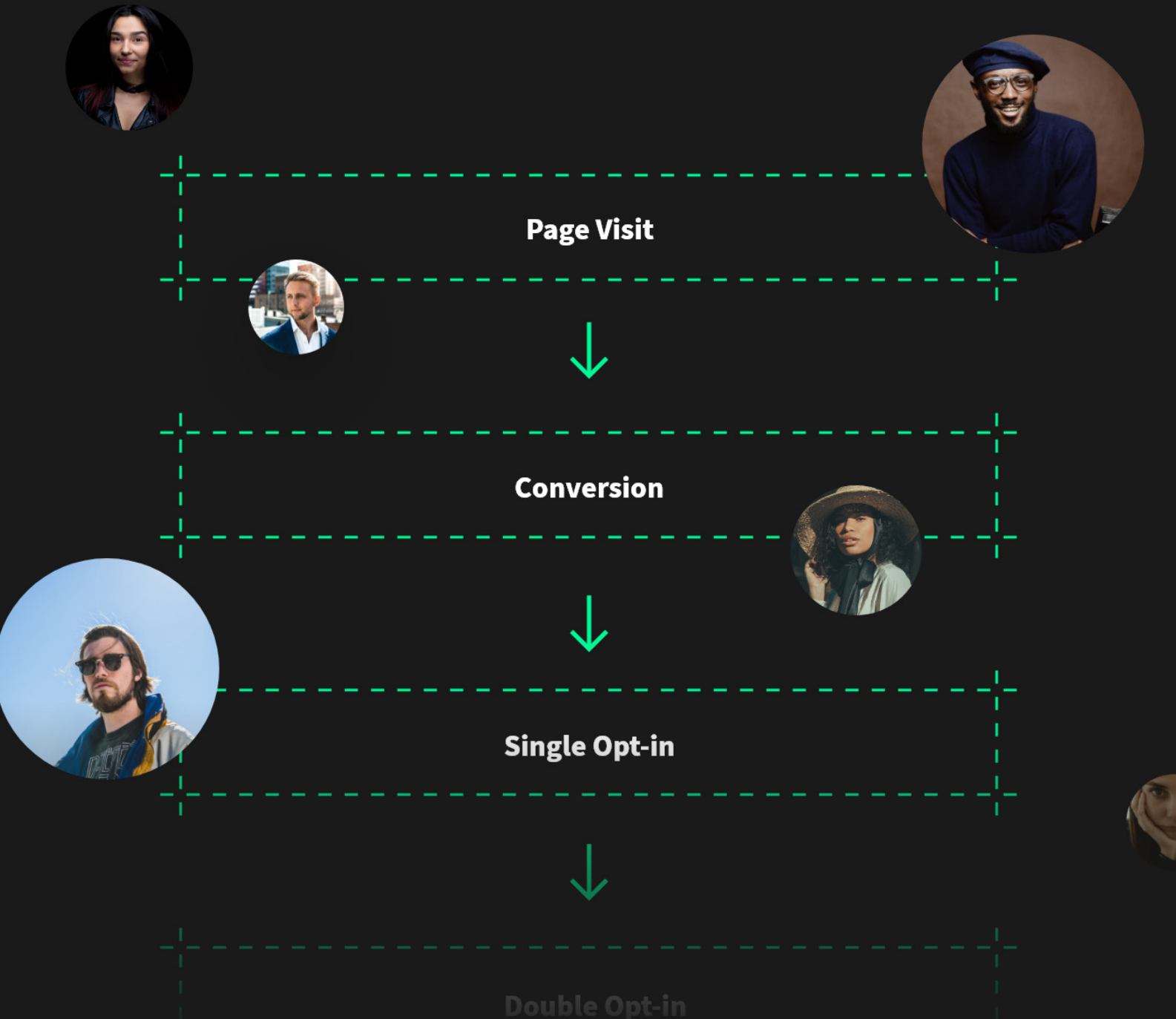


# Understanding consumer behaviour for product innovation



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SECTION 1

# Introduction

## Introduction

The difference between gathering quantitative data from surveys, and gathering behavioural quantitative data from landing pages is vast. By gathering behavioural data you are going to understand your consumers in more depth than ever.

