BEEHIVE

Beehive Analytics

Techniques for delivering insight

Beehive Research

An analytical approach to insights

Introduction

What does a survey actually tell you? What are your priorities, what recommendations can you make and what actions do you drive forward to maximise your return on investment? Asking the right questions of the right people in the right way is only part of the story. Real insight comes from being able to unpick and analyse the important messages contained in all the responses. The real nuggets are uncovered by applying appropriate analysis techniques and by combining and cross referencing with additional data sources.

Whilst it's the insights that really matter, it is helpful to understand the techniques available and when and why we use them. So we've created this paper to provide a high level 'jargon busting' overview to the some of the techniques we use to extract value from our research programmes.

The business challenge

Knowing the business challenge enables the analyst to deliver greater value. Understanding the business challenge in detail helps in the selection of the appropriate analytical technique. This, in turn, helps us deliver relevant, actionable insights and practical, implementable recommendations. Some typical business challenges include:

Customers

- Acquiring new customers/ cross-selling
- Developing new products/ entering new markets
- Improving customer experience
- Boosting customer retention & loyalty

Productivity

- Increasing operational efficiency
- Delivering continuous business improvement
- Cost saving & prioritisation
- Reducing risk & improving compliance

Cultural

- Deliver consistency across a Global brand
- Listening & engaging with employees
- Managing talent
- Achieving business customer centricity

Contents

1. Key Driver Analysis (KDA)

Why use: When more detailed information is needed on where to prioritise improvements in order to maintain and improve satisfaction, customer loyalty and positive word of mouth. This also applies to internal customers for operational efficiency.

The technique: KDA is used to identify the critical trigger points that affect customer satisfaction/decision making. Researchers collect a wealth of data from individuals about how they relate to products and services, but what elements really make a difference?

In contrast to other methods, KDA techniques do not ask about importance directly, they derive importance from analysis of the responses given. The two approaches will likely give different responses, so It's vital to understand stated and derived importance.

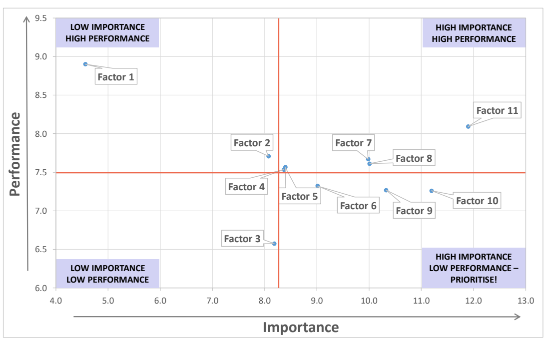
Stated importance, based on direct feedback from respondents, tends to uncover top of mind factors.

It's often the case that a respondent will say that everything is important, making prioritisation difficult.

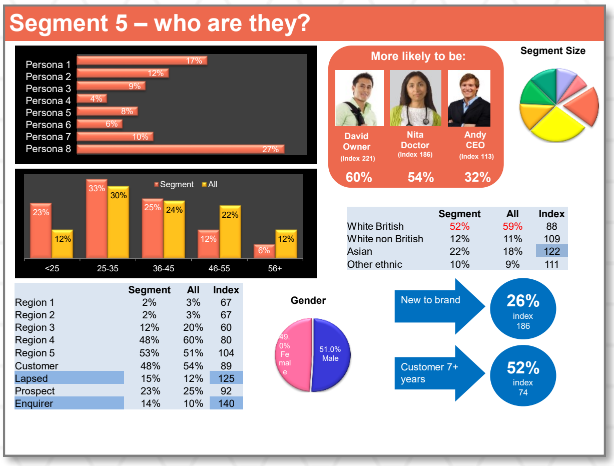
Derived importance methods assess the degree of association between performance on product or service attributes, and desired outcomes such as satisfaction, engagement, loyalty or recommendation. This helps identify attributes with the biggest potential impact on decision-making and subsequent business success.

