Marketing Research

M K T G 8

Chapter 9

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Learning Outcomes

LO¹ Define marketing research and explain its importance to marketing decision making

LO² Describe the steps involved in conducting a marketing research project

LO³ Discuss the profound impact of the Internet on marketing research

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Learning Outcomes

LO⁴ Discuss the growing importance of scanner-based research

LO⁵ Explain when marketing research should be conducted

LO⁶ Explain the concept of competitive intelligence

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The Role of Marketing Research

Define marketing research and explain its importance to marketing decision making

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The Role of Marketing Research

Marketing research is the process of planning, collecting, and analyzing data relevant to a marketing decision.

The Role of Marketing Research

Descriptive	**Gathering and presenting factual statements** (e.g. What are consumers attitude toward a product?)
Diagnostic	**Explaining data** (e.g. What was the impact on sales after a change in package design?)
Predictive	**Addressing "what if" questions**

Management Uses of Marketing Research

Marketing research can help managers in several ways:
- It improves the quality of decision making
- It helps managers trace problems
- It can help managers serve their customers accurately and efficiently
- It helps managers gauge the perceived value of their goods and services, as well as the level of customer satisfaction
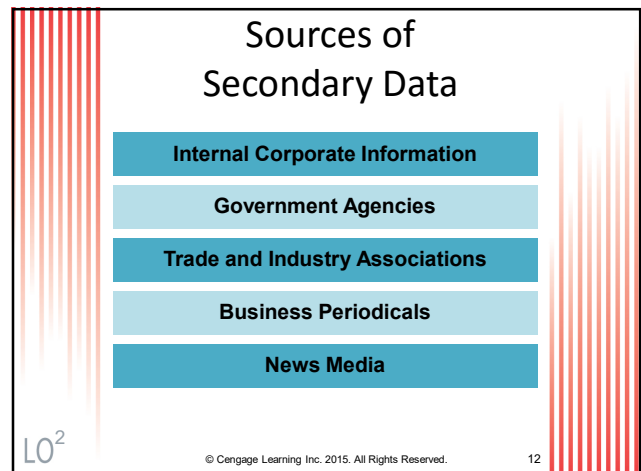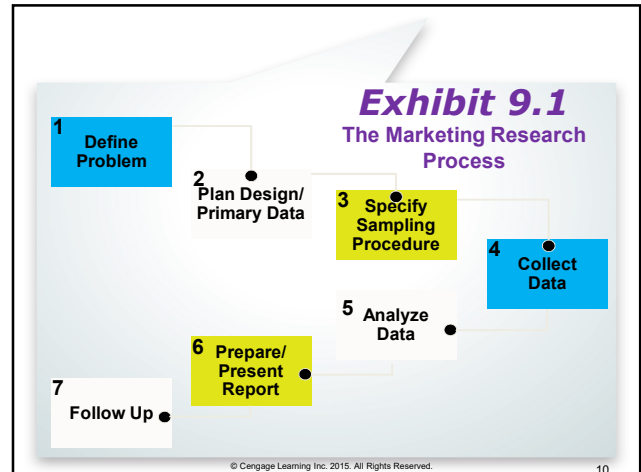
Management Uses of Marketing Research

- ◆ Improve the quality of decision making
- ◆ Trace problems
- ◆ Focus on keeping existing customers
- ◆ Understand the marketplace
- ◆ Alert them to marketplace trends
- ◆ Gauge the value of goods and services, and the level of customer satisfaction

Steps in a Marketing Research Project

Describe the steps involved in conducting a marketing research project

LO²

Exhibit 9.1
The Marketing Research Process

1 Define Problem
2 Plan Design/ Primary Data
3 Specify Sampling Procedure
4 Collect Data
5 Analyze Data
6 Prepare/ Present Report
7 Follow Up

The Marketing Research Project

Marketing Research Problem	Determining what information is needed and how that information can be obtained efficiently and effectively.
Marketing Research Objective	The specific information needed to solve a marketing research problem; the objective should be to provide insightful decision-making information.
Management Decision Problem	A broad-based problem that uses marketing research in order for managers to take proper actions.

LO²

Sources of Secondary Data

Internal Corporate Information

Government Agencies

Trade and Industry Associations

Business Periodicals

News Media

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Advantages of Secondary Data

◆ Saves time and money if on target
◆ Aids in determining direction for primary data collection
◆ Pinpoints the kinds of people to approach
◆ Serves as a basis of comparison for other data

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Disadvantages of Secondary Data

◆ May not give adequate detailed information
◆ May not be on target with the research problem
◆ Quality and accuracy of data may pose a problem

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The New Age of Secondary Information: The Internet

The rapid development of the Internet has eliminated much of the drudgery associated with the collection of secondary data.

