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Ten New Year's Resolutions for Using Data to Make Marketing Decisions

By Susan Schwartz McDonald, Ph.D.



A few years ago, I was invited to give a keynote speech to an audience of students and faculty of the B-school at the University of Texas, Arlington. Using age to good advantage, I set about assembling some of the life lessons of a long career, and was grateful, in the end, for having been put to the task of enumerating them. Now more than ever, I find these precepts useful rules to think and work by, and I offer them up to those of you who like to begin every New Year with a list of empowering resolutions.

1. Know how to tell business problems from research problems – and carefully frame them both. They are kindreds, not clones.

You need to frame a problem properly in order to find a relevant solution, but the distinction between a marketing problem and a research problem is often underappreciated. Almost everyone in my generation knows the celebrated New Coke blunder (because it was one of those rare occasions when virtually everyone could see the mayhem behind the marketing



curtain) but the tale bears repeating for younger generations who may not have read the case in B-school. Coke had a serious marketing problem — how to win back the hearts and thirst of people who had migrated to Pepsi. But when it came time to frame the problem, Coke misinterpreted both the marketing issue and the research question. The Coca Cola Company miscast its mission as improving the *product* rather than retooling the *strategy*, and mistakenly treated marketplace decisions as if they were preference judgments made in a lab with a blindfold on. That error led the company to remove one of the world’s most iconic brands from the market (for about three weeks) without ever asking consumer “permission”. In a very

happy ending to what, at first, seemed like a marketplace tragedy, Coke’s flagship product was relaunched to new heights, The episode taught us the true meaning of brand. It also taught us how not to do market research.

2. Learn the ‘Dorothy Principle’ and follow the wisdom of your shoes.

To those who earn their living researching things, this rule might seem anti-empirical and almost heretical, but these days, we really don’t have time and money to waste with check-the-box research that merely proves the blatantly obvious. People keep paying to learn things they already know or can easily intuit, when they could make faster progress on goal by learning what they don’t — and learning it much sooner.



It’s important to distinguish issues that don’t require deep insight excavation from the challenging problems that do — like how to market an almost imperceptible benefit, how to disrupt inertia, or how to help consumers reconceive priorities.

Don’t trek to the Wizard to learn what you already know.