Surveys are great at giving a great initial insight into a consumers thought process and through mathematical models we can quantify these results into actionable insights. But they are wrought with bias.

**Confirmation bias,  
response bias,  
extreme responding bias,  
interviewer bias,  
reporting bias...**

All of which effect the responses given and thus skew the data. Which is where design behavioural research comes into play.

In this handbook, you are going to learn everything about behavioural research and how to design research to gather the most accurate and reliable insights possible with a clear and concise resource on everything from concept to delivery.

SECTION 2

# What is behavioural analysis?

## **What is behavioural analysis?**

Behavioural analysis has the same purpose as any market research process and is a type of quantitative analysis. The difference is the methods employed to gather the data are distinctly different from its traditional counterparts in quantitative methods.

It is important to note that while behavioural data is highly reliable and removes a lot of the biases from its survey-based counterparts, they are all best used to complement each other, which we will go into later on in this handbook.

Your typical qualitative research analyses the sentiment and addresses the description of non-structured data to ascertain the insight. Quantitative research looks at numerical data to understand the thoughts of a consumer, typically through questions with an answer 1 - 5 or through conjoint analysis. Behavioural research, a subset of quantitative, gathers the numerical information not from responses on survey, but from behaviour registered through clicks and action as on a landing page that represent real-world purchase intent.

This changes the value of the research as instead of relying on a respondent to accurately determine their own behaviour now and in the future, we are giving them the opportunity to show us on a meaningful level, without them knowing they are in a test.

This approach is often referred to as Pretotyping or Fake Door Testing and is a principle developed by Alberto Savoia, previously Google's Innovation Agitator.

The purpose of gathering insights in this way is to create a deeper level of consumer understanding through reliable data which in turn can help you confidently make strategic product decisions.

It's core strategy is to send people from advertising on Meta or Instagram to a variant landing page and collect skin-in-the-game from them. The user believes your product exists and that they can get access to it or buy it, but in fact, you don't even have a prototype.

SECTION 3

# How to design behavioural research

## How to design behavioural research

Although a new method in market research and a detour from traditional routes of research, designing behavioural research is faster to do than other methods and simple to do.

Those new to the task of designing behavioural research, it can take up to two months from concept to delivery of insights, but once you have completed a few, this timeline can decrease to 2 weeks, especially if you are running multiple tests per product.

The process to design your behavioural research can be broken down into 5 essential steps:



**Mission**



**Variables**



**Creation**



**Launch**



**Analysis**



## Mission

The first step to designing your behavioural research is to develop the mission of the research, it could also be called a hypothesis or a why statement.

At it's very core your mission should follow a template like this:

**'We are trying to decide X. To help us make this decision, we are going to test Y and analyse the data points Z.'**

**X** being the problem you are trying to solve with these tests, it is the question you are answering. It should clarify the purpose of the test and its end goal but not influence the results in anyway, remember, we are trying to remove bias, not add any in.

**Y** is what you are trying to test, maybe this is a pricing variant or a different colour variant.

**Z** is the areas of success or the data that will have the most impact on your product decisions.

A real-world example of this would look like this:

**‘We are trying to decide if we should launch a blue version of our product. To help us make this decision, we are going to test 3 different colours of our product against one another and identify the most attractive ones by comparing conversion rates on the button click “buy now”’**

