

THE MIGHT OF MARKET RESEARCH

By Neale Martin



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NEUROSCIENCE and cognitive psychology research reveal that most of human behavior is under control of the unconscious, habitual mind. Up to 95% of what our customers do is largely invisible to their conscious awareness.

This insight certainly helps explain many of marketing's most intractable problems, such as a lack of correlation between customer satisfaction and repurchase as well as the high failure rate of new products. But nowhere is this aspect of human reality more problematic to doing business than in the area of market research.

The challenge is that most of our tools for conducting research assume that the customer can accurately record, recall, and relate what they do and why they do it. Our reliance on surveys, questionnaires and interviews gives us a constant stream of highly biased information. And though marketing now has advanced analytical statistics and computer models, all

programmers are familiar with the adage, 'garbage in, garbage out.' Marketers cannot provide strategic direction for the organisation if their insights are based on a flawed understanding of customer decision-making.

In the last few years, marketing researchers have turned to anthropologists to do observational investigations. This disciplined approach has added an invaluable element to our understanding of what customers are doing. However, the observational approach has two weaknesses. The first is that this kind of research yields only qualitative data, making it difficult to judge reliability. The second is that different observers will likely come up with different interpretations of customer behavior, creating a damaging lack of internal reliability.

Another path being studied is the use of advanced brain imaging technologies such as functional magnetic resonance

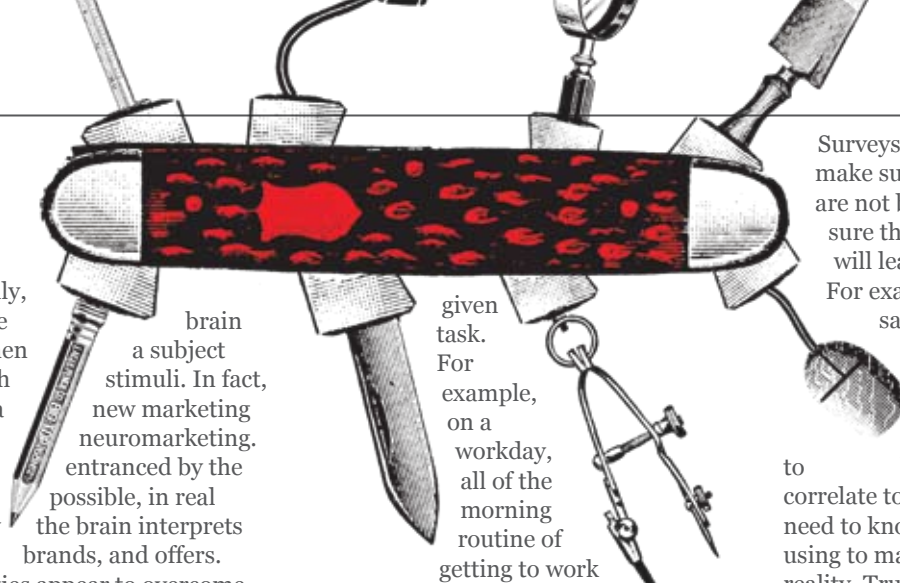
imaging (fMRI) and PET scans. These powerful tools allow researchers to identify, generally, what parts of the brain are activated when it has presented with a discipline called neuromarketing. Marketers are entranced by the idea that it's possible, in real time, to see how the brain interprets advertising, brands, and offers. These technologies appear to overcome the conscious mind bias discussed previously. However, the knowledge is in its infancy and their ability to provide reliable information has been totally overhyped. At best, we can get only very general ideas about how the brain processes specific information. And we have little idea how much variation there is between brains.

Recommendations

So although marketers today have a rich variety of tools to investigate the marketplace with, each choice has its own limitations, often introducing biases that reduce the accuracy of understanding current realities or predicting the future even more than simply using good judgment. Thus, accurately understanding your customers, your non-customers, and your potential customers requires combining approaches.

Phase 1: Understand customer behavior by focusing on context. Marketing theory teaches that abstract factors such as attitude and intention are the keys to customer behavior. However, these measures provide weak correlations to what customers do in reality. Instead, focus on behavior by first understanding customer context. Two customers may look the same, earn the same and thus be categorised the same in a company segmentation strategy, but act differently based on their perception of context.

Customer context can be viewed as having three levels: A meta-context level defines how the customer approaches a



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given task. For example, on a workday, all of the morning routine of getting to work

is viewed through the 'going-to-work' meta-context lens. The clothes you chose to wear are from the subset of 'working clothes,' whether this is a suit or a jump suit. Your breakfast routine is similarly constrained, typically due to time and may vary considerably from your non-workday fare.

Each of these tasks becomes 'contexts,' with parameters determined by the meta-context. Habits, which control most of our behavior, form within a context. The breakfast context is typically highly habitual, yet our habits can be influenced by other factors besides habit.

These other factors represent the third layer of context, the sub-context. A sub-context evolves out of the customer, brought about by some internal or external consideration. Returning to the breakfast example, your breakfast choice might be influenced by stepping on the scales in the morning and noticing that you have gained weight. A piece of fruit might replace your normal fare of cereal and bread. Or, in light of the economic situation, you might choose to make your morning beverage instead of purchasing it on the way to work.

Phase 2: Develop a strategy that integrates methodologies to achieve an understanding of both the customer's conscious and unconscious mental states, and track this integrated framework to behavior. But this is much easier said than done.

The first step is to look at those techniques that purport to reveal the workings of the conscious mind.

Surveys can be useful, but we need to make sure that the questions we ask are not biased. We also need to make sure that the answers we receive will lead us to take positive action. For example, the answer to "How satisfied are you on a scale of 1 to 10?" doesn't provide much direction for marketers regardless of the answer.

The second step is to look at how these measures correlate to actual behavior. Marketers need to know how well the data they are using to make decisions correlates to reality. Trusting research gathered from the conscious mind without behavioral verification is guaranteed to create market failures.

Step three is to evaluate the unconscious mind through different techniques such as conjoint analysis, deep metaphor exploration, and behavioral observation. These processes often form the foundation of an understanding of customer behavior around which researchers can develop quantitative studies.

Phase 3: Integrate these research outputs to your database. Think of your database as a record of customer behavior, capturing the influence of both the executive and habitual minds. The database is the ultimate reality of your marketing efforts. The ability to tie changes in sales to changes in margins, advertising, distribution, packaging and other variables is the essence of validating any and all marketing efforts.

For marketing to claim its proper role as the strategic leader of the firm, it must elevate the art and science of marketing research. Unless we can demonstrate the reliability, accuracy and relevance of our

insights based on research, we will be reduced to a secondary level compared to finance, management, and operations.



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