


MKTG
Principles Of Marketing
Twelfth Edition




Chapter 9
Marketing Research

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Learning Outcomes (1 of 2)


- 9-1 Define marketing research and explain its importance to marketing decision making
- 9-2 Describe the steps involved in conducting a marketing research project
- 9-3 Discuss the profound impact of the Internet on marketing research
- 9-4 Describe the growing importance of mobile research

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Learning Outcomes (2 of 2)

- 9-5 Discuss the growing importance of scanner-based research
- 9-6 Explain when marketing research should be conducted
- 9-7 Explain the concept of competitive intelligence

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Learning Objective 1: The Role Of Marketing Research

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Marketing Research

- Process of planning, collecting, and analyzing data relevant to a marketing decision
- Links the consumer, customer, and public to the marketer through information
- Provides data on the effectiveness of a marketing mix and insights for necessary changes.
 - It is the main data source for management information systems.



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Role of Marketing Research (1 of 2)

- Descriptive
 - Gathering and presenting factual statements
 - What is the historic sales trend in the industry? What are consumers' attitudes toward a product?
- Diagnostic
 - Explaining data
 - What was the impact on sales after a change in the package design?



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Role of Marketing Research (2 of 2)

- Predictive
 - Addressing “what if” questions
 - “What if” questions, such as how can descriptive and diagnostic research be used to predict the results of a planned marketing decision?



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Management Uses of Marketing Research

- Improves the quality of decision making
- Helps managers trace problems
- Helps managers understand detailed and complicated relationships
- Helps managers serve customers accurately and efficiently



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Understanding the Ever- Changing Marketplace (1 of 2)

- Marketing research helps managers understand what is going on in the marketplace and take advantage of opportunities.
- One of the hottest trends in technology today is the Internet of Things (IoT).
- By 2019, 69 percent plan to have at least one IoT device, such as a thermostat or security system.



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Understanding the Ever- Changing Marketplace (2 of 2)

- Men are more likely than women to plan to purchase an in-home IoT device by 2019 (70 percent compared to 67 percent).
- Younger consumers are most likely to adopt connected technologies later on, while older consumers are slightly more likely to already own certain products



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Learning Objective 2: Steps in a Marketing Research Project



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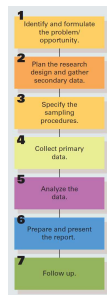
Components of a Marketing Research Project

- **Marketing research problem**
 - Determines what information is needed and how it can be obtained efficiently and effectively
- **Marketing research objective**
 - Defines the specific information needed to solve a marketing research problem
- **Management decision problem**
 - Broad-based problem that uses marketing research in order for managers to take proper actions



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Exhibit 9.1 The Marketing Research Process



Secondary Data

- A data previously collected for any purpose other than the one at hand.
- Secondary information originating within the company includes the company's websites, annual reports, reports to stockholders, blogs, product testing results perhaps made available to the news media, YouTube videos, social media posts, and house periodicals composed by the company's personnel for communication to employees, customers, or others.

Sources of Secondary Data

- Internal corporate information
- Government agencies
- Trade and industry associations
- Business periodicals
- News media

Advantages and Disadvantages of Secondary Data

- Advantages
 - Save time and money
 - Aid in formulating the problem statement
 - Suggest research methods and data to solve problems
 - Pinpoint the kinds of people to approach
 - Serve as a basis of comparison for other data
- Disadvantages
 - May not give adequate detailed information
 - Quality and accuracy of data may pose a problem

The Growing Importance of Social Media Data

- Facebook owns and controls data collected from 2 billion daily users and 79 billion monthly active users.
- In an effort to expand its information databases even further, Facebook now combines its social data with third-party information from data brokerages like Acxiom, Datalogix, and Alliance Data Systems.
- New facebook tool allows advertisers to calculate their *return on investment*.
- Facebook has also begun using the like and share buttons embedded in non-Facebook websites to track peoples' browsing histories, so it can more accurately and narrowly target ads.



