



**23C59000 - Consumer research**

# Methods and Designing Consumer Research Projects

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1

## Agenda

- **Orienting towards different research approaches**
- **Examples of novel/contemporary approaches**
- **Should we do always do research?**



2

# How would you go about researching consumers?

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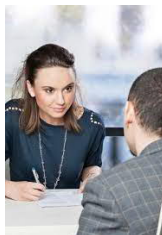
## Depends on what you want to find out!

There are numerous different approaches to study consumers



Quantitative surveys

Hundreds and  
hundreds of  
recipients



Qualitative,  
in-depth interviews

Much fewer  
interviewees (~20)



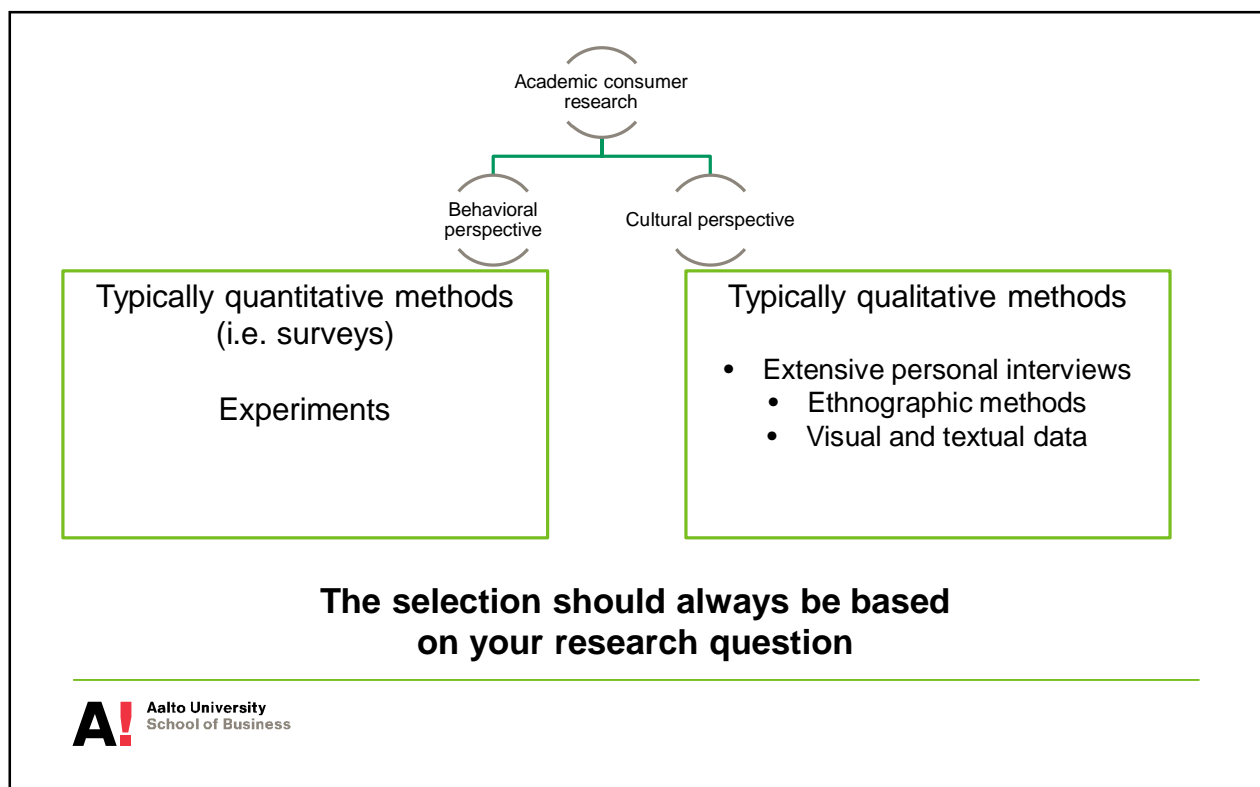
Focus groups

Around 6 to 8  
participants in a  
group

4

# Qualitative and quantitative methods

5



6

	QUALITATIVE	QUANTITATIVE
CONCEPTUAL DEFINITION	<ul style="list-style-type: none"> <li>Concerned with understanding a phenomenon as fully as possible</li> <li>Assumes that the phenomenon can and will change</li> </ul>	<ul style="list-style-type: none"> <li>Concerned with discovering facts and causal linkages within phenomenon</li> <li>Assumes phenomenon static (for now)</li> </ul>
METHODOLOGICAL CONSIDERATIONS	<ul style="list-style-type: none"> <li><b>Textual empirical materials</b></li> <li>Participant observation, ethnography, interviews, mixed methods</li> <li>In-depth understanding from a few cases, <b>quality of informants more important than sample size</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Numeric data</b>, focus on measurable variables</li> <li>Measuring, conducting experiments, statistical inferences, surveys and reviews of records or documents for numeric information</li> <li>Data reported through “neutral” statistical analyses</li> <li>Generalizable findings from big samples –the bigger the N, the better</li> </ul>

