

MARKET RESEARCH




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MARKET RESEARCH DEFINITION

Market research is the systematic process of collecting, analyzing and presenting objective, useful marketing information for assisting management in problem-solving and decision-making



WHY MARKET RESEARCH IS IMPORTANT

A Success Story

- Cardiovascular signal used to predict shock
- Early research indicated critical care medicine required mountains of data
- Performed market research to identify other markets




THE RESULT

- Assessment identified the hemodialysis market and estimated the opportunity.
- This resulted in:
 - \$600K investment to develop prototype
 - \$2M investment to submit 510K
 - FDA approval received
 - Major provider signed to purchase technology

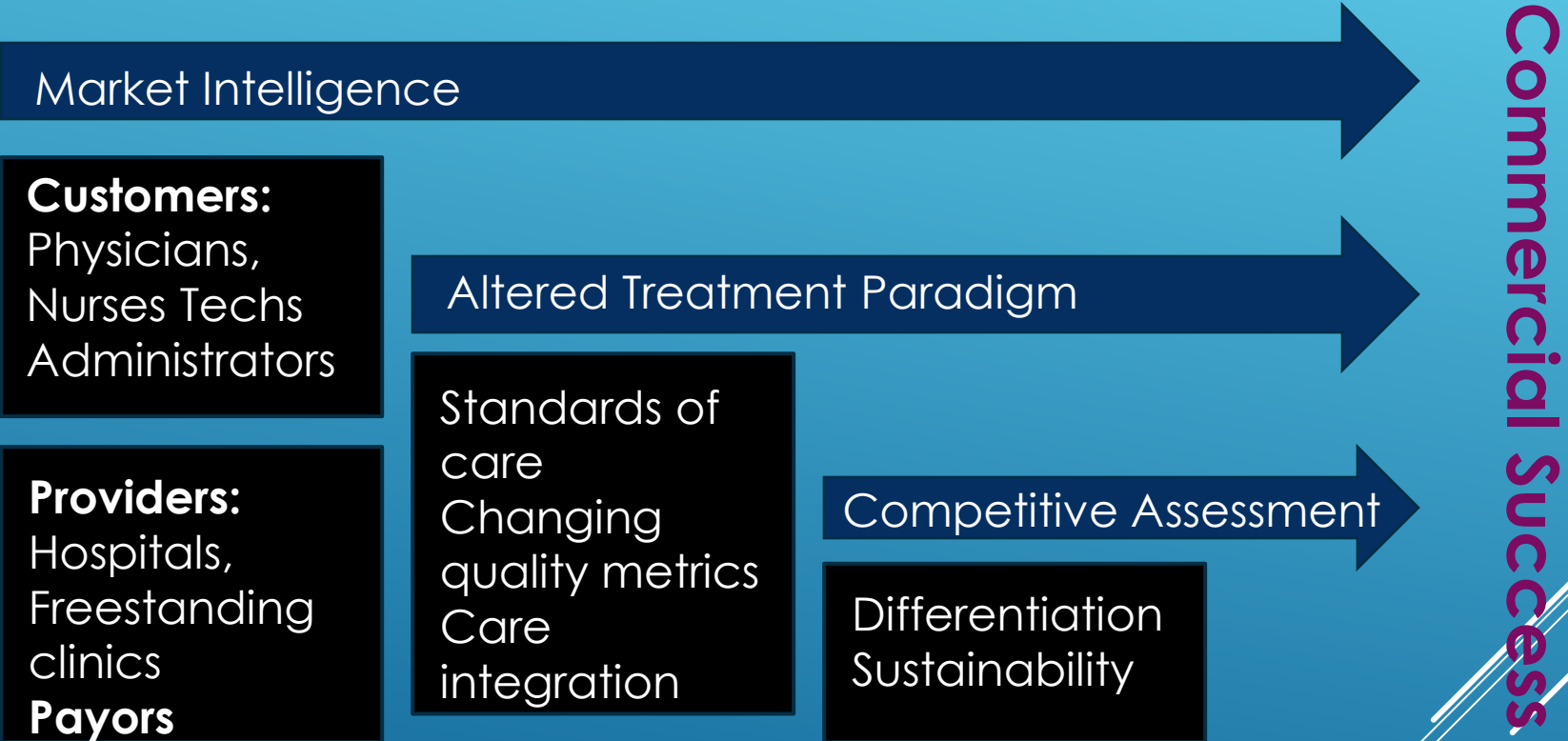


WHEN TO USE MARKET RESEARCH?

