

Don't Guess!

Perhaps your company is doing better today than it has in the past; there are some companies in that situation right now.

More than likely you are experiencing the effects of a slow economy all the way into the far ends of your balance sheet. Perhaps you have already done what you have to do. Cut costs, reviewed your product line and trimmed the organization.

Being too defensive will however expose your market shares to competitors willing to take an offensive position.

So what are your options with regard to strengthening your position in the market?

One thing is sure; you can't afford to do the wrong things. The margin for mistakes has never been so narrow.

So what ever you do in a time like this, don't guess.

Eliminating the customers major buying obstacles is the best way to increase sales and profit.

The solution is to identify the buying obstacles for customers, potential customers and not least, lost customers.

If you are employed in a managerial position you are not likely aware of your customers priorities. From experience we know that a Managing Director in general only can pinpoint a few of the customers' most important problems. Salespeople and others who work with customers daily are seldom better in this respect.

To guess is obviously risky. In times like these it is crucial that every invested penny or cent is motivated by facts.

This is where our method for market research, Problem Detection Study (PDS) becomes relevant. You don't have to guess the problems and needs of your customers, you are told by the only group that has real mandate to tell you: the customers themselves. What you learn is where to invest and in what areas to cut costs.



The experience that has come out of more than 600 PDS-studies has been top story in a number of business and advertising magazines starting with Advertising Age.

bang & olufsen was unprofitable, lacked marketing strategy and had little coordination between different geographic markets. The PDS-study, towards the European market, identified opportunities within areas such as product positioning, retailer strategy, advertising and marketing as crucial to increase sales.

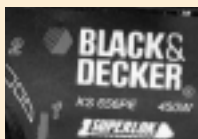
Using what they learned from the PDS, Bang & Olufsen solved 16 out of the 20 highest ranked retailer problems within two years. They achieved their best result ever and several successful new products were launched. The different market units acted more homogenous and marketing and advertising was consistent for all the European markets. The factories worked nightshifts to meet demand, the value of the company had doubled 20 times and the PDS-study was praised in the annual report.

in one of several pds-studies for ikea furniture stores in Scandinavia, Holland and Italy lines/queues was defined as one of several problem areas. In a number of workshops focusing the PDS results, 80 solutions for "Line/Queue busting" were identified of which half of these hardly costed anything to implement.



ikea mail order and internet shopping has been a frequent user of PDS. The handling of complaints has been improved and a new delivery concept launched. A conjoint established the customer willingness to pay for different levels of delivery variables.

when black & deckers retailers expressed their needs in a Scandinavian PDS the result was not some few simple problems, it was an action list of 50 features. After three years improvement work Black & Decker was presented with the award "Supplier of the Year" by the trade.



skf received a high ratings for their product catalogue in several international studies. Yet, the PDS-Study identified several potential catalogue

improvements. Customers seemed to say: Why stop now – you can become ever better. The study also uncovered that problem perception was very similar in USA, Germany and Sweden and included a customer wish for skf to manage their inventory and ordering.

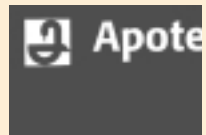


a manufacturer of freight elevators learned from the PDS that their customers were satisfied with the elevators but wanted improvements when it came to spare parts and customer service. A newly developed after-sales program with an offensive price strategy became the basis for the companies success the following years.

a scandinavian retail bank had initiated an ambitious improvement program. When we compared the results from the PDS with the already initiated projects 80% of these dealt with issues the customers had ranked low. The PDS revealed that there were other improvements that the customers desired more.

a swedish pharmaceutical retail chain, apoteket, made a transition from "over the counter selling" to more active selling and marketing based on the results from a PDS-Study.

Furthermore Apoteket has focused on one specific indication area each year since 1991 (infections, allergies, pain etc.) and used the PDS to identify the public problem perception of the area and present it in media. This method to create pr and goodwill has been used by a number of companies and organisations.



a supplier of industrial detergent used the customer problem list for finding new value added services. They offered a whole package of services (eg. dosage equipment, waste management, training and education etc.) together with their products. As a consequence this Unilever company managed as one of few detergent companies in the world to divert sales discussions from price per kilo to value for money.

No other method has been so successful in identifying new business opportunities and advertising concepts.

Traditional benefit or satisfaction research simply asks customers what they want or how well the company performs. The presumption is that they will tell you something you don't already know. They won't.

