



## Wireless CRM

Online gadgets in pockets and purses add another dimension to market research.

Could mobile phones save your business time and money while delivering instant market-research solutions? This is the question Mark Ferris asked himself while investigating the possibilities of wireless technologies in Japan, which has the world's most advanced mobile-telecommunications infrastructure.

Ferris, founding partner of venture capital company Building2 K.K. and managing director of Japan Market Intelligence K.K. (JMI), has become a firm believer in the potential of mobile phones for market research. He instigated and co-edited, with JMI Senior Consultant Vanessa Oshima, a 21-page paper titled "From CS to CRM," on the current evolution of market research involving customer satisfaction (CS) measurement and fully integrated customer relationship management (CRM). The paper, published early this year, puts forward a strong case for

integrating market research into day-to-day business in Japan by utilizing the gadget carried by tens of millions of Japanese.

It was Macromill, Inc., the first Internet-research company to be listed on the Tokyo Stock Exchange (just four years after its founding in 2000), that inspired Ferris to develop the idea. He wondered what Macromill was doing so well, and whether its formula could be applied to JMI, a market-research consultancy that seeks to exploit the newest technologies. The challenge would be to replicate Macromill's success with the Internet in the area of mobile telecommunications.

### A population within reach

"Theoretically, there are 80 million [Japanese users of mobile phones with 24-hour Internet capability]," says Ferris, commenting on the phenomenal potential reach of wireless market research.

Market research conducted via questionnaires filled in at home or

at an office computer, by voice over the telephone, or in focus groups, cannot compete in terms of speed and the ability to reach an interviewee "at certain times and certain locations," the South Africa-born British citizen says. Being able to elicit responses from consumers in the act of spontaneously handling a particular product or encountering a service is an enticing prospect. Research projects, on the other hand, can take weeks or months to conceive and complete, by which time, for some companies, the questions may be moot.

According to Ferris, the power of wireless research lies in being able to observe snap decisions rather than trying to analyze consumer attitudes. For example, if a multinational corporation develops a seasonal product line, it can e-mail a single question to a specific group from its database and receive pertinent information in minutes, not weeks later when the focus has shifted to next season.

Ferris explains that CRM in its present form is best suited to certain situations, such as five minutes after the airing of a TV commercial for a new model of vehicle, posing the question: "Do you like the car?" By asking questions regularly through mobile canvassing, Ferris believes, researchers can build a profile of a consumer over time, taking "little bites of info in a serial fashion, by utilizing a device everyone carries around."

He is quick to point out the limitations of this research medium. A mobile phone's small screen size is a restriction, he says, "and people tend to get distracted on their *keitai*, so [wireless marketing] is not designed to substitute for qualitative research."

### Responses in context

A subsection of the Ferris/Oshima paper titled "Proximity to Market Reality," states: "A great deal of market research is conducted outside the actual market situation ... in an out-of-context situation. Thus the need exists to capture consumers at specific times and locations where their responses are much more likely to reflect true attitudes associated with purchase and consumption."

Dominic Carter, president of Tokyo-based market-research consulting company Carter Associates K.K. and advertising-optimization unit Ameritest Japan K.K., does not agree.

"Focus groups are pretty instantaneous," he says, noting that, not being engaged in qualitative research, he has no axe to grind over the issue. "You can view

them as they are being done, and they most certainly do not produce bogus findings if they're done professionally and properly. The trick is to have a good moderator for a group discussion and proper recruitment."

Ferris cites a case study that shows how wireless market research worked for a large consumer-finance organization trying to better understand its customers' needs. Eliciting research responses usually involves an incentive, and this also applies to wireless techniques. Those being surveyed had a chance to win money if they answered the questions.

The first question was: "How satisfied are you with your insurance?" Having answered that, the interviewee was informed that the questionnaire was 25% complete and was then given the next question. Knowing how many questions there are helps the interviewee stay focused, while their responses enable marketers to decide whether and how to target them in the future. In this situation, states Ferris, the consumer-finance company was able to receive quick feedback, something that's not possible with organized focus groups.

Carter Associates uses PDAs for on-the-spot interviews with guests at a client's theme park. One of the limitations of polling via mobile phone, says Carter, is that questionnaires must be very short.

"It's a complement [to focus groups], more than a replacement, in my opinion," he says. "Our research is a bit too complicated

and lengthy to collect by mobile phone. We also prefer to see our sample [respondents] face-to-face, to properly screen them."

According to "From CS to CRM," 81% of the Japan mobile-phone market has wireless access and, on average, 10 e-mails are sent per mobile phone each day. NTT DoCoMo, Inc. reports that over half of the 400 million e-mails it processes are sent during the hours of 12 noon to 1 p.m. and 9 p.m. to 11 p.m. This statistic shows high levels of use outside regular working hours. However, accessing those millions of mobile-phone users for market-research purposes remains a major challenge.

### Three access methods

Ferris says there are three methods. Referring to the finance-business case study, the first method would involve an existing database of policyholders in which, say, 5,000 out of 50,000 people may have opted for "further information and offers." The second method is to recruit at a particular event on a one-off basis, perhaps by offering gifts in return for customer details. The third is to connect to brokers who own databases for contact details, which may or may not have been obtained legally.

It is during this initial-contact stage that wireless market-research solutions may fail. Unless the lists, whether purchased or obtained otherwise, are scrupulously maintained for integrity and detail, further action will be compromised. For example, a

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multinational corporation with a line of deodorants may want to question only women 20-30 years old, who play sports regularly, on their impressions of a new fragrance. If too many males come within the survey sample, the results will be meaningless.

Carter adds another possibility to the equation, citing the danger of an "increasing resistance to the sheer intrusiveness" entailed in ever-growing demands for dialog.

### Care not to intrude

"Individualizing the dialog carries the risk that one day consumers will decide that their personal privacy is worth more to them than the ability to receive targeted offers," he explains. "That day, if it ever comes, is still some way off, but marketers need to use this newfound power responsibly."

Ferris is already looking at next-generation technology and a situation in which consumers embrace

marketing information and businesses use wireless technology to improve one-on-one interactive relationships with consumers. One example is the ability of newly developed mobile phones to read 3D barcodes. These would encode a variety of data, including numerical and alphabetical characters in addition to Chinese characters and Japanese phonetic symbols. A user scanning a code with a mobile phone can directly access a Web site. This application could be exploited in a restaurant setting, perhaps, where diners scanning the menu could be taken straight to an online survey, with the incentive for answering all questions being a certain percentage taken off the dining bill. In this example, the attraction is to be able to put tailored questions to someone in the perfect response setting – a consumer actually preparing to order a meal. Barcodes already found on posters

and pamphlets lead consumers to Web sites to learn more, begin a relationship with an advertiser and perhaps register to learn more about a product.

This is a far cry from the use of focus groups put together weeks after a product launch, and the difference is crucial in Japan's fast-changing consumer-goods market.

"Although market-research budgets are increasingly under pressure," says Carter, "marketers will happily invest in market research that answers the question 'What must I do tomorrow?' rather than 'What should I do next month or next year?' That's because managers are rewarded for last month's numbers, not next year's.

"Helping clients transform what is excellent tactical information into longer-term strategy is the area where market researchers will still play an important role. Traditional methods of market research, such as group discussions and longer face-to-face surveys, will always play a role in understanding the motivations and underlying dispositions that are reflected in the behavioral and attitudinal snapshots collected using mobile technology.

"A useful analogy – to compare mobile research with more traditional methods – is the convenient or entertaining snapshots that people take with their cell phones, against portraits taken by professional photographers. Each is equally useful in its own context."

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