

Marketing without data is like driving with your eyes closed

Market research is crucial for marketers to identify threats, leverage opportunities for their brand, understand the customers they have (and would like to have), and know how to best communicate and engage them. In this article, we explore the critical importance of market research in these times of highly changeable consumer behaviour, and the powerful tools available to give brand owners rich customer insights.

The Media Precinct

August 2023



The headline of this article is both a tell and a show. The line provided by US-based marketing expert, Dan Zarrella, is a tell because it encapsulates the critical role marketing research plays in laying out the road maps for businesses to follow.

It's a show because there's a fair bit of knowledge about the audience this article is attempting to engage via this snappy headline.

Over the years, market research has grown in popularity due to the indisputable value it offers brands and businesses. It's one of the most important tools a brand can adopt to evaluate what is and isn't working in their business.

Put simply, it's a holistic tool that helps you understand customer behaviours and wants, and how well your business meets them. It also helps you understand your marketing operating system and how you can optimise it.

[Glenda Wynyard](#), Managing Director of Sydney based full-service media agency, [The Media Precinct](#), says marketing research is key to determining all communication channels; from awareness through to conversion. Not only this, it's crucial for businesses to deploy and optimise their marketing spend.

"Marketing research enables you to identify an audience – for instance one most likely to purchase the client's product – and then marry that audience's media consumption patterns by way of medium, engagement and the customer's journey," Wynyard says.

"Television may be significant to make the audience aware of a product or service but it may be the retailer's own promotional activity, or the retailer catalogue or a shelf talker that actually converts the sale."

A love for research

Wynyard is passionate about marketing research.

The information you can find out about different types of people and their behaviours is fascinating, she says.

"I just love it. I actually lie awake at night thinking about new databases, when they are released, and what might be in them."

"Sometimes I will be working on a project and I end up finding out the most surprising information about a particular type of person and what triggers them to make a significant change to their shopping or behaviour."

Emma Prineas is the Marketing Director at Navitas Skilled Futures, a NSW-based educational group specialising in employment skills for new migrants. She says marketers must rely on more than just experience and "gut feel."

"In today's rapidly changing media landscape, we need to refer to data to either confirm, check, or challenge our thoughts on channels to ensure the strongest return on investment for our brands," Prineas says.

"Research that stems from machine learning can be particularly insightful when choosing digital performance channels, and uncovering insights or trends that you may never have uncovered independently. It can help you to optimise different channels for different outcomes, i.e. brand awareness versus conversion."

Consistency for post-COVID agility

As we emerge from COVID, Wynyard says it has never been more important for marketers to apply consistent, ongoing market research. This helps maintain a strong understanding of their brand and give it the agility to adapt to major shifts in consumer behaviour.

"Extraordinary events like COVID lockdowns have changed the way people purchase, travel, think about health, etc. It has altered consumer behaviour dramatically – more so than even the impact interest rate spikes and energy price rises are having on the market."

"Without understanding how your customer is thinking, or the impact this extraordinary event has had on them long-term, brands and businesses will struggle to alter their products and services to meet new demands or changes."

Wynyard cites home-building and renovation as an example of a sector on the COVID rollercoaster.

"The construction sector thrived during the lockdown in Australia. Since then, the industry has gone through major changes including supply chain issues and high volume business closures. Without understanding the impact these changes have on consumers (i.e. interest rates, wait times, pricing fluctuations or customers weighing up between 'bucket list' travels or renovating), how can a construction company overcome these issues?"

Comprising of diverse cultures, Prineas says ongoing market research is particularly important to maintain a strong understanding of both her brand, her customers and her ability to adapt to market changes.

"We deep dive into our customers every quarter to ensure that our messaging is still appropriate to our niche market."

“Customer feedback is vital to understanding if your product or service is delivering on its brand promise, and that ultimately leads to customer satisfaction and loyalty.”

“Using an experience management tool can give you real-time feedback and allow the business to respond in an agile way to changed customer needs that may stem from external factors. While tactical focus or tools can encourage sales, repeat business will only be achieved where the customer experience is positive.”

