Learning Objectives

- To learn the steps involved in the marketing research process.
- To understand the components of the research request.
- To become familiar with the nature of management within a research department.
- To learn the advantages and disadvantages of survey, observation, and experimental research techniques.

The Marketing Research Process

- Problem/Oppportunity Identification & Formulation
- Creation of the Research Design
- Choice of Method of Research
- Selection of the Sampling Procedure
- Collection of the Data
- Analysis of the Data
- Creation of the Research Design
- Problem/Oppportunity Identification & Formulation
- Follow-up
- Writing and Presenting the Report
Steps in the Marketing Research Process

- Problem/opportunity identification and formulation
- Creation of the research design
- Choice of the method of research
- Selection of the sampling procedure
- Collection of data
- Analysis of data

Steps in the Marketing Research Process

- Preparation of the research report
- Follow-up

Problem/Opportunity Identification and Formation

- The research process begins with the recognition of a marketing problem or opportunity.
- As changes occur in the firm’s external environment, marketing managers are faced with the questions, “Should we change the existing marketing mix?” and, “If so, how?”
Steps in the Problem/Opportunity Identification and Formulation Process

- Find Out Why the Information is Being Sought
- Determine Whether the Information Already Exists
- Determine Whether the Question Really Can Be Answered
- Use Exploratory Research to Define the Problem

Steps in the Problem/Opportunity Identification and Formulation Process

- Articulate the Research Objectives
  - Research objectives are often stated in the form of hypotheses.
  - A hypothesis is a conjectural statement about a relationship between two or more variables that can be tested with empirical data.
  - Avoid the “Nice to Know” Syndrome

Creating the Research Design

The research design is the plan to be followed to answer the research objectives or hypotheses.
Descriptive vs. Causal Studies

<table>
<thead>
<tr>
<th>Descriptive</th>
<th>Causal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studies that answer the questions who, what, when, and how</td>
<td>Studies that examine whether one variable causes or determines the value of another variable</td>
</tr>
</tbody>
</table>

Choosing a Basic Method of Research

- **Survey**
  - Research in which an interviewer interacts with respondents to obtain facts, opinions, and attitudes.
- **Observation**
  - Descriptive research that monitors respondent’s actions without direct interaction.

- **Experiments**
  - Research to measure causality in which the investigator changes one or more variables while observing the effect of the change on another variable.
Selecting the Sampling Procedure

- A sample is a subset from a larger population.
- Questions that must be answered before the sample is selected:
  - The population or universe of interest must be defined.
  - After the population is defined, the next question is whether to use a probability sample or a nonprobability sample.

Collecting the Data

- Most data collection is done by marketing research field services.
- Field service firms, found throughout the country, specialize in interviewing for data collection on a subcontract basis.

Analyzing the Data

- The purpose of this step in the marketing research process is to interpret and draw conclusions from the data.
- Data analysis will be discussed in Chapters 13 and 14.
After completing the data analysis, the researcher must prepare the report and communicate the conclusions and recommendations to management.

After a company has spent a considerable amount of effort and money conducting marketing research and preparing a report, it is important for the findings to be used.

Management should determine whether the recommendations were followed and why or why not.

A marketing research department’s mission can be classified into three broad categories of research:
- Programmatic research
- Selective research
- Evaluative research
Factors Influencing a Manager's Decision to Use Research Information

- Conformity to prior expectations
- Clarity of presentation
- Political acceptability within the firm
- Research quality
- Challenge to the status quo

Chapter 3
The Marketing Research Industry and Research Ethics

Learning Objectives
- To appreciate the structure of the marketing research industry.
- To comprehend the nature of corporate marketing research departments.
- To learn about the various types of firms and their functions in the marketing research industry.
Learning Objectives

- To understand the functions of the advertising agency research department.
- To review contemporary ethics in the marketing research industry.
- To discover methods by which the level of professionalism in marketing research can be raised.

The Evolving Structure of the Marketing Research Industry

Today, over $9 billion a year is spent on marketing/advertising/public opinion research services around the world. U.S. spending on marketing research is $4.6 billion.

General Categories of Institutions Involved in Marketing Research

- **Level 1**
  - Corporate marketing research departments.
- **Level 2**
  - Ad agency research departments.
- **Level 3**
  - Custom or ad hoc research firms.
- **Level 4**
  - Field service firms.
General Categories of Institutions Involved in Marketing Research

- Specialized Service Firms
  - Provide specialized support service to the marketing research industry, such as Survey Sampling, Inc.
- Other
  - Governmental agencies, university research bureaus, individual university professors, and others.

Corporate Marketing Research Departments

- Most large corporations have a marketing research department.
- Virtually all consumer package goods firms have marketing research departments.
  - In these firms, when brand managers perceive that they have a problem requiring research, they go to the marketing research department for help.

Types of Research Being Conducted

- Market Studies
- Market Segmentation Studies
- Product Satisfaction Research
- Market Share Analysis
Ad Agency Research Departments

- The main function of ad agency research departments is the development and execution of ad campaigns.
- To properly fulfill this role, they often need marketing research data.
- They obtain their data from a variety of sources.

Custom or Ad Hoc Research Firms

- These firms are primarily in the business of executing custom, one-of-a-kind marketing research projects for corporate clients.
- The majority of these firms are small with billings of less than $1 million and less than 10 employees.