7

## What is qualitative research?

Qualitative Research involves finding out **what people think, how they do things, and how they feel**-or at any rate, what they say they think, do or feel. This kind of information is subjective. **It involves impressions, feelings and actions, rather than numbers”**

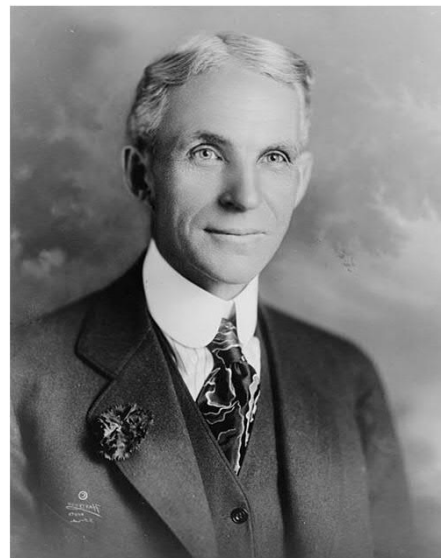
Bellenger, Bernhardt and Goldstucker, Qualitative Research in Marketing, American Marketing Association

8

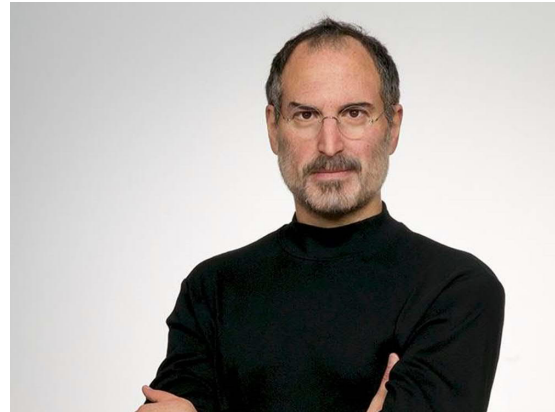
## What's the problem with asking people?

- **Biases** (some unconscious)
- **Context dependence** (What time of the day did you ask them? Were they in a hurry? Were they fighting with their spouse?)
- People want to give please others and give "**socially acceptable**" answers
  - Especially in focus groups!
- **People omit**
  - they forget, they haven't actually thought about it, they don't want to talk about it, they don't know how to phrase it
- **People lie**
- **Limited imagination** – people don't know what is possible

"If I had asked people what they wanted, they would have said **faster horses**"  
**HENRY FORD**



**“It isn’t the  
consumers’ job to  
know what they  
want.”  
STEVE JOBS**

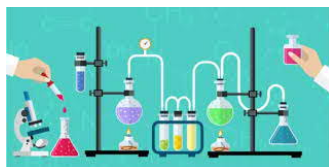


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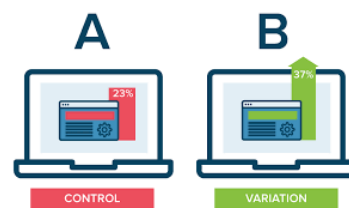
How to do consumer research without asking consumers..?



