



Using Market Research to Reduce Risk

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RKM Research and Communications



■ Outline

- Introduction
- Types of Market Research
- What questions should you ask?
- Strategic Marketing Feedback Loop
- #1 Number for Profitable Growth
- How to Apply to Your Organization
- Market Research on a Budget



- Informed Decision Making
 - Strategic Decision Management
 - Reputation Management
 - Risk Reduction
 - Profitable Growth Focus



- RKM Research and Communications
 - Market Research Firm
 - Portsmouth, NH
 - Conducting Consumer Focused Research
 - 16 years of experience
 - 1,500 quantitative and qualitative studies
 - Primary Industry Focus



- What is Market Research?
 - Understanding the drivers of business



- Types of Market Research?
 - Primary versus Secondary
 - Qualitative versus Quantitative



- Qualitative Research
 - Focus Groups
 - Method
 - Advantages and Disadvantages



- Qualitative Research
 - One-on-One In-depth Interviews
 - Method
 - Advantages and Disadvantages



- Quantitative Research
 - Census
 - Method
 - Advantages and Disadvantages



- Quantitative Research
 - Telephone Survey
 - Method
 - Advantages and Disadvantages



- Quantitative Research
 - Mail Survey
 - Method
 - Advantages and Disadvantages



- What should you ask?
 - Customer base versus market base
 - What do you need to know?
 - Baseline tracking and drivers



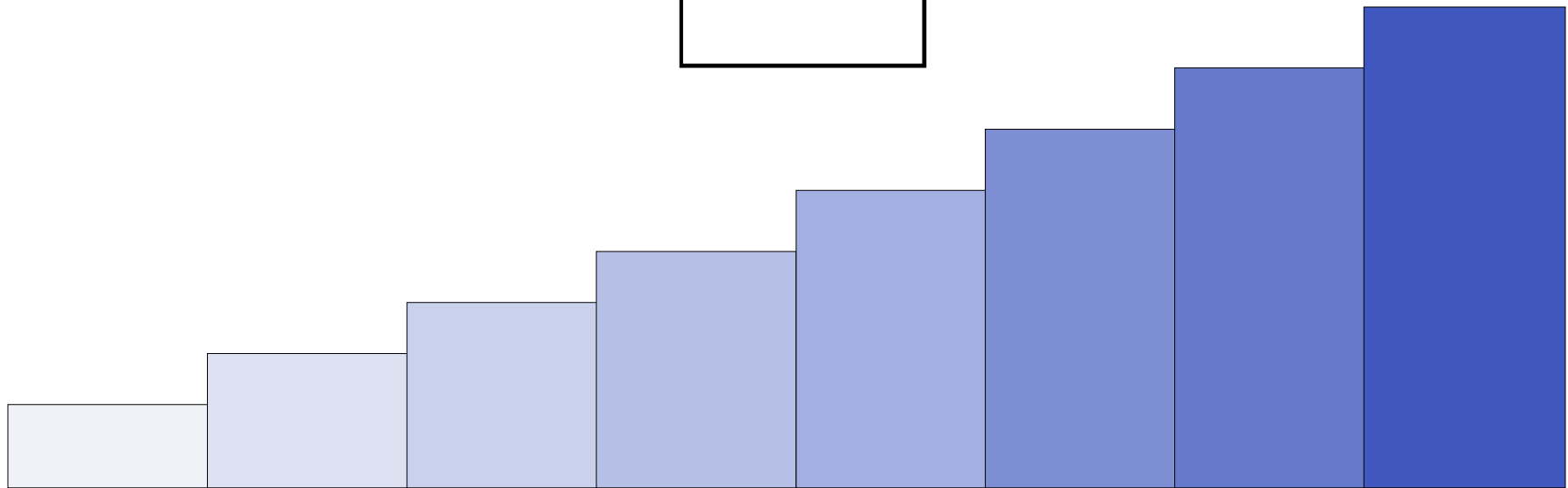
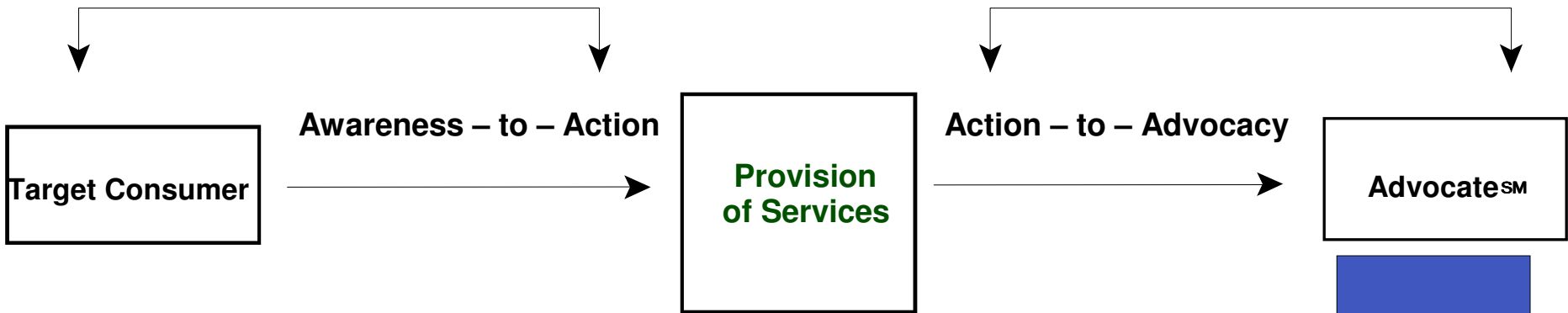
Dig deeper.
CLIMB HIGHER.

