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Growing your business and creating a market for your product

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This 14th Consumer Coping Behavior Survey is a nationwide survey of consumers regarding their recurring purchases of 144 product and service categories. In 2008, it became nationwide covering the four study areas of NCR, Balance Luzon, Visayas and Mindanao.

This survey series has served and is serving the search of small, medium and large businesses for where and how to tap the true sources for growing their business as well as in creating a market for their product. The 2008, 2012 to 2015 survey waves provide a 5-year time series data for identifying a product category's upward, downward or steady trending of consumer purchases. That's the kind of market data required for long-term market planning**.**

For each product and service category, the survey data analysis uncovers the behavioral market segments that brings out each segment's business-growing and market creating significance.

1. The **Maintainer Segment**. These are consumer housewives who retained the product or service category in their budget and where the business-growing opportunities are in preventing their lapsing and in raising their purchase frequency and amount bought.
2. The **Lapser Segment**. These are consumer housewives who dropped, economized usage, or substituted something else for the product or service category in their budget. The business-growing opportunities here are in re-acquiring them back to the original category by uncovering their underserved needs.
3. The **Non-user Segment**. These are consumer housewives who have never bought or used the product or service category. Here, the business-growing opportunities are in unlocking their unserved needs so that they can be converted from non-users into users.

Here are two specific but contrasting cases illustrating how these business growing and market creating significance can obtain. One is a consumer product category, canned fish. For this case a complete explanation is given. The other is a consumer service category, food court eating place, an analysis exercise where the reader can apply and test his/her understanding of what he/she learned from the canned fish example. Along the way, the focus on the coping market segments as the true sources of business-growing and market creating will be maintained.

Among the three segments of consumer maintainers, lapsers and non-users, the discussion will concentrate on the last two segments. Here's the reason for doing this. The more underserved or dissatisfied consumers there are, the larger a segment market size there is in the product category. Previous consumer coping surveys have shown that for entering a new market area (which is what our ASEAN integration question seeks to answer), it's the market segments of lapsers and non-users where revenue productivity and business-growing opportunities are aplenty.

The lapser segment in a product category has consumers with underserved need. The more underserved or dissatisfied consumers there are, the larger a segment market size there is for the product category. Something similar can be said about unserved or non-user consumers. For many product categories with a large non-user population, the coping survey data reveals the potential for revenue productivity in three digit growth rate.

Here's the market segment data by region for the canned fish category or industry.

As a percent of consumers, lapsers or the underserved consumers were largest in Mindanao at 53%. They were 27% in Balance Luzon, 26% in NCR and 24% in Visayas. So an entrepreneur who is after the lapser segment for canned fish, he should start with Mindanao. After, he can target Balance Luzon and NCR. Visayas should be his last target market area.

On the other hand, if our entrepreneur is after the non-user or unserved consumers, it's Visayas where there's 70% canned fish non-users that becomes his primary target market area. Next would be Balance Luzon (with 64% non-users) and NCR (with 61% non-users). His last target market area would be Mindanao with only 34% non-users.

The next issue to tackle is this: "In any given target market area, between the lapser segment and the non-user segment, which should be our entrepreneur's priority?" The quick answer is to say that's the segment with the larger segment market size. For the pertinent survey data for canned fish, that would be the 70% Visayas non-users versus the 53% Mindanao lapsers. But Roberto's 2010 best-selling *Segmenting* book presents compelling evidence that another more critical consideration should be taken. That's how difficult it is to break into a lapser market segment versus a non-user segment.

If our entrepreneur is after a lapsed canned fish consumer, he needs to re-acquire her or bring her back as a canned fish consumer. Experience with this consumer re-acquisition and research on it have shown that in most cases success is a matter of product improvement or a next generation product development like adding a product feature that was missing before and which led to the lapser's lapsing behavior.

On the other hand, if our entrepreneur is after a canned fish non-user, he has to find out what can make a non-user to become a user. Successful experience with and research on this consumer conversion behavior has shown that it takes a break-through product innovation to accomplish this. It's fairly obvious that it's much more difficult to go after the unserved (non-user) than the underserved (lapsed) user segment. So it's up to the entrepreneur and his priorities to make the choice.

How do all the preceding provide a good answer to the question about where in ASEAN to market a product category? Suppose a Philippine canned fish manufacturer is interested in entering, say, Vietnam, Malaysia, Indonesia, and Thailand. If this manufacturer or its industry association will

commission a consumer coping survey and analyze it as was done above, then these organizations can correctly answer the question regarding the ASEAN country where to effectively market first.

Here's a data analysis exercise for the reader to play with on the consumer coping survey data by region for the consumer service category of food court.

As a percent of consumers, lapsers or the underserved consumers were: 25% in NCR, 39% in Balance Luzon, 34% in Visayas, and 28% in Mindanao. Non-users or the unserved consumers were: 60% in NCR, 46% in Balance Luzon, 48% in Visayas, and 60% in Mindanao. When analyzing these survey data to answer the "where" question, be sure to also answer these related questions:

1. What will drive a canned fish lapser to return to canned fish usage?
2. What will drive a canned fish non-user to become a user?

A carefully designed qualitative research can give the right answers to these questions. How valid the qualitative data would be will primarily depend upon the kind of respondents interviewed. So which respondents will give the valid data?

In Roberto's qualitative research book, that's the consumer "from whom to learn the most." For the first question, that should be the canned fish lapser and for the second question, it's the canned fish non-user. How will our qualitative research team find these respondents?

For each of the two consumers, there are two alternative means. The first is to screen and qualify. For the first consumer, we ask if she is a canned first lapser and if she is, then she qualifies.

Similarly for the second consumer, we ask if she is a canned fish non-user. This is the conventional and traditional practice for searching and qualifying.

The second option is non-traditional. It's to draw the qualified respondent from the preceding quantitative consumer coping survey. For the canned fish lapsed user, select from those who were canned fish lapsed respondents and for the canned fish non-users, those who were canned fish non-user respondents. That's simple enough although when actually executed, there is a potential problem.

In the quantitative survey, we guaranteed confidentiality to all survey respondents. So if we are to draw from among them our qualitative respondents, the survey industry code of ethics requires that we request their permission upfront for the likelihood of re-interviewing them for a subsequent qualitative survey. Only those who gave written permission can be re-interviewed.

Between the two options for respondent screening and qualifying, it should be clear that the second non-traditional means is the more cost-effective option. It requires a smaller budget and is quicker to implement.

Most sponsors of the coping survey series who wanted the qualitative survey have all undertaken it by themselves. This was either through their qualitative research agency or by their market research desk.

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