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BUILDING THE MODERN MARKET RESEARCH STACK

Traditional Methods of Market Research

Narrative Analytics

What is the state of market research today? According to a recent article in FuelCycle, American companies are expected to spend $16 billion on market research in 2017 and twice that by the year 2020. That's a lot of surveys, or is it?

When thinking about market research, what exactly do we mean? Traditional market research is generally understood to be comprised of several different types: focus groups, surveys, ethnography (observing people in their element) and media monitoring.

If the goal of market research is to understand your buyers, it means understanding what motivates them and their behavior, what and who influences them and how that affects their perception of your brand and ultimately, your product.

Entrepreneur Magazine defines market research as:

The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face.

The key to new modern market research is gathering, analyzing and interpreting information via the traditional methods, and then some. We now have the benefit of massive amounts of digital data and finally the technology to harness it. Taking it a step further, understanding the underlying narratives driving buyers is essential for market research. Gone are the days when a survey of potential or existing customers could effectively inform product, marketing or sales decisions. It takes much more, including a little artificial intelligence (AI).

% of U.S adults who use the internet

2016
U.S. adults 88%

100

75

50

25

0

2000 2002 2004 2006 2008 2010 2012 2014 2016
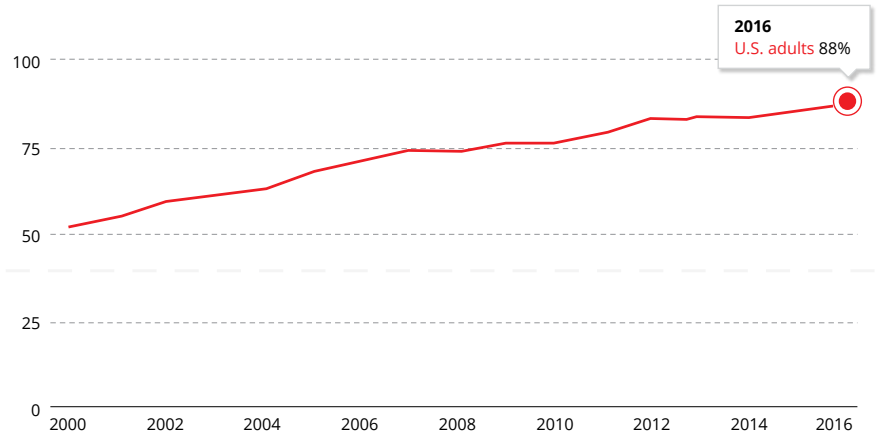
Source: Surveys conducted 2000-2016. Data for each year based on a pooled analysis of all surveys conducted during that year.

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TRADITIONAL METHODS OF MARKET RESEARCH:

FOCUS GROUPS:

For years, many considered focus groups the qualitative gold-standard of market research, offering immediate and highly personalized opportunities to gather and access buyer opinion.

Pros: Focus groups can be large or small and can be highly effective in obtaining deep insights into specific or even broad-ranging topics. Participants engage in "free-speak" and have certain levels of anonymity, which can lead to important insights.

Focus groups also level the playing field and mitigate any demographic or socioeconomic differences within the group as everyone becomes an equal contributor. People's reactions and expressions are also recorded via focus groups, something other methods do not enable. They are a relatively cost effective method of market research and can even be conducted online.

Cons: The biggest challenge with focus groups is issues with statistical significance. Too often, the size of focus groups are not large enough for a significant sample. Additionally, data may be skewed from "strong leadership" within the group and moderators may inadvertently influence responses. Non-verbal responses may also be misinterpreted. Focus groups are also the least quantifiable for all market research methods.

SURVEYS:

Every marketer loves a survey. The ability to gather data from a wide-range of people, large or small-scale for a relatively small investment makes surveys a top choice for market research. Surveys can be conducted in person, online, via telephone or through the mail.

Pros: Surveys have several advantages when used in market research. They are relatively easy to deploy, offer high levels of targeting and they receive a high response rate. Additionally, surveys can offer good statistical significance, offer little subjectivity and are precise.

Cons: Surveys have several disadvantages when used in market research. Bias is a significant issue. Often, questions may be leading and can skew data and influence results. The inflexibility of a survey is a challenge. It is not possible to course-correct once a survey process has started. They are also not ideal for controversial subjects as respondents may not fully answer questions if they are uncomfortable with the topic. While tracking over time is definitely possible, this can become expensive.

