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

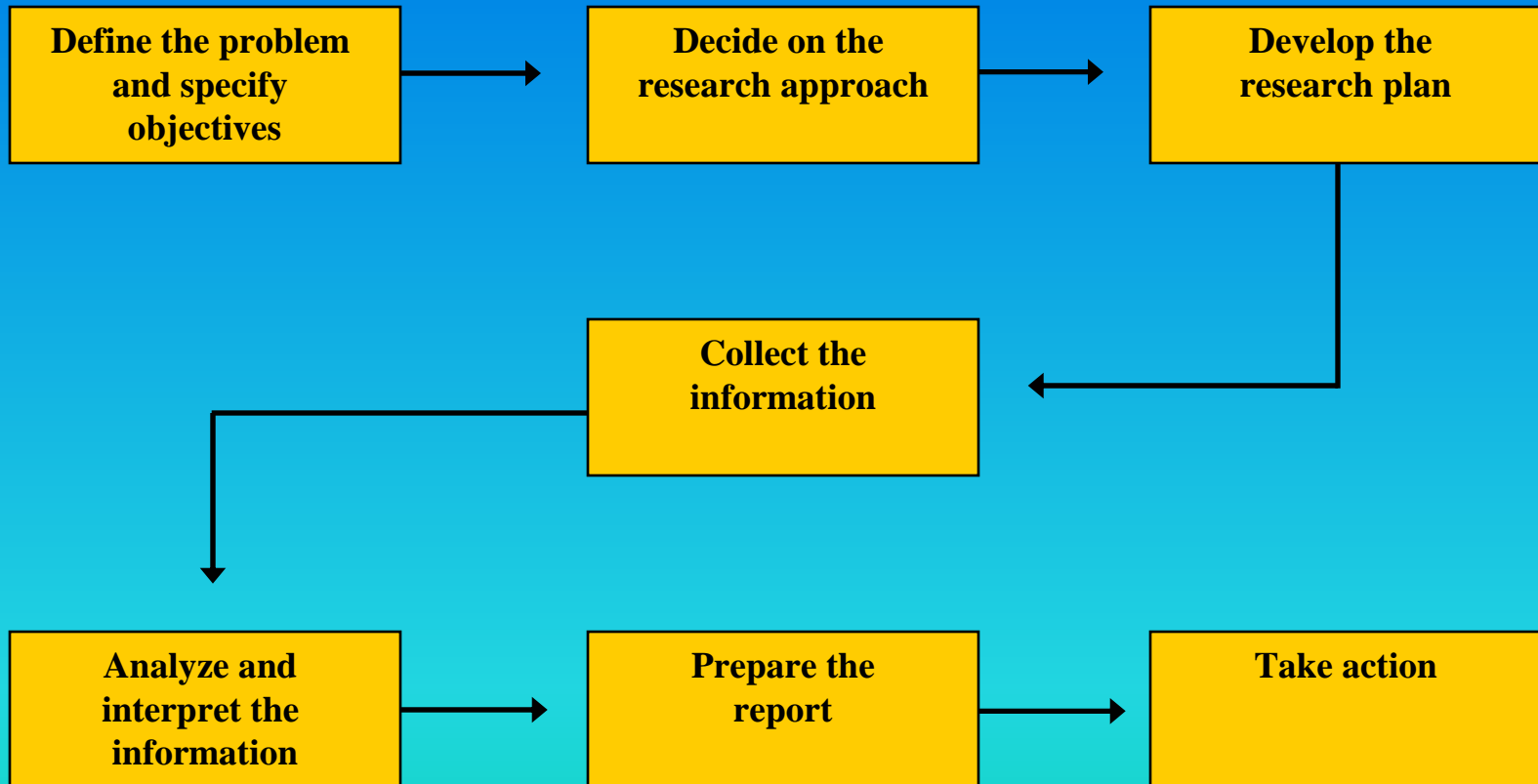- Etc……

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

Define the problem and specify objectives	**Decide on the research approach**	**Develop the research plan**