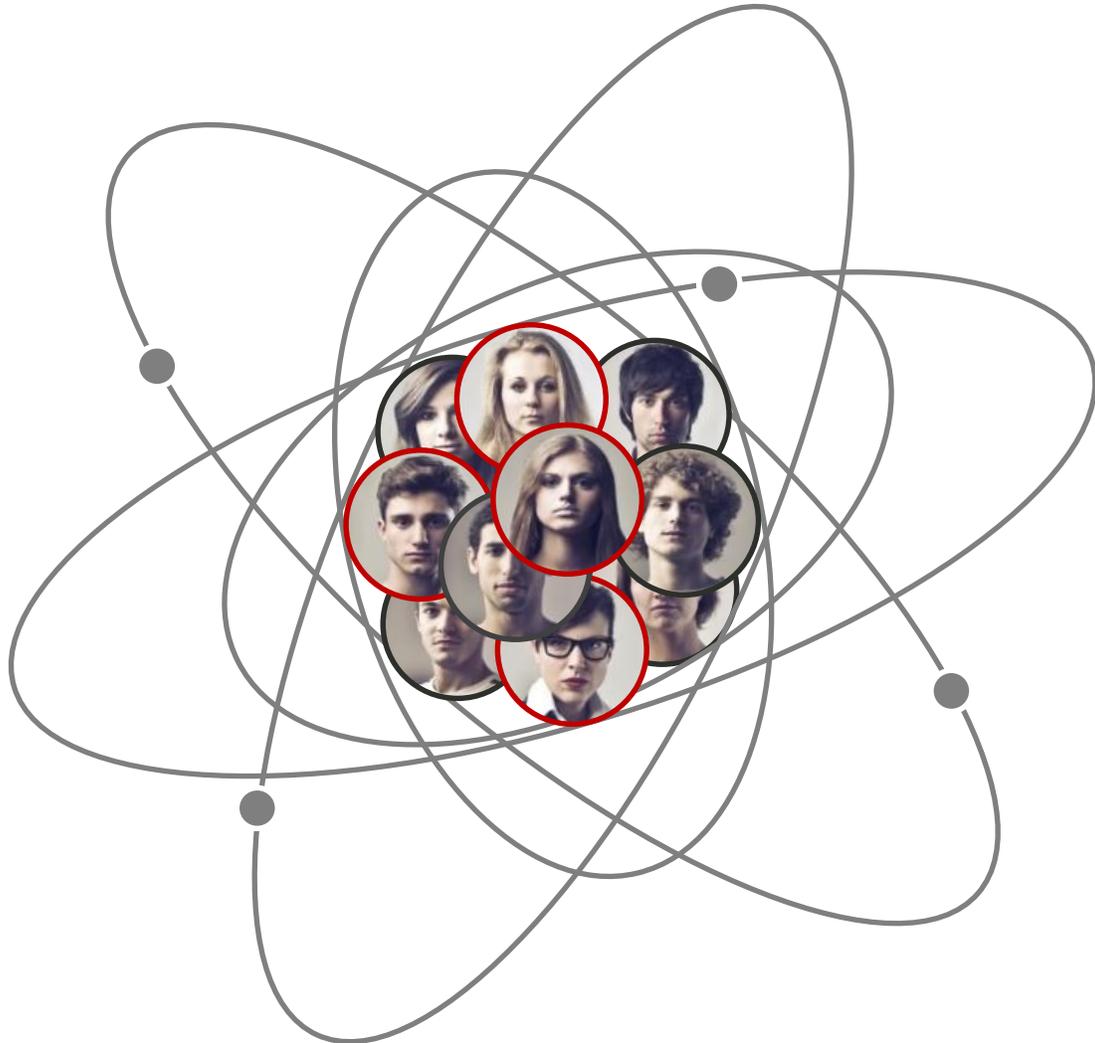


3. **Work hard to master the craft. Lack of user connoisseurship makes old tools look bad — and new tools potentially dangerous.**

Some 25 years ago, we started to prioritize high-powered analytics over quality of data input, and Big Data has done nothing but reinforce that trend. Some of the older, mainstays of our insights toolbox now look so “retro” and low-tech that few researchers take the time to master the basics — like sound survey design and skillful use of qualitative research techniques. How you choose to ask the question has always really mattered. And so, of course, do the analytic choices you make. We can’t just defer and default to data science gurus and complex model output. We need a good understanding of how advanced analytics work — their strengths and their liabilities. Greater expertise at all levels helps defend and wring value from the entire toolkit. The good news is that our newfound infatuation with behavioral economics actually suggests a yearning to go back to basics.



4. **Take heed of the Heisenberg Principle. In market research, as in physics, any measurement is sensitizing.**



It would be an oversimplification of quantum mechanics to say that you can't measure something without changing it, but it's basically true that measurement is distorting in the physical sciences and sensitizing in the social sciences. And we shouldn't imagine that social media data or other forms of "observational" data are impervious. Some of the most expressive behaviors on the internet reflect people's recognition that someone is watching out there in the hall of mirrors. There is virtually no such thing as unobtrusive measurement, but we need to do what we can to minimize artifact, and consider what adjustments for sampling bias or overstatement might be needed to keep your interpretative lens sharp and clear of distortion.

5. Pay attention to the total column and don't over-interpret subtle differences between segments. There's a big difference between statistical significance and marketing relevance.

In the race to look at subgroups and segments, it's not uncommon for people to overlook the global response distribution. In my experience, that's always the place to start, and also the place to pause, since the total column needs to inform your thinking about every other column on the page. Is the total response distribution in line with your hypotheses or does it surprise you? And are the things which divide us far less important than



the things we have in common? If the overall trend line is the same in every customer segment, then small differences might not matter much, even if they appear Statistically significant. In an ideal world of perfect marketing execution, you may be able to monetize small differences but in that ROI calculus, you also need to weigh various error factors, including the inability to execute against segments with adequate precision. You need to slice and dice, of course, but in the end, the big “aha” might just be in the total column.

6. Don't hitch your wagon to a fad — or a single technique. Research fashions come and go; you need a whole wardrobe.



Perceptual mapping, psychographic segmentation, ethnography driver modeling, sentiment analysis – every technique in a long line of research innovations has made its mark but ultimately met its own limitations. Look at each advance with a thoughtful eye to see what it adds. Don't build a theology, or even an entire analytic plan around a single tool, especially novel or experimental ones. Develop an analytic game plan for your assignments around objectives and solutions, not techniques. Sometimes even useful techniques fail to deliver for one reason or the other, so try to assemble an array of options for redundancy and back-up.