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The Incredible World of Big Data

- Exponential growth in the volume, variety, and velocity of information
 - Development of complex, new tools to analyze and create meaning from such data
- Gathered both online and offline
- Data visualization uncovers subtle patterns from billions of pieces of data
 - Enables managers to share and explain their findings



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Planning the Research Design and Gathering Primary Data

- **Research design** specifies:
 - Research questions that must be answered
 - How and when to gather data
 - The way to analyze data
- Project budget is finalized after the research design is approved.



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Primary Data

- Information collected for the first time
- Used for solving the particular problem under investigation
- Advantages :
 - Answers specific research questions
 - Data are current, and source of data is known
 - Secrecy can be maintained



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Exhibit 9.2 Characteristics of Traditional Forms of Survey Research (1 of 5)

Characteristic	In-Home Personal Interviews	Mall Intercept Interviews	Central-Location Telephone Interviews	Self-Administered and One-Time Mail Surveys	Mail Panel Surveys	Executive Interviews	Focus Groups
Cost	High	Moderate	Moderate	Low	Moderate	High	Low
Time span	Moderate	Moderate	Fast	Slow	Relatively slow	Moderate	Fast
Use of interviewer probes	Yes	Yes	Yes	No	Yes	Yes	Yes
Ability to show respondents responses	Yes (also audio tests)	Yes (also audio tests)	No	Yes	Yes	Yes	Yes
Management control over interviewer	Low	Moderate	High	N/A	N/A	Moderate	High
General data quality	High	Moderate	High to moderate	Moderate to low	Moderate	High	Moderate
Ability to collect large amounts of data	High	Moderate	Moderate to low	Low to moderate	Moderate	Moderate	Moderate
Ability to handle complex questionnaires	High	Moderate	High, if computer-aided	Low	Low	High	N/A



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Characteristics of Traditional Forms of Survey Research (2 of 5)

- A researcher either interacts with people or posts a questionnaire online to obtain facts, opinions, and attitudes.
- In-home personal interviews:** Although in-home personal interviews often provide high-quality information, they tend to be very expensive because of the interviewers' travel time and mileage costs.



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Characteristics of Traditional Forms of Survey Research (3 of 5)

- Mall intercept interviews:** The mall intercept interview is conducted in the common area of a shopping mall or in a market research office within the mall.
 - Computer-assisted personal interviewing:** The researcher conducts in-person interviews, reads questions to the respondent off a computer screen, and directly keys the respondent's answers into the computer
 - Computer-assisted self-interviewing:** A mall interviewer intercepts and directs willing respondents to nearby computers.



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Characteristics of Traditional Forms of Survey Research (4 of 5)

- Telephone Interviews:** Telephone interviews cost less than personal interviews, but cost is rapidly increasing due to respondent refusals to participate. Most telephone interviewing is conducted from a specially designed phone room called a **central-location telephone (CLT) facility**.
- Mail Surveys:** Mail surveys have several benefits: relatively low cost, elimination of interviewers and field supervisors, centralized control, and actual or promised anonymity for respondents. *Mail panels* offer an alternative to the one-shot mail survey.



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Characteristics of Traditional Forms of Survey Research (5 of 5)

- **Executive Interviews:** An executive interview usually involves interviewing businesspeople at their offices concerning industrial products or services, a process that is very expensive.
- **Focus Groups:** A focus group is a type of personal interviewing. Often recruited by random telephone screening, seven to ten people with certain desired characteristics form a focus group.