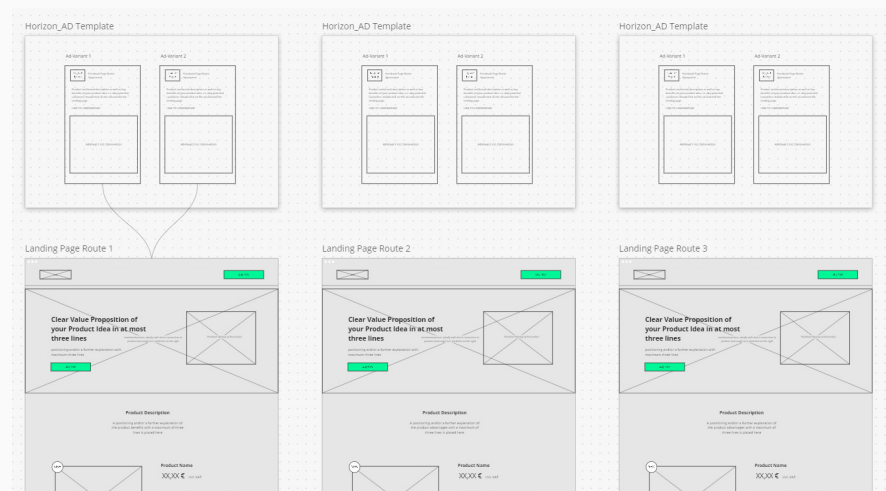


## Variables

You have already defined what variables you are going to test in the above mission, you now need to develop them into testable variants.

This is where most of the time and work will be spent in designing your behavioural research, but it also the area that you can speed up significantly.

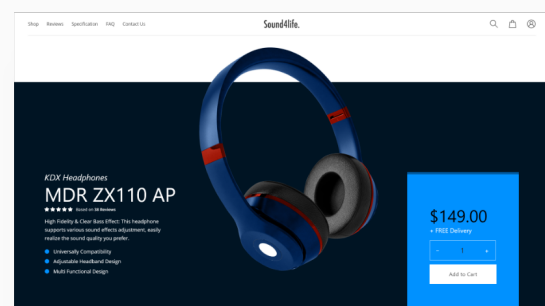
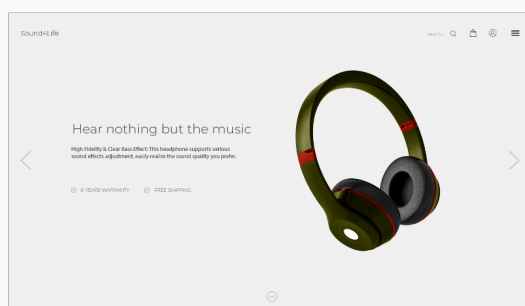
If we take the above example of 3 different colours of our product, we would need 3 different landing pages and adverts. Yes, it's that simple.



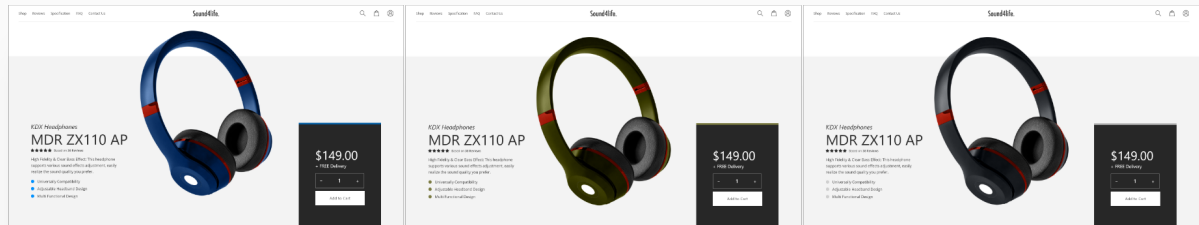
The key here is to design one landing page and one advert. These will be your master templates, to which you change the minimum amount for each variant to get the purpose of your product across.

Taking our above example again, the only elements you would change between adverts and landing pages would be any mention of colour and the imagery of the product to the right colour. That's it.

The reason behind this is that we need to maintain a level of attribution to the change in colour of the product, not the changes in the landing page. If you're landing page design look like this, you're doing it wrong:



They should look like this:



## Creation

Now you have the designs for all of your necessary elements, you need to now develop them into working adverts, landing pages and email sequences.

Here's a list of everything you need to launch your behavioural research:

- **Advert for each variable**
- **Landing page for each variable**
- **Confirmation page**
- **Confirmation email**
- **Resolution landing page**

All of this can be done within the Horizon app to help speed up the process and creation time.



## Launch

Next is to launch the adverts and start gathering data. We suggest running the adverts for around a week to gather a significant amount of data to analyse.



## Analysis

The tests are over, you've got some raw data now that needs to be analysed.