Ethnography



Experiments

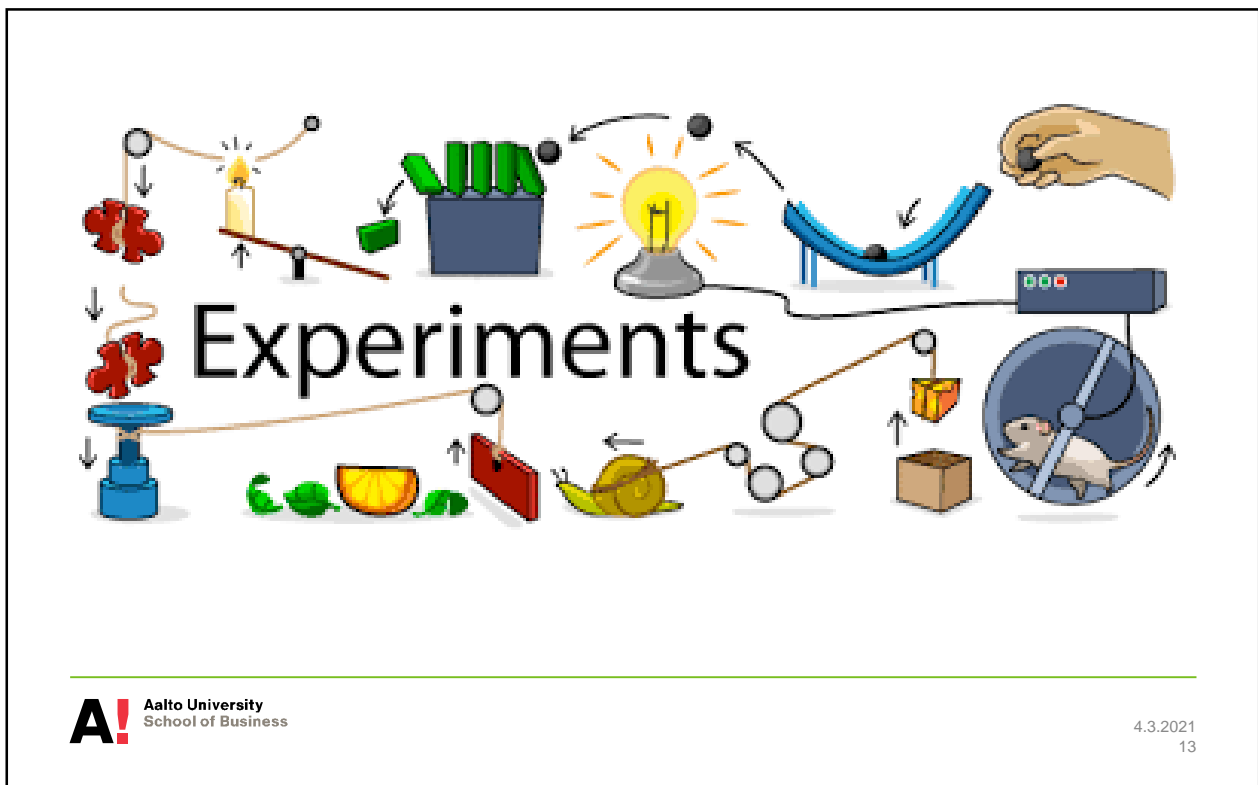


A/B testing



Big data

12



13

**“An experiment is a  
procedure carried out to support, refute,  
or validate a hypothesis.  
Experiments provide insight into  
cause-and-effect  
by demonstrating what outcome occurs  
when a particular factor is manipulated.”**