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Types of Questions

- **Open-ended questions**
 - Encourage an answer phrased in the respondent's own words
- **Closed-ended questions**
 - Ask the respondent to make a selection from a limited list of responses
- **Scaled-response questions**
 - Closed-ended questions designed to measure the intensity of a respondent's answer



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Ways to Improve Clarity in an Interview

- State the survey's purpose at the beginning of the interview
- Avoid leading questions
- Avoid asking two questions in one



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Exhibit 9.3 Types Of Questions Found on Questionnaires for National Market Research

Open-Ended Questions	Closed-Ended Questions	Scaled-Response Questions
1. What advantages, if any, do you think online retailers offer compared to shopping at a local retail outlet? (Probe: What else?) 2. Why do you have one or more of your top 10 experts professionally cleaned other than cleaning them yourself or having someone else in the household clean them? 3. What is it about the value of the car/truck that makes you like it the best?	Dichotomous 1. Did you have the Danish product before moving to? (Check one) Yes 1 No 2 2. The federal government doesn't care what people like me think. Agree 1 Disagree 2 Multiple Choice 1. I like you to think hard to the last footnote of any kind that you bought. If I read you a list of descriptions and would like for you to tell me which category they fall into. (Read forward and circle proper category) Dress and/or formal 1 Casual 2 Casual/raunchy/night club 3 Sportswear/athletic shoes 4 Boots 5 2. In the last three months, have you used Noxzema skin cream? (Check all that apply) No at all 1 For moisturizing the skin 2 For treating blemishes 3 For clearing the skin 4 For treating dry skin 5 For whitening skin 6 For sunburn 7 For making the facial skin smooth 8	Now that you have used the rag chair, would you say the rag chair is: (Check one) Would definitely buy it 1 Would probably buy it 2 Might or might not buy it 3 Probably would not buy it 4 Definitely would not buy it 5



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Observation Research

- **Observation research** is the systematic process of recording the behavioral patterns of people, objects, and occurrences without questioning them.
- Relies on:
 - People watching people
 - People watching an activity
 - Machines watching people
 - Machines watching an activity
- A market researcher using the observation technique witnesses and records information as events occur or compiles evidence from records of past events.



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Exhibit 9.4 Observational Situations

Situation	Example
People watching people	Observers stationed in supermarkets watch consumers select frozen Mexican dinners; the purpose is to see how much comparison shopping people do at the point of purchase.
People watching an activity	An observer stationed at an intersection counts traffic moving in various directions.
Machines watching People	Movie or videotape cameras record behavior as in the people watching people example above.
Machines watching an activity	Traffic-counting machines monitor traffic flow.



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Forms of People-Watching-People Research

- **One-way mirror** allows the researchers to see the participants, but the participants cannot see the researchers.
- **Mystery shoppers** are researchers posing as customers who gather observational data about a store.
- **Behavioral targeting (BT)** combines a consumer's online activity with psychographic and demographic profiles compiled in databases.



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Ethnographic Research

- **Ethnographic research** comes from the field of anthropology and is becoming popular in commercial marketing research.
- It is study of human behavior in its natural context.
- It involves observation of behavior and physical setting.
- Ethnographers directly observe the population they are studying to gain richer insights into the culture and behavior of people.



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Virtual Shopping

- Advances in computer technology have enabled researchers to simulate an actual retail store environment on a computer screen.
- Depending on the type of simulation, a shopper can “pick up” a package by touching its image on the monitor and rotate it to examine all sides
- Virtual shopping, which can speed product development time and lower costs, is always welcomed by manufacturers.



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Experiments

- Used by researchers to gather primary data
- One or more variables are altered, and the effects of the alterations are observed on another variable



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Specifying the Sampling Procedures

- A **sample** is a subset from a larger population.
- First, the population, or **universe**, of interest must be defined.
- **Probability Sample** is a sample in which every element in the population has a known statistical likelihood of being selected.
- One type of probability sample is a **random sample**—a sample arranged in such a way that every element of the population has an equal chance of being selected as part of the sample.
- **Nonprobability Sample** is any sample in which little or no attempt is made to get a representative cross section of the population.