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ETHNOGRAPHIC MARKET RESEARCH (EMR):

Ethnography comes from the social science study in anthropology and it is used to understand how people live their lives in their own environments. It is an observational method of market research that evaluates areas like cultural trends, lifestyle factors, attitudes and how social context influences product selection and usage.

Pros: Ethnography is beneficial in market research as it offers insight into the ways people say they do something and how they do something. In observing consumers in their own environment, behavior is less guarded and true behaviors are demonstrated.

According to an article in Harvard Business Review: Ethnographic Research: A Key to Strategy, "While this observational method may appear inefficient, it enlightens us about the context in which customers would use a new product and the meaning that product might hold in their lives."

Cons: Ethnography is often an expensive type of market research. It is also data-intensive (which may be a pro and a con). Systematically reviewing and analyzing video of a sample size of customers is time-consuming and may be difficult to distill into actionable insight. This method may not be effective when seeking answers to specific questions as it is conducted via observations, without participant interactions.

MEDIA MONITORING:

Social media monitoring in particular is a newer market research method on the rise as popularity of social media increases.

Marketers often say…"Social media is the world's largest focus group."

Pros: The pros of social media monitoring include the ease of use and immediacy of data. Consumers that are active on social media are sharing content in real-time, and are proactively sharing data across multiple platforms so that data is available and actionable immediately.

Cons: Social media monitoring does not offer a valid representation of an audience's point of view, only the number of people engaged in social media or online. Additionally, social media mentions or content are just simple sentiment. Privacy issues (Facebook or LinkedIn) limit the availability of some social media data that could be essential for market research.

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ONE POINT OF VIEW IS NOT ENOUGH

Market research is evolving just as today's buyers are. Our buyers are omni-channel, are often part of a buying committee and seek and consume information in a variety of ways. Marketers know that to connect and engage with our buyers, we have to go where they are and engage with them in the ways they prefer. Gathering information about one type of buyer or profile in one type of setting will only provide a fraction of the data marketers need to be successful. It also doesn't provide updates of the data in real time. Using one type of market research isn't going to be sufficient for every scenario.

How do you gauge global perception of a brand with a survey? How can asking a customer-base determine what influenced a buying decision when you don't include the non-customers or the "ones that got away?"

Let's examine a recent brand misstep and hypothesize how different market research methods could have been used. As most marketers and communications professionals are aware, in early 2017 Pepsi created an advertisement featuring Kendall Jenner that evoked protest movements of the time like Black Lives Matter. The backlash was immediate as critics felt the ad was tone-deaf and was leveraging protest movements for commercial gain.

Here's how things might have played out if that marketing team relied on a few different methods.
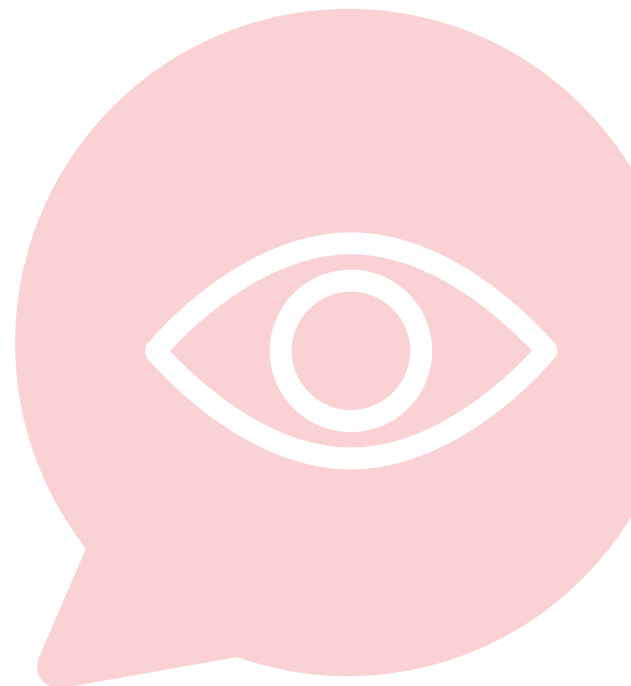
I understand what they were trying to do: They had data that probably said 75% of millennials consider themselves activists, or whatever that data piece was, so we are going to embrace the idea of activism," Benjamin Blank, CEO and chief creative officer at Uproxx Media Group, said in an <u>interview</u>.

