# Market Research Proposal

To assess **market demand**, I will first assess current trends, both quantitatively (e.g., CAGR) and qualitatively for the cafe/bar industries. Interviews with current employees will then offer a clearer window into customer interests and unmet demands. I will then directly interview a representative sample of current customers. Open-ended interviews and quantitative surveys will be employed to determine interest in alcoholic beverages and late-night events. I will also evaluate how the customer base changes throughout the day, as the type of individual to get a morning coffee might be looking for a different experience than someone ordering a latte or alcoholic beverage. It will be important to ensure that our establishment appropriately transitions throughout the day to best meet the needs of customers at a given time. For instance, it might be beneficial to dim the lighting and allow counter-seating in the evening to enable a more relaxing, "intimate" experience.

To assess **market size**, I will first assess, via a survey, the percentage of drinking age customers that would be interested in alcoholic offerings and late-night events. I will supplement these data with a large-scale estimate of the number of drinking-age adults working or living in the immediate campus area who currently travel elsewhere in search of nightlife.

To assess **market saturation**, I will first determine how many bars are currently operating in the immediate campus area. I will then conduct a competitive analysis to identify strengths and weaknesses of existing business models. As part of this process, I will survey customers at these establishments to determine their motivations for patronizing a given bar. I will identify ways that our cafe / bar can learn from these businesses while offering unique value to customers. Thus, a key focus is to identify gaps in the market. My goal is twofold: to better serve existing patrons while also enticing customers who would otherwise not patronize a bar near campus (e.g., older adults working on campus rather than undergraduate juniors/seniors). I will also learn from competitor approaches to marketing and promotion (e.g., social media presence). I will use these data to develop new strategies for drawing customers (e.g., advertising late-night trivia events).

**Executive Summary**

**Problem:** Is a hybrid bar / cafe business model viable?

**Objectives:** We seek to attract new customers, increase the volume of transactions per customer, and improve our social media footprint.

**Project Description:** We intend to expand our operating hours and diversify our offerings by serving alcohol.

**Value Added:** We will offer artisanal craft beverages and cafe-style snacks unavailable at other bars. Our more intimate setting and unique atmosphere will attract an untapped market of mature working adults in the campus area. Our model will encourage repeat-visits. For instance, a regular customer might stop in for a coffee in the morning and return to enjoy a drink with friends after work.

**Target Market:** The cafe and bars market has a projected CAGR (2023-2029) of 9.75% in the United States, driven in-part by a growing demand for customizable, gourmet beverages and specialized items. Current customers reported that "atmosphere" was a major factor in their choice of cafe. Indeed, customers spent an average of 45 minutes per visit, and arrived with friends 60% of the time. Thus, alcohol and late-night events (e.g., trivia, live music) will increase our capacity to draw interest and meet customer needs. In addition, 85% of customers patronizing existing bars in the campus area were between 21 and 29. Thus, older adults (e.g., millennials) working on or near campus who consume alcohol (roughly 65% of the general population) represent a clear gap in the market. 89% of drinkers over 29 reported leaving the area to seek nightlife,

**Competition:** Naturally, the area near campus is relatively saturated with nightlife establishments. However, our competitive analysis revealed a national trend toward enticing customers with innovative themes and activities. Whereas most current bars on campus are relatively loud and oriented toward a young demographic, we offer unique value by delivering an intimate experience with live events and artisanal fare.

**Risk:** Although 59% of drinking-age patrons reported interest in alcohol, diversification is never without risk. We will ensure that existing customers remain satisfied by transitioning from a more traditional cafe-setting in the morning to a more intimate space in the evening. We will also take steps to ensure that our establishment adheres to all relevant regulations (e.g., permits) and that staff are prepared for inebriated customers.

**Opportunity:** According to data on our cafe's typical traffic, Saturday is the best day to try out new high-margin alcoholic specials. Late night events will offer novel marketing opportunities, and we can expand our selection of merchandise to encourage more transactions per customer (e.g., used records, books). 71% of current customers reported interest in these offerings.

**Conclusion:** Our appraisal is that a hybrid model offers an excellent opportunity to expand our customer base and increase revenue by delivering unique value.

