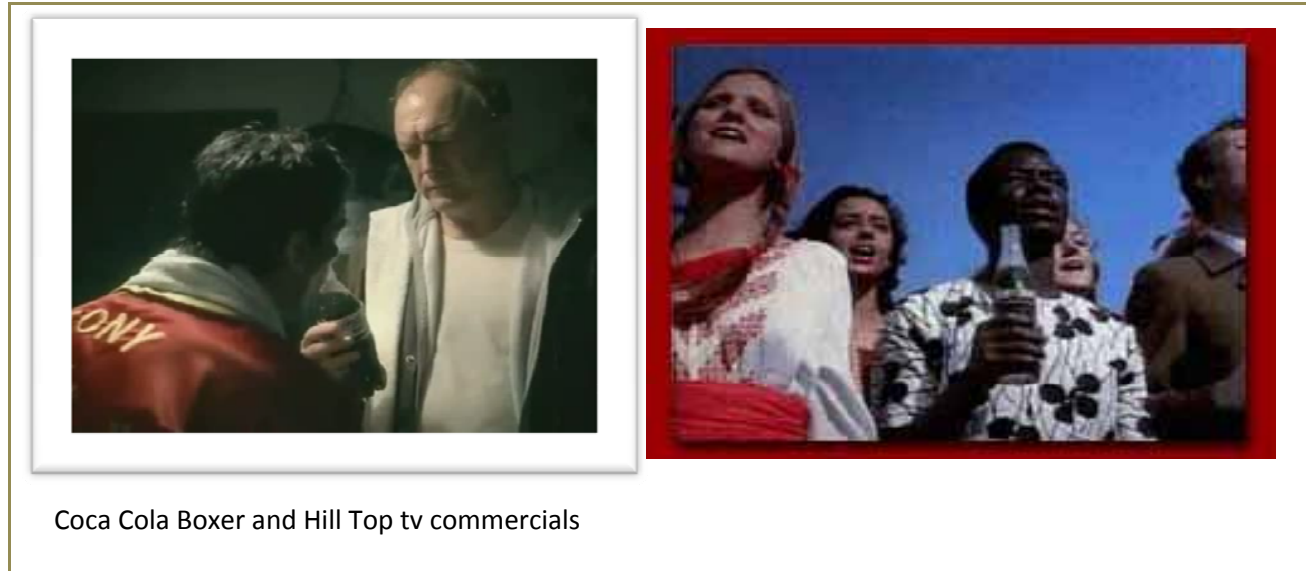


## Applied Market Research - Exercise



- 1 In context of the above Coca Cola advertisements, which of the below observations are correct:
  - a Compared to the Boxer ad the Hill Top commercial is likely to be more effective in imbuing the brand with status.
  - b The Hill Top commercial is better suited for leading brand like Coca Cola.
  - c The Boxer commercial is more effective than the hill top ad in communication the unique selling proposition of Coke Zero.
  - d The creative element in the boxer commercial strongly links the ad message with the brand
  - e All of the above
  - f b, c and d
  
- 2 Which of the following research methodologies is best suited to measure the price elasticity of demand for a product that has been in market for many years:
  - a Econometric modelling of weekly scan data
  - b Econometric modelling consumer panel data
  - c Controlled store test
  - d Discrete Choice Modelling (Brand Price Choice Modelling)
  - e Brand/Price trade-off analysis