MARKET RESEARCH	INSIGHT	RESULT
Nothing	The creative director wants to create a new take on the iconic Coke ad from 1971, combining Kendall Jenner, the protest movement and Pepsi.	The Pepsi ad as we saw it
Media Monitoring	Kendall Jenner is very popular with millennials. So is activism.	The Pepsi ad as we saw it
Focus Group	Millennials in the focus group like Kendall Jenner and several support activism but when presented together they don't feel like they mix at all.	An innocuous Pepsi ad featuring Kendall Jenner

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NARRATIVE ANALYTICS: A NEW CATEGORY OF MARKET RESEARCH

While traditional market research methods certainly have their place, the world has changed for marketing and communications professionals. We have finally connected the vast wealth of digital data now available with technology that allows us to derive real, deep insights. Through natural language processing and machine learning, Narrative Analytics delivers these insights on a massive scale. Yes, media monitoring gives a sense of blunt sentiment, but it stops there. Narrative Analytics goes further by answering one of the central questions all marketers and communications professionals have:

What beliefs do people hold regarding my product, brand or a topic that matters to my organization?

When these beliefs, or narratives, are understood, an organization has the levers to strengthen their brand positioning, encourage an audience to buy and succeed in narrative battles that unfold every day.

How Narrative Analytics Works:

Analyze billions of data points of structured & unstructured dialogue

Surface narratives to understand human behavior

Quantify their impact on your objectives

Track how they change over time

Develop Strategies to use narratives to your advantage

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Narrative Analytics Learnings Applied:

Deep, data-driven insights about an audience's beliefs are critical to what we all do in marketing. With those insights, you can position your product with real knowledge of what might resonate and drive action, segment your audience effectively, speak to those segments with the right messaging, develop effective campaign ideas and also measure if your efforts have changed the narrative landscape. Today, all of these pieces of the marketer's process are driven by imperfect, if any, real data. That ends with the introduction of Narrative Analytics.

NARRATIVE ANALYTICS VS. OTHER MARKET RESEARCH METHODS

Narrative Analytics differentiates itself from other market research methods in several key ways:

True insight into buyer motivations at scale: Narrative Analytics surfaces articulated, deep beliefs, as opposed to surface level positive and negative sentiment media monitoring might show

You see the full picture: Narrative Analytics happens on a massive scale, powered by AI so you get the full picture

You see the drivers: Identify what and who is driving a belief -- who are the influencers of a belief, what is causing it to change, and how is it shifting over time

It's unprompted: The data comes from what's being written on social media, comment fields, blogs, articles and traditional media, rather than requiring the subject to fill out a survey or answer a question in a focus group

Narrative Analytics™: A New Category of Market Research
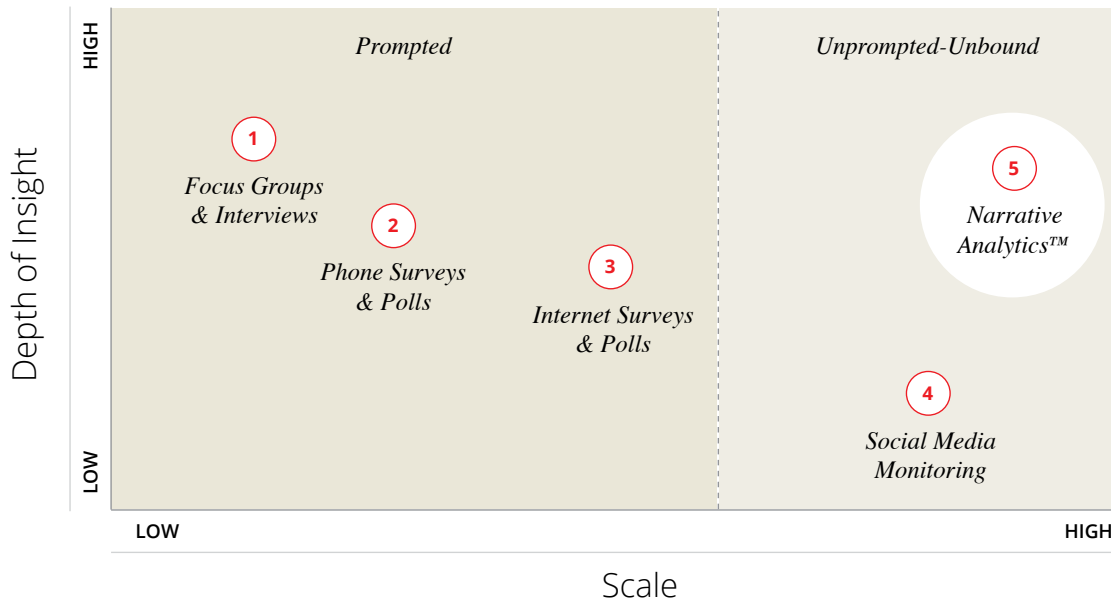
It's actionable: Determine specific words and language that are being used and use data to determine what will resonate best with an audience (among many other applications)

