

# The Project Conundrum

Always begin with the end in mind. This applies across the board, and particularly in market research.

**M**y first question to the client is, “What would you like to see in your hand at the end of the study?” From there we work backwards to accomplish the goal. Sometimes, though, the client will move the goalposts. Other times they do not take your advice, and that gives rise to a project conundrum.

The goal for Mangiare International, a fictive international convenience megacorp, was to position themselves as an upscale, quick-meal alternative to their competitors. In other words, they wanted consumers all over Europe to take the extra five minutes to drive to a Mangiare for a quick hot meal rather than pull over to the nearest convenience store. And they then wanted to know how much *more* they could charge than their competitors.

Mangiare’s research firm was my client. Gary, the project manager I worked with directly, came to me to design a large discrete choice model (also known as a choice-based conjoint), one of many we had done together over the years.

With multiple parameters, we began the process.

## DISCRETE CHOICE MODELLING

As the name suggests, this technique best measures distinct choices, ie, for products or brands that already exist.

Discrete choice analysis consists of a series of questions that ask respondents to choose between three or more hypothetical products or services at differing price levels.

## CHOICE MODEL DESIGN

The most important aspect of any choice model, whether a discrete choice or a different choice model, is the design. Design means, essentially, the questions that go into the survey.

In designing a discrete choice, the statistician takes all possible combinations of variables by market—different levels, different categories—and creates a balanced set of questions that will allow him to create a mathematical model that will simulate reality. A typical choice model will have between nine and sixteen choice-

questions for respondents to answer. However, for larger models, designs can be split into sections, or a randomised set of scenarios can be created.

This orthogonal model is computer generated, but designing a choice model is a combination of art and science. For the Mangiare study, we had to contend with Mangiare Loyalty members, convenience store segments, brands, discounts, airport vs. urban locations, seasonal pricing and many other variables. Mangiare requested an eclectic mix of comparisons, moving different products across European markets depending on regional taste.

It was a complicated design. We balanced three multidimensional designs before we felt comfortable with its functionality. In all, there were 48 different sets of questions.

## MANGIARE CORPORATE REACTION

The marketing team at Mangiare International did not like the design. Mangiare’s meal prices were shown at similar levels to their competitors. Mangiare wanted to test higher prices in the discrete choice design—the prices they would, in a perfect world, charge.

In most of the new scenarios, Mangiare priced their items as much as €1.50 higher than the nearest competitor. I protested strongly. What follows explains why.

The consultant paradox is that we are the hotshots brought in to fix a problem.



## DETERMINING BRAND EQUITY VALUE

Years ago, the company I worked for attempted to develop a brand equity model that could be then sold off the shelf to clients as a 'product.' I suggested to Gary that Mangiare use our original design, then *model* the amount Mangiare could charge over individual competitors.

Here is the process: design the choice simulators, then balance all the products in a certain market scenario so that they all have, say, 25% of market share. The difference in price at equilibrium would be the *value* of the Mangiare name on their hot meal over their competitors.

## THE RESULTS

The new study went into the field in several markets in Germany, France and Italy, using Mangiare's design. As is standard practice, I received preliminary data to begin to set up my discrete choice program.

After receiving a fair amount of initial data and running some models, I emailed Gary. Mangiare was getting killed across all categories in all markets. Killed, in my opinion, because when respondents see that much of a price differential on paper, they are not going to choose that item—upscale convenience market or not.

Gary emailed me back: "Can I weight the data to better reflect reality?" (Read:

Help!) "Mangiare is not going to like this!" Regretfully, I answered "No." I kept the emails.

I cannot say exactly what happened next, as I had no direct contact with the Mangiare corporate staff. I was told that the Mangiare marketing team had decided to change the focus of the study. I was instructed to cease analysis on the current data—a blessing, like ceasing to keep track of a football match when your team is losing 10–0.

## THE AFTERMATH

So the project went sideways—or, rather, in a different direction in which I was not involved. When I submitted my invoice, Gary politely advised me to revise it down: Mangiare was not happy, and I did not want to have a conversation with the boss—the owner of Gary's firm. Though I really had no problem getting on the phone with the boss—I had done my job—I revised my invoice.

## LESSONS LEARNED.

Mud rolls downhill. The consultant paradox is that we are the hotshots brought in to fix a problem. When things go wrong, though, we are at the bottom.

Tips for damage control: keep a paper trail of emails. Had it come to a call with the boss, I could have easily shown him the process by which Gary and

I conducted the study and that the failure lay almost entirely with the management team at Mangiare, who ignored us. I would have defended Gary to the boss and then moved on to our next project together.

Blame is irrelevant. Remember, the most important relationship is with your direct client.

## CONCLUSION

Things sometimes go wrong. Clients will refuse to listen; project goals will change. Go with the flow. Events like this are out of your hands, particularly when the corporate marketing team overrules your advice. If you are at fault, though, fix the problem as soon as possible and move on.

**RW**



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