Aalto University  
School of Business

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14

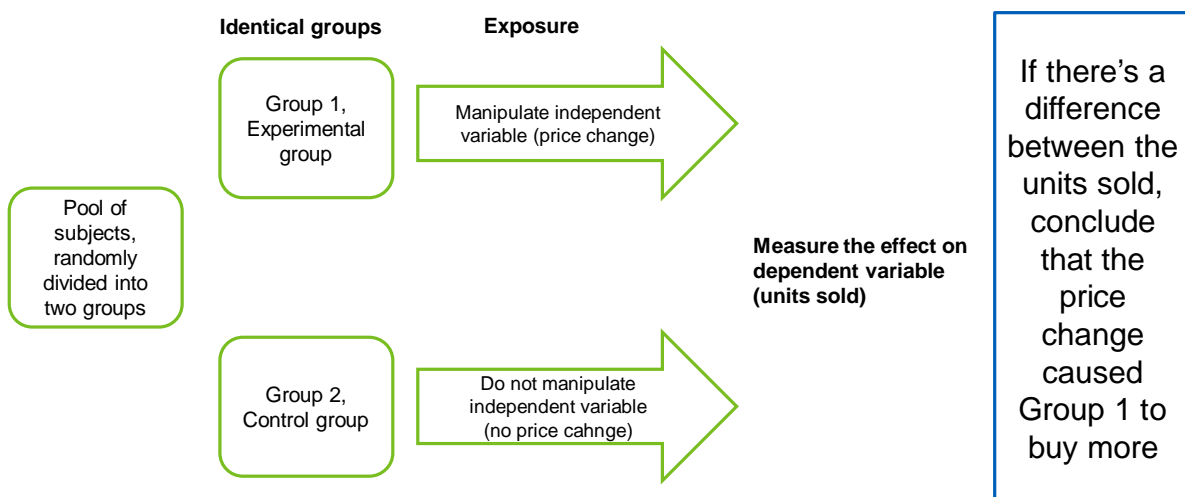
14

## Experimental terminology

- The variable that is manipulated by the researcher is called **independent variable** (e.g. price)
- The variable that is expected to be affected by the independent variable is called **dependent variable** (e.g. buying decision)
- Those who are exposed to the independent variable form the **experimental group** (e.g. price change)
- Those who are not exposed to the independent variable form the **control group** (e.g. no price change)

