Preface to Marketing Management 15th edition Peter Solutions Manual

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Chapter 2

Marketing Research: Process and Systems for Decision Making

High-Level Chapter Outline

I. The Role of Marketing Research
II. The Marketing Research Process
  A. Purpose of the Research
  B. Plan of the Research
    Primary versus Secondary Data
    Qualitative versus Quantitative Research
    Company versus Contract Research
  C. Performance of the Research
  D. Processing of Research Data
  E. Preparation of the Research Report
  F. Limitations of the Research Process
III. Marketing Information Systems

Detailed Chapter Outline

I. The Role of Marketing Research

- Marketing research is the process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making.
- Marketing research does not make decisions, but it can substantially increase the chances that good decisions are made.
- Marketing managers should recognize that:
  - Even the most carefully executed research can be fraught with errors.
  - Marketing research does not forecast with certainty what will happen in the future.
  - They should make decisions in light of their own knowledge and experience, since no marketing research study includes all of the factors that could influence the success of a strategy.
- Although marketing research does not make decisions, it can reduce the risks associated with managing marketing strategies.

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- Marketing research is also vital for investigating the effects of various marketing strategies after they have been implemented.
- Today, many marketing researchers work hand-in-hand with marketing managers throughout the research process and have responsibility for making strategic recommendations based on the research.

II. The Marketing Research Process

- Marketing research can be viewed as the systematic process for obtaining information to aid in decision-making.
- There are many types of marketing research, and the framework illustrated in Figure 2.1 represents a general approach to the process.

A. Purpose of the Research

- The first step in the research process is to determine explicitly why the research is needed and what it is to accomplish.
- Quite often a situation or problem is recognized as needing research, yet the nature of the problem is not clear or well defined nor is the appropriate type of research evident.
- Managers and researchers need to discuss and clarify the current situation and develop a clear understanding of the problem.
- Managers and researchers should agree on the following points:
  - The current situation involving the problem to be researched
  - The nature of the problem
  - The specific question or questions the research is designed to investigate
- This step is crucial since it influences the type of research to be conducted and the research design.

B. Plan of the Research

- A research plan spells out the nature of the research to be conducted and includes an explanation of such things as the sample design, measures, and analysis techniques to be used.
- The following three critical issues influence the research plan are:
  - Whether primary or secondary data are needed
  - Whether qualitative or quantitative research is needed
  - Whether the company will do its own research or contract with a marketing research specialist

Primary versus Secondary Data

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- *Primary data* are data collected specifically for the research problem under investigation.
- *Secondary data* are those that have previously been collected for other purposes but can be used for the problem at hand.
- Secondary information has the advantage of usually being cheaper than primary data, although it is not always available for strategy-specific research questions.
- There are many types of secondary data that could be useful for understanding a market and for answering a particular research question.
- Some of these data can be found from sources *internal* to the organization such as sales invoices, quarterly sales reports, and marketing research done by the organization for other purposes but useful for the problem at hand.
- Other secondary data must be obtained from sources *external* to the organization and include information such as the types listed in Figure 2.2.
- Organizations can get such information from a number of sources.
    - One source is syndicated data providers, such as ACNielsen and J.D. Power Associates.
    - Another external source is the volume of data and information provided by the government, such as U.S. census data, *Guide to Industrial Statistics*, *U.S. Industrial Outlook*, *Survey of Current Business,* and *Guide to Foreign Trade Statistics*.
    - Finally, much useful information about competitors can be found by analyzing their websites, other published reports about them, and their annual reports.

Qualitative versus Quantitative Research

- Qualitative research typically involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic.
- The two most common types of qualitative research in marketing are focus group and long interviews.
    - *Focus groups* typically involve discussions among a small number of consumers led by an interviewer and are designed to generate insights and ideas about products and brands.
    - *Long interviews* are conducted by an interviewer with a single respondent for several hours.
- Quantitative research involves more systematic procedures designed to obtain and analyze numerical data.
- Four common types of quantitative research in marketing are observation, surveys, experiments, and mathematical modeling.

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- *Observational research* involves watching people and recording relevant facts *and* behaviors.
- *Survey research* involves the collection of data by means of a questionnaire either by mail, phone, online, or in person.
- *Experimental research* involves manipulating one variable and examining its impact on other variables.
- *Mathematical modeling* often involves secondary data, such as scanner data collected and stored in computer files from retail checkout counters.