7. When statistical models and customers collide, don't count out your customers. Derived importance models can be as error-prone as respondents.



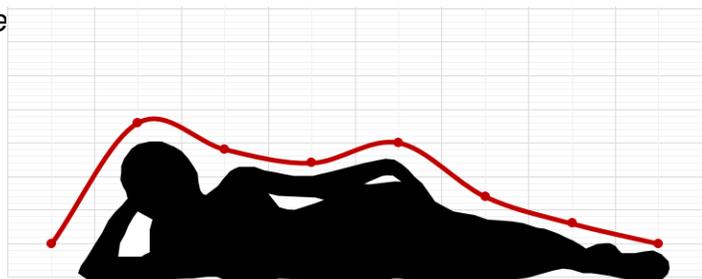
As an industry, we're still debating whether to care about what people *think* they think — an intellectual dilemma that has actually been with us since the advent of survey research but has heated up in the past decade. Some of us are now so cynical about survey data that we seem on the verge of discounting certain kinds of consumer

observations almost entirely. Inferential models that derive consumer priorities are often allowed to trump stated importance — always at some risk. People aren't necessarily wrong or dishonest about their own motivations. And driver models are vulnerable to errors and distortions of their own. When a physician says she cares most about how well a drug works, it's fair to assume she means it.

8. Be wary of sexy, overfit models. They're tantalizing, but they can be one-night stands.

If you're a Big Data watcher, you already know that there is a lot of hype out there. The more parameters you fit, the better a model looks — once! Remember the hype about using Big Data to predict flu epidemics? Google built a tight and tidy model using one year of data but didn't do nearly so well predicting the next outbreak. The moral: be leery of sexy models that pack too much data into a tight-fitting dress. If you want to develop a predictive model, use hold-out samples. And — if you haven't already — read Nate Silver's book, *The Signal and the Noise: The Art and Science of Prediction*.

He educates civilians about the painful blunders made by experts.



9. Market research should teach you to like your customers, and to think like your customers. Don't look only for answers; aim to develop empathy.



Research isn't just about specific answers to particular questions. Use research to think like your customers and see the world as they see it. Among other things, empathy can help fuel new product development, enable you to be proactive, and allow you to recognize what problems you can solve. This is where great qualitative research comes in. Don't just watch behavior, immerse yourself in your customers' lives — without necessarily looking for an immediate payoff. Insights may need to steep or accumulate in order to have real utility.

10. There's no escaping judgment. Your sacred mission is to interpret, integrate, and extrapolate — then conclude.

There's been a trend over the last 20 years to automate marketing answers in order to avoid ambiguity. To engineer solutions rather than think them through. The effort doesn't seem to have been successful. Ironically, amid so much data and advanced analytics, people are feeling less confident, not more. Sound decisions can't be automated. They flourish in an intellectual culture that lays bare the boundary lines between hard data and soft assumptions, and puts that ambiguity to creative use.



About NAXION

NAXION is a broadly resourced, nimble boutique that relies on advanced research methods, data integration, and sector-focused experience to guide strategic business decisions that shape the destiny of brands. The firm is distinguished by a truly effective synthesis of authoritative market research and consultative marketing application, and a dedication to solving problems in ways that are both inventive and pragmatic. NAXION's hybrid "enterprise DNA" is rooted in our origins as the world's first business intelligence firm and subsequent decades as the National Analysts division of Booz•Allen. And our exceptional commitment to partnership reflects a unique, employee-owned organizational culture scaled to provide highly effective solutions to clients' most challenging marketing problems.

About the Author

As enterprise leader and marketing practitioner, Susan has a well-established reputation for guiding development and commercialization of new products, especially paradigm-changing technologies that require new ways of thinking about market structure. Her practice is currently focused on healthcare but she also has decades of experience in consumer products ranging from food and beverages to lifestyle and technology. Susan serves regularly as a dual survey methodology and marketing expert in Federal Court cases involving trademark protection and



false advertising, where her testimony often addresses the process of measuring brand strength and the factors promoting — or diluting — strong, distinctive brand identity. She writes on industry topics for publications that range from marketing to medical journals, and is also coauthor of a landmark text on qualitative research methods. Her early professional years were spent as a journalist and poet who contributed regularly to major publications. Susan holds MA and PhD degrees from UPenn's Annenberg School for Communication, and a BA from Smith College.

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