Collect the information

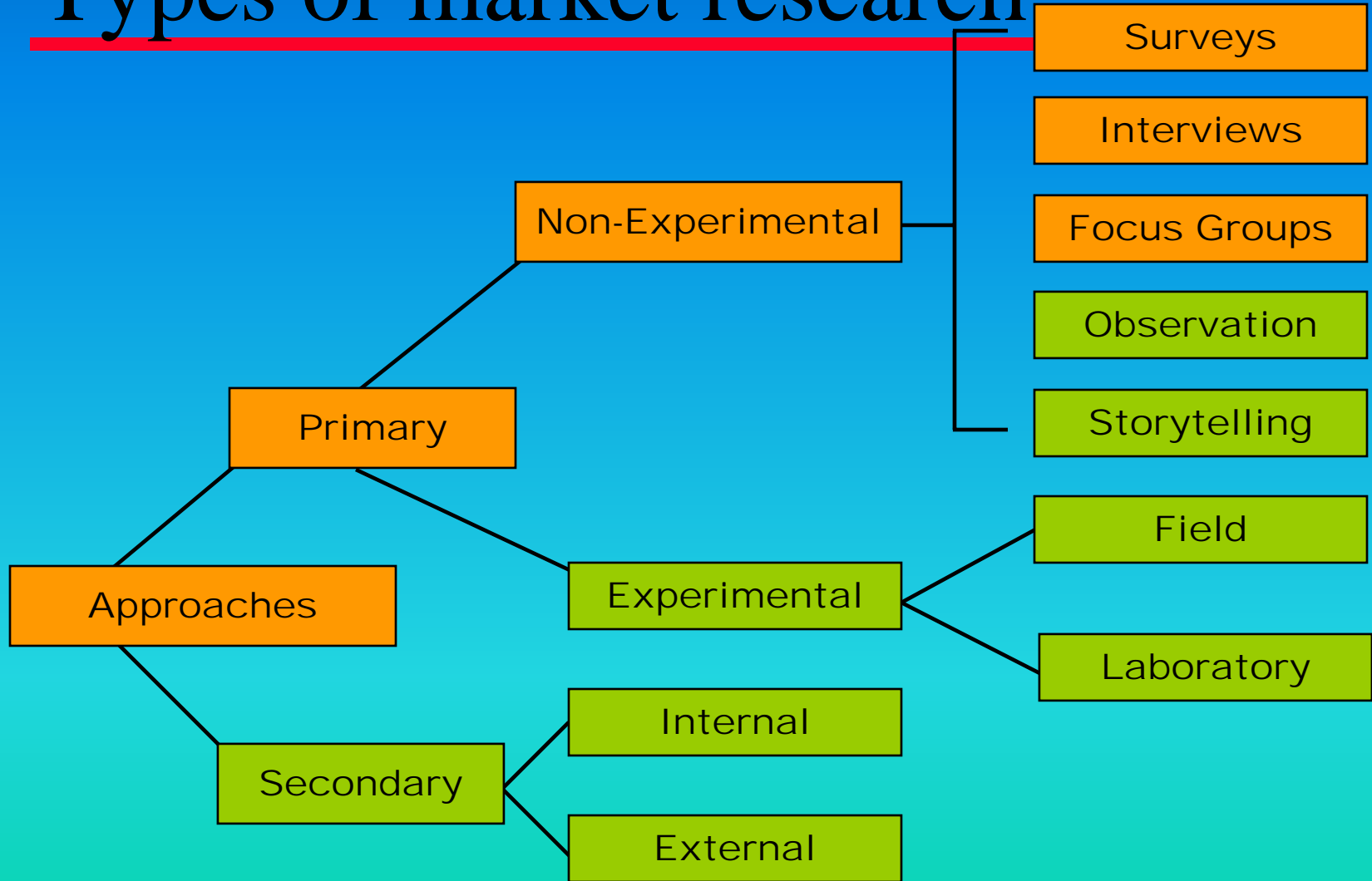|		
Analyze and interpret the information	**Prepare the report**	**Take action**

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

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
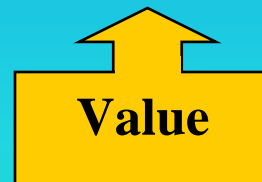
Some tradeoffs

Accuracy	Relevance
Completeness	Timeliness
Precision	Cost-Effectiveness
Elegance	Simplicity

