

COMMENTS ON THE NEEDS OF THE USER  
IN THE PRIVATE SECTOR

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A major packaged goods manufacturer details his firm's assemblage and application of market understanding information, impact information, market tracking, share/volume forecasting and documentation procedure.

THE NEEDS OF THE USER IN THE PRIVATE SECTOR

At Scott Paper, marketing research - and particularly survey research - is used in marketing strategy planning, product development, and the evaluation of marketing strategy and tactics. Broadly speaking a situation becomes worthy of research if:

- a) it inhibits attainment of a goal
- b) it inhibits expansion of our goals

Because we are a private company, everything we do touches on our responsibilities to our shareholders and our employees; our ability to earn a fair return on investment; and our ability to continue to expand the business to offer continuous and expanding employment, together with broadening responsibilities and opportunities. It is not surprising then, that marketing research usually relates directly or indirectly to impact on sales. We are indirectly measuring sales impact only when the tools to make direct measures are inadequate, too costly, not secretive and/or too time-consuming. We must remind ourselves, however, that marketing research is limited in its ability to provide all the necessary background to be used in defining marketing problems. Input must come from various additional sources such as manufacturing, research and development, finance, to name a few. Nor can marketing research provide the final answer to any given marketing problem. "The answer" lies in the consideration of all available information. While marketing

research does provide an important part of this information, it should not be used as a replacement for marketing evaluation and judgement of all relevant information including manufacturing constraints and financial considerations.

At Scott, marketing research provides advice and initiates service in the following four key areas:

- 1) Marketing Understanding
- 2) Impact Information
- 3) Marketing Tracking
- 4) Share/Volume Forecasting

Survey research is used in all of these areas, as are other measurement devices. We must know where we are at a point-in-time and where our industry is at a point-in-time together with a reading on our competition. We must not only be apprised of market growth, but also market potential. We must be able to get consumer playback on our products: how good they are functionally with respect to those of our competition, and what the consumer image of our products is. We must know what kind of products consumers want and whether or not the new product or new formulation is right for the target market. In addition, we must know how the new or revised product will perform in the market. Simply stated, survey research is used to develop products and assist in marketing strategy planning as well as the evaluation of marketing strategy and tactics.

#### MARKET UNDERSTANDING

Let's first examine market understanding, which is a description of the factors which influence market growth and brand success or failure and the interrelationships among these factors (i.e., cause and effect). Such information is useful for setting direction in product positioning, concept development, product development, advertising development and, finally, marketing plan development. In building an understanding of the market, we try to define the relevant factors for market size, market growth and, ultimately, for brand share.

In attempting to understand why a brand performs the way it does, we must be fully aware of the many factors which affect consumer choice. Such factors as the consumer's wants and needs, for example, are further influenced by the tasks to be done, disposable income, advertising, etc. Of course, the

manufacturer's offerings encourage the consumer to choose one brand over another: product array, concept, packaging, price.

To obtain these data, we conduct attitude and usage surveys. These surveys are a fundamental source of information for understanding consumer wants and needs. The concepts measured are:

Brand Awareness	
Advertising Awareness	
Attribute Importance	- price, quality, availability, and, in the case of paper products, softness, strength and absorbency.
Brand Perceptions	- perceptions of key brands with the same list of attributes.
Task and Task Frequency	- ways in which product is used, frequency with which it is used for each task, substitutes, brands used for task and quantity of product used for task.
Significant Descriptive Information	- quantity of category product used, brand bought most often, demographics, psychographics, type of product purchased.

Not all the above information would be gathered for all surveys. The most important areas are attribute importance, brand perception and the appropriate categorizing information.

Attitude and usage surveys can be conducted by telephone, door-to-door or in central locations such as shopping malls. At Scott we usually select a sample size of 1,000 plus for these surveys. The advantages of this type of survey include the ability to control bias, low cost and ease in administration.

Its disadvantages are that results are not projectable to other markets; the interviewer is prohibited from probing into unusual responses; and the respondent is sensitized to the testing situation.

#### IMPACT INFORMATION

What I have chosen to call impact information is that particular phase of

survey research that begins to give us a feel of how a conceptualized new or altered product, an accomplished new or changed product, and the design, colour, packaging and advertising of that product may affect sales. While we may be anxious to strive for predictive design, the need for secrecy, diagnostics, time pressures, lower level of risk and perhaps the absence of good predictive designs lead us to other non-predictive techniques. Some examples are: concept evaluation, blind product comparison testing, design/colour testing, package testing and advertising evaluation. I think you can readily understand how the above information is often needed to direct product and advertising development. Diagnostic information usually comes in the form of likes, dislikes and perceptions of brand performance on selected characteristics.

