

A Concise Guide to Market Research

Erik Mooi • Marko Sarstedt

A Concise Guide to Market Research

The Process, Data, and Methods
Using IBM SPSS Statistics

 Springer

Prof. Erik Mooi
VU University Amsterdam
Marketing Department
De Boelelaan 1105
1081 HV Amsterdam
Netherlands
emooi@feweb.vu.nl

Prof. Marko Sarstedt
Ludwig-Maximilians-University
Institute for Market-based Management
Kaulbachstr. 45
80539 Munich
Germany
sarstedt@bwl.lmu.de

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To Irma and Alexandra

Preface

Charmin is a 70-year-old brand of toilet paper that made Procter & Gamble the undisputed leader in the US toilet paper market. In Germany, however, Charmin was unknown to consumers, something Procter & Gamble decided to change in the early 2000s. Acknowledging that European consumers have different needs and wants than their US counterparts, the company conducted massive market research efforts with hundreds of potential customers. The research included focus group interviews, observational studies, and large-scale surveys. These revealed considerable differences in usage habits. For example, 60% of Germans also use toilet paper to clean their noses, 7% to clean mirrors, 3% to clean children's faces and hands, and 8% use it to remove make-up. Further research led Procter & Gamble to believe that the optimal tissue color is blue/yellow and that the package needed to be cubic. Advertising tests showed that the Charmin bear worked well, giving the product an emotional appeal. In the end, Procter & Gamble launched Charmin successfully in an already saturated market.

In order to gain useful consumer insights, which allowed the company to optimize the product and position it successfully in the market, Procter & Gamble had to plan a market research process. This included asking market research question(s), collecting data, and analyzing these using quantitative methods.

This book provides an introduction to the skills necessary for conducting or commissioning such market research projects. It is written for two audiences. First, it is aimed at undergraduate as well as postgraduate students in business and market research. Second, it is aimed at practitioners wishing to know more about market research, or those who need a practical, yet theoretically sound, reference. If you search for market(ing) research books on Google or Amazon, you will find that there is no shortage of such books. However, this book differs in many important ways:

- This book is a bridge between the theory of conducting quantitative research and its execution, using the market research process as a framework. We discuss market research, starting with identifying the research question, designing the

data collection process, collecting, and describing data. We also introduce essential data analysis techniques, and the basics of communicating the results, including a discussion on ethics. Each chapter on quantitative methods describes key theoretical choices and how these are executed in IBM SPSS Statistics. Unlike most other books, we do not discuss theory *or* SPSS, but link the two.

- This is a book for non-technical readers! All chapters are written in an accessible and comprehensive way so that non-technical readers can also easily grasp the data analysis methods. Each chapter on research methods includes simple examples to help the reader get a hands-on feel for the technique. Each chapter concludes with an illustrated real-life case, demonstrating the application of a quantitative method. We also provide a second, real-life case with an accompanying dataset, thus allowing readers to practice what they have learnt. Other pedagogical features such as key words, examples, and end-of-chapter questions support the contents.
- This book is concise, focusing on the most important aspects that a market researcher, or manager interpreting market research, should know.
- Many chapters provide links to further readings and other websites besides that of the book. Several mobile tags in the text allow readers to quickly browse related web content using a mobile device (see section “How to Use Mobile Tags”). This unique merger of offline and online content offers readers a broad spectrum of additional and readily accessible information. A comprehensive Web Appendix with further analysis techniques, datasets, video files, and case studies is included.

A CONCISE GUIDE TO MARKET RESEARCH

The Process, Data, and Methods Using IBM SPSS Statistics

A Concise Guide

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Chapter 9 - Cluster Analysis

Grouping similar customers and products is a fundamental marketing concept. It is used, for example, in market segmentation. As companies cannot connect with all their customers, they have to divide markets into groups of consumers, customers, or clients (called segments) with similar needs and wants. Each of these segments can then be targeted by firms who can position themselves in a unique segment (such as Ferrari in the high-end sports car market). While market researchers often form market segments based on theoretical or practical grounds, cluster analysis allows segments to be formed on the basis of data. The segmentation of customers constitutes a standard application of cluster analysis, but it may also be used in different, sometimes rather exotic contexts such as evaluating typical supermarket shopping paths or deriving employer branding strategies.

This chapter introduces the basic principles of and steps associated with cluster analysis. Special emphasis is paid to hierarchical and k-means clustering but the chapter also introduces the more recent two-step clustering approach.

Clustering variables ... hierarchical methods ... partitioning methods ... k-means ... two-step clustering ... agglomerative clustering ... divisive clustering ... distance matrix ... Euclidean distance ... city-block distance ... Chebychev distance ... matching coefficients ... dendrogram ... profiling clusters ... icicle diagram

- Lastly, we have set up a Facebook community page labeled “A Concise Guide to Market Research.” This page provides a platform for discussions and the exchange of market research ideas. Just look for our book in the Facebook groups and join.

