feasible due to cost restrictions, direct mail was used to target the customer. A new "Fast, Fresh, And on a Roll" campaign was launched. Colorful and inviting photography, humor, and a new logo were used to lure the

consumer, and to generate a new look and attitude for Port of Subs. The result? Marketing research estimated a 5.25 percent increase in average store sales over the previous year.²

EXAMPLE

"Sugging" and "Frugging" are Unethical

Sometimes direct marketing and telemarketing firms contact consumers under the pretense of conducting survey research but with the real motive of generating sales leads. Such surveys ask information about interest in the marketer's products, background and demographic variables, and respondent's desire for more information. Information on respondents who show interest or request more information is passed on to the company's salespeople with instructions to pursue these "hot leads." Clearly, the purpose of these survey is not scientific investigation but generating sales leads. This practice is called "sugging." "Frugging" is a similar practice and involves soliciting funds under the guise of research. Both "sugging" and "frugging" are unethical and hurt the cause of marketing research. The marketing research industry has taken an aggressive stand against both these practices.³⁴

EXAMPLE

Unilever Taps Thai Lifestyles

Thanks to the rapid economic growth Thailand has known in the past few years, there are now millions of people in the middle class looking for an international lifestyle and international products. For instance, the haircare market is dominated by Procter & Gamble and Unilever with its different brands such as Sunsilk, Dimension, Organic among others. Some Thai women seem to prefer brands directly imported from western countries and this has become an interesting market segment for Unilever.

With marketing research, it has been indeed proved that “metropolitan Thais are more eager to try new products than many other nationalities.” Moreover, young women believe that changing their shampoo brands regularly makes their hair look better. The conservative appearance of many Thais has also recently changed to turn into “radical new looks” and there is an increasing number of people becoming “fashion-conscious”, especially for their hair. Last but not least, what happens in Thailand influences the consumer trends in neighboring countries such as Cambodia, Laos or Vietnam that are looking at Thai people as a source of new and other lifestyle ideas.

International marketing research greatly helped Unilever to rethink both Thailand and international strategy on hair products. It enabled the decision makers to take into account the cultural background and the cultural evolution of the Thai population. Having acquired so much information on the growing and quickly evolving Thai market, Unilever has reoriented its strategy. Thus, Thailand has become one of Unilever’s key centers for the development of new hair products and Unilever’s Organic shampoo was first launched in Thailand before being available worldwide.³³