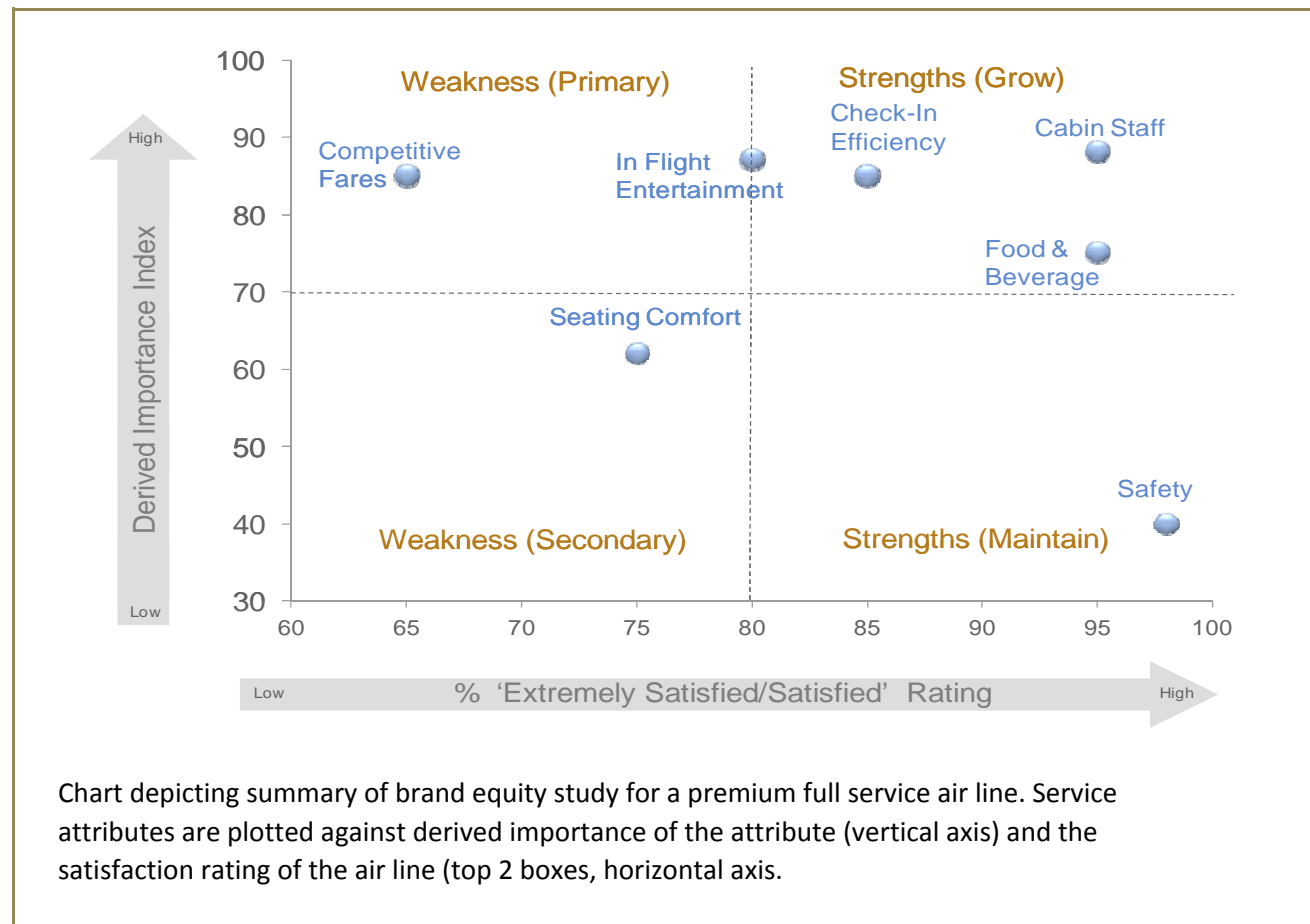
## Answers

## Explanation

e

a

Using scan data will be more accurate and cost effective compared to other methods. Experimentally controlled methods like Discrete Choice Modelling, BPTO and Control store tests are used when historical data is not available. (For instance if new brand, or testing a price point that does not exist in the historical scan data).



- 3 Based on the results presented above, the airline should take the following action:
- a Reduce air fares as this attribute is high on importance and weak on level of satisfaction of customers
  - b Improve in-flight entertainment since this attribute is high on importance and does not rate high in terms of satisfaction of customers. Moreover superior in-flight entertainment is aligned with the air line's positioning as a premium full-service air line.
  - c Continue to sustain / improve on, in a cost effective manner, Check-in efficiency, Cabin Staff and Food & Beverage as these are the air line's areas of strength.
  - d All of the above
  - e b and c
  - f a and b
- 7 We need a larger sample to reliably estimate the sales of FMCG brands in China because:
- a The retail environment is highly variable. (There are many different types of stores stocking many different types of products)
  - b There are a very large number of stores in China
  - c The distribution of FMCG products within China as a whole is very low.
  - d All of the above
  - e a and c
  - f a and b

(a) is not advisable because it is not consistent with the stated positioning as premium, full service air line.

