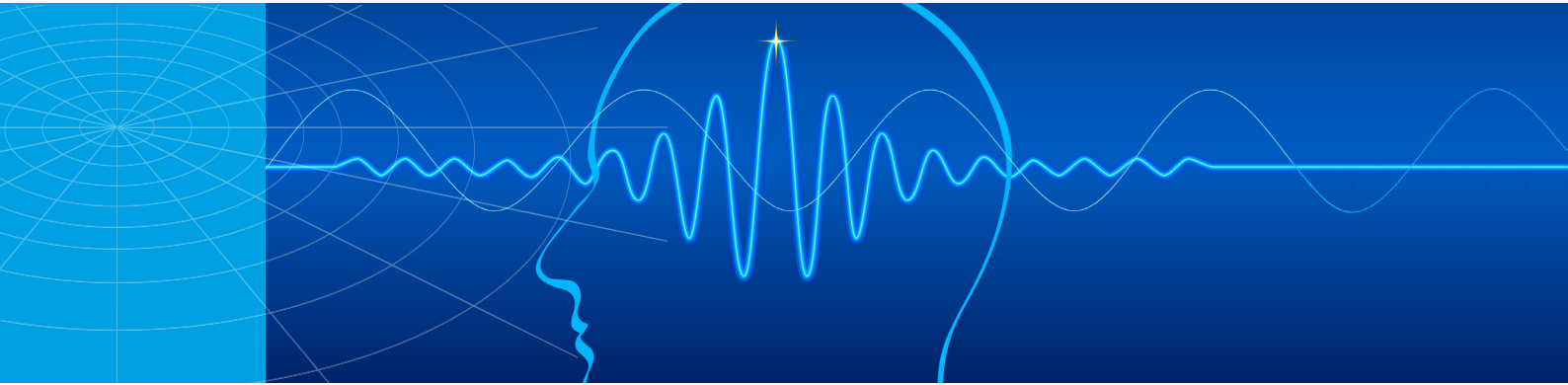


Winning the research revolution



Companies that use the same old market research methods risk being left behind. Here is how market leaders are using new research techniques to gain the insights critical to making—and keeping—consumers happy.

By John Forsyth and Leah Boucher

Most companies underuse or underleverage market research. They stick to off-the-shelf methods, either unaware of or reluctant to embrace newer options. And when they do uncover surprising insights, they often see it not as an opportunity, but an anomaly to be investigated.

At the same time, forward-thinking executives are, quite rightly, demanding more and better consumer and shopper insights. In short, marketing research is at an inflection point. Transformational tools and approaches are available—and companies must take advantage of them or risk losing out.

Companies can gain an understanding of their customers better, faster, and less expensively by doing four things. Together, these are what we call the “research revolution.” First, companies that are at the forefront of this revolution are adept at leveraging the Internet’s power to rapidly deliver detailed information. Second, they recognize the limitations of the traditional

focus group. Third, the best marketers seek to understand *how* people shop, not just why they buy. Finally, they link investigations into consumer attitudes to actual behavior in order to deliver insights to those responsible for maintaining customer relationships.

1. Leverage the power of the Internet.

While many companies regard the Internet as a central part of their market research efforts, few use it correctly. Poorly designed Internet-based research will, however, fail to deliver true customer insights. That’s why leading companies craft their Internet efforts to ensure the technology’s flaws are minimized, and its strengths maximized.

Those strengths are numerous. First, the Internet is fast. Brand diagnostics or reactions to specific concepts can be turned around in a few days, rather than the weeks required for traditional research methods. Marketing strategy segmentations that

used to take six months can be completed in weeks. Private-equity firms in the middle of a deal, for example, can turn around research on brand strength and customer loyalty fast enough to support their acquisition decision and price.

Internet-based research is also less expensive than face-to-face surveys or telephone studies and can be conducted with dramatically larger sample sizes. That allows marketers to do more detailed research, such as analyzing brand equities by segment. More companies can afford to do waves of research to test and learn, which is critical to refining and improving new product concepts.

Finally, customers’ online comments, search behavior, and other revelations offer a trove of data. Companies can monitor Internet shopping behavior, search terms, and search-result positions. Customer sentiment mining (also called “netnography”) can show marketers what consumers are talking about online. Blogs, review sites, and

feedback forums can provide a rich sense of consumers' opinions. Marketers are building their understanding of the digital-marketing space, including social media and other word-of-mouth opportunities. These approaches remain in their infancy, and their value will only increase.