Company versus Contract Research

- Most large consumer goods companies have marketing research departments that can perform a variety of types of research.
- In addition, many marketing research firms, advertising agencies, and consulting companies do marketing research on a contract basis.

C. Performance of the Research

- Performance of the research involves preparing for data collection and actually collecting them.
- In terms of actual data collection, a cardinal rule is to obtain and record the maximal amount of useful information, subject to the constraints of time, money, and respondent privacy.
- Failure to obtain and record data clearly can obviously lead to a poor research study, while failure to consider the rights of respondents raises both practical and ethical problems.
- Thus, both the objectives and constraints of data collection must be closely monitored.

D. Processing of Research Data

- Processing research data includes the preparation of data for analysis and the actual analysis of them.
- The appropriate analysis techniques for collected data depend on the nature of the research question and the design of the research.
- Qualitative research data consist of interview records that are content analyzed for ideas or themes.
- Quantitative research data may be analyzed in a variety of ways depending on the objectives of the research.
- A critical part of this stage is interpreting and assessing the research results.
- Marketing researchers should always double-check their analysis and avoid overstating

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the strength of their findings.

E. Preparation of the Research Report

- The research report is a complete statement of everything done in a research project and includes a write-up of each of the previous stages as well as the strategic recommendations from the research.
- Figure 2.5 illustrates the types of questions marketing researchers and managers should discuss prior to submitting the final research report.
- Research reports should be clear and unambiguous with respect to what was done and what recommendations are made.
- Researchers should work closely with managers to ensure that the study and its limitations are fully understood.

F. Limitations of the Research Process

- Many problems and difficulties must be overcome if a research study is to provide valuable information for decision making.
- The major goal of most test marketing is to measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely.
- Problems that could invalidate test marketing study results are listed below.
    - Test market areas are not representative of the market in general in terms of population characteristics, competition, and distribution outlets.
    - Sample size and design are incorrectly formulated because of budget constraints.
    - Pretest measurements of competitive brand sales are not made or are inaccurate, limiting the meaningfulness of market share estimates.
    - Test stores do not give complete support to the study such that certain package sizes may not be carried or prices may not be held constant during the test period.
    - Test-market products are advertised or promoted beyond a profitable level for the market in general.
    - The effects of factors that influence sales, such as the sales force, season, weather conditions, competitive retaliation, shelf space, and so forth, are ignored in the research.
    - The test-market period is too short to determine whether the product will be repurchased by customers.
- Careful research planning, coordination, implementation, and control can help reduce such problems and increase the value of research for decision making.

III. Marketing Information Systems

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- Most marketers use computer-based systems to help them gather, sort, store, and distribute information for marketing decisions.
- These marketing information systems consist of a coordinated collection of data, tools, techniques, and models by which marketers gather and interpret relevant information for decision making.
- These systems require three types of software:
  - Database management software for sorting and retrieving data from internal and external sources
  - Model base management software that contains routines for manipulating data in ways that are useful for marketing decision making
  - A dialog system that permits marketers to explore databases and use models to produce information to address their decision-making needs
- Marketing information systems are designed to handle data from both internal and external sources.
- External information is gathered from outside the organization and concerns changes in the environment that could influence marketing strategies.

Key Terms

Experimental research: Experimental research involves manipulating one variable and examining its impact on other variables

Focus groups: A type of qualitative research that typically involves discussions among a small number of consumers led by an interviewer and designed to generate insights and ideas about products and brands

Long interviews: A type of qualitative research conducted by an interviewer with a single respondent for several hours and designed to find out such things as the meanings various products and brands have for the person or how a product influences the person's life

Marketing research: Marketing research is the process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making. Most often consumers or organizational buyers are the subject of the research

Mathematical modeling: Mathematical modeling involves developing equations to model relationships among variables to investigate the impact of various strategies and tactics on sales and brand choices

Observational research: Observational research involves watching people and recording relevant facts and behaviors

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Primary data: Primary data are data collected specifically for the research problem under investigation

Qualitative research: Qualitative research typically involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic, such as a brand name, a product, a package, or an advertisement

Quantitative research: Quantitative research involves systematic procedures designed to obtain and analyze numerical data

Secondary data: Secondary data are those that have previously been collected for other purposes but can be used for the problem at hand

Survey research: Survey research involves the collection of data by means of a questionnaire either by mail, phone, online, or in person

Test marketing: The major goal of most test marketing is to measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely. In this way, future sales potential can often be estimated reasonably well

Additional Resources

Burns, Alvin C. and Ronald Bush. *Marketing Research,* 7th ed. Upper Saddle River, NJ: Prentice-Hall, 2014.

