Chapter One
Introduction to Marketing Research
Figure 1.1  Introduction to Marketing Research: An Overview
Definition of Marketing Research

Marketing research is the systematic and objective

- identification,
- collection,
- analysis,
- dissemination, and
- use of information

for the purpose of improving decision making related to the

- identification and
- solution of problems and opportunities in marketing
Figure 1.2 Defining Marketing Research

- Identification of Information Needed
- Collection of Data
- Analysis of Data
- Dissemination of Information
- Use of Information

Identifying and Solving Marketing Problems
Market Research

- Specifies the information necessary to address these issues
- Manages and implements the data collection process
- Analyzes the results
- Communicates the findings and their implications
Classification of Marketing Research

Problem Identification Research

- Research undertaken to help identify problems which are not necessarily apparent on the surface and yet exist or are likely to arise in the future. Examples: market potential, market share, image, market characteristics, sales analysis, forecasting, and trends research.

Problem Solving Research

- Research undertaken to help solve specific marketing problems. Examples: segmentation, product, pricing, promotion, and distribution research.
Figure 1.3 A Classification of Marketing Research

Marketing Research

Problem-Identification Research
- Market Potential Research
- Market Share Research
- Image Research
- Market Characteristics Research
- Forecasting Research
- Business Trends Research

Problem-Solving Research
- Segmentation Research
- Product Research
- Pricing Research
- Promotion Research
- Distribution Research

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Problem-Solving Research

SEGMENTATION RESEARCH
- Determine the basis of segmentation
- Establish market potential and responsiveness for various segments
- Select target markets
- Create lifestyle profiles: demography, media, and product image characteristics

PRODUCT RESEARCH
- Test concept
- Determine optimal product design
- Package tests
- Product modification
- Brand positioning and repositioning
- Test marketing
- Control score tests
Problem-Solving Research (Cont.)

**PRICING RESEARCH**
- Pricing policies
- Importance of price in brand selection
- Product line pricing
- Price elasticity of demand
- Initiating and responding to price change

**PROMOTIONAL RESEARCH**
- Optimal promotional budget
- Sales promotion relationship
- Optimal promotional mix
- Copy decisions
- Media decisions
- Creative advertising testing
- Evaluation of advertising effectiveness
- Claim substantiation

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Problem-Solving Research (Cont.)

DISTRIBUTION RESEARCH
Determines…
- Types of distribution
- Attitudes of channel members
- Intensity of wholesale & resale coverage
- Channel margins
- Location of retail and wholesale outlets
Figure 1.4 The Marketing Research Process

Step 1: Defining the Problem

Step 2: Developing an Approach to the Problem

Step 3: Formulating a Research Design

Step 4: Doing Field Work or Collecting Data

Step 5: Preparing and Analyzing Data

Step 6: Preparing and Presenting the Report
Figure 1.5 The Role of Marketing Research in Marketing

Uncontrollable Environmental Factors
- Economy
- Technology
- Competition
- Laws and Regulation
- Social and Cultural Factors
- Political Factors

Customer Groups
- Consumers
- Employees
- Channel Members
- Suppliers

Controllable Marketing Variables
- Product
- Pricing
- Promotion
- Distribution

Marketing Research

Assessing Information Needs

Marketing Decision Making

Providing Information

Marketing Managers
- Market Segmentation
- Target Market Selection
- Marketing Programs
- Performance and Control
Does the management have a positive attitude towards research?

Are enough resources available to collect additional information and implement the findings?

Is additional information needed to make the decision?

Is the decision of strategic or tactical importance?

Does the value of additional information exceed the cost of research?

Do Not Conduct Marketing Research

Conduct Marketing Research
Marketing Research Suppliers & Services

- Internal suppliers
- External suppliers
  - Full-service suppliers
    - Syndicated services
    - Standardized services
    - Customized services
    - Internet services
  - Limited-service suppliers
    - Field services
    - Focus groups and Qualitative services
    - Technical and Analytical services
    - Other services
Figure 1.7
Marketing Research Industry: Suppliers and Services

- Research Suppliers
  - Internal
  - Full Service
    - Syndicated Services
    - Customized Services
    - Internet/Social Media Services
  - Limited Service
    - Field Services
    - Qualitative Services
    - Other Services
    - Analytical Services
  - External
Table 1.1  TOP 10 GLOBAL RESEARCH ORGANIZATIONS