Marketing

Client Experiences

“Making the Promise” (½ of equation)

“Keeping the Promise” (½ of equation)



Awareness Differentiation Reputation Consideration Trial Experience Loyalty Advocacy

SMPS - Augusta – November 8th, 2005

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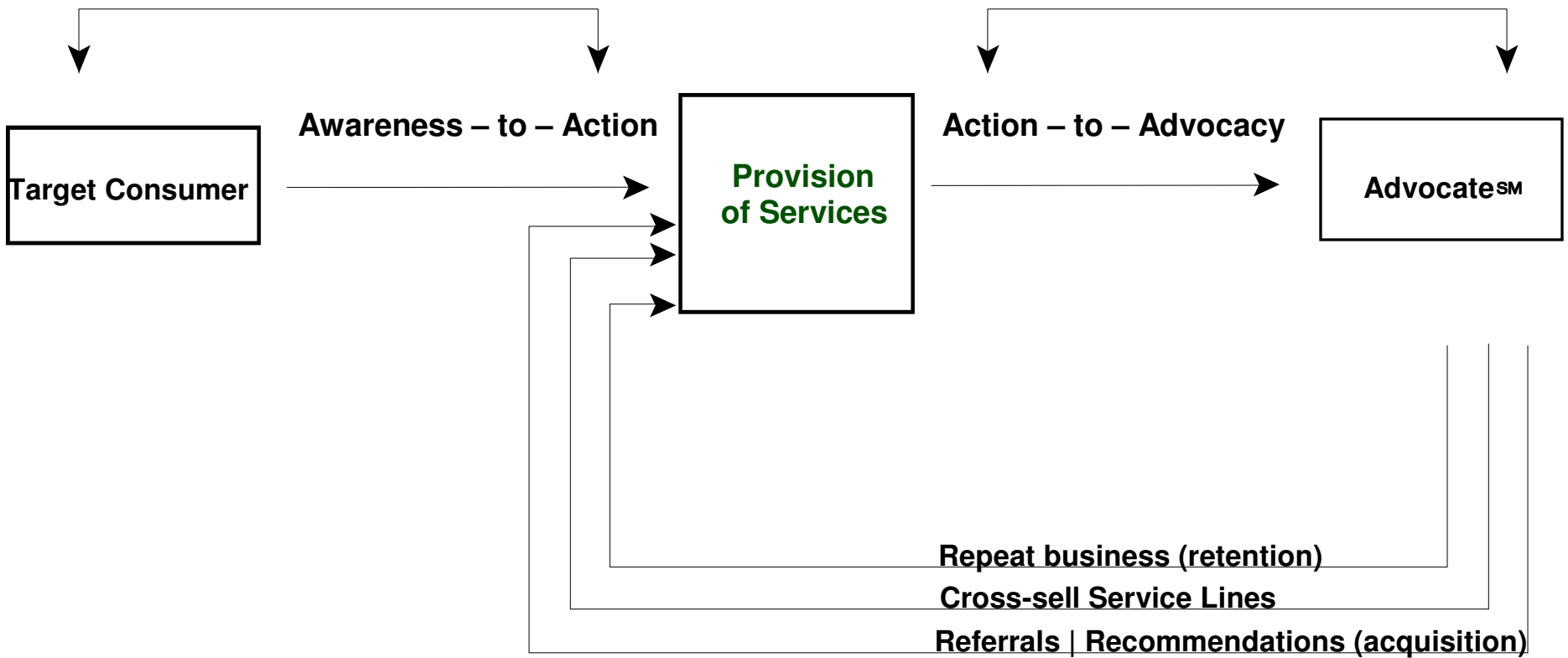