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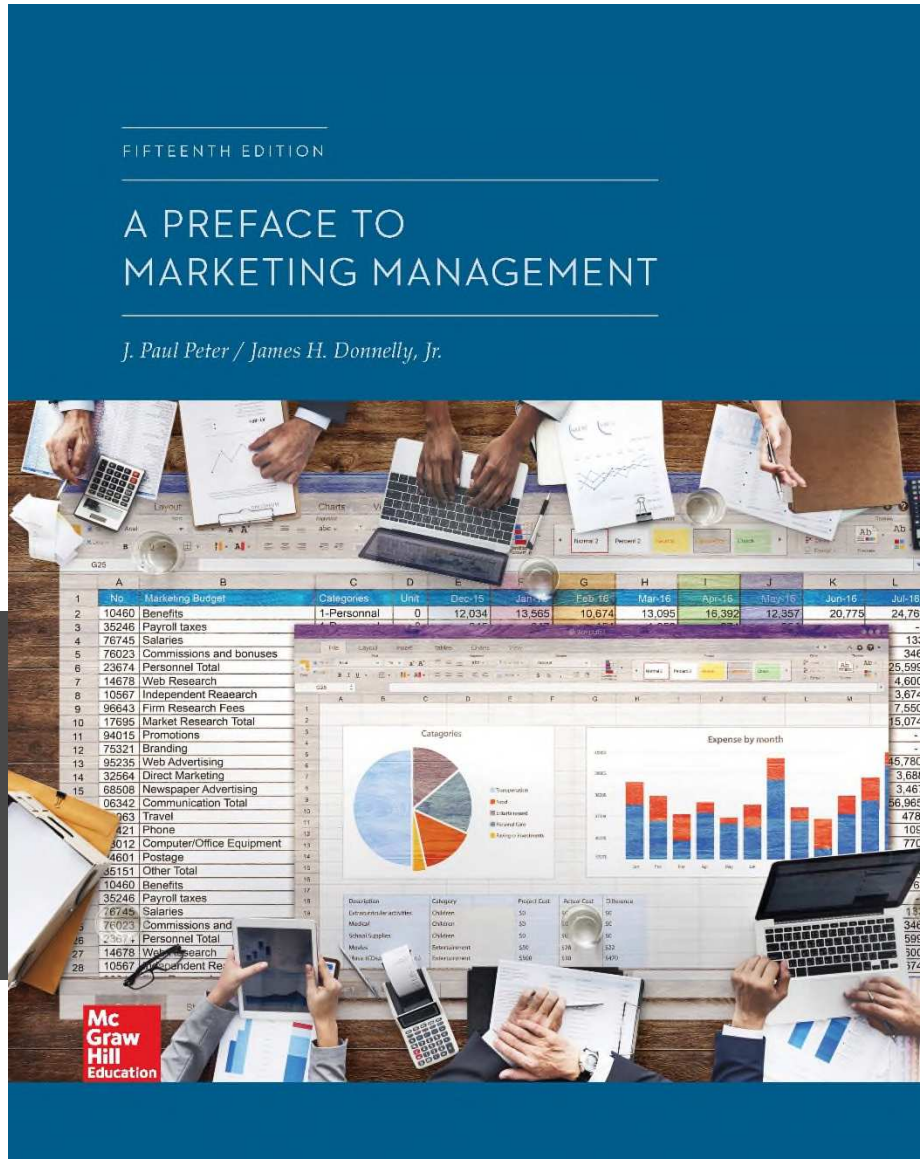
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Chapter 2

Marketing Research: Process and Systems for Decision Making



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Chapter Outline

- The role of marketing research
- The marketing research process
- Marketing information systems