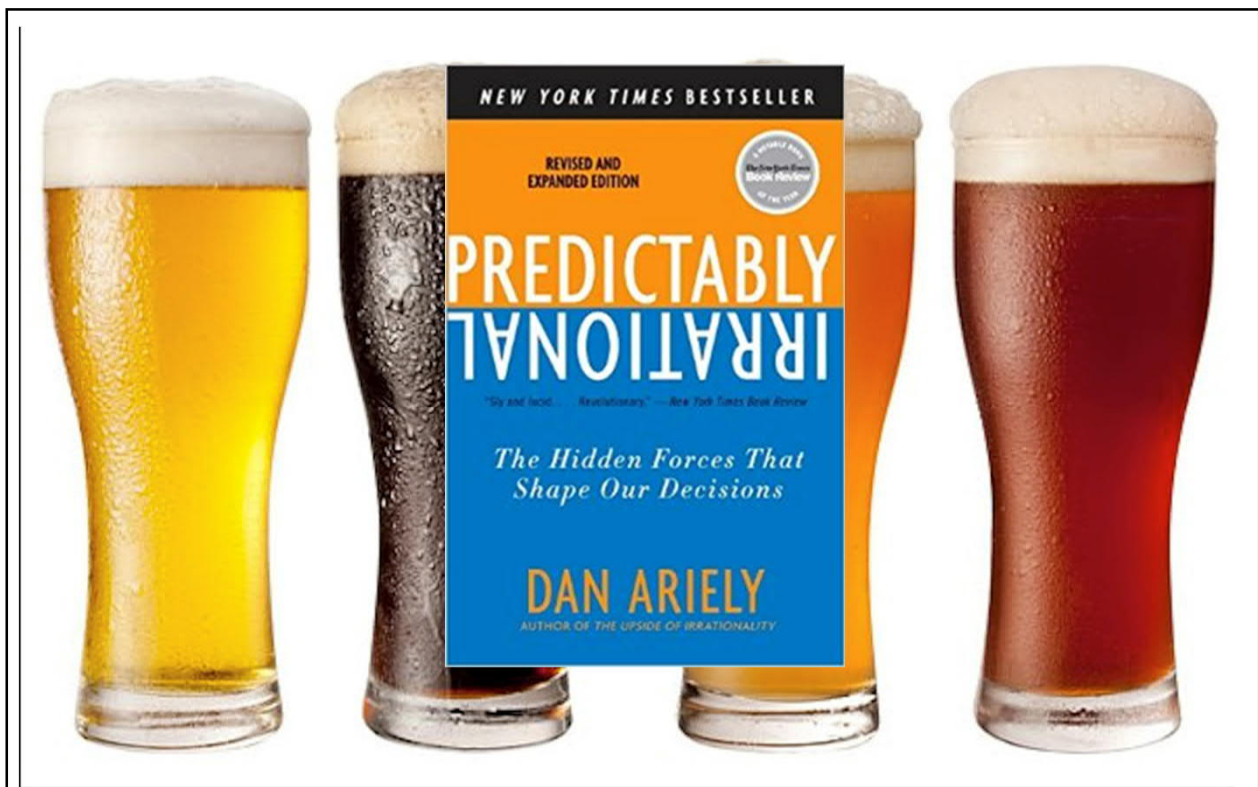
15

## Simple experimental design



16





17

## Experiment objectives

To study the impact of peers on choice making, how satisfied consumers were with their choices.



18

## Research design

**50 tables were asked to order their beer out loud**

Which would you choose?

**50 tables were asked to write their selections down → from public to private event**

- ☐ Copperline Amber Ale
- ☐ Franklin Street Lager
- ☐ India Pale Ale
- ☐ Summer Wheat Ale

This meant that each participant would not hear what the others—including, perhaps, someone they were trying hard to impress—ordered and so could not be influenced by it.

19

## Key findings

When people make their selection publicly and in sequential order, they order differently than when ordering privately

- More variety, but less happiness with their choice
- The ones who got to order first, were the happiest

**HOW WOULD YOU EXPLAIN THIS? WHAT DOES IT TELL US ABOUT RATIONALITY?**



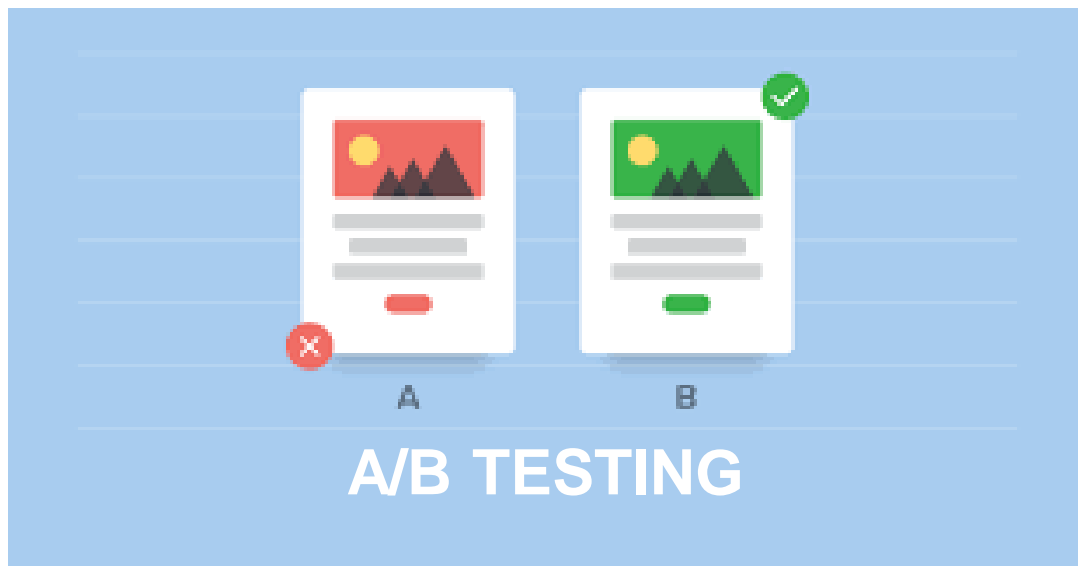
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## Why experiments?

