

New Products and Marketing Research

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What is the difference between...

Inventors
and
Innovators?

Marketing Strategy and the Marketing Mix

- **Goal: create value for customers and build customer relationships.**
- Marketing strategy decisions include:
 - Market **segmentation** and **targeting**
 - Differentiation and **positioning**
- ***Marketing strategy*** must guide (and therefore, precede) ***marketing mix*** decisions.

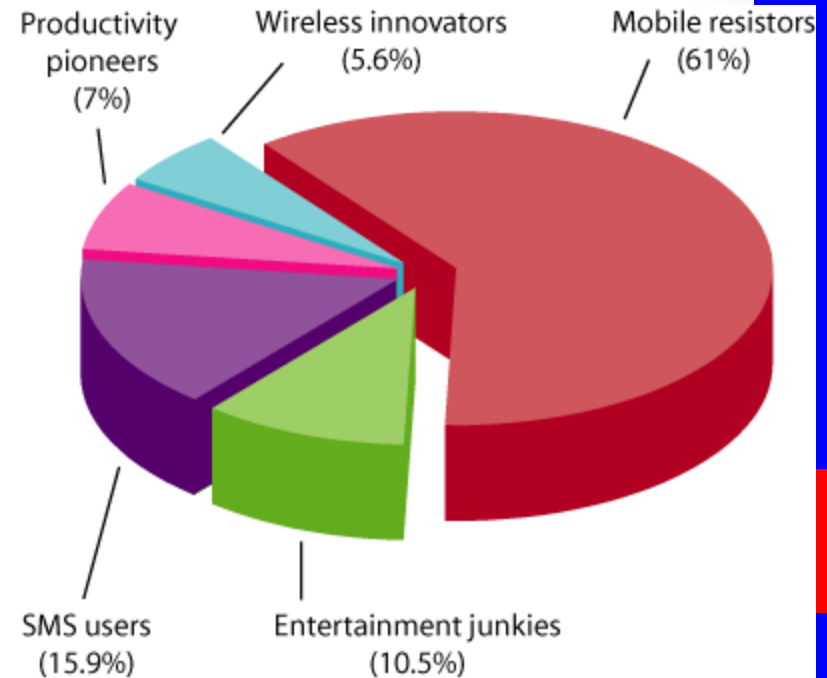
Market Segmentation and Targeting

1. Segmentation:

- The process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors and who might require separate products.

2. Targeting:

- Involves evaluating each market segment's attractiveness and selecting one or more segments to enter.