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Planning the Research Design

Which research questions must be answered?

How and when will data be gathered?

?

How will the data be analyzed?

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Primary Data

Information collected for the first time.
Used for solving the particular problem under investigation.

Advantages:
- ◆ Answers a specific research question
- ◆ Data are current
- ◆ Source of data is known
- ◆ Secrecy can be maintained

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Disadvantages of Primary Data

- ◆ Primary data can be very expensive.
- ◆ Disadvantages are usually offset by the advantages of primary data.

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Survey Research

The most popular technique for gathering primary data, in which a researcher interacts with people to obtain facts, opinions, and attitudes.

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Forms of Survey Research

In-Home Interviews

Mall Intercept Interviews

Telephone Interviews

Mail Surveys

Executive Interviews

Focus Groups

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Questionnaire Design

Open-Ended Question	An interview question that encourages an answer phrased in the respondent's own words.
Closed-Ended Question	An interview question that asks the respondent to make a selection from a limited list of responses.
Scaled-Response Question	A closed-ended question designed to measure the intensity of a respondent's answer.

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Questionnaire Design

Clear and concise

No ambiguous language

Avoid leading questions

Avoid two questions in one

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Observation Research

A research method that relies on four types of observation:
➤ *People watching people*
➤ *People watching an activity*
➤ *Machines watching people*
➤ *Machines watching an activity*

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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 phenomena	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 phenomena	Traffic counting machines monitor traffic flow.

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Observational Research

Mystery Shoppers	Researchers posing as customers who gather observational data about a store.
Behavioral Targeting (BT)	A form of observation marketing research that uses data mining coupled with identifying Web surfers by the IP addresses.

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Social Media and Big Data

Through social media monitoring, a researcher can learn what is being said about the brand and the competition.

Monitoring social media and tracking shopping behavior online are only two inputs into the new era of big data.

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Ethnographic Research

The study of human behavior in its natural context; involves observation of behavior and physical setting.

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Virtual Shopping

Advantages of virtual shopping:
- Creates an environment with a realistic level of complexity and variety.
- Allows quick set up and altering of tests.
- Low production costs.
- High flexibility.

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Experiments

Experiments are used by researchers to gather primary data.

Experiment Variables
Price
Package design
Shelf space
Advertising theme
Advertising expenditures

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Mobile Research

Mobile devices and laptops are being used for all kinds of marketing research. A few techniques that are now employed using mobile devices are:

- Location-based surveys
- Product scanning during the shopping process
- Using cameras on mobile devices to upload digital images and videos

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Sampling Procedure

Universe → **Sample**

Probability Samples

Non-Probability Samples

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Probability Samples

Probability Sample	A sample in which every element in the population has a known statistical likelihood of being selected.
Random Sample	A sample arranged so that every element of the population has an equal chance of being selected.

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Nonprobability Samples

Nonprobability Sample	Any sample in which little or no attempt is made to get a representative cross-section of the population.
Convenience Sample	A form of nonprobability sample using respondents who are convenient or readily accessible to the researcher.

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Types of Samples

Probability Samples	Non-Probability Samples
Simple Random Sample Every member of the population has a known & equal chance of selection	**Convenience Sample** select the easiest members of a population from which to obtain info
Stratified Sample The pop. is divided into mutually exclusive groups (e.g. age), then random samples are drawn from each group	**Judgment Sample** Researchers selection criteria on personal judgment that people will give accurate information
Cluster Sample The pop. is divided into mutually exclusive groups (e.g. geography), then a random sample of each cluster is selected.	**Quota Sample** Find a certain # of people in a set of categories – owners of large, medium, and small dogs
Systematic Sample Obtain pop. list; divide sample size by pop. size by the sample size; pick respondents based on skip interval	**Snowball Sample** Respondents refer other respondents

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Types of Errors

Measurement Error	Error when there is a difference between the information desired and the information provided by the process; e.g. respondents can lie (usually bigger than sampling error)
Sampling Error	Error when a sample somehow does not represent the target population. (e.g. Nonresponse error is an example.)
Frame Error	Error when a sample drawn from a population differs from the target population. (e.g. if the telephone book is the sample "frame", do all pop. Members have telephones?)
Random Error	Error because the selected sample is an imperfect representation of the overall population.