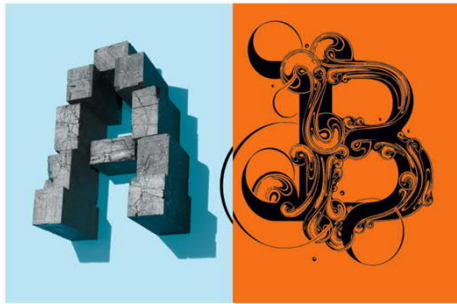
- “The major advantage of an experimental enquiry is that it provides us with unequivocal **evidence about causation**. Second, it gives us **better control over extraneous variables**. Finally, it allows us to explore the dimensions and parameters of a **complex variable**.” (Aronson et al 2003)
- Links quantitative and qualitative

21



22

## THE A/B TEST: INSIDE THE TECHNOLOGY THAT'S CHANGING THE RULES OF BUSINESS



“It’s now the standard (but seldom advertised) means through which Silicon Valley improves its online products. Using A/B, new ideas can be essentially focus-group tested in real time: **Without being told, a fraction of users are diverted to a slightly different version of a given web page and their behavior compared against the mass of users on the standard site.**” -Wired

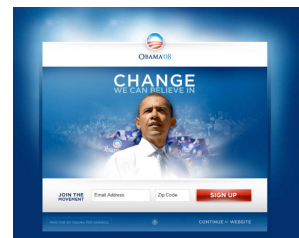
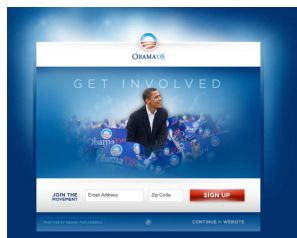
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24



25



We tried four buttons and six different media (three images and three videos).  
We used Google Website Optimizer and ran this as a full-factorial multivariate  
test which is just a fancy way of saying we tested all the combinations of  
buttons and media against each other at the same time. Since we had four  
buttons and six different media that meant we had 24 (4 x 6) total combinations  
to test. Every visitor to the splash page was randomly shown one of these  
combinations and we tracked whether they signed up or not.

**JOIN US NOW**

**LEARN MORE**

**SIGN UP NOW**

**SIGN UP**

26



# Obama 2012 campaign

The metric we used to measure success was sign-up rate: the number of people who signed up divided by the number of people who saw that particular variation. Since there were a total of 310,382 visitors to the splash page during the experiment that meant each variation was seen by roughly 13,000 people.

27

Combinations (24)		Page Sections (2)		Download:  XML  CSV  TSV    Print		
Relevance Rating	Variation	Est. conv. rate		Chance to Beat Orig.	Observed Improvement	Conv./Visitors
<b>Button</b> <div>5 / 5</div>	Original	7.51% ± 0.2%	+	—	—	5851 / 77858
	Learn More	8.91% ± 0.2%	+	100%	18.6%	6927 / 77729
	Join Us Now	7.62% ± 0.2%	+	73.5%	1.37%	5915 / 77644
	Sign Up Now	7.34% ± 0.2%	+	13.7%	-2.38%	5660 / 77151
<b>Media</b> <div>5 / 5</div>	Original	8.54% ± 0.2%	+	—	—	4425 / 51794
	Family Image	9.66% ± 0.2%	+	100%	13.1%	4996 / 51696
	Change Image	8.87% ± 0.2%	+	92.2%	3.85%	4595 / 51790
	Barack's Video	7.76% ± 0.2%	+	0.04%	-9.14%	3992 / 51427
	Sam's Video	6.29% ± 0.2%	+	0.00%	-26.4%	3261 / 51864
	Springfield Video	5.95% ± 0.2%	+	0.00%	-30.3%	3084 / 51811

28

**Winner**

The winning version of the Obama '08 website, which had 8.2 million visitors, earned 2,880,000 email addresses and a total of \$60 million in donations.



page  
tional  
nal \$60

**A!** Aalto University  
School of Business

PAID FOR BY OBAMA FOR AMERICA

CONTINUE to WEBSITE

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29

29

## Problems with A/B testing?

- Only work in online environments, where you can quickly randomize “reality” for consumers
- You may end up tweaking minutiae, when you should be making more drastic changes
- You need a lot of traffic to be able to discern statistical significance

30



31

**Big data analytics** is the often **complex process of examining large and varied data sets**, or big data, to **uncover** information -- such as **hidden patterns, unknown correlations**, market **trends** and **customer preferences** – that can help organizations **make informed business decisions.**

