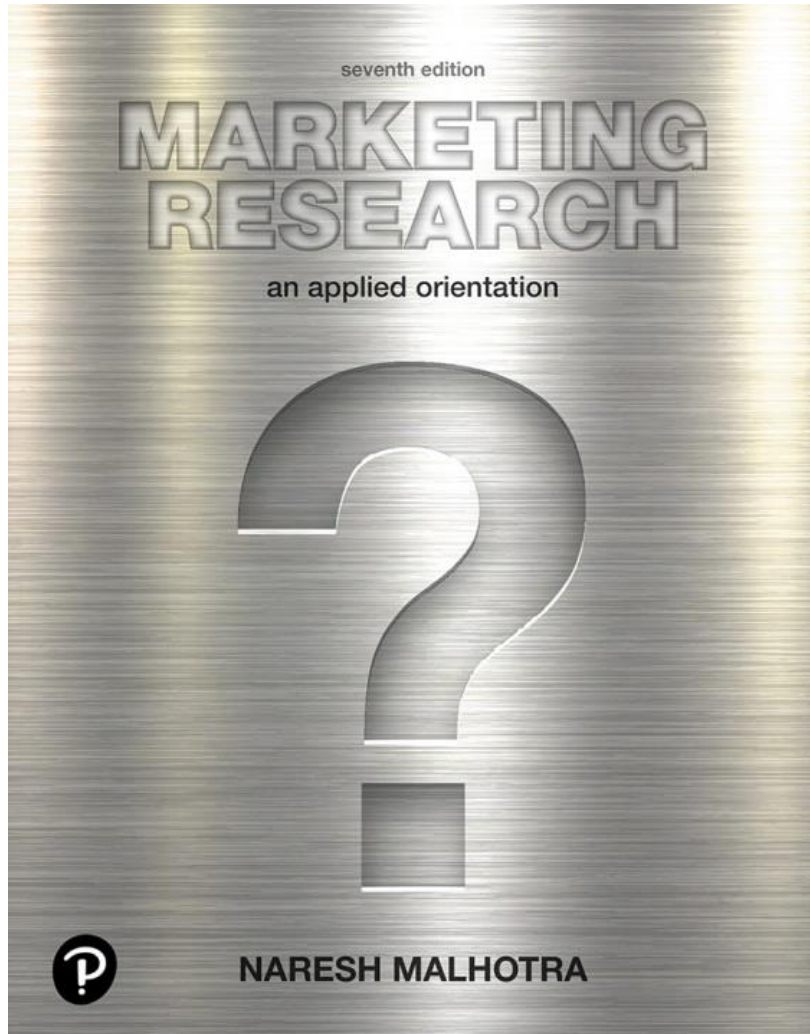


Marketing Research: An Applied Orientation

Seventh Edition

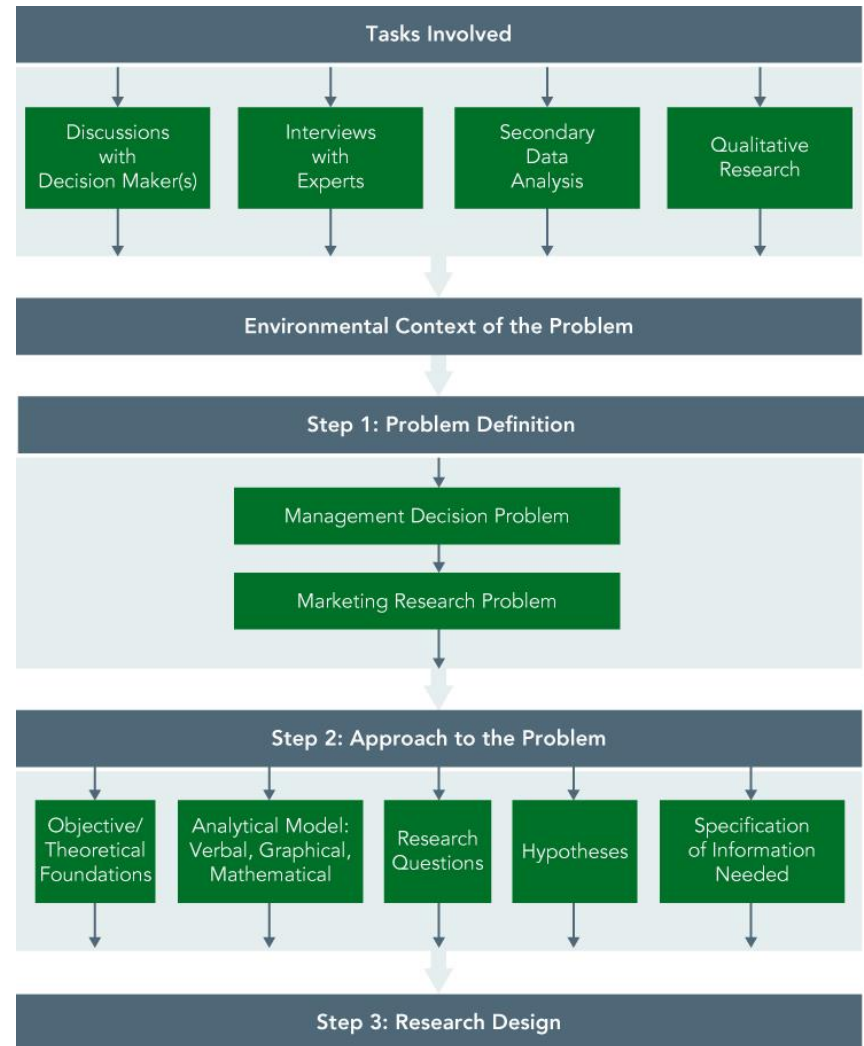


Chapter 2

Defining the Marketing
Research Problem and
Developing an Approach

The Problem Definition Process

Figure 2.1 The Process of Defining the Problem and Developing an Approach



Tasks Involved in Problem Definition

- Discussions with Decision Makers
 - Problem audit provides framework for discussion
- Interviews with Industry Experts
 - Typically unstructured personal interviews
- Secondary Data Analysis
 - Industry experts outside client's organization
- Qualitative Research
 - Unstructured, exploratory
 - Focus group, pilot surveys, case studies

The Problem Audit

The problem audit is a comprehensive examination of a marketing problem with the purpose of understanding its origin and nature.

1. The events that led to the decision that action is needed, or the history of the problem
2. The alternative courses of action available to the DM
3. The criteria that will be used to evaluate the alternative courses of action
4. The potential actions that are likely to be suggested based on the research findings
5. The information that is needed to answer the DM's questions
