

## mayato Case Study

Survey-Based Customer Analytics and Price Sensitivity Forecasts for a Porcelain Manufacturer //



*Positive Thinking Company*



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### Management Summary

#### Key terms

✓ Advanced analytics ✓ Price sensitivity forecasts ✓ Retail end customers ✓ Buying behavior ✓ HoReCa

#### Goals

- ✓ Identification of customer preferences and market potential for a new product design
- ✓ Brand awareness analysis

#### Approach

- ✓ Data collection through interviews and online and offline surveys
- ✓ Advanced analytics: forecasts for price sensitivity and estimated sales figures

#### Results

- ✓ Use of analysis results to improve and focus assortments
- ✓ Optimization of the product innovation process

### Initial situation

A heritage-rich porcelain manufacturer with numerous brands in the market for high-quality porcelainware developed a completely new laser engraving method for use on porcelain products after production. The fundamental intention was to launch a specific product design in the form of engraved plate sets.

Anecdotal knowledge about customers existed, but the aim was to collect data about people's true product preferences with regard to plate sets. Furthermore, the company wanted to gauge consumer acceptance for the new product design, to decide the extent to which the above-average production costs could be recouped over time, should the product go to market. In addition, it was necessary to determine the level of awareness of the company's own brands and compare these levels with those of competitors.

The following two customer segments were examined particularly closely:

1. Retail end customers who purchase the product in retail settings
2. B2B customers from the hotel, restaurant, and catering (HoReCa) industry

### Challenges

The company works with a large number of sales partners, which meant that no direct contact existed with retail or B2B customers. It therefore wasn't possible to gather information about customer preferences and awareness levels before the start of the project.

Because actual retail end customers weren't clearly identifiable, a general consumer survey was carried out using a sample. When the surveys were generalized, the company had to ensure that the results were representative for the actual market.

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In contrast to the retail area, a recently compiled customer list of HoReCa customers was available, the quality of which had to be verified. In addition, more contacts had to be identified for the HoReCa survey, and appointments had to be made.

The requirements and the settings for successfully addressing retail end customers and HoReCa contacts differed enormously. And within the three B2B customer groups, product requirements varied, too. This heterogeneity was a key factor in the design of all the data collection processes.

### Procedure

First of all, survey templates were developed, with the aim of investigating whether the project objectives could be achieved using the data collected. The templates underwent pretesting and were then fine-tuned in close collaboration with the customer. Wherever possible, for example, uniform scales were used and free text fields were avoided, to make the subsequent data evaluation and analysis as straightforward as possible. The final questionnaires envisaged around eight minutes to survey each retail end customer and approximately 15 minutes for each HoReCa interview.

Next, the technical and organizational preparation of the data collection went ahead – for both online and on-site settings. Locations in different places in Germany, Austria, and Switzerland were identified for the retail survey and the relevant permits were obtained. In addition, an online data entry screen was built, and appointments were made with over 100 HoReCa contacts.

The survey of several thousand retail end customers was conducted with the help of local partners and comprised filling out the questionnaire under guidance and an interactive part in which the various product designs were presented and appraised by the survey participants.

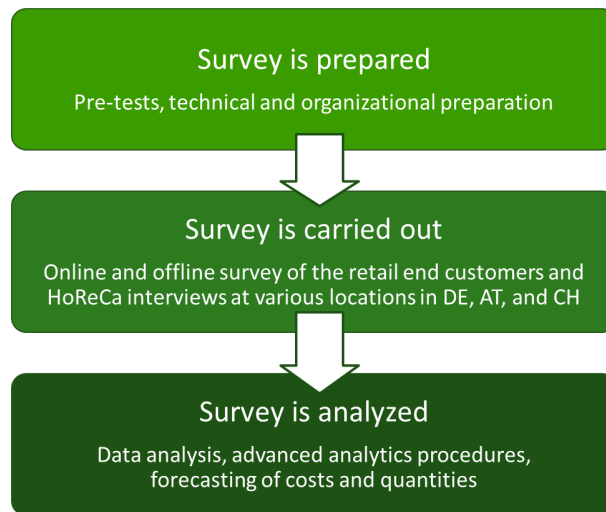
In selecting the participants, the company had to ensure that they were representative of the demographics of the German market and the structure of the HoReCa industry respectively.

Above all, data was gathered about socioeconomic backgrounds (for the retail end customers), buying behavior, price sensitivity, quality awareness, market and brand knowledge, and personal preferences and impressions regarding the product designs presented.

In total, the dataset that was obtained comprised more than 70 raw variables, which were then prepared, supplemented with other derived variables, analyzed, and interpreted. Advanced analytics methods were deployed for deriving price sensitivity, in particular.

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## Results

Although many customers use the products that were the object of the survey on a daily basis, the retail market for high-quality porcelainware is characterized by a very low purchase frequency. New purchases are usually made at irregular intervals and spontaneously.

With this in mind, it came as no surprise that the retail end customers reported relatively low levels of price sensitivity. More important for the purchase decision in this segment were quality and aesthetics, for which customers were generally prepared to pay more.

Depending on the socioeconomic background and design preferences, the majority of the retail customers surveyed were well informed about products and brands in the submarkets relevant to them. For example, customers tended to be able to name and rate providers that were very similar in terms of price structures and product design.

The HoReCa market was considerably more price-sensitive and pragmatic. Most purchases were made to replace breakages. One company stated that, in ongoing business, around 6,000 plates from the product collections had to be replaced every year. Interest in new designs was therefore generally lower in this customer group than in the retail segment.

However, both retail end customers and the survey participants in the HoReCa segment agreed in their appraisal of the new product design: Neither group was completely persuaded by the laser-engraved plate set. The retail end customers gave mainly aesthetic reasons, while the HoReCa industry also considered practical aspects: For example, many customers feared that the raised texture of the engraving could pose difficulties for professional dishwashing.

The catering subsector proved to be an exception, where there is an event-specific demand for porcelain products, and individualization options are often business-critical. Here, the survey results were significantly more positive.

Ultimately, the sum of the results provided the decisive information basis for forecasting sales figures (for the segments examined and in different time periods) as well as production costs and enabled the company to create a differentiated go-to-market strategy.

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