32





33

## Case Netflix's House of Cards

big data / hadoop / netflix

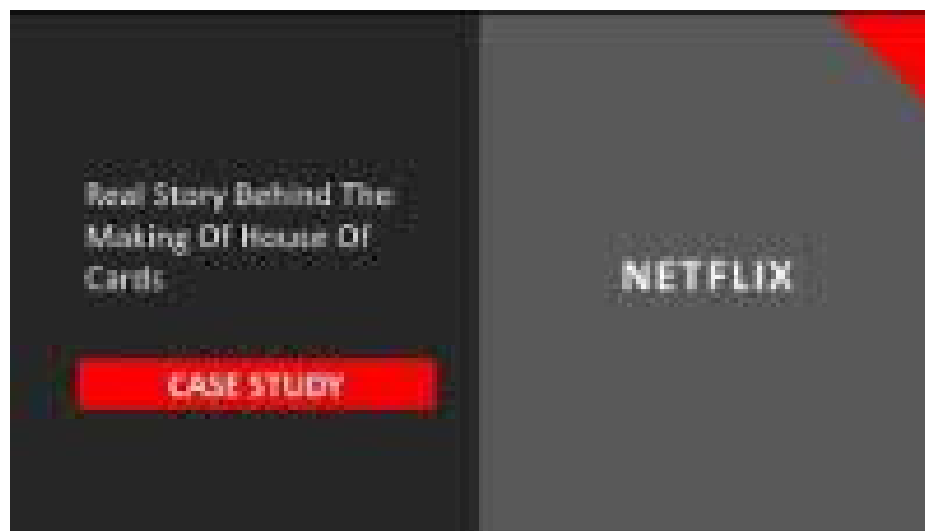
### Netflix analyzes *a lot* of data about your viewing habits

by Derrick Harris JUN. 14, 2012 - 6:52 PM PDT

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“The scope of the data collected by Netflix from its 29 million streaming video subscribers is staggering. Every search you make, every positive or negative rating you give to what you just watched, is piped in along with ratings data from third-party providers like Nielsen. Location data, device data, social media references, bookmarks. [...] The logistics involved with handling every bit of information generated by Netflix viewers — and making sense of it — are pure geek wizardry.” (Salon.com)