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Collecting the Data

Field service firms provide:

◆ Focus group facilities
◆ Mall intercept locations
◆ Test product storage
◆ Kitchen facilities

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Analyzing the Data

Cross-tabulation:

A method of analyzing data that lets the analyst look at the responses to one question in relation to the responses to one or more other questions.

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Preparing and Presenting the Report

1) Concise statement of the research objectives

2) Explanation of research design

3) Summary of major findings

4) Conclusion with recommendations

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Following Up

- Were the recommendations followed?

- Was sufficient decision-making information included in the report?

- What could have been done to make the report more useful to management?

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The Profound Impact of the Internet On Marketing Research

Discuss the profound impact of the Internet on marketing research

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Impact of the Internet

◆ More than 90 percent of America's marketing research companies conduct some form of online research.

◆ Online survey research has replaced computer-assisted telephone interviewing (CATI) 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, Real-time reporting |
| 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
• Survey Design and Web Hosting Sites
• Online Panel Providers

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Advantages of Online Focus Groups

◆ Ease of use
◆ Better participation rates
◆ Cost-effectiveness
◆ Broad geographic scope
◆ Accessibility
◆ Honesty

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Web Community Research

• A carefully selected group of consumers who agree to participate in an ongoing dialogue with a particular corporation. Web communities:
  – Engage customers
  – Achieve customer-derived innovations
  – Establish brand advocates
  – Offer real-time results

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Role of Consumer-Generated Media in Marketing Research

◆ CGM comes from various sources: blogs, message boards, review sites, podcasts, and more.
◆ It is trusted more than traditional advertising.
◆ It can be influenced but not controlled by marketers.

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Scanner-Based Research

Discuss the growing importance of scanner-based research

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Scanner-Based Research

A system for gathering information from a single group of respondents by continuously monitoring the advertising, promotion, and pricing they are exposed to and the things they buy.   -- The Nielson Company and Symphony IRI are two major scanner-based data suppliers.

BehaviorScan

Research program that tracks the purchases of 3,000 households through store scanners in each research market

InfoScan

Sales-tracking service for the consumer packaged-goods industry (70,000 stores)

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Scanner-Based Research

BehaviorScan
With such a measure of household purchasing, it is possible to manipulate marketing variables, such as television advertising or consumer promotions, or to introduce a new product and analyze real changes in consumer buying behavior.

InfoScan
Retail sales, detailed consumer purchasing information (including measurement of store loyalty and total grocery basket expenditures), and promotional activity by manufacturers and retailers are monitored and evaluated for all bar-coded products.

Data are collected weekly from more than 70,000 supermarkets, drugstores, and mass merchandisers.

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When Should Marketing Research Be Conducted?

Explain when marketing research should be conducted
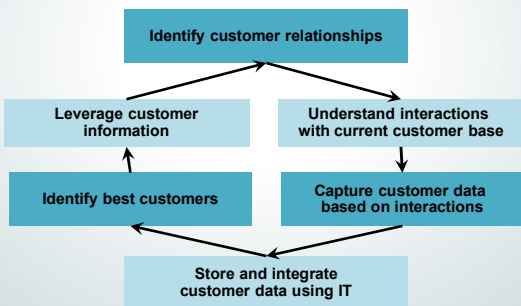
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When Should Marketing Research Be Conducted?

◆ 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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Exhibit 9.8
A Simple Flow Model of the Customer Relationship Management System

- Identify customer relationships
- Leverage customer information
- Understand interactions with current customer base
- Identify best customers
- Capture customer data based on interactions
- Store and integrate customer data using IT

Competitive Intelligence

Explain the concept of competitive intelligence

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Competitive Intelligence (CI)

An intelligence system that helps managers assess their competition and vendors in order to become more efficient and effective competitors.

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Sources of Competitive Intelligence

Internet	UCC Filings
Company Salespeople	Suppliers
Industry Experts	Periodicals
CI Consultants	Yellow Pages
Government Agencies	Trade Shows

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Chapter 9 Video

The Nederlander Organization

The Nederlander Organization is at the forefront of using technology to understand its customers and the ways that those theatregoers purchase tickets. This video clip discusses specific ways the Nederlander Organization collects data and then leverages that information to the benefit of the customer.

CLICK TO PLAY

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Part 2 Video

Scripps Networks Interactive

Target Market Solutions

Scripps Networks Interactive discusses how social media allows them to very specifically understand who their target markets and demographics are for their various channels. Based on the information provided by customers on social media, Scripps is able to develop targeted marketing messages and programming that is highly tailored to its customers.

CLICK TO PLAY VIDEO

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