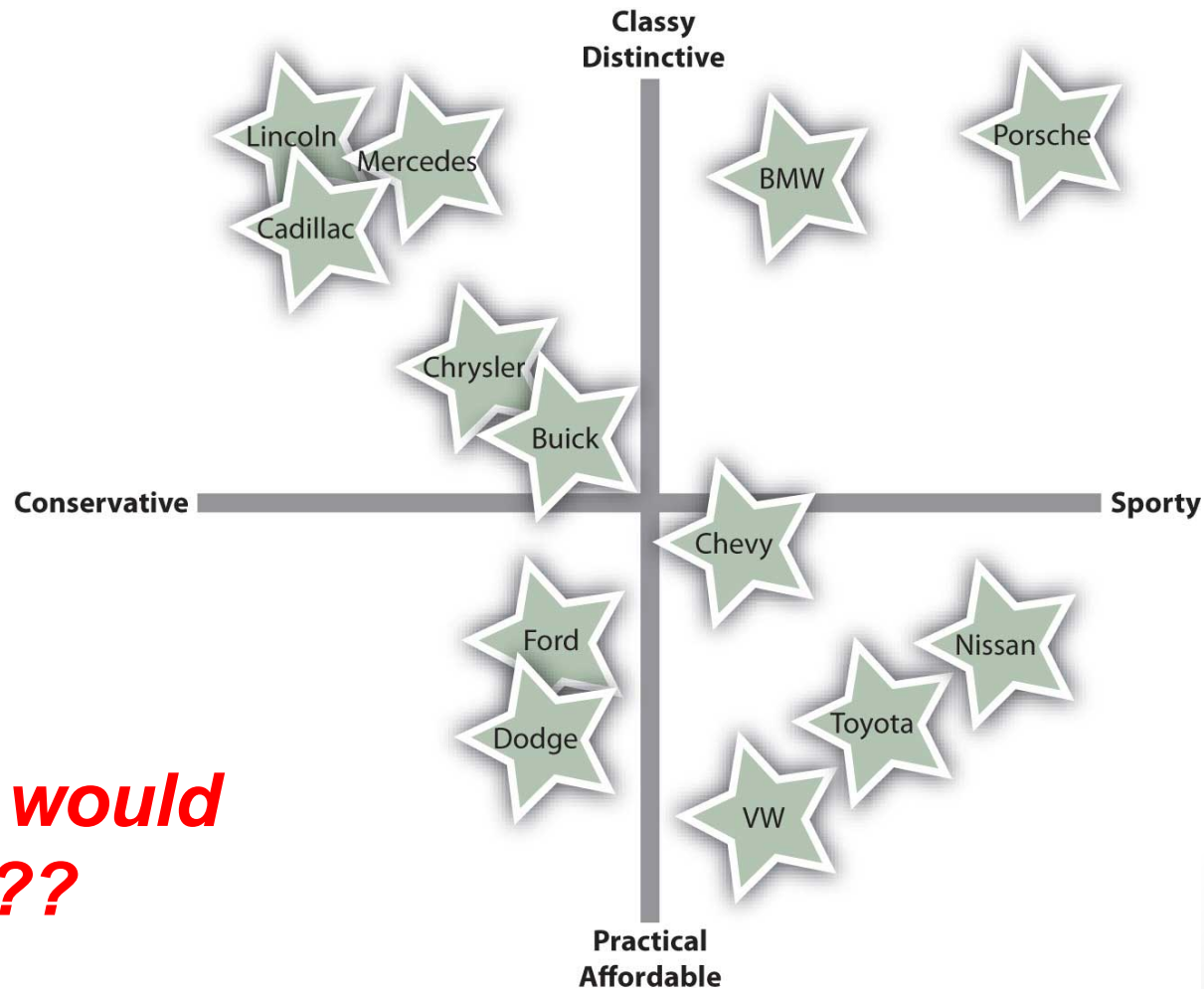
Differentiation and Positioning

3. Positioning:

- Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.
- **Differentiation:** Creating superior customer value by actually differentiating the market offering.
 - Perceptual maps help with differentiation.

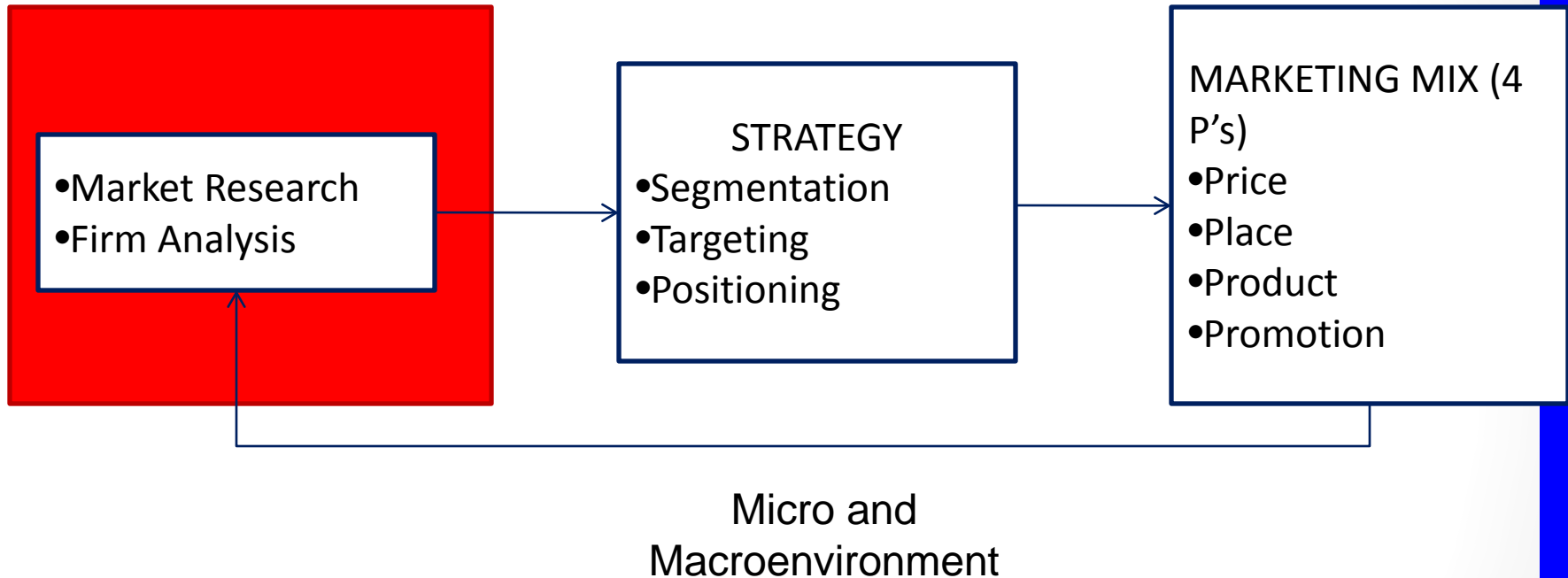
Differentiation and Positioning

Perceptual Mapping



***Where would
Kia go??***

Marketing Research



Definition of Marketing Research

Marketing research is the systematic and objective

- identification
- collection
- analysis
- dissemination
- and use of information

For the purpose of improving decision making related to the

- identification and
- solution of problems and opportunities in marketing

Classification of Marketing Research

Problem-Identification Research

Research undertaken to help *identify problems* which are not necessarily apparent on the surface and yet exist or are likely to arise in the future.

- Example: conduct research on emerging trends in the market.

Problem-Solving Research

Research undertaken to help *solve* specific marketing problems.

- Example: conducting research on your pricing strategy.

