

CONVENTIONAL MARKET RESEARCH FAILS

An astonishing number of new products appear each year with a splashy advertising campaign and then quickly drop off the radar screen. Why? Traditional consumer market research methods frequently fail to provide the insights needed for a company, a product or a brand to connect with consumers and create sustainable competitive advantage. The most common failure lies in misjudging the emotional needs of the consumer.

And much is at stake: According to Inside Research newsletter, \$117 billion was spent in 2002 on advertising in the U.S., not to mention \$6.8 billion on, among other things, focus groups, opinion polling and ad and market tracking or the untold sums invested in 22,000 new consumer packaged goods per year (Wells, 2003).

Information Resources, Inc., a leading consumer research company, conducted a study — Beating the Odds: Projecting New Product Success Rates — between October 1996 and October 1998 (tracking their results through October 2000). The study covered 21 consumer packaged goods categories and examined all new brands and line extensions introduced during that period. The study found that at least half of all new brands and line extensions fail. The failure rates vary significantly by category, but some are as high as 73% (Beating the Odds, 2004).

In 1996, Home Access Corporation launched its first product after receiving Food and Drug Administration (FDA) approval of an in-home HIV Test. Consumer products giant Johnson & Johnson simultaneously introduced its version of a similar in-home test called Confide. Tracey Powell, Home Access Chief Executive Officer, recounts what happened:

Both companies had substantial investments at stake — for us over \$25 million. Both products were developed at the urging of the Centers for Disease Control and fast-tracked for FDA approval because extensive quantitative research indicated pent-up consumer demand and public health concerns. Our company, and I'm sure J&J, which is a stellar marketer, had undertaken significant consumer research to determine purchase intent, pricing sensitivity and several other market factors. However,

we failed to do any emotional research even though our advertising agency had advised we should. When the agency tested our ad concepts they suggested we give away free test kits as a “thank you” to the consumers who participated. They quickly discovered we had a very serious problem when every consumer refused the free kit. We literally could not give them away. This was in the days before we had drugs to turn HIV into a chronic disease and, because of the social stigma, a positive diagnosis was psychologically worse than a death sentence. And our product was the messenger. Had we done the emotional research we would have known about the problem before our launch date and maybe before it was too late.

Both products were launched and failed to show positive momentum in the first six months. Within a year, J&J had exited the market. Smaller and more flexible, Home Access was able to adapt quickly and turn their test into a business-to-business product now sold, on a much less lucrative basis, to state health boards, prisons and various public health agencies. Needless to say, the failings of conventional market research created an unpleasant and costly experience, estimated at losses of well over \$100 million, for these companies.

FOCUSING ON THE WRONG ELEMENTS

Market research is, by definition, intended to uncover and assist in understanding a fixed set of wants and needs, but many of the traditional techniques and methodologies are limited and flawed. Gerald Zaltman (2003), Professor of Marketing at Harvard Business School, Fellow at Harvard University's Interdisciplinary Mind, Brain, Behavior Initiative, and author of *How Customers Think: Essential Insights into the Minds of the Market*, reveals that, “The errors fall into three categories: mistaking descriptive information for insight, confusing customer data with understanding, and focusing on the wrong elements of the customer experience” (p. 15). The common thread underlying these errors is that insight, understanding and customer experience are all directly associated with emotions or how the consumer “feels” about a product or service. “In reality, people’s emotions are closely interwoven with reasoning processes. Although our brains have separate structures for processing emotions and logical reasoning, the two systems

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communicate with each other and jointly affect our behavior. Even more important, the emotional system — the older of the two in terms of evolution — typically exerts the first force on our thinking and behavior. More important still, emotions contribute to, and are essential for, sound decision-making” (p. 8).

TELLING MORE THAN WE CAN KNOW

John O’Shaughnessy (2003), Professor Emeritus of Business at Columbia University and author of *The Marketing Power of Emotion*, confirms, “Many rational choice models of decision-making implicitly take for granted that consumers are a bundle of fixed, explicit wants that act as a filter determining what attributes they prefer and what they will buy” (p. 140). “In actuality, consumers have far less access to their own mental activities than marketers give them credit for. Ninety-five percent of thinking takes place in our unconscious minds — that wonderful, if messy, stew of memories, emotions, thoughts, and other cognitive processes we’re not aware of or that we can’t articulate” (Zaltman, 2003, p. 9).

Conventional research methods also fall victim to a research phenomenon known as priming. Essentially, the very act of posing a question causes the human mind to go into “What is the right answer?” mode versus producing a real picture of why one feels the way they do. Consumer respondents will endeavor to get the answer right or please the interviewer before they will examine their own feelings for an answer that is truly correct. Any research methodology that poses direct questions often leads us astray because it cannot overcome these natural workings of the mind, but can actually reinforce them.

Richard Nisbett and Timothy Wilson published a scientific paper titled, “Telling More Than We Can Know: Verbal Reports on Mental Processes,” in which they document an interesting experiment regarding the effect of priming in research. Female subjects were presented with several pairs of stockings lined up on a table and were invited to examine them and choose the one they liked best. The women did choose and then described the reasons for their preferences, including texture, sheerness and color. In fact, the stockings were absolutely identical.