6. The manner in which the DM will use each item of information in making the decision
7. The corporate culture as it relates to decision making

Tasks Involved in Problem Definition

- Discussions with Decision Makers
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Factors to be Considered in the Environmental Context of the Problem

Figure 2.2 Factors to Be Considered in the Environmental Context of the Problem



Management Decision Problem Vs. Marketing Research Problem

Table 2.1 Management Decision Problems Versus the Marketing Research Problem

Management Decision Problem	Marketing Research Problem
Asks what the decision maker needs to do	Asks what information is needed and how it should be obtained
Action oriented	Information oriented
Focuses on symptoms	Focuses on the underlying causes

Management Decision Problem Vs. Marketing Research Problem

Management Decision Problem

Should a new product be introduced?

Should the advertising campaign be changed?

Should the price of the brand be increased?

Marketing Research Problem

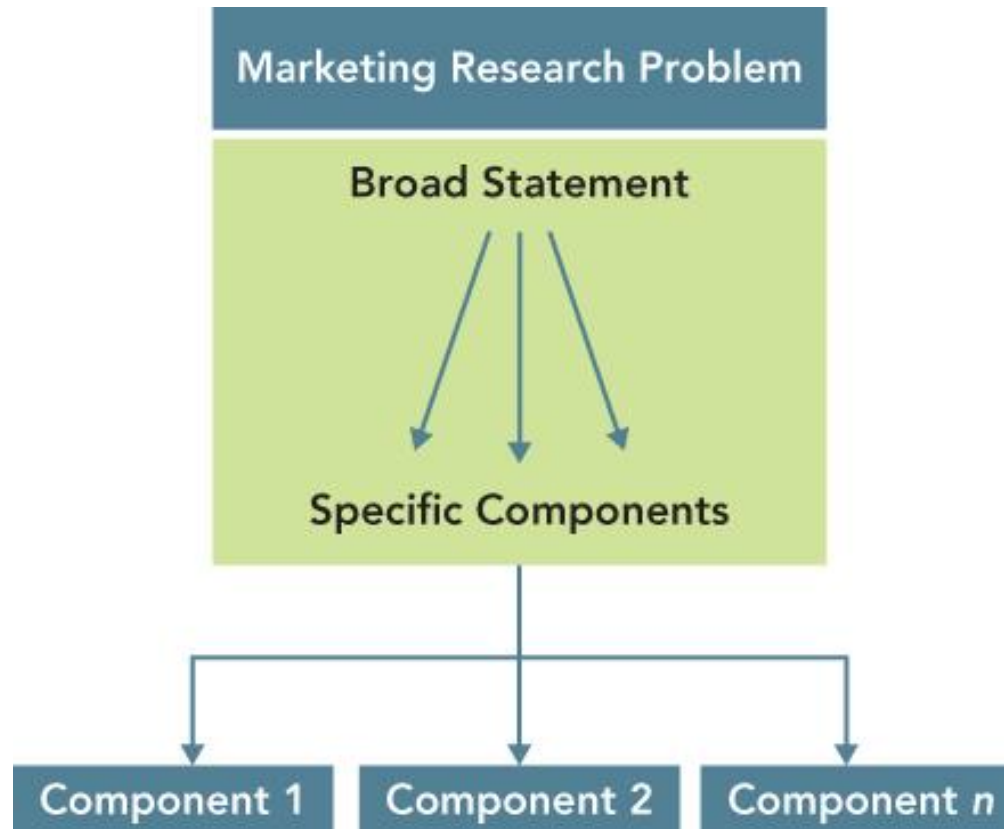
To determine consumer preferences and purchase intentions for the proposed new product