A Classification of Marketing Research



Marketing Research

Problem Identification Research

- Market Potential Research
- Market Share Research
- Market Characteristics Research
- Forecasting Research
- Business Trends Research

Problem-Solving Research

- Segmentation Research
- Product Research
- Pricing Research
- Promotion Research
- Distribution Research

Problem-Solving Research: Test Marketing

- How does test marketing work?

<http://www.cbsnews.com/news/columbus-ohio-test-market-of-the-usa/>

- What does test marketing aim to accomplish?
- Why Columbus, OH?

Sneaker Example

Broad Statement

Problem Definition:

The marketing research problem is to ***determine the relative strengths and weaknesses of New Balance, vis-à-vis other major competitors, with respect to factors that influence sneaker purchases.*** Specifically, research should provide information on the following questions:

1. What criteria do customers use when purchasing sneakers? (e.g. comfort, fashion)
2. How do customers evaluate New Balances and competitors in terms of the choice criteria identified in question 1?
3. What is the demographic and psychological profile of the customers of New Balance? Does it differ from the profile of customers of competitors?

Specific Components

Primary Vs. Secondary Data

- **Primary data** are originated by a researcher for the specific purpose of addressing the problem at hand.
 - The collection of primary data involves all six steps of the marketing research process.
- **Secondary data** are data that have already been collected for purposes other than the problem at hand.
 - These data can be located quickly and inexpensively.
- **OpenView Partners (VC firm) explain:**
<http://www.youtube.com/watch?v=h5RbuDxw4FQ>
- Research can also be **exploratory**, **descriptive**, or **causal...**

Primary: Exploratory Research

Exploratory research can be used to:

- Formulate a problem or define a problem more precisely
- Identify alternative courses of action
- Develop hypotheses
- Establish approach and priorities for further research
- Generally **qualitative data** (non-numbers based)
 - e.g. **focus groups, open ended interviews**

Primary: Descriptive Research

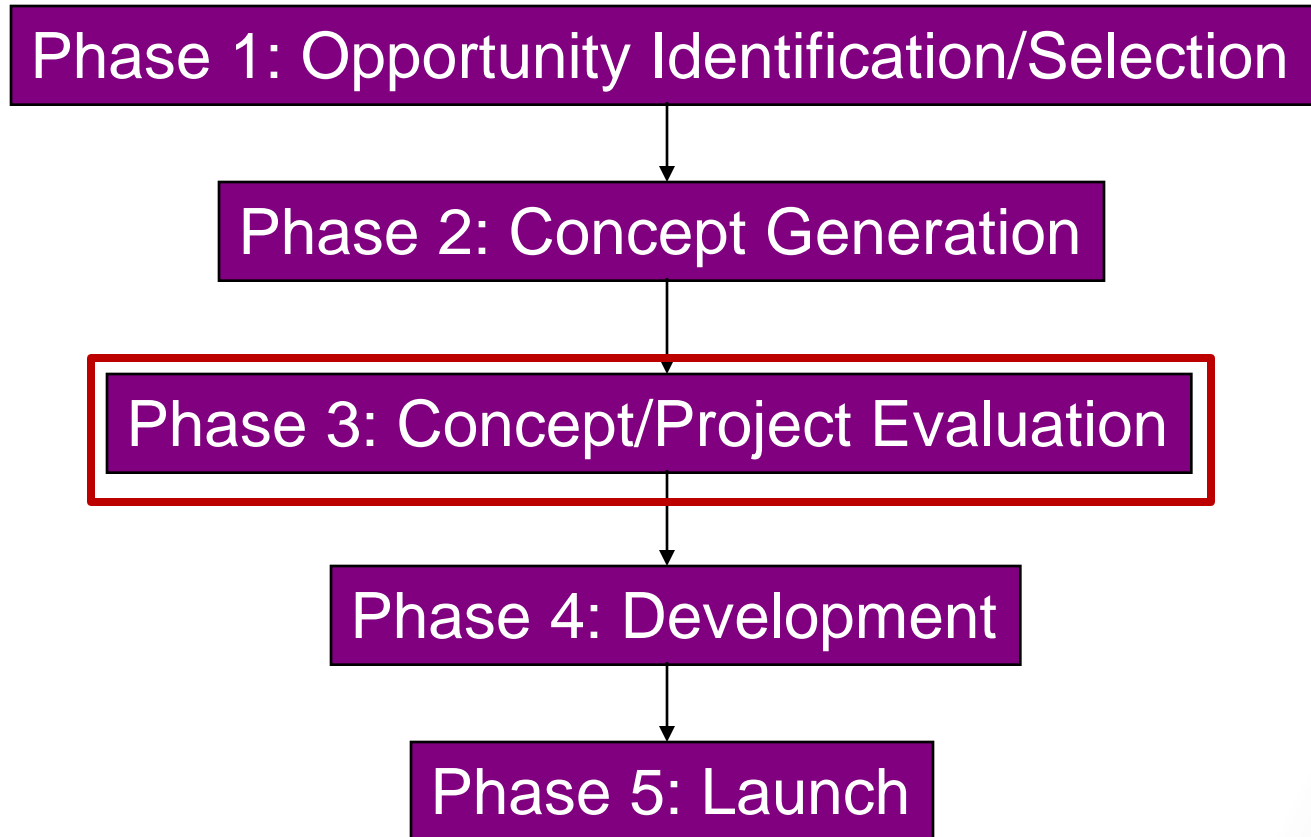
Descriptive research can be used to:

- describe the characteristics of relevant consumers or market areas
- determine the perceptions of product characteristics
- determine the degree to which marketing variables are associated
- make specific predictions
- generally **quantitative data** (numbers based)
 - E.g. numbers-based **survey**

Primary: Causal Research

- **Causal research**: a type of conclusive research where the major objective is to obtain evidence regarding cause-and-effect (causal) relationships.
- Cause = independent variable(s)
- Effect = dependent variable(s)
- generally **quantitative data** (numbers based)
 - E.g. **experiments**
- **Once you decide on your research method, use it test your new product/concept with customers...**

The Basic New Product Process



Phase 3: Concept/Project Evaluation

- **Evaluate new product concepts** (as they begin to come in) on technical, marketing, and financial criteria.
- **Rank the concepts** and select the best two or three. Request project proposal authorization after product definition, team, budget, and draft of development plan.

EVALUATION

<input checked="" type="checkbox"/>	Outstanding
<input type="checkbox"/>	Very Good
<input type="checkbox"/>	Satisfied
<input type="checkbox"/>	Marginal
<input type="checkbox"/>	Unsatisfactory

Phase 3: Stages of Concept/Project Evaluation

1. **Screening:** a pretechnical evaluation
2. **Concept testing:** see what potential customers think of the **concepts**.
3. **Full screen:** a **technical** evaluation utilizing some sort of scoring model.
4. **Project evaluation:** evaluate the **plan**, not the idea. Begin preparing the product protocol.

The first stages of the new products process are sometimes called the **fuzzy front end** because the product concept is still fuzzy.

Phase 4: Development (Technical Tasks)

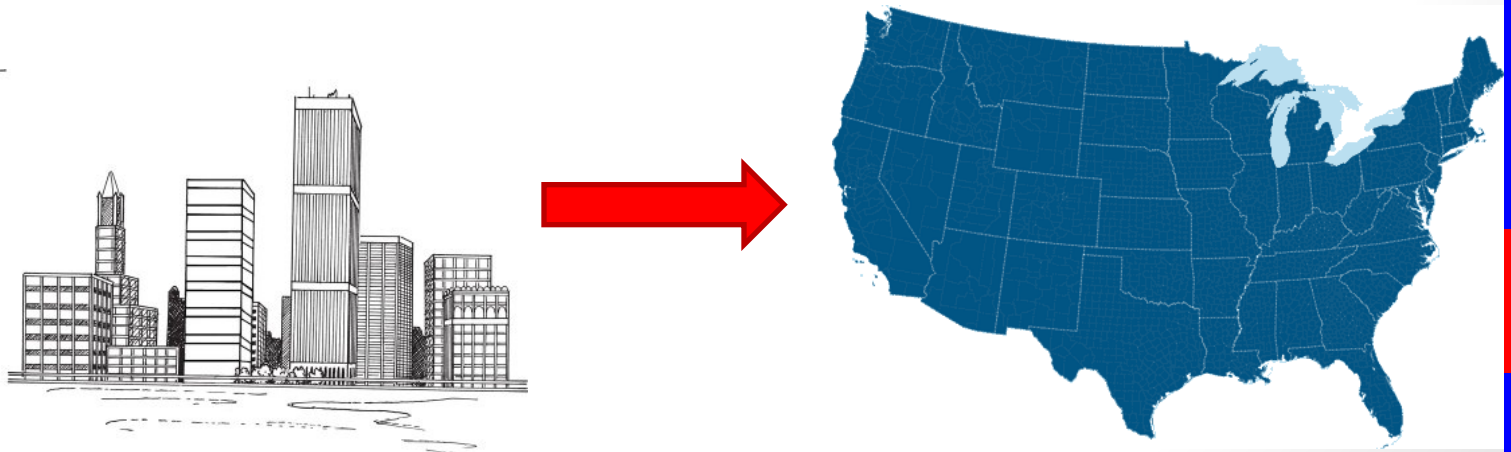
- Specify the ***full development process***, and its deliverables.
- Design ***prototypes***.
- ***Test*** and validate prototypes against firm protocols.
- Design and validate the ***production process***.
- Slowly scale up production as necessary for product and ***market testing***.