▶ When you:


- Are weighing alternatives
 - Need to identify customer needs, wants and preferences
 - Need to identify factors that impact customer purchase decisions
 - Are starting a new business
 - Are investigating a new product or service portfolio
 - Are trying to determine language that attracts customers and promotes buying behavior
 - Need to investigate customer problems with products or services
 - Are developing your business model
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HOW MARKET RESEARCH FITS




TYPES OF MARKET RESEARCH - 1

Primary Research


- ▶ This type of “research” is the collection of data directly from subjects of interest
 - Customer Discovery - Just go talk to people
 - It is used to:
 - Determine uncover what is unknown
 - Gather customer beliefs and perspectives
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TYPES OF MARKET RESEARCH -2


Secondary Research

- ▶ This type of “research” is the collection, synthesis, and summary of existing information.
 - Reports, Internet articles
 - Market, clinical competitive
 - All you need is a good web browser
 - ▶ It is used to:
 - Determine what is already known and what new info is required
 - Assess competitive companies & their products
 - Gather customer information
 - Identify relevant trends
 - Assist in scoping out business opportunities
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MARKET RESEARCH METHODOLOGIES

- ▶ Quantitative (designed to collect objective data)
 - Large enough sample to be projectable to the consumer/customer/patient universe
 - Concrete and forecastable
 - Interviews or written questionnaire of sufficient sample size that permits statistical analysis
 - Close-ended questions
 - Trade shows, Internet
 - ▶ Qualitative (designed to collect subjective feedback)
 - Much smaller sample usually done to add color and context
 - Directional
 - Open-ended questions
 - In-Depth interviews (personal or telephone)
 - Focus groups (8 – 10 participants led in discussion by a trained moderator)
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COMMON STARTUP QUESTIONS

- ▶ When is primary research needed vs. secondary research?
 - ▶ Where does one find research information and other resources?
 - ▶ Can I just buy a research report?
 - ▶ What types of research do strategics investors / partners look for?
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WHEN WOULD I USE QUANTITATIVE VERSUS QUALITATIVE?

Quantitative

- ▶ When close-ended questions can drive to the desired answer
- ▶ To generate a sales forecast
- ▶ For products that require huge investments (i.e., a new drug)

Qualitative

- ▶ To identify whether a product concept is viable
 - ▶ To refine a product's F & Bs
 - ▶ To test messaging & positioning
 - ▶ To test usability
 - ▶ To identify new markets
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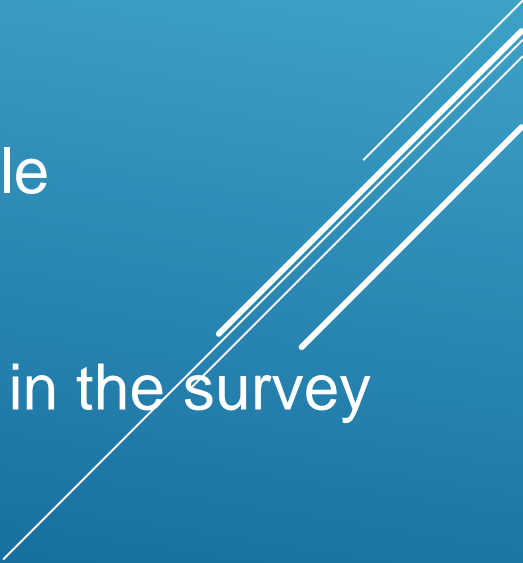
PRINCIPLES OF MARKET RESEARCH

- ▶ Objectives
 - ▶ Design
 - ▶ Sampling Plan
 - ▶ Survey Instrument
 - ▶ Error & Risk
 - ▶ Analysis
 - ▶ Overall Design Consideration
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OBJECTIVES

- ▶ All research begins with an objective.
- ▶ Can range from the simple to the complex
e.g.
 - Which taste is preferred by our customers?
 - What common market positioning will work the best among customers in the US, Latin America, Europe and the Far East?
- ▶ If articulated correctly, objectives make research project details fall into place


DESIGN

- ▶ Designing research is a balance of
 - Appropriate research tool for answering the question
 - Tolerance for risk
 - Budget
 - ▶ Factors that drive research costs up include:
 - Sample size
 - Difficulty in recruiting participant sample
 - Length of the survey
 - The number of open-ended questions in the survey
 - The level of analysis required
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COMMON QUANTITATIVE MARKET RESEARCH QUESTIONS

- ▶ Demographics
- ▶ Practice patterns
- ▶ What % of patients do you see with condition A?
- ▶ What % of patients show these symptoms?
- ▶ What do you think are causing these symptoms?
- ▶ How likely is it that these symptoms are caused by X?
- ▶ How do you treat condition A?
- ▶ Do you think there is a need for new treatments?
- ▶ Would you use our product to treat condition A?