Marketing

Client Experiences

“Making the Promise” (1/2 of equation)

“Keeping the Promise” (1/2 of equation)





- Indicators of an Advocate
 - Likely to Recommend
 - Actual Positive and Negative Statements
 - Behavioral Loyalty



■ Indicators of an Advocate

■ Likely to Recommend

■ One Number you Need to Grow

- Reichheld, Harvard Business Review, 2003.

■ Optimal Marketing

- (new market share - no marketing expense)



- Indicators of an Advocate
 - Actual Positive and Negative Statements
 - Managing Word-of-Mouth
 - Hallowell, Harvard Business Review, 2001.
 - Optimal Marketing
 - (new market share - no marketing expense)



■ Indicators of an Advocate

■ Behavioral Loyalty

■ Reduce Defections (Service Profit Chain)

■ Emotional Connection | Engagement

- Reinartz and Kumar, Harvard Business Review, 2002.

(Emotional loyalty reduces defections)

- Reichheld and Sasser, Harvard Business Review, 1990.

(Reducing defections 5% increases profits up to 50%)

- Reichheld, Harvard Business School Press, 2001.

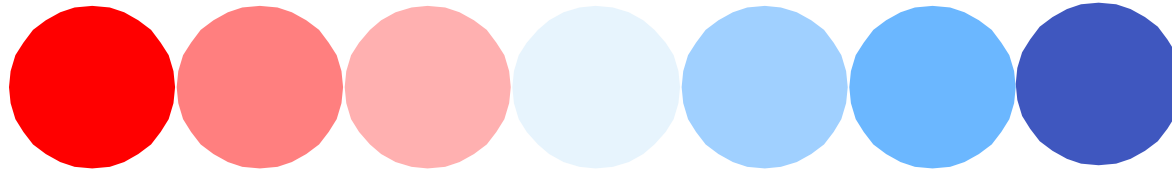
(Loyalty increases sustained profitability > 25%)



Low

High

Net Promoter Score



↑
Detractors

↑
Advocates



■ Where the HBR analysis is limited

- “By asking this one question, you collect simple and timely data that correlate with growth. You also get responses you can easily interpret and communicate. Your message to employees - “Get more promoters and fewer detractors” - becomes clear-cut, actionable and motivating, especially when tied to incentives” (Reicheld, 2003).