<table>
<thead>
<tr>
<th>Rank 2009</th>
<th>Rank 2008</th>
<th>Organization</th>
<th>Headquarters</th>
<th>Parent country</th>
<th>Web site (<a href="http://www">www</a>.)</th>
<th>No. of Countries with Subsidiaries/Branch Offices</th>
<th>Global Revenue (USD millions)</th>
<th>Percent of global revenue from outside home country (%)</th>
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<td>The Nielsen Co.</td>
<td>New York</td>
<td>U.S.</td>
<td>Nielsen.com</td>
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<td>INTAGE Inc.</td>
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<td>Intage.co.jp</td>
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<td>368.6</td>
<td>1.7</td>
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</table>
Criteria for Selecting a Research Supplier

- What is the reputation of the supplier?
- Do they complete projects on schedule?
- Are they known for maintaining ethical standards?
- Are they flexible?
- Are their research projects of high quality?
- What kind and how much experience does the supplier have? Has the firm had experience with projects similar to this one?
- Do the supplier's personnel have both technical and non-technical expertise?
- Can they communicate well with the client?
- Competitive bids should be obtained and compared on the basis of quality as well as price.
Careers in Marketing Research

- Career opportunities are available with marketing research firms (e.g., Nielsen, Burke, Inc., M/A/R/C)
- Careers in business and non-business firms and agencies with in-house marketing research departments (e.g., Procter & Gamble, Coca-Cola, AT&T, the Federal Trade Commission, the U.S. Census Bureau)
- Advertising agencies (e.g., BBDO International, Ogilvy & Mather, J. Walter Thompson, Young & Rubicam)
- Positions: vice president of marketing research, research director, assistant director of research, project manager, field work director, statistician/data processing specialist, senior analyst, analyst, junior analyst, and operational supervisor
Vice President of Marketing Research
• Part of company’s top management team
• Directs company’s entire market research operation
• Sets the goals & objectives of the marketing research department

Research Director
• Also part of senior management
• Heads the development and execution of all research projects

Assistant Director of Research
• Administrative assistant to director
• Supervises research staff members

Senior Project Manager
• Responsible for design, implementation, & research projects
Senior Analyst

- Participates in the development of projects
- Carries out execution of assigned projects
- Coordinates the efforts of analyst, junior analyst, & other personnel in the development of research design and data collection
- Prepares final report

Analyst

- Handles details in execution of project
- Designs & pretests questionnaires
- Conducts preliminary analysis of data

Junior Analyst

- Secondary data analysis
- Edits and codes questionnaires
- Conducts preliminary analysis of data

Statistician/Data Processing

- Serves as expert on theory and application on statistical techniques
- Oversees experimental design, data processing, and analysis

Fieldwork Director

- Handles selection, training, supervision, and evaluation of interviewers and field workers
Preparation for a Career in Marketing Research

- Take all the marketing courses you can.
- Take courses in statistics and quantitative methods.
- Acquire Internet and computer skills. Knowledge of programming languages is an added asset.
- Take courses in psychology and consumer behavior.
- Acquire effective written and verbal communication skills.
- Think creatively. Creativity and common sense command a premium in marketing research.
Figure 1.8 The Development of MIS and DSS

- Internal Billing, Production, and Other Records
- External Market Information
- Marketing Information Systems
- Decision Support Systems
- Expert Systems

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<table>
<thead>
<tr>
<th>MIS</th>
<th>DSS</th>
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<tbody>
<tr>
<td>Structured problems</td>
<td>Unstructured problems</td>
</tr>
<tr>
<td>Use of reports</td>
<td>Use of models</td>
</tr>
<tr>
<td>Information displaying restricted</td>
<td>Adaptability</td>
</tr>
<tr>
<td>Can improve decision making by clarifying new data</td>
<td>Can improve decision making by using “what if” analysis</td>
</tr>
</tbody>
</table>
Figure 1.10 A Concept Map of the Marketing Research Process

Step 1: Defining the Problem

Management Decision Problem

Marketing Research Problem

Step 2: Developing an Approach to the Problem

Analytical Framework and Models
Research Questions and Hypotheses
Specification of Information Needed

Step 3: Formulating a Research Design

Exploratory
Descriptive
Causal

Step 4: Doing Field Work or Collecting Data

Selection
Training
Supervision
Evaluation

Step 5: Preparing and Analyzing Data

Data Preparation

Univariate Techniques
Multivariate Techniques

Step 6: Preparing and Presenting the Report

Report
Presentation
Research Follow-up

Assisting the Client
Evaluating the Research Project

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International Marketing Research