34

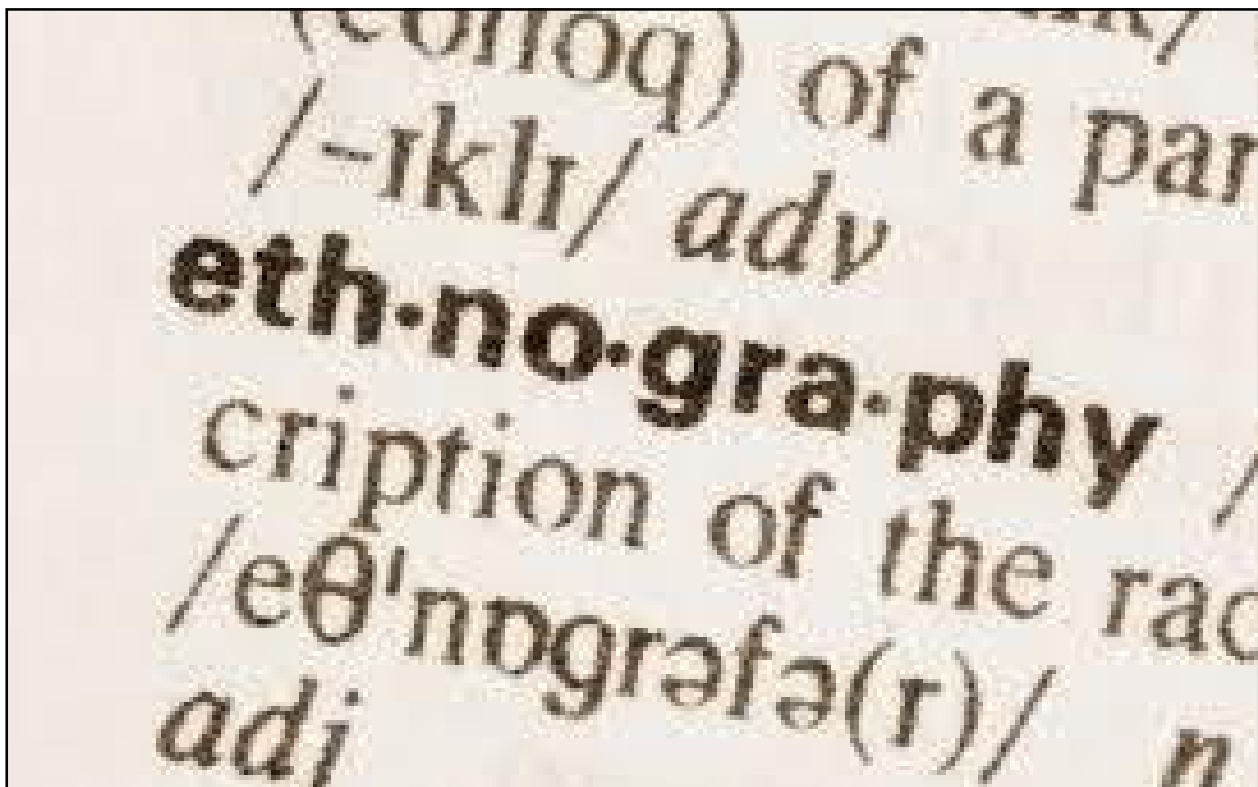


35



"We have **an immense amount of data**, we see everything our subscribers are watching," says Cindy Holland, head of original content at Netflix. "**We can identify subscriber populations that gravitate around genre areas**, such as horror, thriller and supernatural. That allows us to project a threshold audience size to see if it makes for a viable project for us."

36



37

## What is ethnography?

- The word ethnography comes from Greek words
  - ἔθνος (*ethnos*) = folk/people and
  - γράφω (*grapho*) = to write
- The favored method of anthropology (“study of humanity”), especially cultural anthropology
  - The most important (but not only) method is observation

38

## What is ethnography?

- a) **The process** of research– doing field work, “hanging out”
- b) **The product** of ethnographic research, the field work report
- c) **Research strategy** that studies people in their natural environments

**“Ethnography**  
 (from Greek ἔθνος ethnos "folk, people, nation" and γράφω grapho  
 "I write")  
**is the systematic study of people and cultures.**  
**It is designed to**  
**explore cultural phenomena**  
**where the researcher observes society**  
**from the point of view of the subject of the study.**  
**An ethnography is a means to**  
**represent graphically and in writing**  
**the culture of a group.”**

## Two types of ethnography

### CLASSIC ETHNOGRAPHY

- In anthropology
- Studies “unfamiliar” cultures in far-away places

Unfamiliar = non-Western



### CONTEMPORARY ETHNOGRAPHY

- “Ethnography at home”
- Focuses on different nearby groups, like subcultures

Unfamiliar = marginal



## Two ways of conducting ethnographic observation

- In **non-participant observation** (“pure” observation) the **researcher looks “from the outside in”**
  - for example: Trévinal, Aurélia Michaud. "Shopping in a mall: A typology of four shopping trips." *Recherche et Applications en Marketing* (English Edition) 28.3 (2013): 14-43.)
- In **participant observation** the **researcher joins** the activities to get an insider's view and experience
  - for example: Kozinets, Robert V. (2002), “Can Consumers Escape the Market? Emancipatory Illuminations from Burning Man,” *Journal of Consumer Research*, 29 (June), 20-38.)

## Anthropology Inc.

Forget online surveys and dinnertime robo-calls. A consulting firm called ReD is at the forefront of a new trend in market research, treating the everyday lives of consumers as a subject worthy of social-science scrutiny. On behalf of its corporate clients, ReD will uncover your deepest needs, fears, and desires.



“Jun Lee, a ReD partner, says that when clients are confronted with the company’s anthropological research, **they often discover fundamental differences between the businesses they *thought* they were in, and the businesses they *actually are* in.**”

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43

43



**Do you always have to "do" consumer research?**

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44

44



45

There are a LOT of existing resources available!



46

It is important to do proper secondary  
**desktop research**  
(news, historical archives etc.)  
**AND**  
**a review of prior literature**  
around your suggested research topic! You may already find a  
lot of existing answers to your questions!

**Questions, comments grievances?**