Value

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
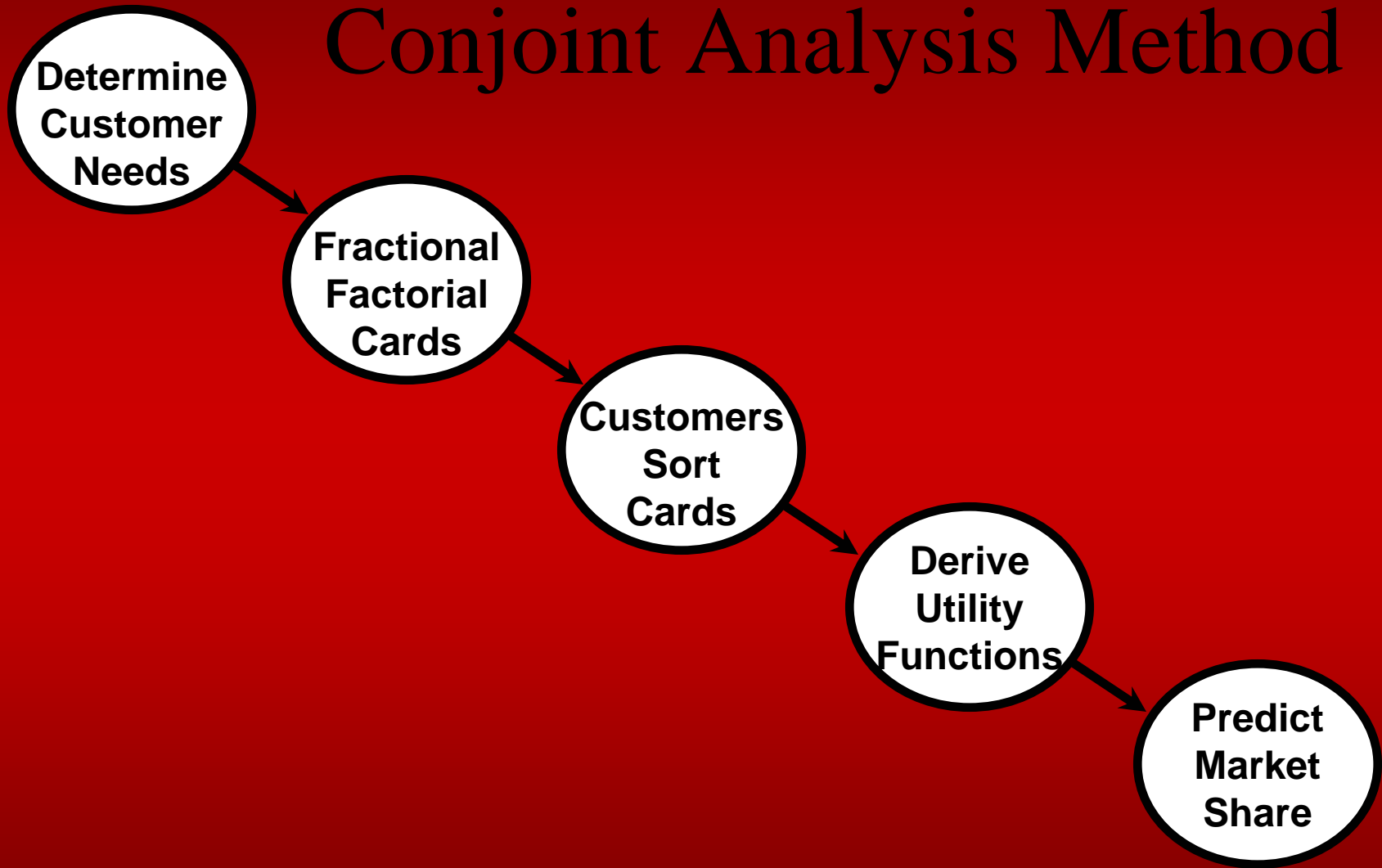   - How would you rate your attitude toward drugs?
    - Toward marijuana?
  - Desire to be seen positively

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

Determine Customer Needs → **Fractional Factorial Cards** → **Customers Sort Cards** → **Derive Utility Functions** → **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
    - What is their product?
    - What kind of ads do they use?
    - What kind should they use?
  - 2-3 pages: Describe your project
  - 2 pages: Did it work?
    - What would you change if you could make another ad?
    - 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