MARKETING NEWS

RESEARCH ● Listen to Grandma

By ELLEN KAMINSKY

Marketers live to segment the target markets for their product or service. It is a basic practice of marketing to survey the audience and categorize potential purchasers into buckets of like characteristics. We create segments—often called peachy labels that define the segment and explain how everyone fitting into it is alike and how likely they are to react to our product or service, hypothesizing whether or not they are a prospect and whether they likely will be the first on their block to purchase. We make marketing decisions based upon our expectations of how these segments will react. Marketing also thrives on quantifiable statistical sampling to size these segments and project and forecast their purchasing patterns. Marketers need to conduct quantifiable, repeatable research, and they abhor decisions based upon sample sizes of one. That is one of the great conflicts between sales and marketers. Marketing bases decisions on statistical marketing research of how a population will respond, while sales often makes decisions on how one customer will respond. Thus, classically trained marketers are indoctrinated to despise anecdotal research. I have heard the practice of basing decisions on one customer's story derogatorily defined as "grandma research," as in, "My grandmother said the soap made her itch," or "My grandmother said that dry cleaner is the best." And for marketing purists, grandma research is a dangerous thing.

But for everyone responsible for bringing a product or service offering to the market, grandma research can have positive benefits and should be considered in your bag of tools and techniques. Used sparingly and in the right spirit, the value of grandma research is that it "humanizes" otherwise cold, stark market segments.

Take, for example, the segments defined in the Technology Adoption Curve, which can be found in any marketing book. Technology Innovators, Early Adopters, Early Majority, Late Majority, and Laggards. As a brand new innovation is introduced into the marketplace, these segments in sequence make their purchase decisions. The innovators race to get it before its even been advertised in main media, while the laggards wait until after the price has come down and they hardly can get by without one, such as a microwave. If your offering is designed to appeal to a population segment that is the first on the block to own some new gadget regardless of the cost, they usually are characterized as "technology innovators." In strategic product development and marketing communications, you would find yourself discussing generically the technology innovator and measuring your messages, pricing and features against how you think technology innovators would react.

But think how much easier your discussions and decisions would be if you could put a face on that segment. Is your Uncle Bob one of these types, or your neighbor Mike? Think about all the things you know about Mike. What does he look like? Is he a sharp or casual dresser? Where does he shop? How does he shop? How much research does he do before he buys? What specific features has he mentioned specifically when he talked about a prior or purchase? When did he tell you how much a specific product cost, if he did at all? Did he get a great deal, and did he care?

Now that you've got a picture in your mind or a profile of Mike on paper, think about those same business discussions. When you are making advertising decisions about which media to use, think about Mike. When you are thinking about which features and benefits to list in your literature and in what order to list them, think about Mike. Mike is a whole lot easier to relate to than technology innovators.

But there are risks to this strategy. You need the discipline to understand first and foremost your market position, not basing every decision on how the real people in your life will react. You can never replace Grandma's anecdotal experience with a quantifiable survey to project market penetration rates, and you will need to have a real match between a live human being and your defined segment. But if you consider how your advertising message will resonate with a skeptical, price-conscious "late majority" type, the obvious question is, "What would my grandmother think?"

Ellen Kaminsky is director of marketing for Dayton, Ohio-based Reynolds & Reynolds, an automotive industry technology firm.

NATION ● They can't stop the music

Music distributors settle overpricing allegations

In an action that could lower music CD prices, the five major music distributors settled federal charges that they inflated the prices Americans pay for their favorite compact discs.

Under the consent agreement, Universal Music and Video Distribution, Sony Corp. of America, Time-Warner Inc., EMI Music Distribution and Bertelsmann Music Group will be barred from using minimum price programs, which forced retailers to sell music CDs at or above a set level in return for getting substantial funding to underwrite their advertising, for the next seven years. The programs cost consumers $480 million over the last three years, the Federal Trade Commission estimated.

In return, the government agreed not to seek damages for past prices and did not require the companies to make any admissions of wrongdoing, officials say. Violations of the FTC order formalizing the consent agreement could result in a fine of $11,000 each.

The FTC says the five companies distributed 85% of the music CDs sold in the United States. The industry reported a record $15 billion in sales last year.

The government contended the distributors and retailers wanted to keep CD prices high to avoid a repeat of the early 1990s price wars, when consumers paid as little as $9.99 for some popular CDs.

The recording industry attributes the price difference to CDs' higher sound quality and ease of use.

Rebecca Sinderbrand for The Associated Press

2:15 a.m...

The fax machine comes to life a half hour earlier than you expected. The research results are coming over now. As they print before your sleepy eyes, you suddenly realize you were right. What was before only a hunch is now confirmed: your client's next step will be worth millions - and you get to deliver the good news first thing in the morning.

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