1. Blind Product Testing: Here we need to know the individual's preference and reason for preference. Implementation usually requires initial screening (category or segment users) and placement of the product, first call back and final call back. We tend to use sample sizes of 150 to 300 per cell. As the name implies, the products under test are unmarked as to brand and the respondent is merely asked to try product 'A' for a week. At the time of the first call back the respondent may be asked a series of questions to arrive at a monadic comparison with her usual brand. Then she is given product 'B' to use for the second week. During the final call back, she is asked a series of questions concerning the product she preferred and her reasons, together with a series of attribute-ranking questions.
2. Product design/colour testing: The role of aesthetic appeal in marketing is important, therefore the purpose of testing is to determine how much consumers like your brand's design vs. those of the competition. The method one could employ here is the Percent Ranked First or PRF. Through in-home or central location interviews (sample size 300 - 500), PRF will provide the percentage of respondents ranking each design first. It also provides demographic, past usage and current brand usage data.
3. Package Testing: Survey research in package testing is designed to measure three significant aspects of consumer brand packaging. These are:
  - i) ability of package to capture consumer's attention.
  - ii) ability of package to communicate positioning of brand.

- iii) ability of package to generate consumer buying interest.

Another way of stating the research objective is to say that we are measuring impact, communication, and persuasion. Current opinion is that of the three, the first two are the most important.

Procedures or methodologies vary, one being interviews conducted at a central location where respondents are asked a series of questions about design preference and attribute communications - that is, what the package says about the product. Sample size would probably be some 150 - 200 people. As this technique does not really address the subject of impact and persuasion, another method is sometimes used. Again there is a central location, but this time it is a supermarket where the variant to be tested is displayed along with other competitive brands. 150 - 250 shoppers are recruited before they enter the product category aisle and given coupons good for cents off on any brand they purchase. The brand selected is recorded as are the unaided and aided awareness of the brands available on the test store's shelves. The participant is then directed to an interviewing station and asked to rank competitive packages on major product attributes. Demographics are also collected and data analyzed as to shelf impact and attribute perceptions.

Slide label package testing is sometimes employed to measure impact and can be coupled to the first method of package testing I discussed. Respondents are shown a slide depicting a grocery shelf arrangement on which the variant and competitive brands are arrayed. The slide is shown three times, each time for a duration of 2 seconds. After the first exposure respondents are asked to write down everything they were able to see or read. After the second and third exposures, they are asked to write down everything they were able to see or read those times that they didn't see or read before. There may or may not be a further test wherein we attempt to measure the "find time" or the time it takes to find the variant when it is moved about. The 2-second viewing time used in slide label package testing is admittedly arbitrary and it remains undetermined whether this time is optimal.

4. Advertising Testing: Advertising, when viewed in general, is only the one element of the product "bundle" and, as such, must be viewed in the context of all other bundle elements such as packaging, design, etc. Prior to the development of advertising, product positioning should be determined by means of diagnostic product testing. Advertising-in its initial developmental stages-will serve to clarify and refine the statement of that positioning. In its final form, advertising will act as a communication vehicle for the brand's chosen position and strategy.

The basic components of advertising are:

- |            |  |
|------------|--|
| Message    | - strategy                             |
| Delivery   | - selling idea                         |
|            | - execution                            |
|            | - specific advertisement or commercial |
| Media Plan | - medium                               |
| (Reach &   | - schedule                             |
| Frequency) | - weights/insertions                   |
|            | - flights                              |

In the developmental stage, idea generation could employ focus group methodology. The executional development could be evaluated through communications and reaction testing. This is basically a central location test that is used to test the communication and persuasion abilities of one or more advertisements or commercials. In the case of the latter they are usually in rough form and placed in an array of competitive commercials. Using a sample size of 100 - 200 per variant, the likelihood of purchase pre- and post-viewing is recorded. Following this, questions are asked to determine the main point of the advertising, the believability of the advertisement, the likes and dislikes of the execution and brand imagery. The winning commercials/advertisements then become part of an on-going campaign which can be tested and tracked over time.

At this point I should add that the methodology for testing television commercials has varied over the years, and, in my opinion,

results have been somewhat frustrating. As yet, no one technique seems to have evolved that assures the advertiser that viewer reaction is being fully and accurately measured. It is a complex subject that is worthy of a paper of its own.

#### MARKET TRACKING

Tracking systems are used to monitor in-market performance and diagnostics of performance. In market tracking, data are collected for two general situations:

- 1) On-going information systems which are designed to monitor the total marketplace.
- 2) Special or custom designed tracking systems for test markets or new brand introductions. These tend to be more elaborate than the first to allow for predictions, depth of advertising and product understanding.

Before continuing it should be pointed out that many of the systems employed in market tracking do not involve survey research. For reasons of clarity, however, they are included in this discussion.

Marketing tracking is used to monitor brand performance and uncover diagnostic information about that performance. Under brand performance we measure share and volume vs. objectives; determine trends; isolate poor performance and high performance markets and/or brands, pack sizes, etc; and finally receive some understanding of the components of performance - i.e. trial vs. repeat purchase, loyalty, brand switching and segment purchasing.