“In this and a host of other studies, Nisbett and Wilson showed that people are often mistaken about the underlying causes of their actions and feelings. Although the subjects always gave reasons, the reasons came not from privileged access to the psychological processes behind their decisions, but from social conventions, ideas about the way things normally work in such situations, or just plain guesses. When salient and plausible stimuli are not available, people make up reasons and believe in them. In other words, the inner workings of important aspects of the mind, including our own understanding of why we do what we do, are not necessarily knowable to the conscious self” (LeDoux, 1996, pp. 31-32).

Studies confirm people are hard wired to make up answers to questions with great conviction even though we may not have the slightest idea what the answer really is. Generally accepted market research methods used for most commercial applications are simply not designed for, or equipped to, overcome this phenomenon.

Daryl Travis, author of *Emotional Branding: How Successful Brands Gain the Irrational Edge* and founder of Brandtrust, a highly regarded brand consultancy, says, “The need for emotional research and the methodology behind it is grounded in the failure of conventional research to ascertain what is really going on in the consumer’s mind. In the past, we joked that market research isn’t rocket science or brain surgery. But, as it turns out, it is brain surgery, after all.”

EMOTIONAL INQUIRY STUDY

Emotional Inquiry reveals what is happening in the target audience’s emotional brain — the essential “whys” and drivers underlying the feelings and decisions related to specific brand behaviors. Research on behalf of failing brands has proven it is less important to know how many people prefer one product attribute to another than it is to know why consumers are motivated to buy.

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Brandtrust Emotional Inquiry methods involve one-on-one interviews in which the respondents are guided through relaxation and visualization exercises and respond to a series of probes about experiences in their past and how they feel as they recall the times, places and people involved. These techniques are not new to psychological analysis, but Brandtrust is among the first to use them extensively in a commercial way.

It is critical to understand how useful and valuable psychological understandings of the way people make decisions can be to marketers and business owners. It is increasingly clear that many products and services are at parity on the surface and virtually indistinguishable to consumers. For marketing to succeed, the message must connect with the emotions and transcend the rational product attributes.

SAMPLE EMOTIONS, NOT PEOPLE

Marketers need to uncover the subconscious emotional motivators that are not apparent with more superficial market research methods. They simply must sample emotions, not people. It's critical to look at undercurrents in emotions and how these affect consumer behaviors and decisions. Marketing success depends on knowing the nature of consumers' emotional reactions instead of sampling their surface opinions.

Because people are emotionally similar, Emotional Inquiry can be applied to a small consumer sample and predict the results will be the same in a larger set of targeted consumers. There is a finite set of human emotions, and new ones are not being created. By looking at emotional segments, psychological needs and other qualitative differences over time and through a large number of interviews, Brandtrust has confirmed that most people tend to be more similar than different. For the most part, people do not buy products or behave socially because of their demographics, but because of the way things make them feel.

Brandtrust methods use this fact to uncover the emotional essentials that drive human behavior as it relates to a specific product or brand. Once the emotions connected to a product

category or brand are understood, product features and messages can be communicated in more meaningful and emotionally resonant ways.

Brandtrust methodologies can be applied to any form of research — for product development, innovation projects, one-on-one interviews, and employee attitude surveys. The key is designing and developing the questions to get around rationalizations and to uncover the emotional reasons that will answer your particular question. In other words, what is essential is to design questions that represent an understanding of how people's minds work.

You might ask why such a meaningful and proven approach to consumer research is just now becoming more widespread in its use and popularity. Apparently, wider acceptance has to do with the new information coming from the neurosciences supporting some of the psychological approaches that have been around for years. Psychology is science, but neuroscience is hard science in many people's eyes. And, since they use Magnetic Resonance Imaging (MRI) and other imaging techniques to prove and demonstrate a greater understanding of how the brain works, it serves to legitimize the findings.

Every marketer wants and needs to know which products will succeed, what makes a product irresistible, and how to create an irrational exuberance for one brand over another. These Emotional Inquiry tools and techniques are adept at revealing the consumer's deepest feelings and desires and are proving invaluable and irresistible to marketers. Understanding the emotions driving consumer behavior is an area that is quickly advancing and is sure to have a profound influence and effect on general business and marketing strategy in the future.

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EMOTION AND TRUST

Quite simply, business is built on trust. Making and keeping promises builds trust. Trust is among the most basic of human emotions. Understanding the real nature of consumer emotions is fundamental to success.

Brandtrust specializes in helping our clients understand the emotional factors that drive consumer decisions, create trust in the marketplace and engage employees in the workplace.

SOME QUESTIONS TYPICALLY ANSWERED WITH BRANDTRUST EMOTIONAL INQUIRY

How do consumers feel about our brand? How do they feel about our competitors' brands?

Why do consumers choose one brand instead of another?

What is the best and most effective way to position our brand?

How can we build customer loyalty, and what dimensions of loyalty matter most?

Should we be advertising and what should we be saying?

How can we break through advertising clutter?

How can we determine what aspects of our brand are motivating to our customers?

What are the emotional "drivers" we can tap to attract new customers?

How can we position our brand to clearly differentiate it from others?

How can we realize higher margins on the basis of emotional benefits?

How can we measure and improve the effectiveness of our branding efforts?

How can we enhance our customers' experience so they do business with us more often?