Multiple methods and tools

Wynyard says [The Media Precinct](#) uses a rigorous mix of methods and resources to conduct its marketing research, including:

- Quantitative databases such as GWI, Roy Morgan Research and Nielsen Consumer & Media View
- Qualitative customer surveys, category research and focus groups
- Latest reports and analysis from leading market research businesses such as IBIS Consulting, Statista, Mordor Intelligence and McKinsey & Company.

There is also a large array of customer research tools at marketers' disposal. These include:

Customer lifetime value (CLV)

CLV is a metric that measures how much a business can plan to earn from the average customer over the course of the relationship, and thus gauges the estimated profit of said relationship. Therefore, this gauge guides brand owners in how much investment is required to maintain the relationship. For example, if you estimate one customer's CLV to be \$1,300, it would not be profitable to spend more than that in relationship maintenance.

The CLV of the owner of a particular car brand might be as much as \$100,000 if they are happy with their car choice and end up buying several through their lifetime. Or the CLV of a regular coffee drinker might be even higher than that, depending on how many cups of coffee they drink a day and where they buy it.

According to US-based education provider, Emeritus, retaining an existing customer is 87% easier than acquiring a new one. CLV gives businesses insights into how satisfied their customers are which they can use to make better-informed marketing and sales decisions.

Other advantages of CLV include:

- Helps cultivate a base of loyal customers to secure a business's market presence
- Improves customer retention, drives repeat sales and reduces customer attrition and costs associated with acquiring new customers, such as advertising and sales
- Enables deep knowledge of customers
- Helps companies compare the value of different customer segments.

Disadvantages of CLV include:

- It can be hard to measure if you don't have quality tracking systems in place
- It does not estimate customer revenue and costs
- It indicates that the retention rate is stable and doesn't change over time, which can be an inaccurate prediction for businesses
- While calculating this metric, discount rates and special offers are usually overlooked, which maximises the value and again leads to inaccurate information.

Repeat purchase rate / repeat customer rate

This metric assesses a company's retention of past customers. It is mostly used by retailers and eCommerce sellers to understand the tendency of their customer base to return and repurchase, after their initial purchase.

A customer purchasing more than once is perceived as a positive signal and a good gauge of customer loyalty. The metric does not apply to businesses selling products with long life cycles and one-time purchases.

Customer retention rate

This measures the number of customers a company retains over a given period and is expressed as a percentage of a company's existing customers who remain loyal within that time frame.

Customer retention cost

Customer retention costs refer to the marketing costs that help businesses increase customer loyalty. It records how much businesses spend on customer retention over a specific period.

Net Promoter Score (NPS)

NPS is an index ranging from -100 to 100 and measures the willingness of customers to recommend a company's products or services to others. It indicates the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

Some suggest it “heavily oversimplifies the customer experience”. Others see it as a stalwart metric still used widely in organisations.

Customer Satisfaction Score (CSAT)

A customer satisfaction survey that measures customers’ happiness with a product, service, or customer support interaction.

Customer Effort Score (CES)

A metric derived from the customer satisfaction survey, measuring customer experience for product or service ease and usability. CES reflects the amount of effort a customer had to exert to use a product or service, find the information they needed, or get an issue resolved.

Some marketers find it useful to combine CES, NPS and CSAT metrics to get an overall customer score metric for a holistic understanding of areas requiring improvement.

Data reigns

For Wynyard, data remains king.

“I prefer quantitative and bespoke customer database interrogations,” she says.

“They are more robust by way of numbers of people interviewed, and therefore less prone to error or misinterpretation of what the people are telling you. There is very little that I can’t pull out of these that a focus group is going to give me, and I often find that the type of work we do gives greater insight into a category or brand.”

Wynyard cites [The Media Precinct’s](#) ‘Yarn Safe’ campaign for national youth mental health provider, headspace, as an excellent case study of the innovative deployment of quantitative research.

In Australia, less than a quarter of youth experiencing mental health problems receive professional help. This figure plummets for Aboriginal and Torres Strait Islander (ATSI) young people, who have suicide rates more than five times higher than non-ATSI youth.

headspace’s brief to [The Media Precinct](#) was to build a national campaign, directly targeting hard-to-reach ATSI young people, encouraging them to access the provider’s support. Disengaged from mainstream services, and with over 150 different dialects actively spoken throughout the ATSI community, [The Media Precinct](#) had to develop a unified language to connect all ATSI young people.