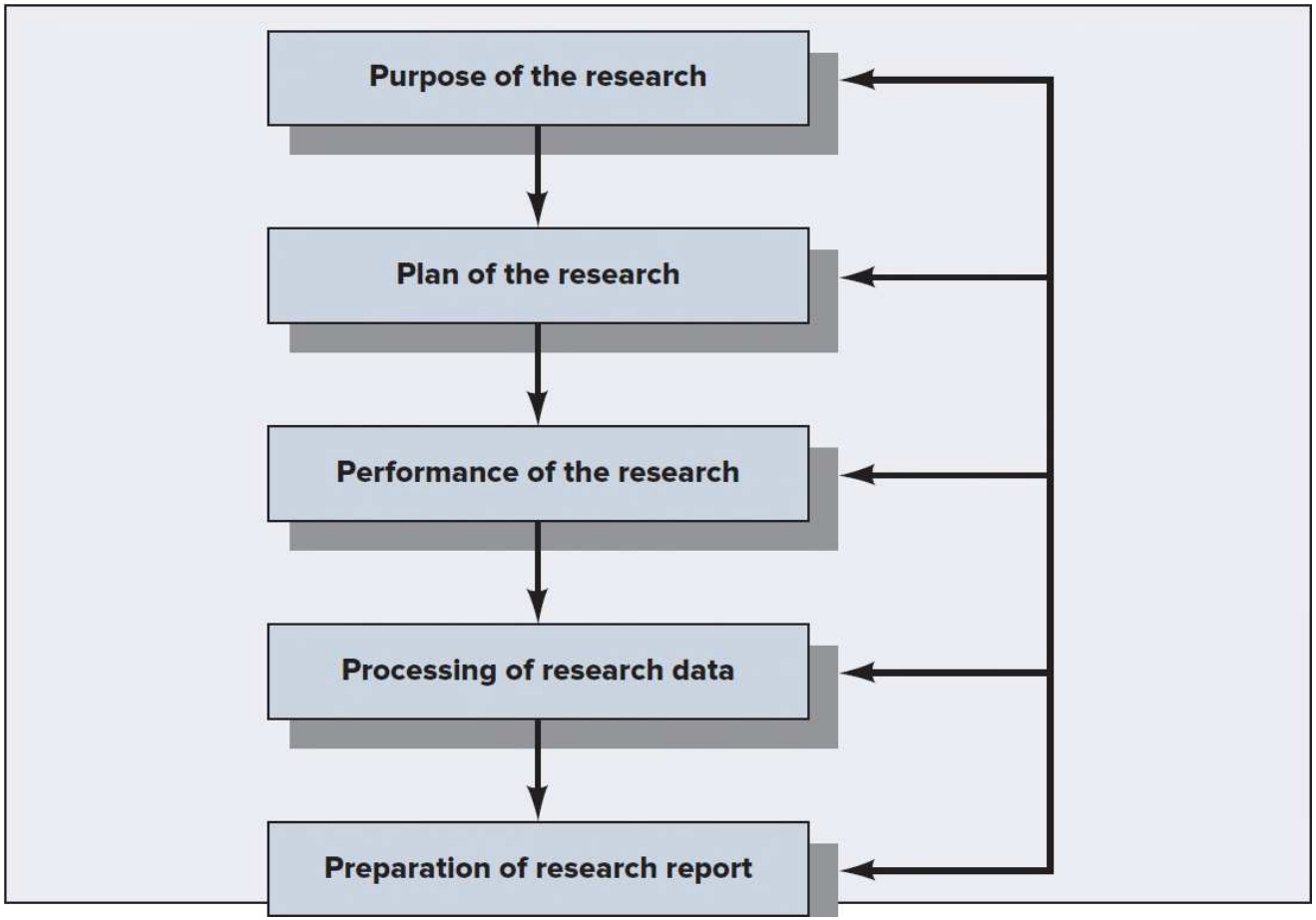
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Marketing Research

- Process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making
- Aids decision making and is not a substitute for it
- Reduces risks associated with managing marketing strategies
- Vital for investigating the effects of various marketing strategies after implementation

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Figure 2.1: The Five Ps of the Research Process



Jump to Figure 2.1:The Five Ps of the Research Process, Appendix

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Purpose of the Research

Managers and researchers need to discuss and clarify the current situation and develop a clear understanding of the problem

- Should agree on:
  - Current situation involving the problem to be researched
  - Nature of the problem
  - Specific question or questions the research is designed to investigate

