



# *Market Perception Surveys*

## An Indispensable Business Management Tool

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### **Introduction**

This paper discusses the advantages of market perception surveys relative to your business enterprise from the view of (1) New market entry or service / product introduction and, (2) Gauging customer perception of your existing business.

Decision-makers face significant business decisions that demand detailed and accurate information about their current customer base as well as other prospective business segments. Make the wrong decisions and your company is at risk of losing market share, valuable employees and standing in the marketplace. Make the correct decisions and everyone – management, employees, clients, service providers alike – benefit from the success and rewards that come with the achievement of its intended initiative. How does a successful management team know which strategies to follow that will lead to the correct decisions? They know the better their information, the better the decisions that they make. Timely and accurate market data is essential to achieving stated objectives.

### **“Begin with the end in mind.”**

Per Stephen R. Covey, The 7 Habits of Highly Effective People; there is a mental or first creation, and a physical or second creation to all things.

The First Creation: If you want to build a successful enterprise, you start by clearly defining the benchmarks for success. You carefully think through the product or service you provide to your target market. To meet your objectives, you review the crucial aspects of your concern, including:

- Financial
- Sales and Marketing
- Operations
- Personnel
- Research and Development
- Physical facilities

Now, you are able to formulate and implement your strategy and plan.

By defining initial benchmarks, you begin with the end in mind. This often determines whether or not you are able to create a successful enterprise. The correct perception of both your current and potential customer bases is essential to support continued success and future initiatives.

The Second Creation: The foundation of business strategy implementation is information; and the best information you can get should be confirmed through evidentiary support. Market perception is synonymous with market reality in the minds of your client or customer (“target market”). Through a professionally designed survey, you will know the attitudes and beliefs of your target market with statistical certainty. The physical or second creation for being successful in your initiative must be lock-step with the target market wants, needs, and desires with regard to your offering, otherwise your effort may under perform, or never get off the ground.

Case Studies:

Following are discussions of specific Market Perception Survey applications. Specific client identification is withheld as all work is confidential in nature.

**New Market Entry or Product Introduction**

Other than the excitement and corollary challenges of establishing your initial business; being responsible for your first major company initiative, likely new market entry or product introduction, is the second most respected experience. Significant uncertainties exist as few businesses have a pre-determined lock on being successful. Your market environs; competition, market forces, capitalization, leadership, management decisions, and just plain luck relative to events outside your influence all conspire to create challenges to your success.

But you can take specific actions to limit exposure to negative influences. Before beginning the commitment of resources to the new market initiative, fundamental tools exist to obtain specific information sufficient to mitigate, or reduce venture risk. (1) The first tool may be to conduct a statistically correct Market Perception Survey. (2) The second is an elective and supporting Focus Group reinforcement of survey results.

The Focus Group should be utilized to support the outcome of the Market Perception Survey. Conducting a Focus Group session may be desirable to reinforce survey results with specific and personalized target market opinion. A focus group allows a close interaction with qualified representatives of the target market. This engagement provides flexibility to pursue the reasons for held opinions at a more in-depth level. Conducting focus groups of various, yet subject relative populations can also reinforce management certainty.

**Case Study: New Market Entry, Product Introduction**

An Electric Public Utilities Company in Eastern Oregon; along with several other similar utility companies across Oregon and Washington States, wished to explore the opportunity to participate as partners and support the costs of the Northwest Open Access

Network (NOANET). NOANET had been formed as a fiber backbone network that services Idaho, Oregon and Washington States with broadband offerings of every type. It came into being when the Bonneville Power Administration (BPA) offered to provide four strands of its network at no initial capital cost. The only stipulation was that the network had to be maintained by commercial parties other than BPA. The specific electrical utilities client wanted a risk assessment prior to making a decision to participate in the project. As a result, part of the consulting mission was to determine public perception and willingness to purchase telecommunications based services from a well-established electric public utility. This would be an exploration of the market's view that an established electrical utility could successfully navigate the business of also being a telecommunications provider, and for such market entry to be in the public interest. The existing marketplace already had current choices through established, more traditional telecommunications providers. The opportunity for the electric utility to compete in the market was based on lower cost of service, while maintaining or enhancing quality and value as measured in higher capacity products. It was to be seen in the public good as the initiative would bring contemporary urban broadband products to the rural areas. The idea was also to leverage the excellent reputation of the electrical utility, even though their market initiative was a significant departure from any previously provided services.

We conducted extensive personal interviews with business executives, and other customers of the electric utility. Our team also performed statistically correct Market Perception Surveys within the population centers targeted for telecommunications service introduction by the electric utility. Based upon final reporting, the electrical utility partnered with NOANET, formed a separate competitive telecommunications provider enterprise, and has enjoyed significant success to the overall rural community betterment. Without market evaluation through perception surveys, such a decision could not have rationally been supported, or funded. As a bonus, the process opened up a communication channel process for ready consumer information to market new telecommunication products.

### **Gauging Customer Perception of Your Existing Business**

One of three conditions is probably occurring in your current business enterprise: (1) You are achieving success at the highest level of your business plan, and at the greatest ability of your business to provide products and / or services to your clients or customers. (2) You are enjoying a measurable net profit from operations, but not operating at full capacity in providing your contribution to the market. Or (3) you are not achieving your goals, and need to understand why this is so.

No matter which condition applies to your company, you need to know the perception of your market towards your business or its products/services. Without this knowledge, the company doing well and resting on its laurels may not recognize the pending impact of competitors upon their market. The company enjoying a measurable net profit may not



be aware that the percentage profit could be much greater if the market properly understood the company's full ability to provide goods and/or services. And without understanding how the market perceives your company and its output, you are blind in terms of taking corrective action to bolster the company's bottom line.