To determine the effectiveness of the current advertising campaign

To determine the price elasticity of demand and the impact on sales and profits of various levels of price changes

Proper Definition of the Research Problem

Figure 2.3 Proper Definition of the Marketing Research Problem



Components of an Approach

- Objective/Theoretical Foundations
- Analytical Model
- Research Questions
- Hypotheses
- Specification of the Information Needed



The Role of Theory in Applied Marketing Research

Research Task	Role of Theory
1. Conceptualizing and identifying key variables	Provides a conceptual foundation and understanding of the basic processes underlying the problem situation. These processes will suggest key dependent and independent variables.
2. Operationalizing key variables	Theoretical constructs (variables) can suggest independent and dependent variables naturally occurring in the real world.
3. Selecting a research design	Causal or associative relationships suggested by the theory may indicate whether a causal or descriptive design should be adopted.
4. Selecting a sample	The theoretical framework may be useful in defining the population and suggesting variables for qualifying respondents, imposing quotas, or stratifying the population (see Chapter 11).
5. Analyzing and interpreting data	The theoretical framework (and the models, research questions, and hypotheses based on it) guide the selection of a data analysis strategy and the interpretation of results (see Chapter 14).
6. Integrating findings	The findings obtained in the research project can be interpreted in the light of previous research and integrated with the existing body of knowledge.

Models

An **analytical model** is a set of variables and their interrelationships designed to represent, in whole or in part, some real system or process.

In **verbal models**, the variables and their relationships are stated in prose form. Such models may be mere restatements of the main tenets of a theory.

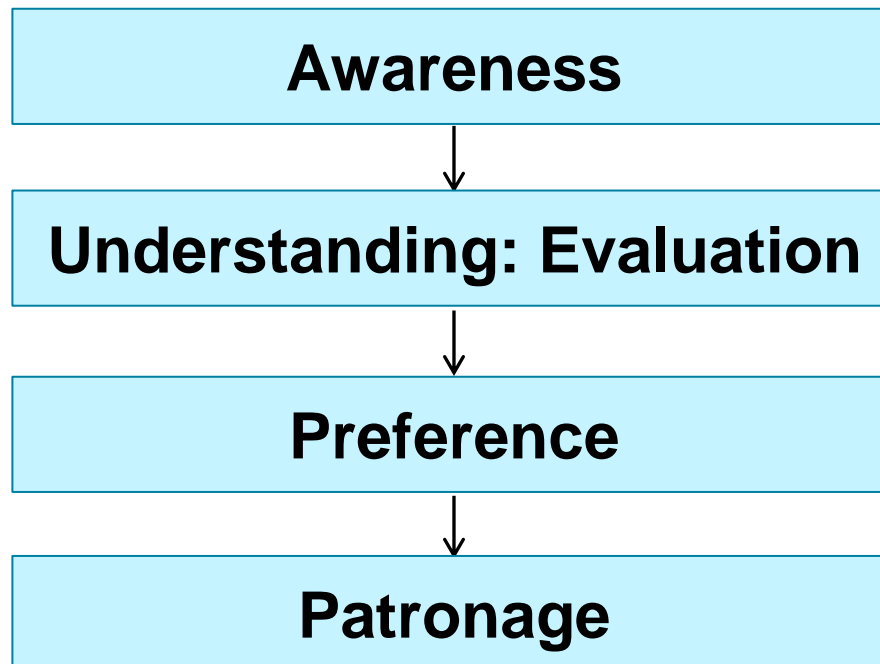
Department Store Patronage Project

- **Verbal Model**

1. A consumer first becomes aware of a department store.
2. That person then gains an understanding of the store by evaluating the store in terms of the factors comprising the choice criteria.
3. Based on the evaluation, the consumer forms a degree of preference for the store.
4. If preference is strong enough, the consumer will patronize the store.

Graphical Models

Graphical models are visual. They are used to isolate variables and to suggest directions of relationships but are not designed to provide numerical results.