This step influences the type of research to be conducted and the research design

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Plan of the Research

Details the nature of the research

Includes explanation of sample design, measures, and analysis techniques

Critical issues that influence a research plan include whether:

- Primary or secondary data are needed
- Qualitative or quantitative research is needed
- The company will conduct its own research or contract with a marketing research specialist

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Primary versus Secondary Data

Primary data: Data collected specifically for the research problem under investigation

Secondary data: Previously collected data that could be used for the problem at hand

- Can be obtained from sources external or internal to the organization

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Qualitative Research

Involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic

Types

- **Focus groups**: Involve discussions among a small number of consumers led by an interviewer
  - Designed to generate insights and ideas about products and brands
- **Long interviews**: Conducted by an interviewer with a single respondent for several hours
  - Designed to find out how individuals perceive the products or how they are influenced by them

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Quantitative Research, 1

Involves systematic procedures designed to obtain and analyze numerical data

Types

- **Observational research**: Involves watching people and recording relevant facts and behaviors
- **Survey research**: Involves the collection of data by means of a questionnaire by mail, phone, online, or in person

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Quantitative Research, 2

- **Experimental research**: Involves manipulating one variable and examining its impact on other variables
- **Mathematical modeling**: Involves developing equations to model relationships among variables
  - Investigates the impact of different strategies and tactics on sales and brand choices using econometric and statistical techniques

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Figure 2.4: Comparison of Data Collection Methods Used in Marketing Research, 1

Method	Advantages	Disadvantages
Focus groups	• Depth of information collected • Flexibility in use • Relatively low cost • Data collected quickly	• Requires expert moderator • Questions of group size and acquaintanceships of participants • Potential for bias from moderator • Small sample size
Telephone surveys	• Centralized control of data collection • More cost-effective than personal interviews • Data collected quickly	• Resistance in collecting income, financial data • Limited depth of response • Disproportionate coverage of low-income segments • Abuse of phone by solicitors • Perceived intrusiveness

Source: William Bearden, Thomas Ingram and Raymond LaForge, Marketing: *Principles and Perspectives 5E,* 2007, p. 135

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Figure 2.4: Comparison of Data Collection Methods Used in Marketing Research, 2

Method	Advantages	Disadvantages
Mail surveys	• Cost-effective per completed response • Broad geographic dispersion • Ease of administration • Data collected quickly	• Refusal and contact problems with certain segments • Limited depth of response • Difficult to estimate nonresponse biases • Resistance and bias in collecting income, financial data • Lack of control following mailing
Personal, in-depth, Interviews	• More depth of response than telephone interviews • Generate substantial number of ideas compared with group methods	• Easy to transmit biasing cues • Not-at-homes • Broad coverage often infeasible • Cost per contact high • Data collection time may be excessive

Source: William Bearden, Thomas Ingram and Raymond LaForge, Marketing: *Principles and Perspectives 5E,* 2007, p. 135

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Figure 2.4: Comparison of Data Collection Methods Used in Marketing Research, 3

Method	Advantages	Disadvantages
Mall intercepts	• Flexibility in collecting data, answering questions, probing respondents • Data collected quickly • Excellent for concept tests, copy evaluations, other visuals • Fairly high response rates	• Limited time • Sample composition or representativeness is suspect • Costs depend on incidence rates • Interviewer supervision difficult
Internet surveys	• Inexpensive, quickly executed • Visual stimuli can be evaluated • Real-time data processing possible • Can be answered at convenience of respondent	• Responses must be checked for duplication, bogus responses • Respondent self-selection bias • Limited ability to qualify respondents and confirm responses • Difficulty in generating sample frames for probability sampling

Source: William Bearden, Thomas Ingram and Raymond LaForge, Marketing: *Principles and Perspectives 5E,* 2007, p. 135

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Figure 2.4: Comparison of Data Collection Methods Used in Marketing Research, 4

Method	Advantages	Disadvantages
Projective techniques	• Useful in word association tests of new brand names • Less threatening to respondents for sensitive topics • Can identify important motives underlying choices	• Require trained interviewers • Cost per interview high
Observation	• Can collect sensitive data • Accuracy of measuring overt behaviors • Different perspective than survey self-reports • Useful in studies of cross-cultural differences	• Appropriate only for frequently occurring behaviors • Unable to assess opinions of attitudes causing behaviors • May be expensive in data-collection-time costs