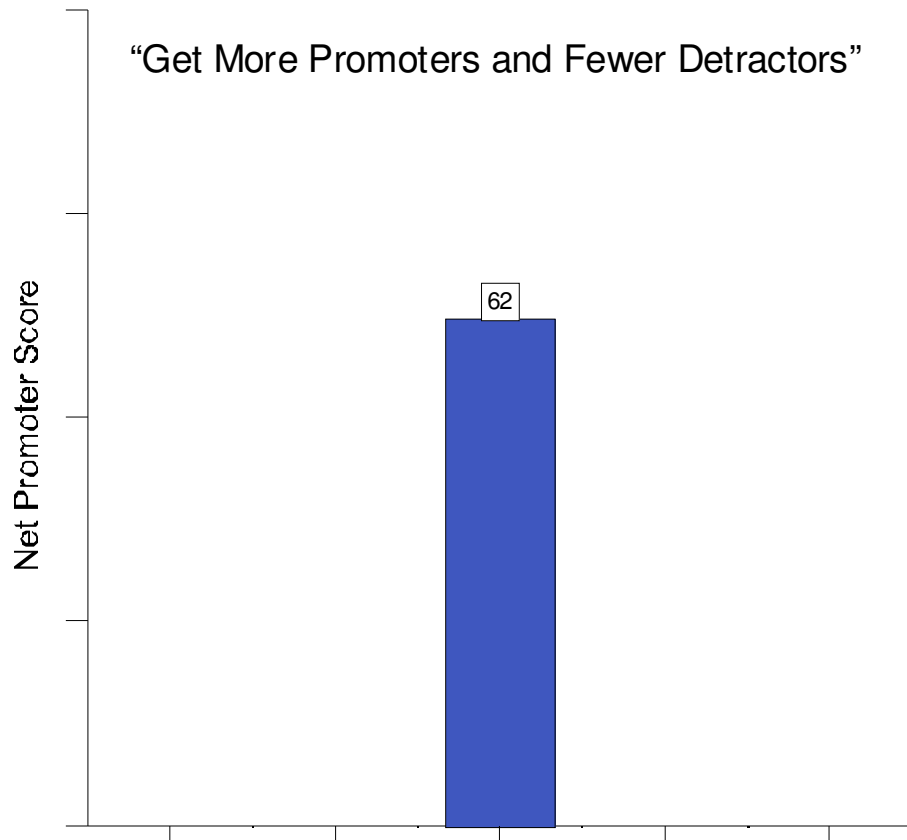
■ How?



Dig deeper.
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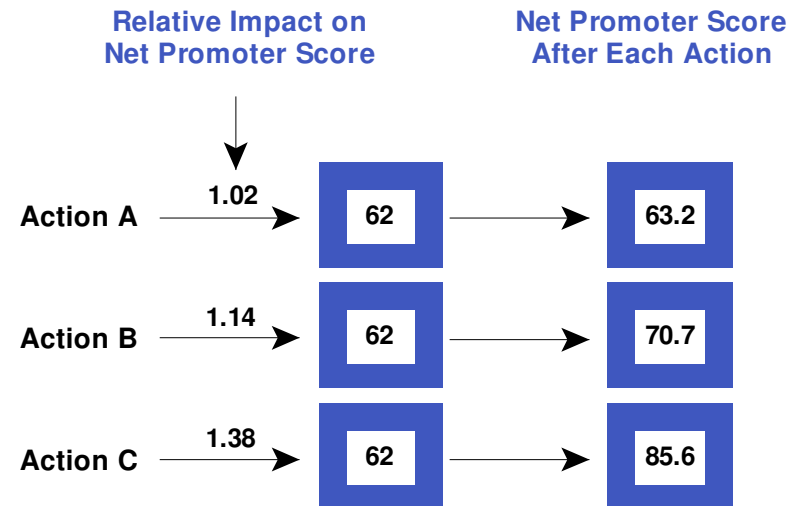
Scenario 1

“Get More Promoters and Fewer Detractors”



Scenario 2

“Pursue Action C with Urgency”