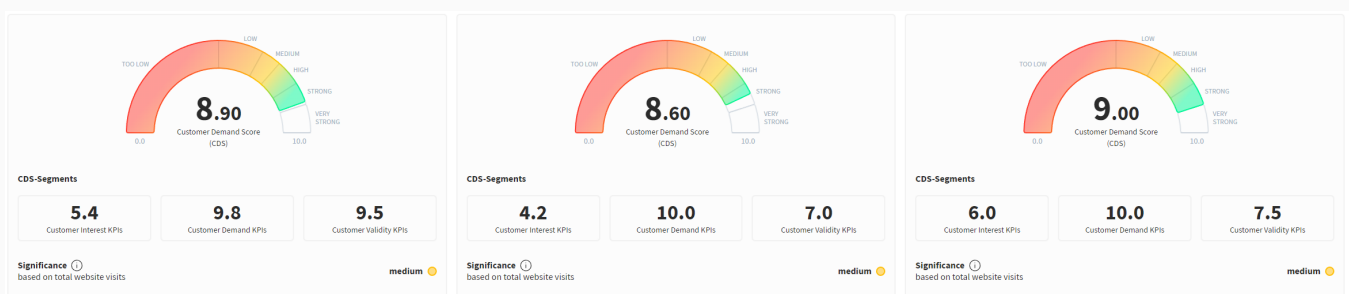
This is where we now take it all the way back to the start - our mission and hypothesis.

You can take the data you have collected over the past week or so and really look into the areas identified that would be relevant to answering your test mission and hypothesis.

The problem we are faced with here is that telling the story from the data you receive can be hard. Imagine you have just completed your tests and are faced with a series of conversion rates through the funnel, cost-per-clicks, cost-per-leads, how many people double opted-in and more. Being able to see what matters most isn't always so clear.

That's where benchmarking comes into play. This can be done over time through running a lot of tests and averaging out the data to get an idea of what is 'good' and what is 'bad', but what if there was an easier way?

We have created our Customer Demand Score system in a way that benchmarks your data against all the other tests Horizon have ever run, which is a lot. This speeds up the process and gives you a super fast overview of what has and hasn't worked.



## SECTION 4

# What does behavioural data look like?

## What does behavioural data look like?

Behavioural data looks similar to what you would expect from any quantitative research, it is a series of numerical pieces of data that need to be translated into actionable insights.

With behavioural data though, there are certain pieces of data that you can expect to receive that you wouldn't using surveys:

- **Cost-per-click**
- **Cost-per-visit**
- **Landing page visitors**
- **Conversion rates on the call-to-action**
- **Conversion rate to lead**
- **Opt-in conversion rates**
- **Customer Demand Score (CDS) using Horizon**

All of these data points have different purposes when reading them and some may have more impact on your strategic product decisions than others.

Let's go into a little more depth to understand each data point and its over-arching relevance within the behavioural testing space.

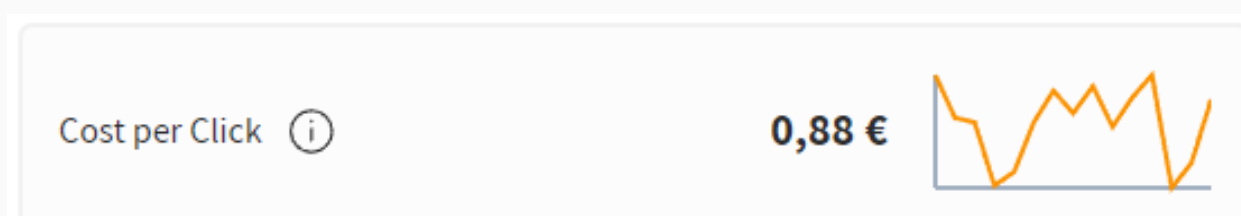
## Cost-per-click

**What:** The data you receive from the CPC will tell you how much you have to spend on advertising to get someone to click on your ad.

**Purpose:** This data helps you to understand initial demand for your product. A lower CPC indicates a higher rate of interest in that target group and therefore a lower customer acquisition cost.

**How to use it:** You can start to see a different between each variants CPC which you can use to give you an indication of which product will have a cheaper acquisition cost. However it isn't the end cost, as they still need to convert on the landing page. You should think of it as a top-level indicator of success.