Phase 4: Development (Marketing Tasks)

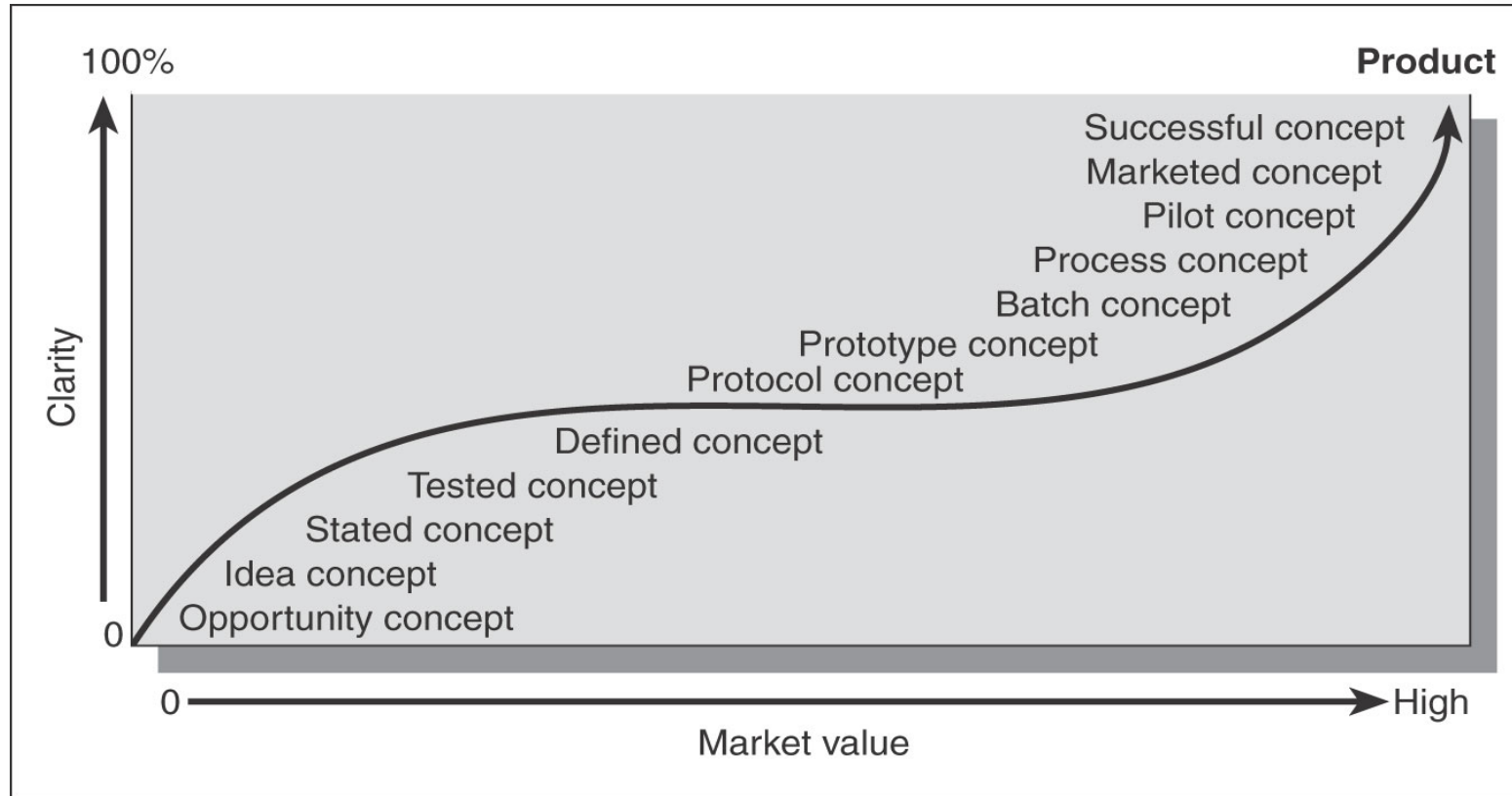
- Prepare strategy, tactics, and launch details for ***marketing plan***.
- Prepare proposed ***business plan*** and get approval for it.
- Stipulate ***product augmentation*** (service, packaging, branding, etc.) and prepare for it.

Phase 5: Launch

- **Commercialize** the plans and prototypes from development phase.
- **Begin distribution and sale** of the new product (maybe on a limited basis – test marketing).
- Manage the launch program to achieve the goals and objectives set in the PIC (product innovation charter).



The Evolution from Concept to New Product



Corresponding New Products Process Phases:

Opp. Identification → Concept Generation → Project Evaluation → Development → Launch

Perceptual Map: Obtaining Customer Perceptions

A sample of respondents (n=1000) are given the following:

Rate each sneaker brand you are familiar with on each of the following:

”Brand X” is/has a/an...