Find the white space: Surfaces voices that aren't understood and may be under-represented but are important; finding the white space so you can take advantage

Real measurement of narrative change: Clearly measure the impact of marketing and communications efforts on the narrative landscape in a quantifiable way

Correlation with events: Correlate beliefs with exogenous events to understand what happens when beliefs are increasing or decreasing (like elections, sales, increases, etc.)

Associations between issues and brands: Understand associations that are implicit or explicit between issues and a brand -- we can tell you what brands are connected with what issues

Temporal view: Narrative Analytics studies a minimum of a 12 month time period which provides the ability to analyze the drivers and dynamics of a discourse vs. just a snapshot in time like other methods and when understood can show the levers organizations might use

Monitoring: Ongoing monitoring with Narrative Analytics can be more economical than ongoing surveys or focus groups, which is key as for most brands, the ground is constantly shifting underneath them

Going back to the earlier example of the Pepsi ad, how would things have played out?

MARKET RESEARCH	INSIGHT	RESULT
Narrative Analytics	A full understanding of millennials (and subsegments) and what they care about, which celebrities they connect with, what Pepsi's brand stands for, how they feel about brands stepping into the political sphere, etc...	A campaign that marries beliefs and associations millennials hold about Pepsi with their broader worldview.

HOW TO BUILD AN EFFECTIVE MODERN MARKET RESEARCH STACK

While we at Protagonist see the value in traditional market research, we see Narrative Analytics as vital to get to a more complete customer understanding. Here are some things to consider:

What are the dynamics of my industry?

Are you in an industry that is prone to crises and issues that accelerate quickly, particularly on social media? Airlines and fast food franchises are obvious ones and in these cases it makes sense to use media monitoring

to keep track of things in real time. However, you won't get deep, useful understanding from that method alone, so including Narrative Analytics for a real sense of the narratives in these industries and about your brand is extremely helpful. When a crisis hits, do you know which levers to push? Which talking points resonate with which groups? Even during non-crisis times, are you positioning your brand as effectively as you could? If your industry is in a constant state of change, we recommend using Narrative Analytics monitoring to keep track of how the narrative landscape changes over time.

What are the dynamics and goals of my business?

There are some fundamental keys to finding the right market research mix, depsite every business being different. Brands that are creating a category or launching a new product rely on deep understanding of their buyers. What motivates them to act? What are their needs? Are they looking for products like yours? What are the different buyer segments and personas? All of these can be determined through Narrative Analytics. Focus groups or surveys might then validate the tactical choices that a brand makes with a product: Should we use the red box or the blue one, product naming, etc.

Brands in a competitive, established industry benefit from a deep understanding of perceptions about their brand and their competitors. Sure, it helps to know positive and negative brand associations, but, going further, what are the narratives that are most often associated with your brand? Usually, this knowledge provides opportunity to position your brand in a slightly different way or to further associate yourself with positive narratives in your campaigns and messaging.

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What is the size of my business/budget?

If you're a smaller business, consider getting started with small-scale surveys. Many SMB marketers use ad campaigns with the specific goal of testing messaging or ideas. As your business and budgets grow, you can layer on more methods like focus groups, larger-scale surveys and more. Narrative Analytics can be extremely helpful for larger organizations as it taps into actual buyer beliefs, something that's difficult if not impossible to fully capture with other methods.

CONCLUSION

With all of these scenarios, the key is to understand the different methods you have at your disposal, their benefits and drawbacks and then match them with your unique business needs. Buyers have changed. The data available has dramatically changed. Technology to interpret that data is now available. Just make sure you're taking full advantage of this as you build your modern market research stack...because you can be sure that your competitors are.

Learn how to leverage Narrative Analytics for your business at protagonist.io or email us directly at info@protagonist.io.

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The Global Leader in Narrative Analytics

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