“Using social media, we used data to develop sophisticated layers of over 2,000 digital ‘footprints’ to connect with 12 to 25-year-old First Nations young people,” Wynyard says.

“The impact this had was significant. The campaign elevated awareness of headspace’s services by 8% (versus the 5% goal). It also encouraged Aboriginal and Torres Strait Islander young people to access support, up 32% versus the goal of 15%.”

“Without doing this research, we would not have been able to achieve the results that we did.”

For Prineas, qualitative market research has yielded excellent results for her business.

“In 2021, several focus groups were held with staff and students around our brand positioning. At that time, our brand lacked emotion and connection to the cohort. Focus groups uncovered a need to clarify positioning, which led to a rebrand and a change in our brand personality. Our new brand is now infused with emotion, and speaks to the strong outcomes that our students achieve through our business.”

Benefits outweigh costs

Whatever the cost of marketing research, there is almost universal agreement among marketers that the cost of not doing it is much higher.

Prineas illustrates the point with an experience from a previous role.

“A photoshoot had taken place just prior to my joining the business, intending to reach a baby boomer market. The individuals who cast the shoot did not research how this potential target market saw themselves and hired talent aged approximately 70.”

“Research across all generations has shown that most consumers 30-plus need to see themselves represented as 5 to 20 years younger than they are. In the case of boomers, research shows that they ‘see themselves’ represented by models of approximately 50-55 years of age.”

“The business had invested \$300K-plus into photography that had to be scrapped because of the lack of research. The alternative would have been far worse; going to market and at best, not engaging, or at worst, offending the very market that they desired to enter.”

Wynyard says more brand owners should adopt Bill Gates’s maxim that, “your most unhappy customers are your greatest source of learning.”

The suggestion is that in the 0 to 10 scale of customer satisfaction, companies love their 9s and 10s but can often learn more from their 1 to 6 ratings because this is where they need to understand what is driving the dissatisfaction and improve.

“Many clients don’t like the results,” Wynyard says.

“Likewise, many clients use old research and don’t update or track frequently enough. That is because of the cost. But it can cost their business more by not doing it and understanding what is being said or where the trend shifts are occurring.”

Wynyard argues the key is not to overwhelm her brand-owning clients with a torrent of data and potential learnings all at once.

“I like to use ‘drafts’ when we report back our findings. So we always go in with the first ‘draft’ and then we get the client to come back to us with questions. Then we do a second and follow the same process, then a third, because it is a challenge to take everything in.”

“They need to understand what they have, what is missing or what they could use before they can get the full understanding of the richness of the information they have.”

“Sometimes it can take us 6 months before we get the final outcomes for the clients that really use the information we are providing them with. It is really important that they view the research as a living and evolving ‘intelligence bible.’”

Marketer’s Checklist:

- ☑ **Do market research annually**
Start with what you want to understand. What do your stakeholders want to know? What would you like to know? Be really clear about it as this will shape how you go about research and what you look for.
- ☑ **Think about what you already have**
Often, it’s about knowing what to look for in the data sets you have, or how you can combine different methods to answer the questions you have.
- ☑ **Keep going back to the research you’ve got**
When you undertake some research, you need to interrogate the data. The first interpretation or set of findings aren’t the final result or answer. Ask questions. Revisit it. Come back and ask new questions of the data.
- ☑ **Build on the data you have**
When you’re doing research regularly, you can use that benchmark to build on. Ask the same questions at a later date, or ask new ones to build out the picture.
- ☑ **Regular, consistent research is key— and think about the timing**
Rather than building one large research project, do small, regular research studies. Consider the timing of your research, too. Has your campaign been in market long enough to have impact? What else is going on in the market for your customers at the time you plan to conduct research?

The ultimate goal?

A better understanding of your audience allows the discovery of new markets, better ways to connect with customers and a competitive edge that puts your brand ahead of the rest.

Need help? Get in touch. We specialise in working with clients to find insights that give you a competitive edge.



THE MEDIA PRECINCT

The Media Precinct is a full-service media agency that specialises in mining deep insights from our globally and locally renowned research resources. We partner with your brand to deliver tailored solutions that ensure the best outcomes for your marketing and advertising campaigns.

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