**Interview Plan**

I choose to conduct user interviews. Responses in focus groups and panels can be biased by social desirability concerns, whereas online shopping is typically a private activity. User interviews would allow me to inquire about their prior purchasing experience, and to dig deeper into why they might have avoided following through with purchase intentions. I will also observe users as they engage with our website. I can then probe their thinking at each step in the process. One-on-one interviews help researchers more clearly understand individual motivations behind user behavior. Recruitment must be carefully implemented. If users are recruited directly from the website, the sample could be biased (e.g., the most active/satisfied users volunteer to participate). Appropriately incentivising participants might help encourage less satisfied users to participate and prevent selective attrition. I will use stratified random sampling to ensure that my interview population is representative of the general user base.

**User Personas**

**Goal:** Each persona should reflect distinct motivation(s) and barrier(s) to achieving goal

**Persona 1:** [Charlie Finkle](#)
- "Experts" who want to make the 'best' choice; add too many items to cart and become overwhelmed

**Persona 2:** [Tom Johnson](#)
- Older users who seek convenience; get confused by check-out process

**Persona 3:** [Kim Simpson](#)
- Younger users who casually browse and seek to stay trendy; unconvinced that product is worthwhile

**Interview Findings Segmented by Persona**

**Persona 1: Charlie Finkle**
- Common experience: Too many product options: can't decide so adding many to cart
- Difficulty deciding which points of comparison are most important
- Lack of trust in storefront (since not "amazon") so leaving our website to compare across vendors
- Some users reported leaving the website to seek external reviews (e.g., YouTube, consumer reports)
- Many were conscious of how their purchases might reflect core personal values (e.g., environmentalism)
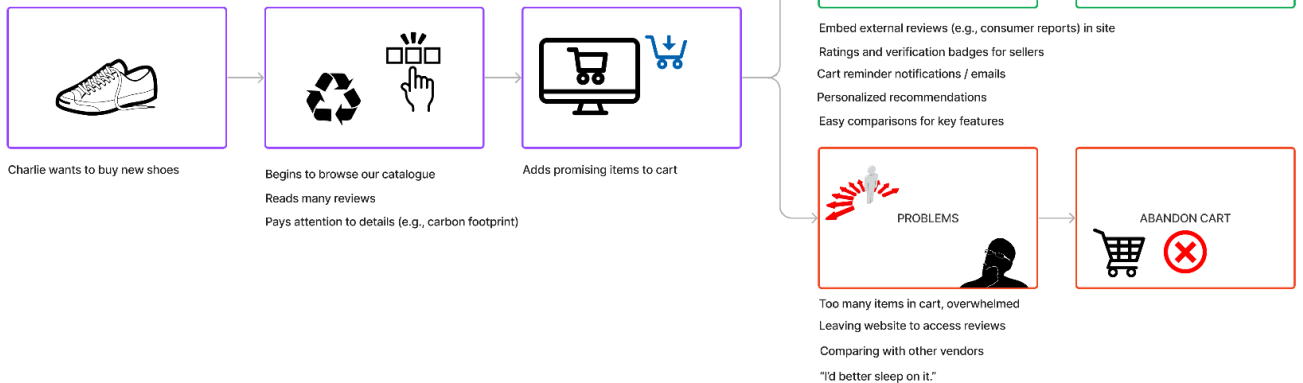
**Persona 2: Tom Johnson**
- Common experience: Too many added fees during the check-out process (e.g., shipping)
- After adding an item to cart, older users were often unsure how to then begin the check-out process
- Older users also reported discomfort with requiring "extra steps" to check out, including requests to make an account and provide personal information
- A substantial segment engaged in online shopping primarily for convenience