2. Decrease reliance on traditional focus groups.

Focus groups were once the default qualitative research approach. Companies gathered eight or 10 consumers in a sterile facility for two hours, promised them a small payment or free products, and asked them to give simple written or oral answers to questions that may or may not have provided real insight. Despite the emergence of better alternatives, little has changed. Traditional focus groups can still be useful, for the right subjects (such as ad testing) and if the right techniques are used. But leading marketers are putting more emphasis on “deep immersion” approaches that deliver much more sophisticated and reliable insights. As a result, some companies are abandoning the use of focus groups entirely.

In a deep immersion exercise, respondents may be asked to make a collage or draw a picture to help them convey what's difficult to articulate, such as emotional needs, fears, and barriers. Tools like semiotics and anthropology can place consumer insights in the context of culture—that is, the signals people use unconsciously. Home interviews, in-store observations and ethnography—the science of studying how people behave in their natural environments—can help researchers recognize consumers' needs and motivations.

These techniques put research on a whole new footing. Companies traditionally used qualitative findings to generate hypotheses they sought to prove through quantitative research. Now leading marketers are using deep immersion



to generate consumer insights and new product ideas; consider brand positioning; and redefine a product's competitive set. These ideas can then be tested quantitatively, either through further research or a market pilot.

3. Understand how people shop, not just why.

Companies have long focused on *what* and *why* people buy. Understanding *how* people shop, though, is just as important because such insights allow executives to address a wide array of critical business issues. In apparel, for example, marketers need to know how shoppers find their products—i.e., on a mannequin or on the rack? They also want to know how customers make the decision to try an item on. Just from looking? Do they hold it up? Feel the material? Finally, marketers want to know why consumers decide to buy—or walk away (Price? Fit?) Equipped with this knowledge, companies can identify the bottlenecks to consumer decisions, and figure out how to resolve them.

For years, retailers made merchandising and product placement decisions by videotaping or using direct observation to learn how consumers navigated a store. Leading market researchers today use a variety of additional methods to learn about their customers. These approaches include the shop-along (or “accompanied shop”), in which people discuss how they shop as they actually shop. Smart phones can be used to track how people navigate stores. These new approaches can replace traditional exit interviews in which consumers try to describe what they have just done and why.

A U.S. grocery retailer, for example, recently introduced “Scan It!”—a device that allows customers to avoid check-out lines by scanning items as they choose them. “Scan It!” also provides the grocer with a wealth of information. For instance, when customers scan their loyalty card, customized coupons may be generated based on previous buying decisions, and the company can track where people are in the store and deliver location-specific offers. Marrying information gathered by the

device with loyalty data gives the grocer detailed insight into each customer's buying habits, boosting the effectiveness of efforts to improve loyalty and increase spending.

4. Connect what you know about consumer attitudes with their actual behavior.

Most companies separate the researchers responsible for gaining consumer insights from those charged with maintaining the customer behavioral database. The best marketing organizations integrate the understandings from both. Doing so spurs action to improve marketing programs and enhance the customer experience—and that, ultimately, can increase sales.

One retailer, for example, used survey research to understand the style preferences of its core consumer targets and focused its catalog assortment to match these insights. It then used customer lifecycle management (CLM) programs to improve its emails, targeting appropriate products to individuals. Marketers at a department store, after creating a traditional behavioral segmentation, surveyed individuals from each of the key groups to link in-store shopping with credit card purchasing. In addition, they learned how their

customers consumed media and used that knowledge to target messages and offers by media vehicles. For example, certain offers worked best in newspapers and others worked better via flyers.

Leading marketers have moved from a typical CLM mindset, which focuses on behavior and testing programs, toward a more complete consumer understanding. They understand that marrying consumer insights with customer attitudes helps create innovative marketing that delivers bottom-line results.



All of these innovations—the use of the digital space, shopper insights, deep immersion, and linked attitudinal and behavioral data—are only the first skirmishes in the research revolution. Some researchers, for example, are working on applying neurological understandings of how the brain works. Others are experimenting with electrodermal activity, which measures a respondent's heart-rate and skin reactions to advertising. Crowd-sourcing is being investigated as a way of conducting marketing research. And researchers dream of linking massive data sets such as Google searches to identify faint signals of emerging global trends.

Some techniques and methods will be validated; others will not. Marketers and researchers must be open to experimentation, knowing that not everything will work. The techniques that do succeed, though, can open up new and profitable ways of understanding consumers. Companies prepared to take the risk have a real opportunity to gain the competitive advantage that comes from ensuring that critical marketing and business decisions are based on deep consumer insights.

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John Forsyth is a principal in McKinsey's Stamford office. Leah Boucher is a consultant in the Chicago office. The authors would like to acknowledge the contributions to this article of their colleagues Georges Desvaux, Martin Elling, Trond Rieber Knudsen, Laxman Narasimhan and Bart Sichel.