(c) Product distribution has an important bearing on sample size. For example if product A has 100% distribution and product B has 5% distribution, then to estimate the average sales per store of B will require 20 time greater sample size than that for A.



4 Based on the above table what is the numeric distribution of the following brands:

X: \_\_\_\_\_  
 Y: \_\_\_\_\_  
 Z: \_\_\_\_\_

5 Based on the above table what is the product category weighted distribution of these brands:

X: \_\_\_\_\_  
 Y: \_\_\_\_\_  
 Z: \_\_\_\_\_

6 What's the weighted distribution of the Category in the above example: \_\_\_\_\_

	Weighted Distribution	Share in Handlers
<b>Brand X</b>	<b>80</b>	<b>12</b>
Brand X 250 ML	40	15
Brand X 280 ML	60	5
Brand X 325 ML MAX	30	8
Brand X 325 ML REG	70	8

Table: Weighted distribution and share in handlers for Brand X

8 Based on the above data the average number of items of brand X stocked by retailers stocking the brand is equal to ...

- a 2.5
- b 4
- c 3
- d Don't know

75  
50  
50  
  
50  
45  
70  
  
100  
  
d

Q6: When weighted on Product Category (as is usually the case) the distribution of the product category will always be 100%. If you did not get this answer right you may be confusing weighted distribution with market share. (Note also that in a few cases instead of using product category weight, we use all commodity weight. This is done mainly for categories that are dominated by one brand. In this example even if we weighed on All Commodity basis, the distribution of the category will be 100%).

The correct answer is (d) because to answer the question we require numeric distribution, and that's not provided. (Neither weighted distribution, nor share in handlers can tell us the average number of items in stores carrying brand X).

9 Millward Brown's Awareness Index is an appropriate measure for which of the following advertising models

- a Salience
- b Persuasion
- c Likeability
- d Involvement
- e All of the above
- f a, c and d

10 Which of the following statements correctly reflect on advertising

- a Advertising works by establishing feelings, associations, symbols and memories in relation to a brand
- b No one advertising model explains the totality of advertising
- c Emotions play an important role in advertising because they guide our reaction to events around us
- d All of the above
- e a and b

11 Which of the following does not figure in the original Nielsen Code as written in 1931

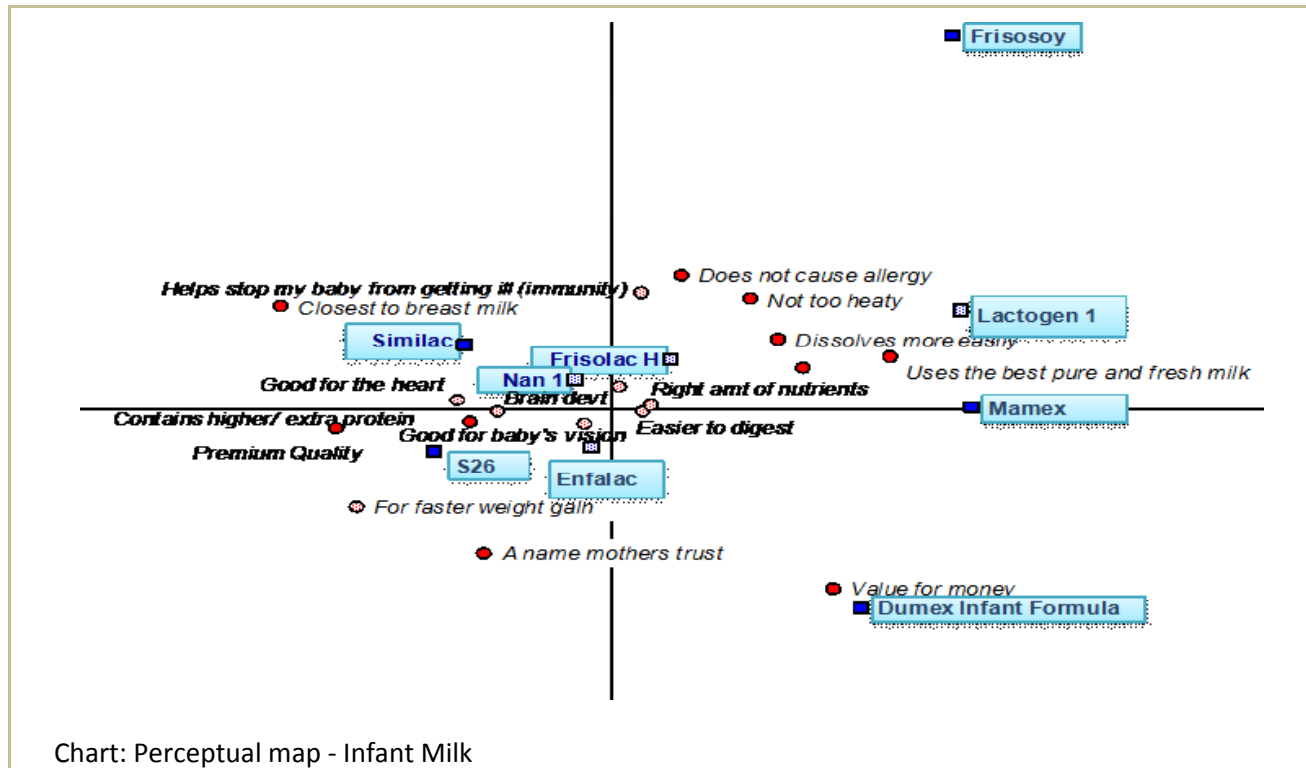
- a Impartiality
- b Thoroughness
- c Accuracy
- d Integrity
- e Economy
- f None of the above