Source: William Bearden, Thomas Ingram and Raymond LaForge, Marketing: *Principles and Perspectives 5E,* 2007, p. 135

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Company versus Contract Research

Some marketing research suppliers have special expertise in a particular type of research

- Makes them a better choice than doing the research internally

Decision about whether the marketing research department has the ability to do a particular type of research itself or whether all or part of the research should be contracted with a research supplier must be made

- Considerations
  - Schedules for task completion
  - Exact responsibilities of all involved parties
  - Cost

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Performance of Research

Preparing for data collection and actually collecting them

- Tasks depend on the:
  - Type of research selected
  - Type of data needed
- Cardinal rule in data collection
  - One should obtain and record the maximal amount of useful information subject to the constraints of time, money, and respondent privacy

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Processing of Research Data

Involves preparation of data for analysis and their actual analysis

- Preparations include editing and structuring data and coding them for analysis
- Appropriate analysis techniques depend on:
  - Nature of the research question
  - Design of the research
- Interpreting and assessing the research results are critical
  - Marketing researchers should always double-check their analysis and avoid overstating the strength of their findings

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Preparation of Research Report

Research report: Complete statement of everything done in a research project

- Includes:
  - Write-up of each of the stages
  - Strategic recommendations from the research
- Should be clear and unambiguous with respect to what was done and what recommendations are made
- Researchers should work closely with managers to ensure that the study and its limitations are fully understood

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Criteria for Evaluating Marketing Research Reports, 1

Was the type of research appropriate for the research questions?

Was the research well designed?

- Was the sample studied appropriate for the research questions?
- Were measures well developed, pretested, and validated?
- Were the data analysis techniques the best ones for the study?

Was there adequate supervision of data collection, editing, and coding?

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Criteria for Evaluating Marketing Research Reports, 2

- Was the analysis conducted according to standards accepted in the field?
- Do the findings make sense, given the research question and design, and were they considered in light of previous knowledge and experience?
- Are the limitations of the study recognized and explained in detail?
- Are the conclusions appropriately drawn or are they over- or understated?
- Are the recommendations for marketing strategy clear and appropriate?

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Test Marketing and Its Limitations, 1

Goal: To measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely

- Helps estimate future sales potential
- Limitations of test marketing
  - Test market areas are not representative of the market in terms of population characteristics, competition, and distribution outlets
  - Sample size and design are incorrectly formulated
  - Pretest measurements of competitive brand sales are not made or are inaccurate
  - Test scores do not give complete support to the study

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Test Marketing and Its Limitations, 2

- Test-market products are advertised or promoted beyond a profitable level for the market in general
- Effects of factors that influence sales are ignored in the research
- Test-market period is too short to determine whether the product will be repurchased

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Marketing Information Systems, 1

Computer-based systems that help gather, sort, store, and distribute information for marketing decisions

Consist of a coordinated collection of data, tools, techniques, and models by which marketers gather and interpret relevant information for decision making

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Marketing Information Systems, 2

Require the following types of software:

- Database management software: Sorts and retrieves data from internal and external sources
- Model base management software: Contains routines for manipulating data in order to make it useful for marketing decision making
- Dialog system: Permits marketers to explore databases and use models to produce information to address their decision-making needs

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Marketing Information Systems, 3

Designed to handle information from both internal and external sources

- Internal information
  - Helps investigate the efficiency and effectiveness of various marketing strategies
  - Includes sales records, inventory data, and expenditure data
- External information
  - Gathered from outside the organization
  - Concerns changes in the environment that could influence marketing strategies
- Information from marketing research studies conducted by an organization is fed into marketing information systems to improve marketing strategy development

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APPENDIX

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Figure 2.1: The Five Ps of the Research Process, Appendix

This figure presents five rectangular boxes placed one on top of the other. An arrow points from one rectangle to the next to denote a process. No arrow originates from the last rectangle. Arrows on the right side connect each of the rectangular boxes to show the interconnectivity between the processes.

The first rectangle is labeled purpose of research. The second rectangle is labeled plan of the research. The third rectangle is labeled performance of the research. The fourth rectangle is labeled processing of research data. The fifth rectangle is labeled preparation of research report.

Jump back to Figure 2.1:The Five Ps of the Research Process

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