You will at the most get interesting figures, colorful diagrams and charts but seldom a source of new thinking. The reports end up in the bookshelf without changing company performance.

The result from a PDS-study tells you exactly what to do, without charts, and complicated diagrams. PDS is concrete and detailed where other methods are abstract.

If customers perceive refrigerators as noisy, this problem will be found at the top of the ranking list. You don't need to contemplate the meaning of the result. Develop a quiet refrigerator and make quietness the backbone of your marketing.

Electrolux's silent refrigerator is a success in China

The highest ranked problems when we studied the market for refrigerators in China were related to noise and vibrations.

Chinese homes are often small and therefore the refrigerator is placed in the living room or in the bedroom. Wealthy people in the cities often live in high story buildings where the separation between floors is minimal and carpets are non-existent. As a result a refrigerator or a vacuum cleaner can be heard in the entire building. Electrolux imported silent compressors, constructed a silent refrigerator and marketed it as "The newfound peace".



"Ny frid" blev Electrolux första stora försäljningssuccé i Kina, och bröt marknaden för en rad uppföljare (redovisades i Dagens Industri i februari 2001).

Advertising showed a family that was constantly disturbed by their old refrigerator until they bought a new Electrolux. "Listen before buying!" became their slogan.

Electrolux also designed the product with a replaceable front so you even could insert your wedding picture. This feature enabled the refrigerator to be personalised, in the same way people in our part of the world get special paint, interiors, equipment etc for their cars.

ht h sunscreen was introduced and marketed with the message “No grease”. The campaign ran for two years and in one of the most competitive and marketing intensive areas, ht h went from 0 to 27% market share in only two years using this high ranked PDS problem.

In the paper towel business in the u.s. the no. 1 attribute was absorbency. The no. 1 problem however was durability. Altering the product and concentrating on durability in the advertising helped the brand to become the leading paper towel in the u.s.

At burger king as well as at all fastfood outlets at the time the problem was that “Hamburgers are too small”. The advertising of “We are bigger” became a success. Consumer problems don’t however stay the same – they change. Some years later a new set of priorities had emerged. The PDS showed the new problem to be that burgers were prefabricated. They came with a set standard of lettuce, pickles and ketchup and if you did not like this there was little you could do. A special technique made it possible to make each burger suited to ones taste. The “Have it your way” advertising helped Brger King sales grow with 20% in the first eight weeks.

price waterhouse coopers conducted a study among board members in Sweden’s largest companies. 210 board members were asked to rank 119 problems. The result was presented in a book and was sent to clients and potential customers. This was a good way for Sweden’s largest accounting firm, to take an offensive position and initiative in an issue of current interest. Knowledgebased companies within accounting, management consulting and advertising frequently use PDS for improving their performance and understanding their clients better.

in a european pds for sca containerboard opportunities within information, communication and customer care where identified. The need for information and education was solved thru a new product catalogue that combining product information with help on how to choose the right product and material. It was such a success that it is now used as an inspiration source even by customers of sca competitors.



To enforce the image of competence in design, fashion and materials, models were dressed up in clothes made of paper and board and put on the catwalk in Barcelona, Paris, Milan etc. On the SCA roadshow. This concept was unique for the industry and very successful.

at copenhagen airport the whole business concepts had to be reevaluated following a PDS. Planned investments in museums, movies, theatres etc. were dramatically altered in favour of travellers wanting more shopping. The marketing of “Europe’s most modern shopping centre” was successful and the airport recovered lost market shares.

paper photocopies has always been considered a bulk product, where sales depend on price. A PDS study for Rank Xerox in Norway identified a number of solutions to present problems. Five of these were used in a marketing campaign that resulted in orders from more than 100 new business customers.

scandic hotels in Scandinavia discovered a problem that business travellers all over the world can relate to: “It is boring to stay at hotels”. Scandics investments in “time killing” features received great attention as did the following success of the company.

in a unique report from the Swedish state following a PDS the Financial Department gave a rich and colourful image of the working conditions for management, staff and union representatives in the government authorities. This study is one of many examples on an Internal- PDS. It can be used for finding problems and opportunities in the relationship between hq vs. subsidiaries, management vs. sales people, airline vs. cabin attendents etc.

The PDS-method, simple and brilliant.

The method is based on the fact that people are more inclined to identify deficiencies than making creative suggestions. If instead you ask the respondents to identify problems the solutions come naturally.

A PDS-Study step-by-step.