a The Awareness Index is a measure of the efficiency of the advertisement campaign in generating awareness. Salience = Awareness ... so the correct answer is (a).

d

Normally I won't be testing your memory on finer details. The questions in the quiz will mainly test your understanding of concepts, methodologies and their application. As such this question is an exception, and is intended to emphasize the importance of codes of conduct.

f



12 What best describes the relationship between “Frisolac H” & “Nan 1” above?

- a Duplicative, Cannibalistic
- b Complementary
- c Unique, Niche
- d Incremental, Profitable

a

13 Cost conscious mothers are likely to buy:

- a Similac
- b Enfalac
- c Dumex Infant Formula
- d Lactogen 1
- e Mamex

c

14 What best describes “Frisosoy” relationship vis-à-vis other brands?

- a Duplicative, Cannibalistic
- b Complementary
- c Unique, Niche
- d Incremental, Profitable

c

15 When measured over a shorter period of time, behavioural loyalty is

- a Higher than a longer time period
- b Lower than a longer time period
- c The same as a longer time period

a

It's important you remember that measures such as loyalty and % buyers vary with length of time period. Loyalty declines with length of period because the number of purchase occasions will increase as the time interval increase. (Each purchase occasion provides an opportunity to switch brands).

	Dumex	Enfalac	Lactogen	Mamex	Nan 1	S26	Similac	Avg
Does not cause allergy	12	12	5	8	22	25	19	14.7
Does not causes diarrhoea	16	15	7	11	22	29	20	17.1
Helps baby's brain development	11	12	6	6	17	28	19	14.1
Gives Immunity	10	10	6	8	18	27	17	13.7
Does not causes constipation	13	13	6	8	23	23	20	15.1
Good for the heart	10	10	5	4	18	23	16	12.3
Easier to digest	14	12	8	7	22	28	20	15.9
Not too heaty	12	13	6	9	22	22	19	14.7
Good for my baby's vision	10	12	5	6	14	22	15	12.0
Premium Quality	12	15	4	6	23	36	24	17.1
Value for money	20	11	5	9	22	23	17	15.3
A name mothers trust	20	18	3	9	27	38	27	20.3
Dissolves more easily	15	16	8	12	23	31	22	18.1
Closest to breast milk	6	10	3	6	21	22	20	12.6
<b>Average For Brand</b>	<b>12.9</b>	<b>12.8</b>	<b>5.5</b>	<b>7.8</b>	<b>21.0</b>	<b>26.9</b>	<b>19.6</b>	<b>15.2</b>

Table: Image ratings (top 2 box %) for some infant formula brands

16 Based on the above table compute the image profile score for Nan 1, for the following attributes

Gives Immunity \_\_\_\_\_

Value for Money \_\_\_\_\_

Closest to Breast Milk \_\_\_\_\_

17 The appropriate data / research to measure consumer acceptance of a new competitive item that is sold in an innovative new package type is:

- a Qualitative Research: Conduct focus groups, recruiting users of the new product
- b Consumer Panel data on product Trial and repeat purchase
- c Product sales trend
- d Quantitative Research: Conduct a Survey targeted to households that have purchased the new item to understand drivers of trial
- c Conduct cross-purchase analysis to understand if users of the client's product are also buying the new item.