○ These users seek cost-effective, reliable products
○ One user suggested incorporating a simple heuristic to help customers identify high-value items (e.g., "best-seller" badges)
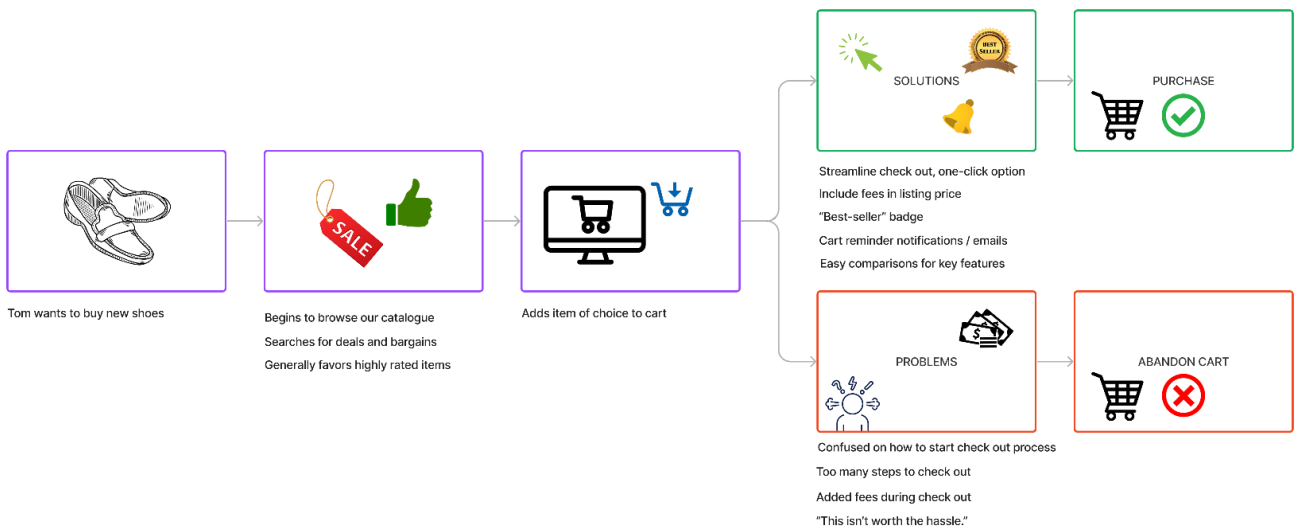
**Persona 3: Kim Simpson**
- Common experience: getting sidetracked after adding something to cart
  ○ No longer motivated to purchase after returning
- Often browsing casually as a 'break' from other tasks
- Uncertain whether products are popular among people their age
- Seeking exciting deals and limited-edition items
  ○ Many users experience frustration, however, when they miss out on these items
  ○ A common suggestion: notifications for limited-run merchandise



Persona: Charlie Finkle
Age 25 to 34 years

Charlie wants to buy new shoes

Begins to browse our catalogue
Reads many reviews
Pays attention to details (e.g., carbon footprint)

Adds promising items to cart

SOLUTIONS
Embed external reviews (e.g., consumer reports) in site
Ratings and verification badges for sellers
Cart reminder notifications / emails
Personalized recommendations
Easy comparisons for key features

PURCHASE

PROBLEMS
Too many items in cart, overwhelmed
Leaving website to access reviews
Comparing with other vendors
"I'd better sleep on it."

ABANDON CART



Persona: Tom Johnson
Age 55 to 64 years

Tom wants to buy new shoes

Begins to browse our catalogue
Searches for deals and bargains
Generally favors highly rated items

Adds item of choice to cart

SOLUTIONS
Streamline check out, one-click option
Include fees in listing price
"Best-seller" badge
Cart reminder notifications / emails
Easy comparisons for key features

PURCHASE

PROBLEMS
Confused on how to start check out process
Too many steps to check out
Added fees during check out
"This isn't worth the hassle."

ABANDON CART

**Persona:** Kim Simpson

Age
18 to 24 years

Kim wants to buy new shoes

Casually browses our catalogue
Searches for interesting items
Sensitive to others' recommendations

Adds item(s) of choice to cart

SOLUTIONS

Highlight recent trends and limited items
Embedded influencer product reviews
Limited-time deal notifications
Cart reminder notifications / emails
Personalized recommendations

PURCHASE

PROBLEMS
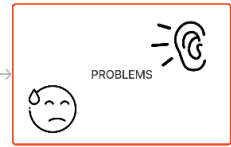
Getting sidetracked after adding items to cart
Lack of urgency
Unsure what is currently popular among people her age
"I need to be in the know."

ABANDON CART

# Survey Proposal

**Screening Question:**
1. How many times have you logged into your account over the past 30 days? [numeric slider]

**Block 1: Open-ended items**
1. Are your expectations being met as a member? [open-ended]
2. What can we do to better meet your needs? [open-ended]
3. Have you considered canceling your membership over the past year? [Yes or No]
    i. If so, how many times? [numeric slider]
    ii. If so, why? [open ended response]

**Block 2: Member preferences**
1. From the following list, please rank up to three main reasons that you purchased a subscription. [ordinal ranking]
    a. Exclusive deals
    b. Supporting the brand
    c. Weekly newsletter
    d. Reduced shipping costs
    e. Free samples of latest products
    f. Joining the community
    g. Other [open-ended]
2. From the following list, please rank up to three perks that you would like to see implemented. [ordinal ranking]
    a. Bonus make-up coupon each month
    b. Early access to new products
    c. More free samples each month
    d. Priority for pre-orders
    e. Members-only social events
    f. Members only flash-sales
    g. Other [open ended]