A market perception survey provides management strategic decision support that (1) enables comprehensive action to maintain or enhance the bottom line, and (2) contributes to the well-being of your business.

*Case Studies: Note: Case Studies 2 and 3 are based on direct involvement. Case Study 1 is subjective opinion as viewed from outside perception, without benefit of direct involvement.*

### **Case Study #1: Gauging Customer Perception of Your Existing Business**

A Customer Service Center specializing in telephone directory assistance nationwide for wireless companies appeared locked in lucrative contracts for long-term commitments, and was on an expansion program. Subjectively, this created a comfort zone that was illusory. Over time, and based on independent reporting, the service that wireless company end users received from the Customer Service Center devolved in quality. Wireless company customers complained to their wireless providers.

As technology processes advanced and better directory services became available to the wireless company customers, and since quality and expected value of the Customer Service Center diminished correspondingly; the major wireless carriers did not renew their directory service contracts. This drop in business nearly closed down the center, and stock value has reduced precipitously.

Our "take-away" is that the Customer Service Center may not have seen the seriousness of their plight as they appeared to have had no timely feedback to the contrary. Hence, they experienced the pain of market reduction. Without a series of viable market perception studies as reliable evidence of business health, call center management apparently did not realize how serious their situation had become until the loss of revenue began. Managers appeared to have had no timely customer service feedback to guide them. Instead of a proactive involvement with their market allowing them to stay ahead of demand, the management decisions necessarily went to a reactive, survival mentality.

Market Perception Surveys assist in getting the true pulse of your business operation, and allows your company to take continuing action to manage success; or in the case of an unavoidable reduction in market demand; to rationally mitigate losses in the short term.

## **Case Study #2: Gauging Customer Perception of Your Existing Business**

A major home-builder in Southwest Washington (QH) produced annual revenues around 100 million dollars. MPi discussed the power of performing market perception surveys with the company's president. The primary reason: to examine how his customers and suppliers viewed the company.

Such results would provide valuable strategic management information. The survey could be conducted not only with the traditional homebuyer but with other primary influences in the building industry. We mentioned that he could be losing business he was not aware of due to misperceptions about his company in the target market environs. He confided that recently he had found this to be the case. A particularly large volume builder found the QH home product set impressive. But this builder made the false assumption that QH lacked the capacity to produce in the quantities and volume the builder demanded. This is because QH had not communicated their capabilities in a comprehensive manner to the marketplace. The volume builder was aware of other home-builder choices, so he dismissed QH as an option without discussion. The result: QH lost a lucrative opportunity to boost its bottom line.

Business can be all about perception. If your client, prospect, or potential partners in your market do not have a correct vision and understanding of your company and its capabilities, business may be lost. Your company needs to understand the target market's wants, needs and desires, and communicate its' ability to meet such demand. Knowledge of your market gained through market perception studies helps you shape your communication with your prospects. Your prospects will then be in alignment with your capabilities to provide products or services, thereby eliminating barriers to a desired transaction.

## **Case Study #3: Gauging Customer Perception of Your Existing Business**

An individual confided their disappointment that their attempts to inform the market regarding the benefits of their business did not appear to be successful. This was especially disturbing as the business was non-profit school, focused on assisting young people to get the necessary skills for employability, and the conduct of responsible and productive lives. The approach to parents, students, and prospective employers significantly leveraged this altruistic view of overall society benefit. The business owner did not understand why the success rate was so low as to not allow the business to get off the ground. Subsequent conversation revealed the business owner was identifying with their own value concept of their service to society, without alignment to actual target market wants, needs, and desires. Without a market perception survey to reveal customer opinion, the business owner was uninformed. Instead, they were embedded in their own bias about the goodness of the business, rather than the practical considerations of their prospective clients.

Within the business owner's target market, future employers had to consider productivity potential on an equal basis with other employees they might hire. They could not give preferential hiring decisions to graduates of the business owner's school. Parents had to consider known alternatives such as public schooling; while the subject individual as the most important element of the plan, had to make a personal decision about participating in such a program. There appeared to be a lack of reflection by the business owner as viewed from the participant perspective of the target market itself. Rather, the business owner specifically identified with the goodness of the service they were providing, and not reacting to input from the market perspective of need. As a result, fundamental concerns of the target market were not considered or addressed. This led to business plan failure.

Investing in a market perception survey is one of the best decisions that a business manager may make. For without knowing how your business is perceived, or what your market place demands; your business may never reach the success or profitability you desire.

### **Summary Comments**

Without conducting market perception studies, you may be unable to internalize root causes and take corrective action to bolster your company's bottom line. If you do not objectively understand your market's expectations, needs, and their perception (reality) of your business; then it is nearly impossible to find success.

MPI's experience with its clients confirms that most companies do not have a complete view of how their marketplace perceives the business's image and performance. The majority of businesses align their market perception with the company's revenue source as measured in goods or services. There is much more involved when defining a company perception to the marketplace. A favorite example of mine for a company doing correct market perception is General Electric. Their logo is "We give good things to life". When you consider the hundreds, and perhaps thousands of products and services within their company, one can still get the central message that GE is there for you in a good way. Their mission is to support your wants and needs within their ability to do so. The GE approach to their market can only encourage GE's target market acceptance, and bolster their bottom line success. I will bet that GE has a significant market perception program in place to assure them of high level product and service delivery.

Achieving parity between the business perception that you wish to communicate and the market's ability to share in your reality is the key. As a result, you maximize your opportunity for success.