18 Those categories where the retailer is a preferred provider offering consistent, competitive value catering to the needs of everyday shopper are called:

- a Routine
- b Destination
- c Seasonal
- d Convenience
- e a and b

Profile = Actual Rating - Expected Rating

I won't be testing you on long formulae. However you will be tested on some of the short and conceptually intuitive formulae such as Expected Rating, Price Elasticity of Demand, Rate of Sales, Stock Cover Days etc.

-0.9

0.9

3.6

Qualitative research is used to explore, investigate and understand ... it is not used to measure. Product sales is the combined impact of trial and repeat purchases ... we cannot separate one from the other. Consumer panel data is ideal for measuring customer acceptance of a new product because it tracks individual household purchases over time. This allows us to compute measures such as RBR which in the case of a new product reflect the level of acceptance of the product.

a

Attributes	Levels	Part-Worth	Importance	Relative Importance %
<b>Brand</b>	AirMaster	4.7	9.4	33.6
	Kunst	-4.7		
<b>Capacity</b>	1600	0.3	0.6	2.1
	1500	-0.3		
<b>Oil Change</b>	Long	3.3	6.6	23.6
	Medium	-3.3		
<b>Life Span</b>	5	1.2	2.4	8.6
	3	-1.2		
<b>Efficiency</b>	High	0.5	1.0	3.6
	Average	-0.5		
<b>Price</b>	\$200.00	2.5	8.0	28.6
	\$350	1.5		
	\$500.00	-4.0		
<b>Total</b>			<b>28.0</b>	<b>100.0</b>

Table: Results of a Conjoint Analysis study for Vacuum Pumps. (Average for all respondents).

- 19 Answer the following questions based on the above results of a conjoint analysis study.
- a Enhancing the brand's equity should be one of the most important priorities for the Kunst Marketing Manager. True or False \_\_\_\_\_
- b If Air Master is able to Match Kunst on all attributes, including price, no customer will be willing to purchase Kunst. True or False \_\_\_\_\_
- 20 A technological innovation provides the flexibility for the Kunst team to either:
- (1) Option 1: decrease their pump price from \$ 350 to \$ 200 or
- (2) Option 2: increase its efficiency from Average to High.
- Whichever option the team chooses, the absolute profit per pump in dollars will remain unchanged. Based on the information provided, we can conclude:
- a Compared to increasing efficiency (Option 2), the option to reduce price (Option 1) will yield higher profit margin.
- b Choosing option 1 over option 2 will result in decline in sales revenue.
- c For the average customer the utility of the product remains unchanged, irrespective of whether we choose option 1 or option 2.
- d All of the above
- e b and c

Important you remember that in conjoint analysis we compute part worth for every single respondent. The average scores provided in this table reflect the importance to attributes, and may be used for trade off purposes. But to compute market share and sales we have to run simulations (such as the "First Choice Model") that determine which product profile each individual respondent is likely to choose. With reference to Q19b, we'll need to run simulation to determine how many customers prefer Air Master versus Kunst.

T

Because on average respondents prefer Air Master to Kunst, it doesn't mean that every single customer prefers Air Master to Kunst.

F

This question pertains to trade off between options 1 and 2. We are told that absolute profit ( $\pi$ ) is constant in both cases. Moreover because average utility is same, one would expect the sales volume ( $V_1$ ) for option 1 will be approximately same as that for option2 ( $V_2$ ).  $V_1 \approx V_2 = V$

	<u>Option 1</u>		<u>Option 2</u>
(c) Increase in utility	$= 2.5 - 1.5 = 1$	=	$= 0.5 - (-0.5) = 1$
Absolute profit (\$)	$\pi$	=	$\pi$
(a) Margin (%)	$\pi/200$	>	$\pi/350$
(b) Revenue	$200 \times V$	<	$350 \times V$

d