COMMON QUALITATIVE MARKET RESEARCH QUESTIONS

- ▶ What challenges do you face? Why is this a challenge?
 - ▶ What takes the most time? Why?
 - ▶ What is the most difficult about that?
 - ▶ What is easiest about that?
 - ▶ How do you perform procedure A?
 - ▶ Do you prefer to do Q or R? Why?
 - ▶ What features do you think would be important?
 - ▶ What do you think is needed to improve ...?
 - ▶ What do you mean when you say “XYZ”?
 - ▶ Can you think of anything else that is important?
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IN-DEPTH INTERVIEWS VS FOCUS GROUPS


In-depth Interviews

- ▶ When the objective is to obtain very deep insights
- ▶ Thought-leaders
- ▶ When trying to identify cutting edge ideas
- ▶ Is there a market

Focus Groups

- ▶ When you feel a group can help delve more deeply than the individual
- ▶ Community-based clinicians
- ▶ When trying to validate cutting edge ideas
- ▶ Features and benefits
- ▶ Workflow impact

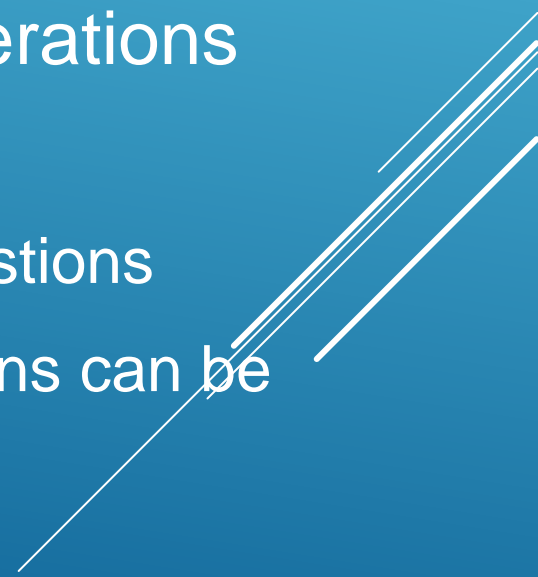
SAMPLING PLAN

- ▶ You can't talk to everyone, so need to identify the most appropriate sample
 - ▶ All sampling contains errors, but the larger the sample the error risk is reduced
 - ▶ In early stages, if guidance or preliminary info is needed, qualitative may be fine
 - ▶ In later stages, when significant resource allocation needs to be made, quantitative research is more appropriate
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SAMPLING DIFFERENT SUBJECTS

- ▶ Different subjects provide different types of information
 - Thought leaders: can identify whether a scientific concept is believable; what other approaches may be possible.
 - Physicians: comment on the current treatment method's clinical results; assess the concept's acceptability to the masses; message believability to physicians
 - Nurses / technicians: comment on current treatment operation; operability of your approach; message believability
 - Hospital finance managers / Payors: confirm current treatment cost assumptions; assess whether your pricing fits your projected benefit; assess economic story believability reimbursement path

RESEARCH INSTRUMENT

- ▶ A research protocol outlines
 - Major topics
 - Level of importance
 - Amount a time/ effort should be devoted to topic
 - ▶ Research instrument design considerations
 - Develop questions
 - Open-ended versus closed ended questions
 - Question design - making sure questions can be answered only one way
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QUALITATIVE DESIGN PROTOCOL EXAMPLE

<u>Time</u> (minutes)	<u>Topic</u>
10	<u>Introductions</u> <ul style="list-style-type: none">• Welcome from the facilitator: name & experience• Explain focus group objective• Explanation of rules• Participant introductions
20	<u>Therapy questions</u>
20	<u>Device questions</u> <p>What features are existing systems missing? What device functions do you believe should generate an alarm?</p>
25	<u>Test product features</u> <p>Explain why you placed it in the category you did</p>
20	<u>Test strength of conviction for features</u>
5	Summarize major themes Close and thank you