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Exhibit 9.5 Types of Samples

Probability Samples	
Simple Random Sample	Every member of the population has a known and equal chance of selection.
Stratified Sample	The population is divided into mutually exclusive groups (such as gender or age); then random samples are drawn from each group.
Cluster Sample	The population is divided into mutually exclusive groups (such as geographic areas); then a random sample of clusters is selected. The researcher then collects data from all the elements in the selected clusters or from a probability sample of elements within each selected cluster.
Systematic Sample	A list of the population is obtained—e.g., all persons with a checking account at XYZ Bank—and a skip interval is obtained by dividing the sample size by the population size. If the sample size is 100 and the bank has 1,000 customers, then the skip interval is 10. The beginning number is randomly chosen within the skip interval. If the beginning number is 8, then the skip pattern would be 8, 18, 28, ...
Nonprobability Samples	
Convenience Sample	The researcher selects the easiest population members from which to obtain information.
Judgment Sample	The researcher's selection criteria are based on personal judgment that the elements (persons) chosen will likely give accurate information.
Quota Sample	The researcher finds a prescribed number of people in several categories—e.g., owners of large dogs versus owners of small dogs. Respondents are not selected on probability sampling criteria.
Snowball Sample	Additional respondents are selected on the basis of referrals from the initial respondents. This method is used when a desired type of respondent is hard to find—e.g., persons who have taken round-the-world cruises in the last three years. This technique employs the old adage “Birds of a feather flock together.”



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Types of Errors

- **Measurement error**
 - Occurs when there is a difference between the information desired and the information provided
- **Sampling error**
 - Occurs when a sample does not represent the target population
- **Frame error**
 - Occurs when a sample drawn from a population differs from the target population
- **Random error**
 - Occurs when the selected sample is an imperfect representation of the overall population



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Collecting the Data

- Some primary data are collected by marketing research **field service firms**.
- A typical marketing research study involves data collection in several cities, which may require the marketer to work with a comparable number of field service firms.
- **Field service firms** specialize in interviewing respondents on a subcontracted basis.
 - They also provide focus group facilities, mall intercept locations, test product stores, and kitchen facilities to prepare test food products.



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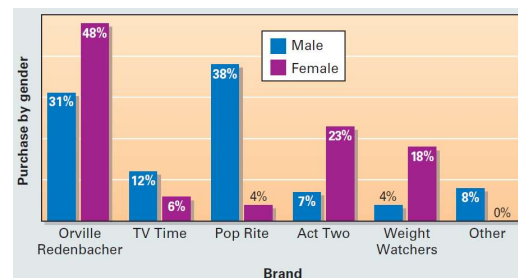
Analyzing the Data

- Data are organized using techniques such as one-way frequency counts, cross-tabulations, and sophisticated statistical analysis.
 - One-way frequency tables record the responses to a question and provide a general picture of the study's results.
 - A **cross-tabulation** helps the analyst look at the associations between certain responses, such as the association between gender and product choice.



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Exhibit 9.6 Popcorn Cross-Tabulation



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Preparing and Presenting the Report and Follow Up

- Researchers are required to present written and oral reports.
- Contents of a report:
 - Concise statement of the research objectives
 - Brief explanation of research design
 - Summary of major findings
 - Conclusion with recommendations
- Follow up:
 - Researcher should determine why management did or did not carry out the recommendations.



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Learning Objective 3: The Profound Impact of the Internet on Marketing Research



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Impact of the Internet

- Most American marketing research companies conduct some form of online research
- Online survey research has replaced computer-assisted telephone interviewing as the most popular mode of data collection
 - Internet data collection is rated as having the greatest potential for further growth.



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Advantages of Internet Surveys

- Rapid development
- Reduced costs
- Personalized questions and data
- Improved respondent participation
- Contact with the hard-to-reach



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Uses of the Internet by Marketing Researchers

- Administer surveys
- Conduct focus groups
- Other types of marketing research



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Methods of Conducting Online Surveys

- Web survey systems
 - Designed for web questionnaire construction and delivery
- Google consumer surveys
 - Do-it-yourself web surveys
- Online panel providers
 - Pre-recruit people who agree to participate in online surveys



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Online Focus Groups: Advantages

- Better participation rates: Online focus groups are conducted over the course of days. Therefore, participants are less likely to pull out.
- Cost-effectiveness: Face-to-face groups incur costs for facility rental, airfare, hotel, food, etc.
- Broad geographic scope: Time is flexible online. This provides a worldwide respondent pool.
- Accessibility: Online focus groups provide access to participants who might otherwise be difficult to recruit.