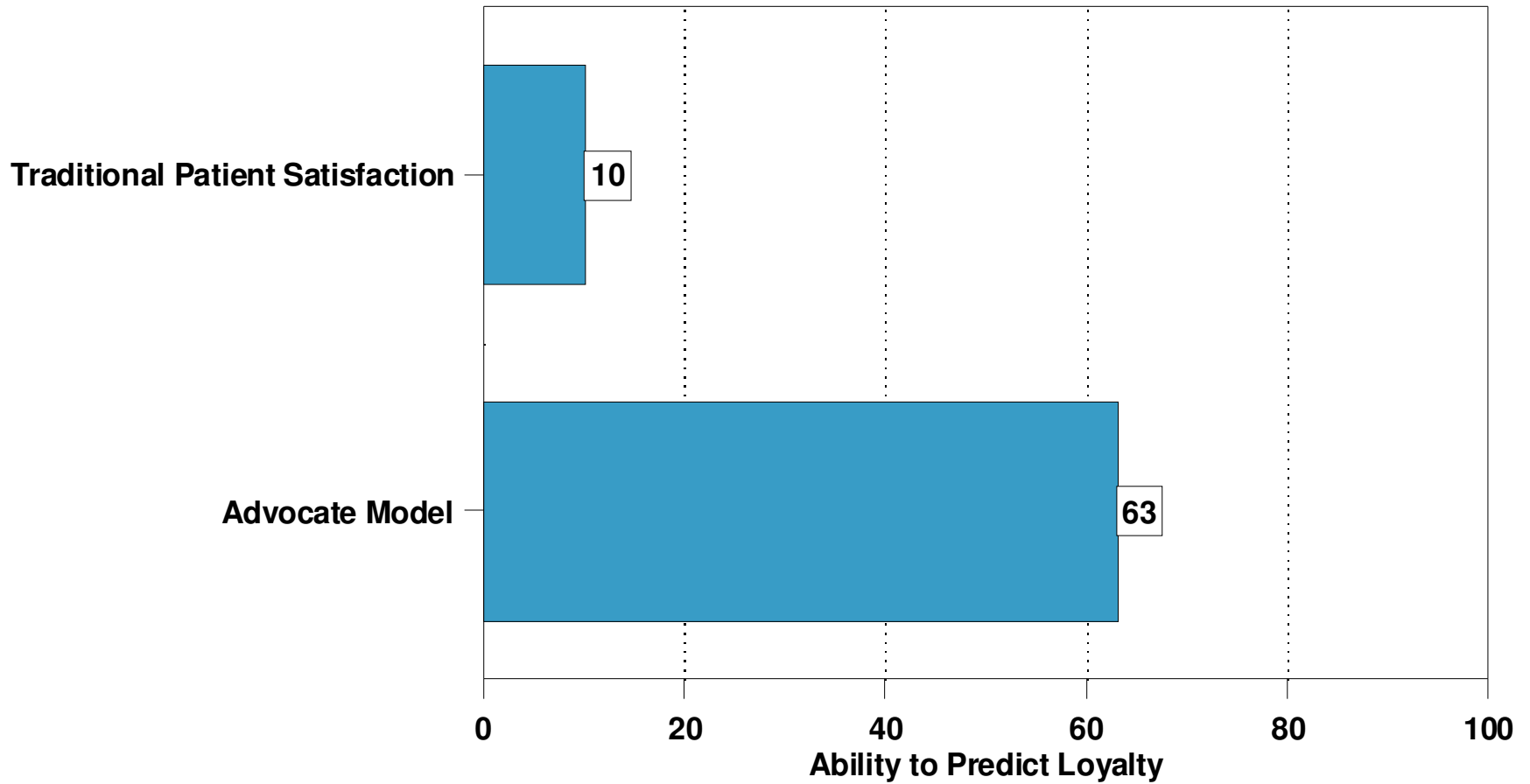




- HealthCare Market Research Example
 - What we asked
 - Importance
 - Perception on performance
 - Recommendations