ERROR & RISK

- ▶ No matter how thoughtfully research is designed, there is an element of risk
- ▶ Essentially 2 types of risk
 - Type 1 – False Positive – Research shows that the new product is better than the current when it isn't
 - Type 2 – Failing Negative – “A Miss”; Research shows that a new product is not better than the current when it is
- ▶ Can't eliminate risk, but the larger your sample the more confidence you will have

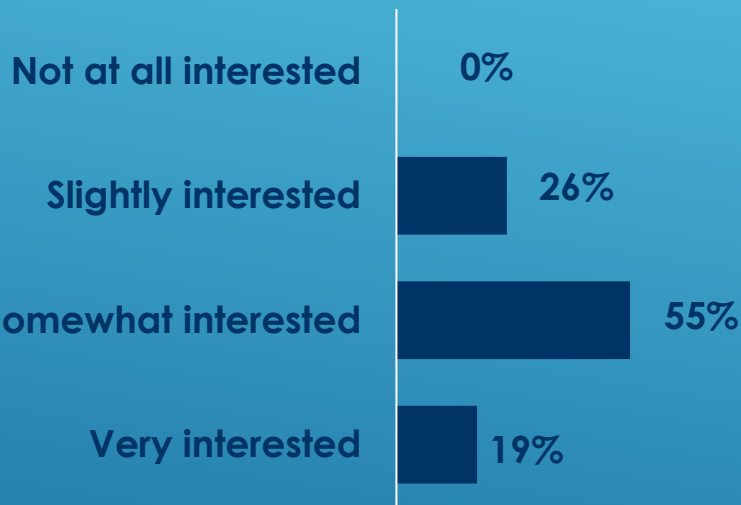
ANALYSIS

- ▶ Basic analysis looks at the total response pool – how many people answer one way or another.
 - ▶ Cross Tab analysis allows analysis of subsets to make comparisons
 - ▶ Many more elaborate tools
 - Regression
 - Discriminant analysis
 - Factor & Cluster analysis
 - Conjoint
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MARKET RESEARCH ANALYSIS COMPARED

Basic

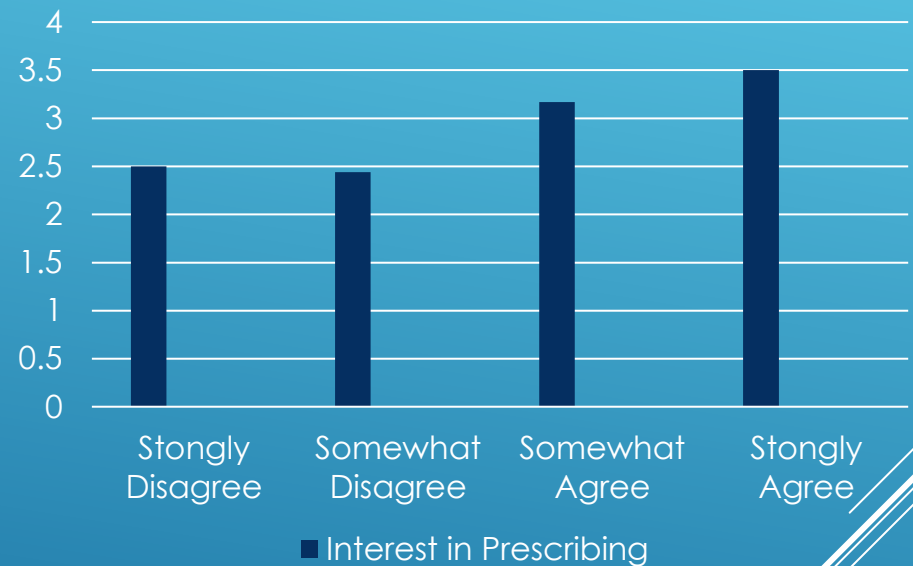
% of Nephrologists



74%
Somewhat
/ very
interested

Cross Tab

Hormone A Deficiency Should
be Addressed



This confirms what one would think should happen. Those who believe Hormone A deficiency should be addressed are more likely to prescribe Drug B.

CONTACT INFORMATION



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