Using CPC data when running target group tests is also a great way to quickly test out different audiences and see the varying demands from each.



## Cost-per-visit (CPV)

**What:** This data tells you how much you had to spend to get someone to visit your landing page. This number can be different from your CPC because it is measure from the landing page and not the ad platform, meaning cookie consents, shared links or ad blockers can skew the data between these two.

**Purpose:** This data shows you a similar thing to the CPC but is measured from a different place, allowing you to align on the most accurate numbers.

**How to use it:** You can use this data in conjunction with your CPC to gain an understanding of the overall acquisition cost you should forecast for from an advertising perspective.

Cost per Visit ⓘ

0,90 €



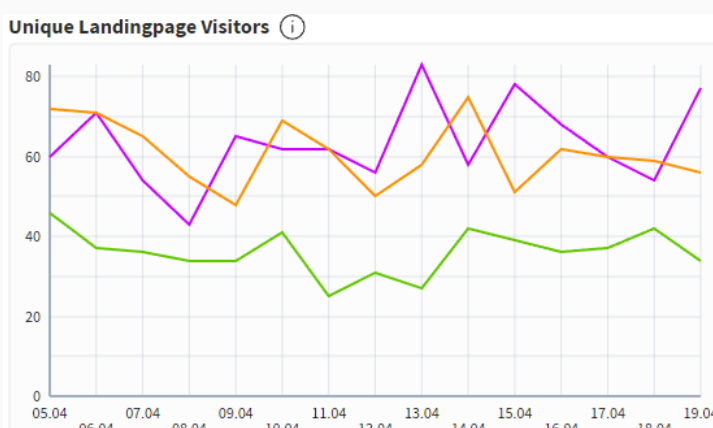
## Unique landing page visitors

**What:** This data tells you how many unique visitors you had to your landing page, it doesn't count people visiting on more than one occasion.

**Purpose:** This data helps you to understand the relative trend in visitors between your landing page variants, it will tell you day by day how many visitors each landing page gets.

**How to use it:** This data is a great way to analyse the overall health of your landing page and drill down into the quantity of visitors so you can quantify the insights for each variant. If one variant has a considerably low traffic volume, the averages will be skewed.

Low quantity of traffic to a specific landing page should only be an issue if the traffic suddenly drops off. This could be because the landing page is down or the advert has been turned off for some reason. Low quantity of traffic to a specific variant generally means that variant is undesirable. Low quantity of traffic overall could mean the product is undesirable, the ads aren't setup correctly or the ad creative isn't compelling enough.



## Conversion rate on call-to-action

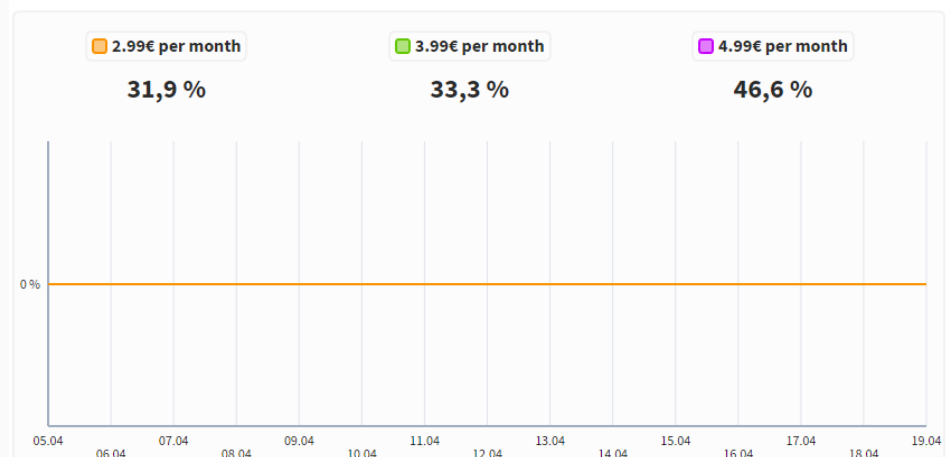
**What:** This tells you the percentage of users that click on the call-to-action on your landing page. This is generally the button that directs them to a 'purchase'.