Benefits: This technique allows us to identify those attributes causing the largest impact, be it on satisfaction, engagement, loyalty or word of mouth recommendations. Combined with business performance indicators, the KDA gives organisations the evidence to prioritise actions for maximum effect.

Key Drivers Matrix



2. Segmentation



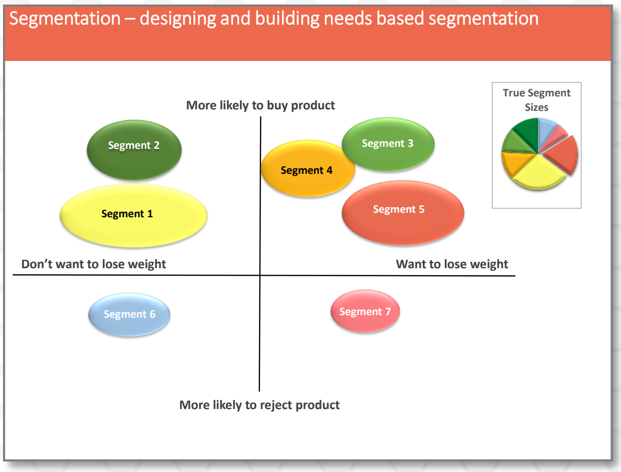
Applying market size data to these segments is essential for effective business development targeting.

We apply a range of multivariate techniques to identify and further define clusters, such as k-means, factor analysis or latent class analysis.

Benefits: The technique allows us to identify groups of customers, and describe them in ways that allow organisations to target these groups with products, services and communication that resonate and optimise business growth.

Why use: When insight is needed to better understand customers and their needs and pain points in order to develop customised products and services, conduct market sizing and forecasting feeding into targeted marketing campaigns

The technique: Segmentation, in a research context, means identifying clusters or groups of customers that share similar attributes. These can revolve around attitudes and behaviour, loyalty, needs, demographics or interaction preferences. Segments can be quantified within a customer database or within the overall market.



3. Trade-off Analysis

Why use: When there is a need for detailed information to support the development of new products and services (or in new markets) that meet customer needs and consist of features and price points that guarantee maximum take up, as well as detailed market modelling and forecasting.

The technique: Trade-off analysis identifies the underlying appeal of different features of a product or service among target audiences. Trade-off analyses get to the heart of what it is that the customer really values in the product or service, as opposed to what is just nice to have. Trade-off allows us to quantify the market potential for new products and services, and estimate possible market share/ take up in comparison to other products and services (or brands). This is a very powerful tool especially when used in concurrence with market sizing data. As a result businesses can optimise products for specific markets.

Typically we'd select an appropriate conjoint technique, such as MaxDiff or Discreet commercial modelling to identify features that will impact on (potential) customer or employee decision making. Clients will receive an interactive tool which will allow them to compare different scenarios, internal financial data and external market sizing data can be used to calculate ROI for any new product or service.

Benefits: Through the identification of the value of new product features it can guide businesses in shaping company benefits packages for maximum appeal at minimum cost.

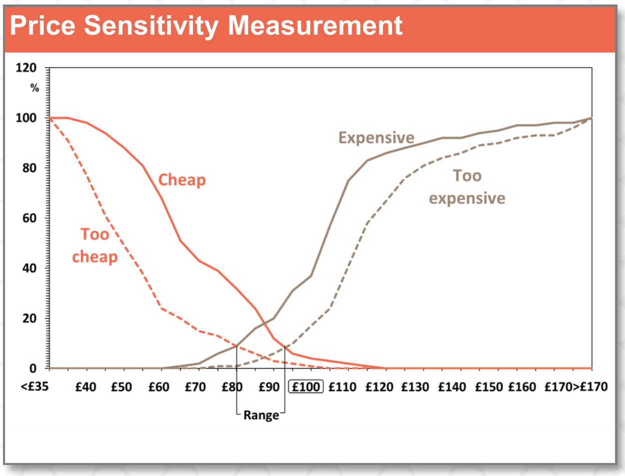
This leads to improved decision making in a range of real world business scenarios while making informed decisions based on expected ROI from commercial modelling.