Field Service Firms

- Field service firms are data collection specialists who collect data on a subcontract basis.
- Field service firms collect data for corporate marketing research departments, custom research firms, syndicated service research firms, and ad agency research departments.
Field Service Firms

<table>
<thead>
<tr>
<th>Sequence of activities undertaken by a typical field service company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client contact</td>
</tr>
<tr>
<td>Estimate cost bid</td>
</tr>
<tr>
<td>Interviewer recruiting</td>
</tr>
<tr>
<td>Interviewer training</td>
</tr>
<tr>
<td>Interviewing status reports</td>
</tr>
<tr>
<td>Quality control</td>
</tr>
<tr>
<td>Ship to client</td>
</tr>
</tbody>
</table>

Specialized Service and Support Firms

- These firms provide various types of support to marketing research and other firms.
- The types of support services provided include:
  - Data processing
  - Sample generation
  - Access to secondary data
  - Statistical analysis
  - Other

The Growing Role of Strategic Partnering and Global Research

- Under pressure from clients and the cost of increasingly sophisticated technology, research companies are forming strategic alliances, sharing data or capabilities as a cost-effective way to grow.
A marketing researcher with a mature set of ethical values accepts personal responsibility for decisions, including responsibility for:

- Employees’ needs and desires and the long-range best interests of the organization.
  - People directly affected by company activities and their long-range goodwill and best interests.
  - Social values and conditions for society at large.

Examples of Unprofessional Tactics in Marketing Research

**Push Polls**

Political survey in which the interviewer makes derogatory and damaging statements about one political candidate to lead voters to support the other candidate. No statistical sampling is involved and thousands of people are targeted.

**Sales Pitches Disguised as Research**

Another serious problem is the use of sales pitches disguised as marketing research. Although the latter problem is caused by people outside the research industry, it still casts a negative light on legitimate researchers.

Proactive Efforts to Enhance the Level of Professionalism in the Market Research Industry

- The Efforts of CASRO
- The Creation of CMOR
- An Investigation of the Possibility of Establishing Certification Standards for Marketing Research Professionals
Case Review – “Got Milk”

- Review the case
- Does this type of research qualify as marketing Research?
- Do you think that the elements of a firm’s marketing mix should be modified after receiving results from these methods?
- Could these techniques be used to evaluate service quality?

The Marketing Research Proposal

A Full Description of Your Research Project

Introduction

Your proposal is an important document because it:
- 1. Contains an outline of the steps of the project and will serve as a reference.
- 2. Reflects your thinking about research methods.
- 3. Provides a checkpoint for comparing goals and objectives with your client.
"Typical" Research Proposal

I. Background Investigation

II. Research Objectives

III. Research Methods
   A. Data Gathering Method
   B. Sampling Plan
   C. Data Gathering Instrument
   D. Data Collection

IV. Tabulation and Data Analysis

V. Research Report

VI. Time and Cost Estimates

VII. Limitations

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Background Investigation

- Client Interview - Provide a summary of your finding from the initial interviews with your client.
- Talk about previous studies done for the client.
- Trade Publications - Review articles regarding:
   a. Current industry marketing practices
   b. Successful marketing strategies
   c. Stats on industry growth, sales, and profitability rates
   d. Results from previous surveys in the industry

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Research Objectives

- Focus on decisions
  - State the things that your research will accomplish.
  - Start with a list of potential decisions suggested by the background data search.
  - Focus on longer-range decisions implied by the client during your initial meetings.
  - Use descriptive characteristics including:
    - (age, sex, income, family comp, education)
  - Relate objectives to customer response to the marketing strategy
Common Objectives for Segmentation and Positioning Studies

- To measure consumer awareness of brands in the product/service category.
- To determine if consumers know the different characteristics of brands in the category.
- To determine consumer awareness of advertising and ad campaigns.
- To measure consumer perceptions of important brand attributes in the areas of product, price, and distribution.

Common Objectives cont......

- To determine present and potential media as sources of information about the brand.
- To measure those who are aware of the brand versus those who are not, buyers vs. nonbuyers.

Objectives “Service Focus”

- To evaluate desirability of various types of services.
- To determine target market influenced by these services.
- To determine the most efficient way of promoting these services to the members of the selected target markets.
Research Methodology

I. Data Gathering Method

   a. Secondary Data - Discuss types of sources used by the group to help in the understanding of the marketing research problem at hand.

   b. Primary Data - Discuss the type of information that will be gathered directly from the consumer. Groups should focus on “state of mind” measures gathered with a survey instrument.

   c. Survey Type - Telephone, interview, self-administered questionnaire.

Sampling Plan

- Define target population - All students, all undergraduate students, all on-campus students, evening students etc.
- Outline sampling methods for choosing sampling frame.
- Sample Size > 30 complete surveys
- Sampling Accuracy - sample size of 100 to 120 with a 95% level of confidence.

Data Gathering Instrument

- Brief description about collection instrument.
- Outline broad areas of information addressed: (awareness, attitudes, etc.)
- Describe any pre-test plans.
Tabulation and Data Analysis

- Discuss the methods used to transcribe written responses to a spreadsheet format.
- Describe procedures for data entry.
- Discuss computer resources needed (software packages) for tabulation.
- Discuss “expected” tabulation procedures: (freq dist, cross tabs, regression, etc.)
- Present rationale for using statistical methods.

Research Report

- Describe what will be included in final report.
- Note type of analysis to be used, along with what types of conclusions may be recommended.
- Explain what will be presented orally.

Time and Cost Estimates

- Establish timelines for completing various phases of the project.
- Develop a time table that all members can follow “appendix 4a”
- Develop a real world cost estimate for each student’s participation. (billing hours X $rate)
Limitations

Include limits on:

- Students ability (first time experience)
- Small sample size and significance
- Generalized results about population
- Potential bias with student population