Disagree Agree

1. Attractive design

1..2..3..4..5

2. Stylish

1..2..3..4..5

3. Comfortable to wear

1..2..3..4..5

4. Fashionable

1..2..3..4..5

5. I feel good when I wear it

1..2..3..4..5

6. Is ideal for running

1..2..3..4..5

7. Looks like a designer label

1..2..3..4..5

8. Easy to run in

1..2..3..4..5

9. In style

1..2..3..4..5

10. Great appearance

1..2..3..4..5

11. Comfortable to walk in

1..2..3..4..5

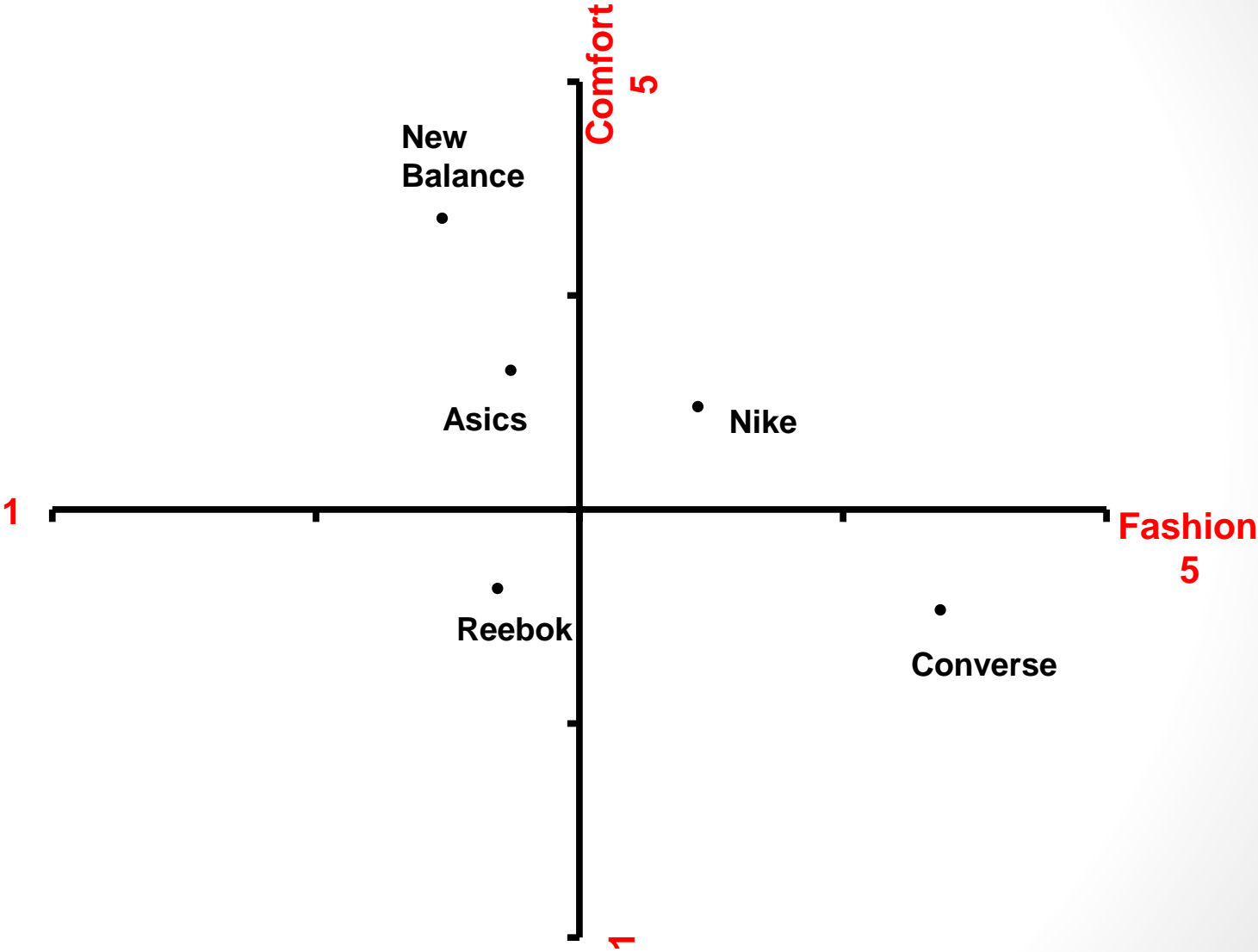
12. A desirable label

1..2..3..4..5

13.....

Brands: Nike, New Balance, Reebok, Asics, Converse

Perceptual Map: Sneaker Market



“Please evaluate the following brands on each attribute on the following scale: 1-5; 1 = very poor, 2 = poor, 3 = fair, 4 = good, 5 = very good