- The United States accounts for about 40 percent of worldwide marketing research expenditures; another 40 percent is attributable to Western Europe and about 10 percent to Japan.
- International marketing research should be sensitive to differences in customs, communication, and culture.
- The environment in the countries or international markets that are being researched influences the way the six steps of the marketing research process should be performed.
- These environmental factors include marketing, government, legal, economic, structural, informational, technological, and sociocultural factors.
Marketing Research & Social Media

- All social media share certain common characteristics that make them very relevant as a domain for conducting marketing research.
- Social media are marked by user-generated content.
- Users are able to rate, rank, comment on, review and respond to the new world of media.
- People form online communities by combining one-to-one (e.g. email and instant messaging), one-to-many (web pages and blogs) and many-to-many (wikis) communication modes.
- Social communities open up new avenues for understanding, explaining, influencing and predicting the behaviors of consumers in the marketplace.
Limitations of Social Media

- While the standard for objectivity is high for journalists, expectations about objectivity among bloggers and other social media users are lower.
- Social media users may not be representative of the target population in many marketing research applications.
- Social media as a source of samples suffers from at least two biases: from self-selection and from advocacy.
- Yet, as long as these limitations are understood, insights from social media analysis can uncover useful information that can inform marketing decisions.
Social Media Summary

- We advocate the use of social media as an additional domain in which to conduct marketing research to supplement and complement, but not to replace, the traditional ways in which research is conducted.

Ethics in Marketing Research

- Marketing research activities affect four stakeholders: (1) the marketing researcher, (2) the client, (3) the respondent, and (4) the public.
- Ethical issues arise when conflict occurs between these stakeholders (Figure 1.11) and this can happen at each step of the marketing research process.
- In the face of conflict, the behavior of the stakeholders should be guided by codes of ethics.
- Several organizations, including the Marketing Research Association (MRA) and the American Marketing Association (AMA), provide codes in the area of ethical research behavior.
Figure 1.11  Stakeholders in Marketing Research: An Ethical Perspective
Overview of Ethical Issues in Marketing Research

I. Problem definition

› Using surveys as a guise for selling or fundraising
› Personal agendas of the researcher or client
› Conducting unnecessary research

II. Developing an approach

› Using findings and models developed for specific clients or projects for other projects
› Soliciting proposals to gain research expertise without pay
› Inaccurate reporting
Overview of Ethical Issues in Marketing Research (Cont.)

III. Research Design

- Formulating a research design more suited to the researcher's rather than the client's needs
- Using secondary data that are not applicable or have been gathered through questionable means
- Disguising the purpose of the research
- Soliciting unfair concessions from the researcher
- Not maintaining anonymity of respondents
- Disrespecting privacy of respondents
- Misleading respondents
- Disguising observation of respondents
Overview of Ethical Issues in Marketing Research (Cont.)

III. Research Design (Cont.)

› Embarrassing or putting stress on respondents
› Using measurement scales of questionable reliability & validity
› Designing overly long questionnaires, overly sensitive questions, piggybacking
› Using inappropriate sampling procedures and sample size
Overview of Ethical Issues in Marketing Research (Cont.)

IV. Field Work

› Increasing discomfort level of respondents
› Following unacceptable field work procedures

V. Data Preparation and Analysis

› Identifying and discarding unsatisfactory respondents
› Using statistical techniques when the underlying assumptions are violated
› Interpreting the results and making incorrect conclusions and recommendations
Overview of Ethical Issues in Marketing Research (Cont.)

VI. Report Preparation and Presentation

➤ Incomplete reporting
➤ Biased reporting
➤ Inaccurate reporting
<table>
<thead>
<tr>
<th>Association</th>
<th>Website</th>
<th>Description</th>
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<td><a href="http://www.aapor.org">www.aapor.org</a></td>
<td>American Association for Public Opinion Research</td>
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<td>The Advertising Research Foundation</td>
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<td><a href="http://www.qrca.org">www.qrca.org</a></td>
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<td>RIC</td>
<td><a href="http://www.researchindustry.org">www.researchindustry.org</a></td>
<td>Research Industry Coalition</td>
</tr>
</tbody>
</table>
Marketing Research Associations Online (Cont.)

ESOMAR (www.esomar.nl)
European Society for Opinion and Marketing Research

MRS (www.marketresearch.org.uk)
The Market Research Society (UK)

MRSA (www.mrsa.com.au)
The Market Research Society of Australia

PMRS (www.pmrs-aprm.com)
The Professional Marketing Research Society (Canada)
Acronym: Research

The role and salient characteristics of marketing research can be described by the acronym RESEARCH:

R ecognition of information needs
E ffective decision making
S ystematic and objective
E xodus/dissemination of information
A nalysis of information
R ecommendations for action
C ollection of information
H elpful to managers