4. Price sensitivity analysis

Why use: When there is a need to optimise product or service price points to balance ROI with maximum take up and use in commercial modelling and sales forecasting.

The technique: Pricing sensitivity analysis techniques allow us to show businesses the acceptable price range for a new product before launch, and the optimal price for maximum return. These techniques are typically used prior to product launch, where the product features have already been established.

An example of price sensitivity analysis is the van Westendorp approach where potential customers are being asked when a product or service is too cheap to be true, too expensive, somewhat expensive or a good deal. By setting out the take up rates, an optimum price range can be established.



Benefits: The technique allows businesses to gauge potential take up of products or services depending on price point. This potential take up depends on customers' perception of fair pricing, it is up to the organisation to make decisions taking into account potential take up, production costs and profit margins as well as effectively market the product.

5. Perceptual mapping

Why use: When it is necessary to differentiate a brand from competitors and align brand with desirable attributes in order to achieve market advantage it is essential to measure customer perceptions.

The technique: Perceptual maps visually represent customer views towards different products or suppliers. They don't have the same limitations that other analytical techniques have and could, for example, be used with perhaps as few as 25 respondents from qualitative focus groups.

There are several methods used to generate perceptual maps. One common way to derive such a map is by **correspondence analysis**.

Correspondence analysis mapping can use either rating scales (converted to a table of mean scores), or binary image associations. Here respondents are asked to select the attributes which they consider to be associated with each of the products/brands under consideration.

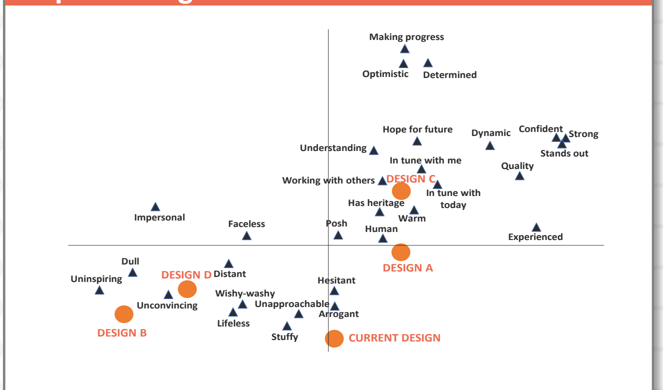
Products with a unique attribute profile will be found to lie towards the edges of the map and positioned close to the attributes which characterise it. Conversely, those positioned nearer to the centre of the map will be less distinctive.

In general, the greater the difference between any two products/companies (in terms of their attribute profiles) the further apart they will be.

A similar mapping approach uses **factor analysis (PCA)** to generate the dimensions to be mapped. It is possible to show not only the similarities and differences between products/brands, but also to overlay the position of attributes on the same map (by plotting the correlation of attributes with the map's dimensions). Sometimes it is useful to include the rating for an 'ideal' brand for added context.

Benefits: informed assessment of brand image compared to competitor brands, reviewing marketing effectiveness and informing future marketing campaigns.

Brand Image: The evaluation of a current corporate logo



How Beehive can help your organisation?

We're a market research agency that loves working with our clients to discover, understand and transform their global organisations. Since 2007 we've been delivering insights that really make a difference.

We provide customised research solutions to help our clients to make sound, informed decisions. Combining of our team's expertise and use of latest tools and techniques, we deliver insights that gives the clarity needed to set and achieve business goals.

In many instances you can make instant budget savings by analysing existing company data, rather than conducting new primary research. By combining the latest statistical data analysis software with 20+ years of experience we apply advanced analysis techniques to unlock the potential of your existing data.

Where relevant we can combine primary research data with other internal sources, including CRM data.

Data can be shared with Beehive through our secure client portal. We have offices in central London but can also work at your location, directly with your team.

For more information, please email us at info@beehiveresearch.co.uk.

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