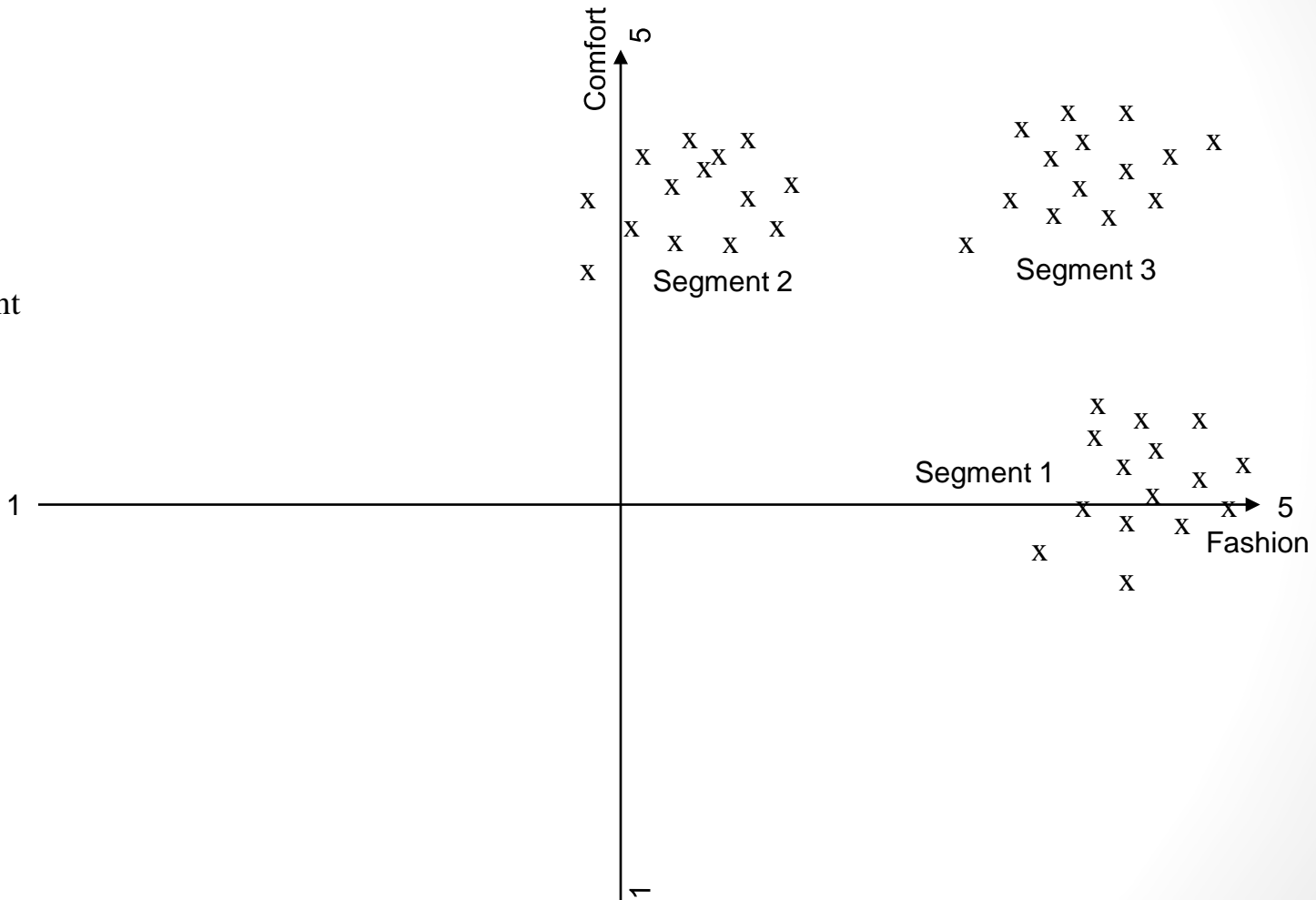
	Brand A	Brand B	Brand C	Brand D	Brand E
Attribute A					
Attribute B					
Attribute C					
Attribute D					
Attribute E					
Attribute F					
Attribute G					

Benefits Segmentation: Sneaker Market

Survey questions:

How important is:

- Comfort (1-5)
- Fashion (1-5)



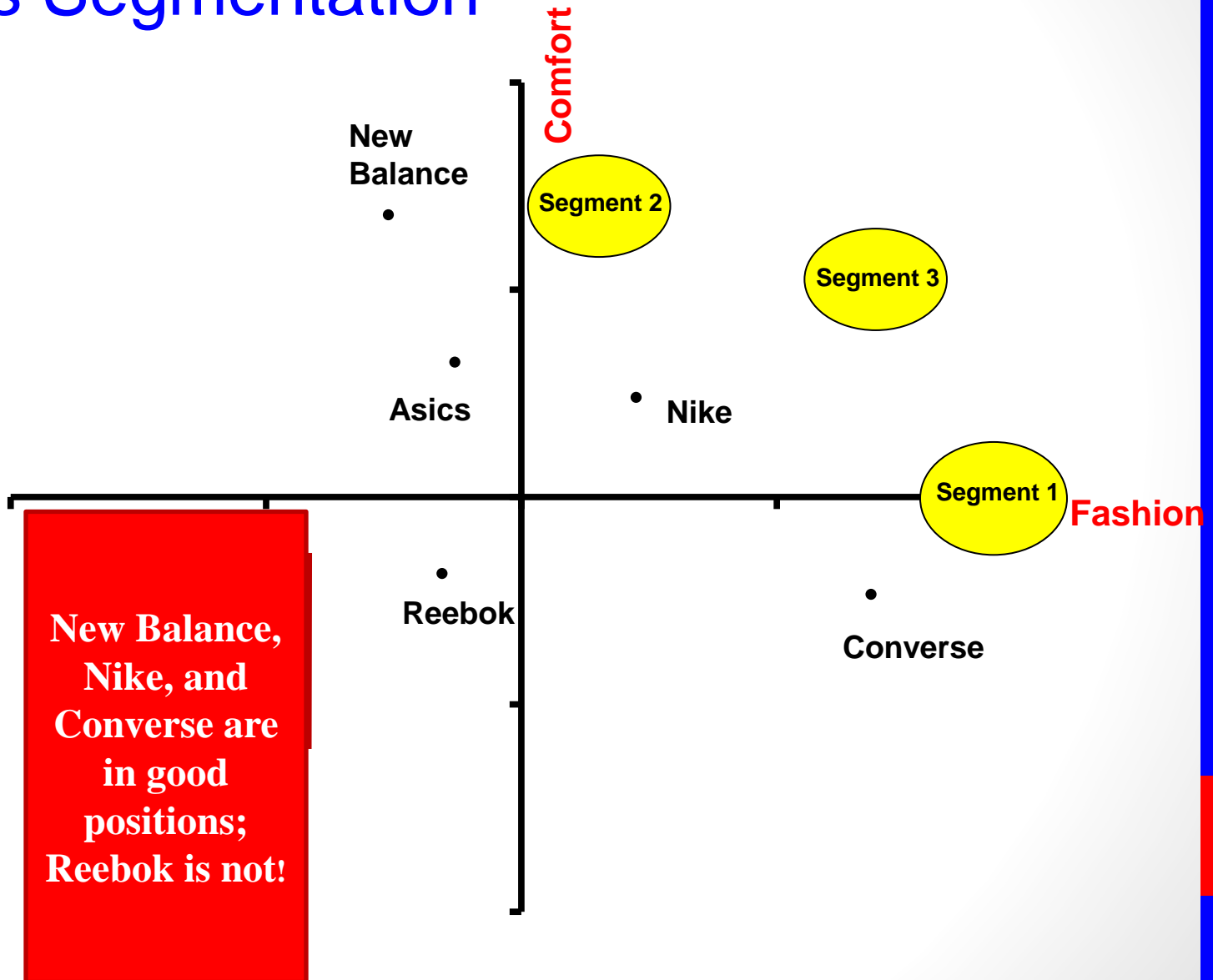
X = customer response based on importance of attributes