Mathematical Models

Mathematical models explicitly specify the relationships among variables, usually in equation form.

$$y = a_0 + \sum_{i=1}^n a_i x_i$$

Where

y = degree of preference

a_i = store patronage factors that constitute the choice criteria

a_0, a_i = estimated statistically

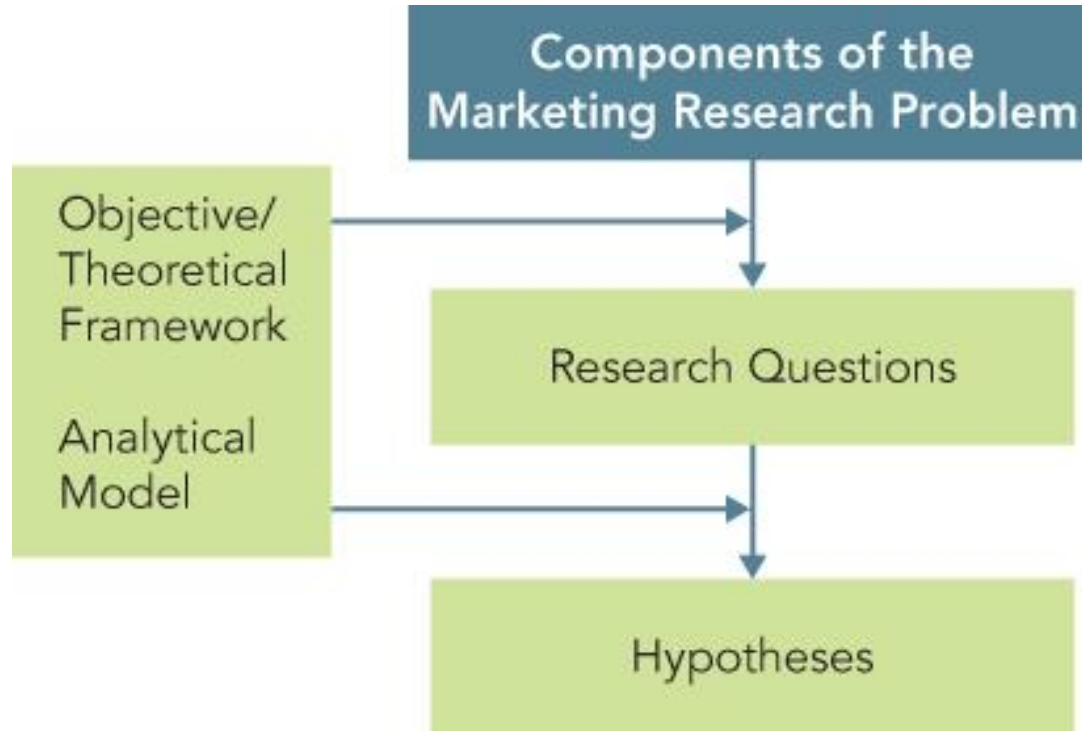
Graphical model for Harley Davidson (page 32-33)

Research Questions and Hypotheses

- **Research questions** (RQs) are refined statements of the specific components of the problem.
 - What specific information is required with respect the problem components?
- A **hypothesis** (H) is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher. Often, a hypothesis is a possible answer to the research question.
 - A tentative statement about relationships between two or more variables

Development of Research Questions and Hypotheses

Figure 2.4 Development of Research Questions and Hypotheses



Harley Davidson (page 32-33)

- RQ: Can motorcycle buyers be segmented based on psychographic characteristics?
- H1: There are distinct segments of motorcycle buyers
- H2: Each segment is motivated to own a Harley for a different reason.
- H3: Brand loyalty is high among Harley-Davidson customers in all segments.
- Hypotheses provide guidelines on what, and how, data are to be collected and analyzed

Marketing Research & Social Media (1 of 3)

Problem Definition

- Social media can be used to aid in all the tasks that need to be performed in order to define the problem.
- If the decision maker maintains a blog or has a Facebook page, these sources provide additional information in understanding the DM and her/his objectives.
- It is also possible to identify industry experts and an analysis of their social media sites can provide insights into their thinking as it relates to the problem at hand.

Marketing Research & Social Media (2 of 3)

Problem Definition [Continued]

- Social media are a natural source of qualitative secondary data and qualitative research.
- Social media can also help in gaining an understanding of the environmental context of the problem.
- In defining the marketing research problem, analysis of social media content can provide a good idea of the broad scope of the problem and aid in identifying the specific components.

Marketing Research & Social Media (3 of 3)

Approach to the Problem

- Use of these media can be extended to incorporate feedback from consumers as to whether the researchers are on the right track because the analytical models developed and the research questions as posed by the firm were consistent with and based upon consumer thinking and insights.
- Researchers can then assess the appropriateness of their models or whether they are asking the right research questions. Furthermore, market researchers can choose to openly discuss their derived hypothesis for feedback among closed social media consumer panels.