Dig deeper.
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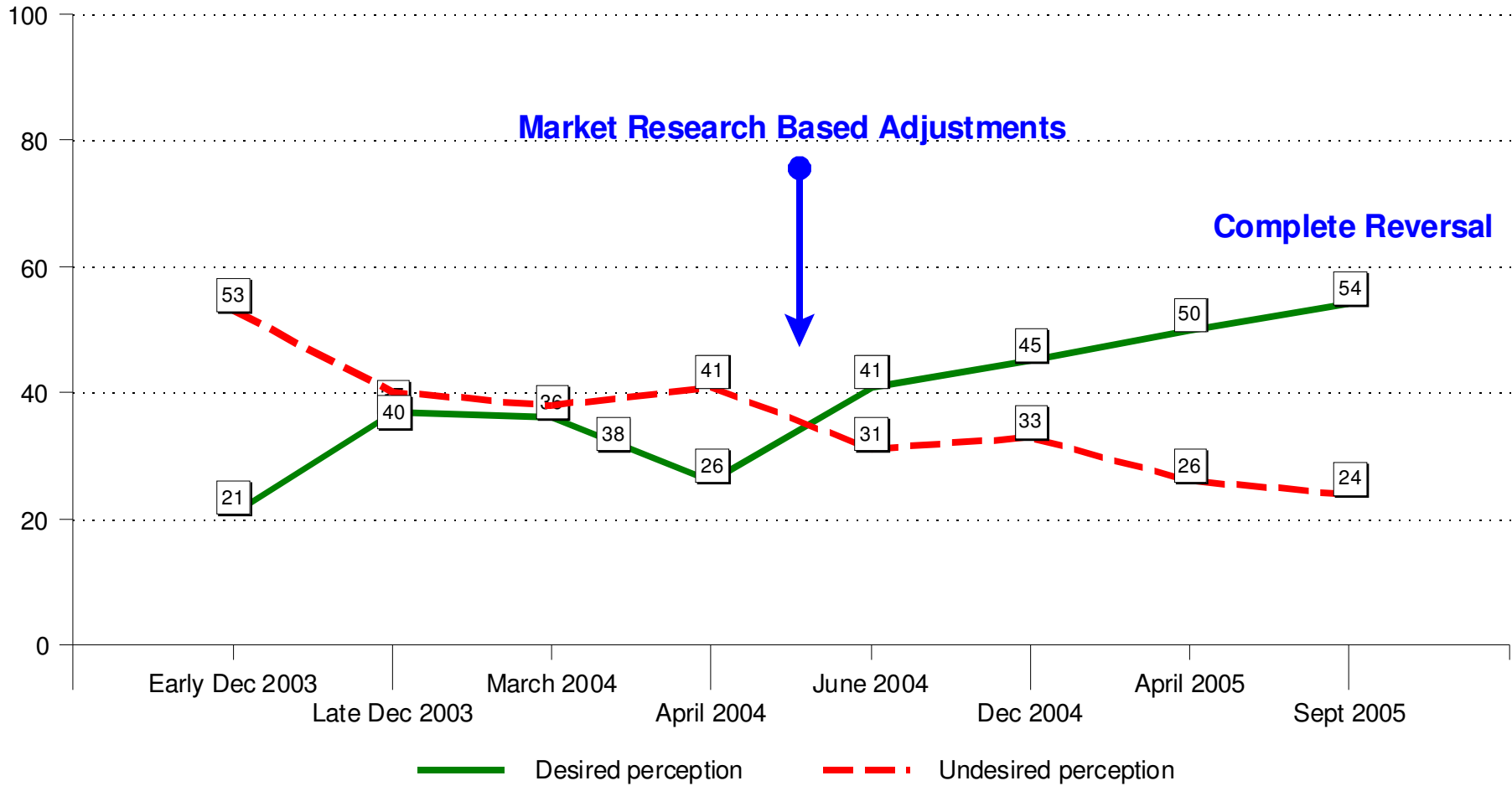