**Purpose:** The data collected here is very important and will help you understand the behaviour that a user takes on your page. Specifically them clicking on your calls-to-action.

**How to use it:** The insights here give you your first reliable impression for the demand of your product and specifically the variant you're testing. The higher the conversion rate, the more demand for that variant.

### Conversion Rate CTA ⓘ

How relevant is the subject area for the consumer?

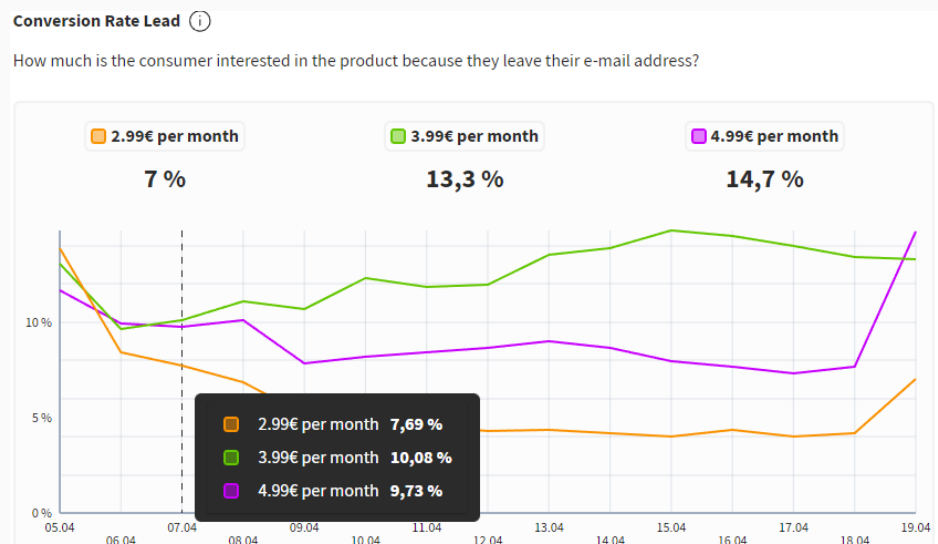


## Conversion rate to lead

**What:** This tells you the percentage of users that completed the action you wanted them to take on the landing page. Whether that is filling in their email address or another form of skin-in-the-game.

**Purpose:** The data you collect here really starts to define the actual demand. At this point, users are ‘giving’ something in return for your product.

**How to use it:** With this data you can validate your hypothesis and find the real demand for your product. This is the behavioural data that will show you real market demand.



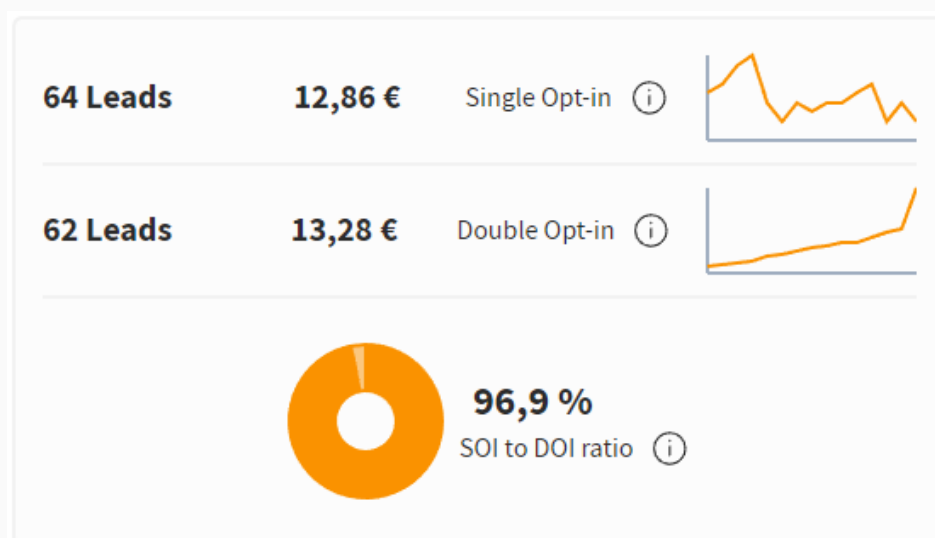
## Single opt-in to double opt-in conversion rate

**What:** This stage tells you the percentage of users that received the confirmation email, so converted into a lead, and then confirmed their email address, the double opt-in.