Joint Space Map = Perceptual Map + Benefits Segmentation

Joint Space Map:

Allows us to overlay the benefits segments onto our perceptual map

Circles 1, 2, and 3 are our segments/clusters.



Domino's Case

- Pizza Turnaround:

<https://www.youtube.com/watch?v=AH5R56jILag>

- **What happened to Domino's?**

- Old selling point (30 minute delivery) was not outweighing new concerns (poor taste) = **lost value proposition.**

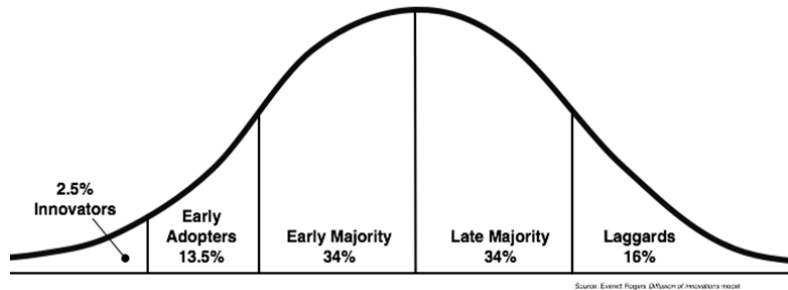
- Analytical attribute techniques

- 3 crusts
- 3 sauces
- 2 cheeses
- 18 combinations

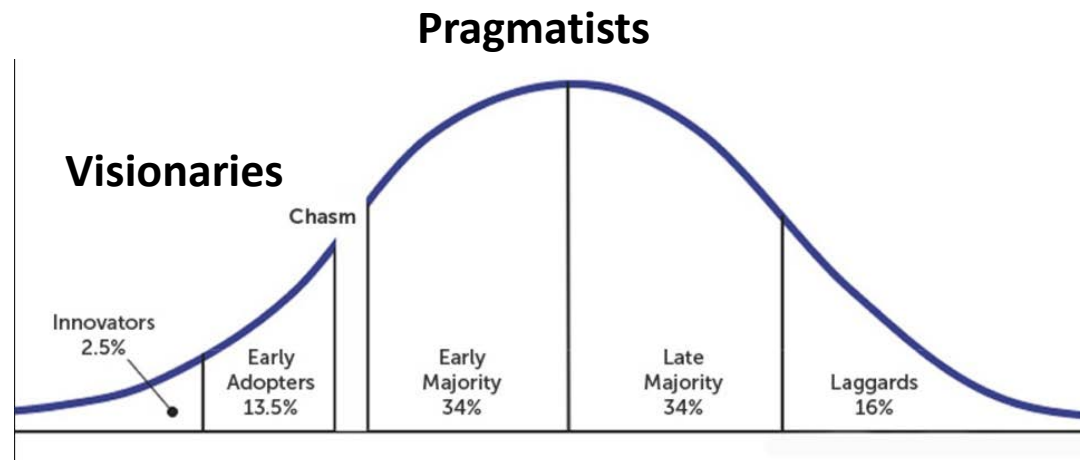
- **Goal?**

- Don't just make marginally better pizza, but be the best in their category (e.g. Papa John's, Little Caesar's, etc.).

How will the Product Diffuse through the Market?



Diffusion of Innovation Model



Crossing the Chasm Model

Thanks!