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Online Research Communities

- Web communities
 - Selected group of consumers who agree to participate in an ongoing dialogue with a particular corporation
- Benefits
 - Provide cost-effective, flexible research
 - Helps companies create customer-focused organizations and achieves customer-derived innovations
 - Establishes brand advocates
 - Offers real-time results



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Learning Objective 4: The Growing Importance of Mobile Research



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Mobile Research

- Mobile surveys account for 30 percent of interview responses.
- It is designed to fit into brief cracks of time
- New and better apps make the survey experience easier and more intuitive.



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Learning Objective 5: Scanner-Based Research



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Scanner-Based Research

- System for gathering information from a single group of respondents
 - Involves continuous monitoring of advertising, promotion, and pricing respondents are exposed to
- Companies are using neuromarketing to study consumers reactions to package designs and ads
 - **Neuromarketing:** Studies the body's responses to marketing stimuli



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Learning Objective 6: When Should Marketing Research Be Conducted?



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When Should Marketing Research Be Conducted?

- Depends on managers' perceptions of its quality, price, and timing
- When the expected value of research information exceeds the cost of generating the information



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Customer Relationship Management (1 of 3)

- CRM is described as a closed-looped system that builds relationships with customers. Exhibit 9.7 illustrates this continuous and circular system with no defined starting or end point.
 - The CRM cycle is initiated by identifying customer relationships within the organization.
 - Next, the company must understand the interaction each customer has with the company by building on the initial information collected and developing a useful database.



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Customer Relationship Management (2 of 3)

- Based on the knowledge of the customer and his/her interactions with the company, the company can then acquire and capture all relevant information about the customer.
- Technology plays a critical part in a CRM system. Technology is used to store and integrate customer data.



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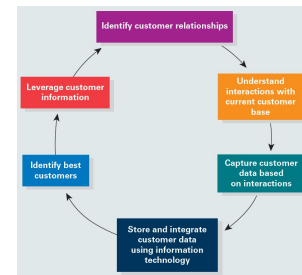
Customer Relationship Management (3 of 3)

- Not all customers are equally important to a business. Consequently, the company must use data mining to determine its profitable and unprofitable customer segments.
- Once the customer data are analyzed, they are leveraged. Data are transformed into information and disseminated throughout the organization—to the right person in the right place at the right time.



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Exhibit 9.7 A Simple Flow Model of the Customer Relationship Management System



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Learning Objective 7: Competitive Intelligence



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Competitive intelligence

- Competitive intelligence helps managers assess their competition and vendors in order to become more efficient and effective competitors.
 - It can help identify the advantage and play a major role in determining how it is achieved.



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Sources of Competitive Intelligence

- Internet
- Company salespeople
- Industry experts
- CI consultants
- Government agencies
- UCC filings
- Suppliers
- Periodicals
- Yellow Pages
- Industry Trade shows



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Key Terms (1 of 4)

- Marketing research
- Marketing research problem
- Marketing research objective
- Management decision problem
- Secondary data
- Big data
- Research design
- Primary data
- Survey research



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Key Terms (2 of 4)

- Mall intercept interview
- Computer-assisted personal interviewing
- Computer-assisted self interviewing
- Central-location telephone (CLT) facility
- Executive interview
- Focus group
- Open-ended question
- Close-ended question
- Scaled-response question



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Key Terms (3 of 4)

- Observation research
- Mystery shoppers
- Behavioral targeting (BT)
- Social media monitoring
- Ethnographic research
- Experiment
- Sample
- Universe
- Probability sample
- Random sample



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Key Terms (4 of 4)

- Nonprobability sample
- Convenience sample
- Measurement error
- Sampling error
- Frame error
- Random error
- Field service firm
- Cross-tabulation
- Scanner-based research
- InfoScan
- Neuromarketing
- Competitive intelligence (CI)



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