**Purpose:** This data will give you even more reliable evidence of the products demand as there are multiple steps for a user to take to 'access' it. If they go through the double opt-in process you can confidently say that they really wanted this product.

**How to use it:** This is the most reliable piece of data to show demand as there are a few steps users have to take to get here, which confirms demand for that variant. It's also a great way to determine which variant to develop if they are close in other metrics, the more double opt-ins the deeper the demand.

Based on the amount you spent to get users to the landing page and how many conversions you had, you can also work out the customer acquisition cost (CAC) as well. This is the best way to forecast the go-to-market costs for this product and variant.



This is a great visual way to match up all of the data and see where users dropped off. Sometimes the obvious product development choice from your advertisements isn't always the best choice to actually develop and you can only really start to see this when you build the customer walkthrough.

SECTION 5

# Best practices in behavioural research design

## Best practices in behavioural research design

As with all research methods there are certain ways to design them to make them as effective as possible, this is no different when designing behavioural research.

### Practice 1:

#### Can you reach your audience effectively?

When looking at behavioural research there are 2 key ways to reaching your audience when trying to gather data:

- **Through an existing user base or community**
- **Through advertising**

We always say that advertising is the more effective option for 90% of research cases because if you are trying to get insights for a new product or to extend a product line, you want to test in front of a varied audience of people that might know your brand or they might not. This will give you the best and most insightful data.

The cases in which you would use an existing userbase tend to be more around adding new features to a product to try and increase LTV of a user. In this instance, you would promote the feature to your users only and give them the chance to 'get access' to it, without it being possible to access. The reason you would use an existing userbase for this is because of the goal of the feature, to increase LTV of a user, it's not to increase signups for instance, in that case it would still be better to use advertising.

Now we know that advertising is most likely the option you would use, you need to think about if you can advertise to your audience effectively.

There are a few roadblocks that typically come up when running advertising campaigns, whether you have a product to sell or whether you are running behavioural research:

- Your product would break platform guidelines, for example, tobacco, anything that looks like powder, surveillance equipment and even dating apps. This potentially means you won't be able to use Pretotyping as a research option.
- It's too expensive to get in front of your audience, which happens mainly in B2B. The primary advertising platform with B2B is LinkedIn, but LinkedIn is also very expensive to advertise on, and so to get a relevant amount of data you would be spending a lot on the advertising, making the research not the most optimal choice.

## **Practice 2:**

### **Use qualitative data to direct behavioural research**

Remember when we said that a lot of research methods are complementary to each other? This is where we see the complementary side.

Behavioural research when gathered using Pretotyping has one flaw in it. It needs a great sense of direction to be effective.

Where with surveys you can test the idea of a product and analyse a varied amount of responses and opinions, with Pretotyping you need to have an exact purpose for each test and focus everything from setup to analysis on that focus.

For instance in a Pretotyping test you wouldn't want to test colour and pricing in the same test, like you might with conjoint analysis. Instead you would run separate tests for each variable, which would give you clean and attributable data for each variable.

This means it goes perfectly with survey or conjoint analysis data.

Say you have run a conjoint analysis test and found a set of attributes for your new headphones that have the highest demand. This data still has biases in it and so isn't 100% reliable. What you do next is to run a pricing test using Pretotyping with the top performer from your conjoint analysis and test it against a few other pricing options to validate the conjoint analysis data with behavioural data.

### Practice 3:

#### **Use 3 - 6 variants**

Running behavioural research with only 1 variant isn't going to give you any insights, but running it with too many variants is going to vary the data too much to give any real insight.

The best option when running behavioural research is to stick to 3 - 6 variants in each test, this gives you enough data and competition to gain valuable insights that will help you make better product decisions.

**Want to see how  
behavioural  
research can work  
for your product?**

**BOOK DEMO**