



The Ultimate Marketing Alliance

How a unique union of market leaders cut market research costs in the shadow of the recession

By Per E Åsberg, Nepa AB

The focus of marketing is often to attract *new* customers but equal focus must be put on *past* and *present* customers, in order to win acceptance of a line extension or understanding why a former customer abandoned your brand. Understanding and keeping a loyal customer is worth more money than a one-time purchase by a consumer that wants to try the new flavor of the month. Energy must therefore be put into understanding this consumer group better.

Leading By Listening

The recession has hit marketing and market research hard. Countless articles have been written on the subject, giving advice on how to behave in order to survive in the present economical climate. Some companies try to gain market shares by investing heavily in advertising when the competition quiets down. Another less publicized approach is boosting the market research efforts of the company, and using the knowledge gained to survive the recession by making “all the right moves”.

It is a given fact – the company that knows the market best can best address its needs. However,

being able to research the market’s demands and needs has become a luxury that is weighed against other alternative marketing activities. There are cost-efficient ways of, for instance, testing out a new package design – one of them being the use of social media platforms in marketing. This article presents another way forward – consumer panel networks.

Consumer Panels – fast and inexpensive feedback

Data registries consisting of mainly present and past customers are an often used but under-developed way of keeping in touch with a brand’s buyers. The registry, often called a *panel*, is essentially a database with contact information of customers who

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wish to answer questions in the hope of affecting companies' offering and products.

Consumer Panels, by themselves, are nothing new. For example, in the US, Heinz operates a panel where consumers regularly answer questions about their ketchup consumption, and Disney has a "mixed race panel" that explores the socio-cultural undertones of their brand and theme parks.

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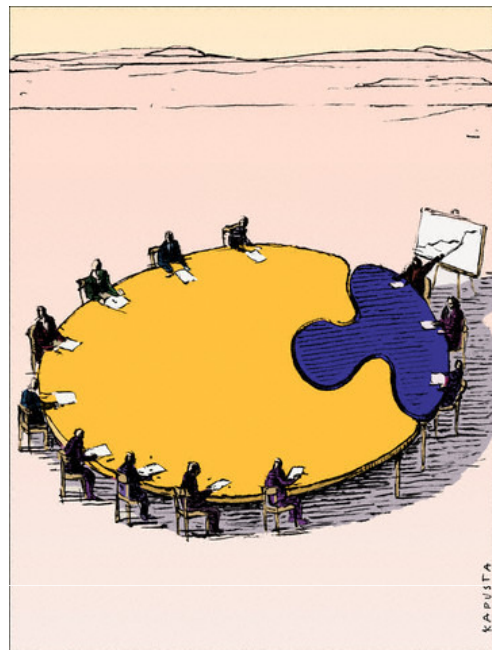
Using these panels has given Heinz and Disney a competitive edge vis-à-vis their competitors and a deeper understanding of the market's needs and wants. The main advantage of the panels is the low cost at which research can be done. Often a survey, exploring a new concept or advertisement for instance, can cost less than a dollar per answer collected. The depth of the gathered information regarding the survey participants and their opinion out-maneuvers traditional, annoying pop-up surveys on the companies' websites.

In a recent Swedish experiment, a consumer panel built by the market research company Nepa for Scandinavia's largest TV-channel, TV4, cut research costs by 90% during the panel's first year of operation. As a result, the company now does ten times the amount of research compared to before, and tries out every new program concept before launch, to ensure acceptance with the target audience. Further, the company requires all of its brand consultants and market research partners to exclusively utilize TV4's own panel for all their data collection done in TV4 projects, regardless of survey type, thereby eliminating any add-on costs from the suppliers.

As a bonus, TV4 offers all its advertisers free pre-tests and follow-ups on the advertisement that run in any of the network's media vehicles. The cost for TV4 is marginal but this offering helps the network when competing for the decreased marketing budget of the advertisers. This is an example of a company investing heavily in consumer insight as a way to gain market shares.

The new twist – a consumer panel network

Even though Consumer Panels are a strategy used by several companies today, the standard panel has two major issues to tackle: attrition and biased results. Face the facts – asking the same group of people week after week about their ketchup habits will mean that people leave the panel eventually. Often it is not the number of surveys in itself that cause irritation, but the lack of variation of the subjects that the panelists are asked to comment on. The result is that customers become bored and leave the panel, leaving only the most hard core ketchup fans to answer your questions. And after all, the opinions of the geeks of any brand or category will seldom predict the behavior or reflect the opinion of the general public. The result may well be the launch of a new flavor or package design that flunks within a few months.



By asking only your own customers of their opinion, you may sometimes receive results that are impossible to generalize to the market as a whole. For instance, asking the Disney panel for their favorite type of holiday activity will likely exaggerate the "visiting a theme park"-alternative and thereby inflating the predicted market size potential for Disney.

The solution to both these issues is to work together with other companies in the same situation through a panel network. All the parties in the network may ask each others' customers for their opinion about products and receive biased-free results. At the same time the customer in for instance the TV4 panel experience a variation of questions since theoretically both Disney and Heinz will ask for their opinion.

Market leaders unite – a panel network case

An example of this type of network is currently up and running on the Swedish market. Nepa has united Sweden's largest television network with the region's largest travel agency, a major gambling provider, the country's number one dating site, the most popular clothing company, and the Sweden's largest movie theatre chain.

As a result, these market leaders can utilize each others' panels to create a deeper consumer understanding at low cost. Between them, these companies have access to 5-10% of the country's total population and thereby have the ability to reach almost any target group, however narrow, for next to

no money at all. **The idea behind this is simple: “we are all major players in our respective markets, but in no way competitors, and we share a common problem – let's solve it together”!**

This type of cooperative thinking is something many companies can learn from. Finding strength and a competitive edge in a market research alliance with a suitable company is a new idea, but also a growing trend. A similar way of thinking about marketing synergies is seen in the co-sponsored advertisement that Diamond Foods recently launched (see <http://www.brandchannel.com/home/post/2010/02/03/Is-Diamond-Foods-Nuts-For-Squeezing-2-Brands-Into-1-Ad.aspx>)

Management literature has shown us that companies investing in advertising during a recession come out up to five times stronger than average once the economic tide turns. The question is no longer how to be able to conduct market research in the face of economical recession, but rather how large the advantage will be once the recession is over for those companies that continuously invest in consumer insight .



About the author

Per E Åsberg is *Head of Production and Panels* at the Swedish market research company Nepa. He has previously published articles on branding and market research in Europe, North America and Asia. Per regularly lectures about branding on a college level at the *Royal Institute of Technology*. In November 2009 he was awarded the “*Brand Leadership Award*” at the World Brand Congress, in Mumbai, India.



About the company

Nepa is northern Europe's fastest growing market research company. Founded in 2006, the company's twenty employees conduct close to half a million interviews every year. All interviews are collected automatically online, creating high quality at low cost. Nepa's core products include brand tracking, pre/post campaign tests and the brand positioning tool *BrandTouch*. Nepa is a member of ESOMAR.