To develop performance diagnostics, it is useful to track underlying support elements to receive directional understanding regarding why performance is as it is though it could be improved. This information is used for direction in ensuring proper implementation of the marketing plan; in advertising, product and promotion development, trade and sales force effort and marketing plan development.

Table 1 illustrates the measures comprising a complete tracking system, although more or less information may be required depending on the particular needs of a given situation.

Table 1

<u>MEASUREMENT</u>	<u>SOURCE</u>
<u>Performance</u>	
- volume	shipments
- share	consumer panel, store audit, warehouse withdrawal
- trial/repeat	consumer panel
- loyalty	consumer panel
<u>Diagnostics</u>	
- store environment	store checks
- consumer attitude and awareness	survey
- promotional activity	
- competitive promotion	monitor
- trade support by brand	monitor (newspapers, etc.)
- consumer impact	consumer panel, shipment records
- advertising activity	
- copy, spending	media
- reach/frequency/impact	survey
- other - in depth	attitude and usage survey



### SHARE/VOLUME FORECASTING

The final key area in which marketing research provides input at Scott Paper is share and volume forecasting. As was the case with market tracking, much of what is done here does not come under the heading of survey research. For that reason I will not dwell on the subject except to say that for brands already launched and beyond their introductory stage, statistical analysis - including the use of econometrics - is employed to assist us in short and long term forecasting. With respect to new products about to be or recently launched some survey predictive research is conducted. For reasons of confidentiality these cannot be described in this paper.

### DOCUMENTATION PROCEDURE

The marketing research function at Scott is under the direction of the Marketing Research Manager. A vital aspect of his responsibility is the documentation procedure he develops for all research investigations. I have divided this procedure into four headings:

1. Work Plans
  2. Research Proposal
  3. Report/Presentation of Results
  4. Action Statement by Marketing
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1. Work Plans: These describe the Area, that is the general type of research work to be done regarding market understanding, product development, etc. These plans detail the Project, a colour or design change, for example; Objective, or specific goals of the testing; Data Utilization/Decision Criteria, which relate to the specific action to be taken as a result of the test data; Method, such as blind product testing, focus group, etc.; Timing, as specific as possible to optimize planning; Costs.
  2. Research Proposal: This is an excellent vehicle for fully outlining the marketing problem which is prepared in advance of any research. It requires prior approval by the Marketing Department and proceeds with their commitment to use the results of the research. It forces clarity in defining the marketing problem and helps to avoid non-actionable research.

Table 2

EXAMPLE OF WORK PLANS FOR A NEW BRAND A

<u>AREA</u>	<u>PROJECT</u>	<u>OBJECTIVE</u>	<u>METHOD</u>	<u>TIMING</u>	<u>COSTS</u>
Market Understanding	Consumer diagnostics	<ul style="list-style-type: none"> <li>- To uncover potential areas of development</li> <li>- To aid in refinement of current understanding.</li> </ul>	Attitude and usage study (Sample = 400)	First Quarter	
Bundle Development	Product	<ul style="list-style-type: none"> <li>- To understand product preference vs. key competition</li> </ul>	Blind paired comparison test (Sample = 200)	Second Quarter	
	Package	<ul style="list-style-type: none"> <li>- To determine optimal package</li> </ul>	Package test	Second Quarter	
Advertising Development	Strategy/ Copy	<ul style="list-style-type: none"> <li>- To determine the optimal strategy/ copy.</li> </ul>	Focus groups Concept test	Third Quarter	
Tracking	Share/Volume	<ul style="list-style-type: none"> <li>- To monitor performance and key performance diagnostics</li> </ul>	Data analysis (Nielsen, etc.)	On-going	

The information contained is outlined as follows:

- |                                      |   |
|--------------------------------------|---|
| - Background                         | - clearly states the marketing problem and often provides a summary of past research.                               |
| - Objectives                         | - state the research problem.   |
| - Data Utilization/Decision Criteria | - describe the research method to be used in conducting the study together with any limitations in the methodology. |
| - Cost/Timing                        | - state research costs and the anticipated timing of results.   |

3. Marketing Research Report: The research report contains the conclusions vis à vis previously stated objectives. It naturally includes a detailed analysis of the test data and, most importantly, the implications of the findings. Finally, the report details recommendations for Marketing Department action.
4. Action Statement by Marketing: The marketing action statement is a written response to the research report. It indicates what actions Marketing will take as a result of research and/or how they will use data to further marketing understanding. We believe that this statement provides a check on the effectiveness and the utility of the research.

## RESUME

Un important fabricant de produits emballés explique en détail comment son entreprise rassemble et applique les renseignements sur la connaissance, la pénétration et l'évolution du marché, la part/le volume et les procédures de documentation.