**Block 3: Member attitudes**
1. Attitudes: Please rate your membership on the following scales.
    a. 1 (Bad) - 7 (Good)
    b. 1 (Dislike) - 7 (Like)
    c. 1 (Negative) - 7 (Positive)
2. Attitude self-definition (Zunick et al., 2013) [1 = Strongly Disagree, 7 = Strongly Agree]
    a. "My membership reflects the kind of person I am or aspire to be."
    b. "My membership says something, both to myself and others, about who I am as an individual."
3. To what extent, if any, has inflation impacted you financially over the past month? [1 = Not at all, 7 = Very much]

4. How satisfied or dissatisfied are you with your membership? (1 = Not at all satisfied, 7 = Very satisfied)
5. How concerned are you with the carbon-footprint of products you purchase? (1 = Not at all concerned, 7 = Very concerned)
6. Net-promoter score (NPS)

**Block 4:** Canceler-only items
1. From the following list, please rank up to three reasons that you decided to cancel your membership. [ordinal ranking]
   a. Cost (too expensive)
   b. Not enough perks
   c. Not interested in make-up anymore
   d. Found a better alternative
   e. Poor customer service
   f. Technical trouble
   g. Environmental concerns
   h. Other [open-ended]
2. Is there anything we could have done to prevent you from canceling? [open-ended]

**Expected Insights:**
These data will offer an unbiased window into membership churn and kickstart the iterative design of practical solutions. The screener question will ensure that our sample of current members is at least somewhat active (i.e, they have logged in at least once in the last 30 days). This will also allow us to explore differences in responses between the least and most active members. I plan to deploy another version of the survey to members in the process of cancelation. Together, the survey data will allow us to identify the main factors informing decisions to renew or cancel memberships. These range from external factors like inflation and trends toward environmentally-conscious products, to internal factors like dissatisfaction with member perk offerings. The survey data will then directly inform the design of tractable solutions and associated A/B tests.

**A/B Test Plan**
We will conduct a series of sequential (between-subjects) A/B tests. A given test will involve a random subset of approximately 1,000 active users. Randomization and proper incentivization (e.g., a prize lottery) will be key. Otherwise, a biased sample of enthusiastic users would offer little insight into user dissatisfaction. For each test, half will be randomly assigned to receive the treatment whereas the other half will comprise the control condition. Random assignment will help ensure that sample characteristics are comparable across conditions and do not confound the results. Some treatments will involve offering various perks (e.g., bonus coupons) identified from survey data. Other tests might only recruit users in the process of canceling their membership. In these cases, some would-be cancelers will be offered additional perks (e.g., renewal at a reduced rate). We can then observe the causal effect of these measures on user retention and continually refine treatments before implementing the final change.

# Analysis Plan

I will first perform a quantitative analysis of the survey data before conducting the A/B tests. If I am able to track current customers over time, I can use responses at Time A to predict whether they will have maintained their membership at Time B. The results of the regression will offer insight into what concerns most strongly predict membership retention (e.g., cost vs perks). If I can administer the survey at multiple time points, I could also determine whether concerns typically shift just prior to cancellation. For such a design, it will be vital to randomly sample users from the member population. From a sample of users in the process of canceling their membership, I can determine the most frequent concerns they report influencing their decision.

If the survey reveals that cost is the primary concern (e.g., due to inflation), then an A/B test will empirically test whether offering renewal at a reduced rate curbs membership cancellation. I will also track participants over time to determine whether they maintain their membership long term after the intervention. If the intervention is successful, we can decide to implement it for all members who consider cancellation, or to simply drop the subscription price altogether. Reducing the membership price (compensating via other revenue streams) could curb losses due to external factors such as inflation.

However, if the survey reveals that customer dissatisfaction with the benefits of membership are to blame for decreased retention, then the A/B test will involve offering additional perks to a random subset of users who are in the process of cancellation. The perks offered will be drawn from survey responses. These perks should increase member satisfaction by delivering greater perceived value.

The survey might also reveal that users for whom their membership is self-defining are least likely to cancel. An A/B test could assess whether social features, profile customization, or other components that invite customers to identify with the brand curb retention. Trends toward environmental consciousness might also render products with "eco-friendly" packaging enticing to users. These additions will encourage users to retain their membership (a reflection of their identity) when times are lean.