- 1.** 30-40 customers, potential customers and key personnel within the own organisation are interviewed in-depth. Sometimes focus groups or group discussions are used. The aim is to identify problems, with the company, the industry or the product and gather them in a long list.
- 2.** In a management workshop new product and marketing ideas that the company wants to get evaluated in market priority are listed and included in the research format.
- 3.** The preliminary list is complemented with relevant questions from Thams & Nyäs back data files containing more than 600 earlier studies. A questionnaire with over 100 problem statements together with a number of image, competition, attribute, prognosis and segmentation questions is finalized.
- 4.** The PDS-questionnaire is sent out by mail, e-mail or is directly distributed to all or a selected sample of the customers, potential customers or lost customers. The respondents are asked to determine how big the different problems are to them on a 1-4 scale.
- 5.** After the questionnaires have been data processed the result is presented in prioritised lists with the highest ranked problem as number 1, the second highest ranked as 2 etc. The respondents are grouped by age, size, industry etc. in order to understand the needs and priorities of different segments.
- 6.** In the PDS report you will find objective and operational results given by the customers. The nat o syndrome (No Action Talk Only) is eliminated and the entire company can work towards the same goals. The PDS-results can be used to changes products, services, marketing or whatever the customers have identified as prioritised areas. Low ranked problems indicate in what areas money can be saved.
- 7.** The customers willingness to pay for new concepts or new services can be determined in our special PDS-adapted Price Elasticity Conjoint Test. Our “solution identification workshop” is not only useful to improve quality of present products but also in developing next-generation concepts.

How much does a PDS-Study cost?

A PDS study is a combination of qualitative and quantitative research and takes 2-3 months from the initial meeting to the presentation of the final results and follow up workshop. The price for a study is in the range of usd 40-50 000 depending on complexity and size of the quantification. An internal PDS takes less time and costs less.

Please give us 20 minutes

What you learn from a PDS study will positively impact your products and services as well as marketing and long-term strategy.

In this way PDS is a strategic tool rather than a traditional research method.

In order to show this to you we need 20 minutes on the phone. Send us the reply card today by mail, fax or e-mail.



During 18 years I have been head of the research institute that I myself founded. During the major part of this period Market Analyst Per Nyås has been my partner och together we have conducted more than 600 PDS projects all over the world.

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I will be glad to hear what you have to say. Give us a call as soon as possible.

I am not interested right now but please keep me on your mailing list.

Please send me your booklet "Thriving on Customer Problems" free of charge.

Name/Title _____

Company _____

Adress _____

Zip code _____

Phone _____

E-mail _____

References

ABB, Abba Seafood, AGA Gas, Akzo Nobel, Alfa Laval, Alimak, Assa Abloy, Atlas Copco, Bahco, Bang & Olufsen, Black & Decker, Cap Gemini, Comvik, Copenhagen, Oslo, Stockholm & Gothenburg Airports, Danisco, Sugar, Digital, Electrolux, Ericsson, Eurocard, Fagersta Stainless, Golden Guids, Green Cargo, H&M, Heidelberg, ICI, IKEA, Levi's, Master Card, Mc Cann, MEXX, Molnlycke, My Travel Group, Nestlé, Nobia, Ovako Steel, Partena, Pergo, Perstorp, Pharmacia, PWC, Q8, Rank Xerox, Rexel, Rittal, Sandvic Coromant, Sandvik Saws & Tools, SAPA, SCA Containerboard, SCA Packaging, Scandic Hotels, Scandinavian Airlines, Scandinavian Seaways, Scania, Scansped, SEB, Seco Tool, Select Service Partner, Shell, Siemens, Silja Line, Skandia, SKF, Sodexho, Statoil, Sunwing Resorts, Telia, UAP, Viking Line, Vodafone, Volvo.

“Some research can give you answers and campaign themes that all your competitors are using. Here's an approach that goes a step further and may help you become unique in your product and your advertising”

Advertising Age

PDS differs from traditional research in a number of ways:

- It is based on the fact that people have easier for complaining than telling you what they want (“consumers are not creative”)
- Questions are generated by customers (“not by clients or consultants”) and are concrete, detailed and solutionorientated
- The format is comprehensive (“everything is measured against everything” and includes quality issues as well as business development”)
- The analysis is based on a ranking list with problems and needs in market priority (“no fancy graphs”)
- It often produces next generation solutions (“not as most research a glance in the rear mirror”)

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