- Utility Market Research Example
 - What we asked
 - Strategic Communications



Dig deeper.
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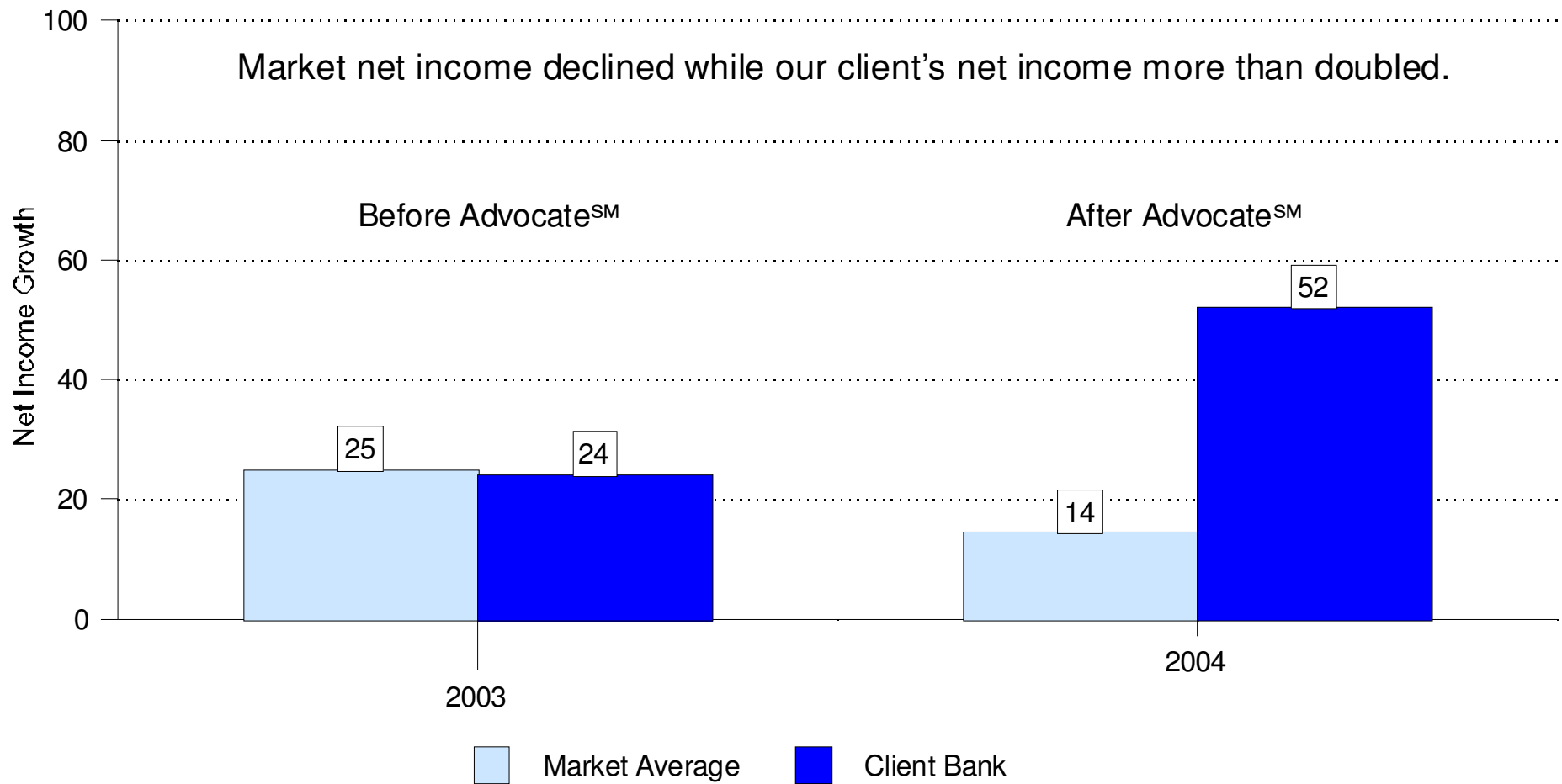




- Bank Market Research Example
 - What we asked
 - Importance
 - Performance



Dig deeper.
CLIMB HIGHER.





- Construction Market Research Example
 - What we are asking
 - Importance
 - Performance



- How to apply to your business?
 - What are your clients saying about you?
 - What are your clients' perceptions of the quality of your services?
 - How are your current interactions influencing client perceptions of quality, communications, customer service, etc.?
 - Understanding and improving perceptions will drive profitable growth.



- Market Research on a Budget
 - Internal resources
 - Small scale projects
 - Project Manager – debriefing



■ Questions and Discussion