The screenshot shows a Facebook group page titled "A Concise Guide to Market Research". The page has a blue header with the Facebook logo and a search bar. Below the header, there are tabs for "Wall", "Info", "Discussions", "Photos", and "Video". The "Wall" tab is selected, showing a post by Marko Sarstedt. The post includes a link to the book's website and a small image of the book cover. To the left of the post, there is a sidebar with a list of group actions: "Message All Members", "Promote Group with an Ad", "Edit Group Settings", "Edit Members", "Invite People to Join", and "Create Group Event". Below these actions is a text box for writing a message about the group. At the bottom of the sidebar, there is an "Information" section with details about the group's category and description.

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 This is a community page for instructors, students, or anyone else working with our book "A Concise Guide to Market Research: The Process, Data, and Methods Using IBM SPSS Statistics" which will be

How to Use Mobile Tags

In this book, you will find numerous two-dimensional barcodes (so-called mobile tags) which enable you to gather digital information immediately. Using your mobile phone's integrated camera plus a mobile tag reader, you can call up a website directly on your mobile phone without having to enter it via the keypad. For example, the following mobile tag links to this book's website at <http://www.guide-market-research.com>.

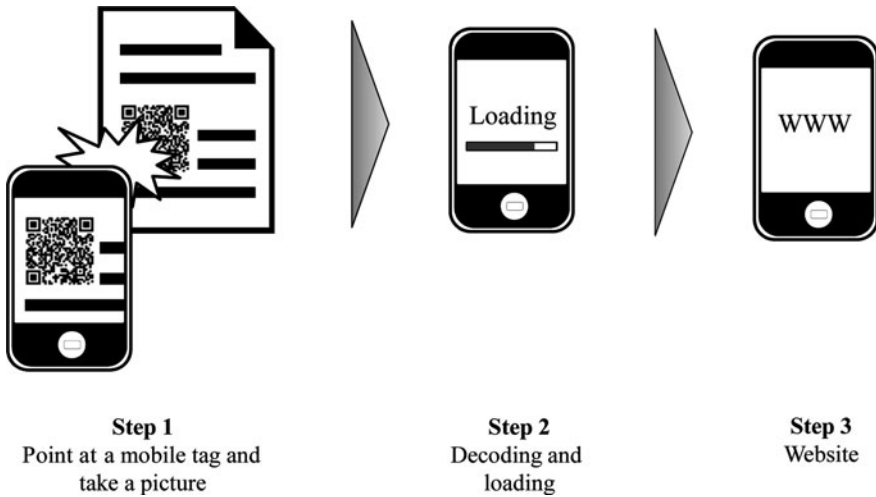


Several mobile phones have a mobile tag reader readily installed but you can also download a reader for free. In this book, we use QR (quick response) codes

which can be accessed by means of the readers below. Note that the reader you need to install will depend on the type of mobile phone you use.

- Kaywa: <http://reader.kaywa.com/>
- i-Nigma: <http://www.i-nigma.com/> or iPhone App store
- Upcode: <http://www.upcode.com/> or iPhone App store
- Optiscan: iPhone App store

Once you have a reader installed, just start it and point your camera at the mobile tag and take a picture (with some readers, you don't even have to take a picture). This will open your mobile phone browser and direct you to the associated website.



Several of these mobile tags direct you to interesting sites containing additional descriptions of the concepts we discuss, case studies or videos.

For Instructors

Besides those benefits described above, this book is also designed to make teaching using this book as easy as possible. Each chapter comes with a set of detailed and professionally designed instructors' Microsoft PowerPoint slides tailored for this book which can be easily adjusted to fit the specific course's needs. These are available on the website's instructor resources page at <http://www.guide-market-research.com>. You can gain access to the instructor's page by requesting login information under Service ► Instructor Support.



The book's web appendices are freely available on the accompanying website and provide supplementary information on analysis techniques, datasets, video files, and additional discussions of further methods not entirely covered in the book. Moreover, at the end of each chapter, there is a set of questions that can be used for in-class discussions.

If you have any remarks, suggestions, or ideas about this book, please drop us a line at emooi@feweb.vu.nl (Erik Mooi) or sarstedt@bwl.lmu.de (Marko Sarstedt). We appreciate any feedback on the book's concept and contents!

Final Note

We have many people to thank for making this book possible. First, we would like to thank Springer, and particularly Barbara Fess, for all of their help and for their willingness to publish this book. Second, Ilse Evertse, Ilze Hugo, Kobus Geldenhuys, and Daan Joubert have hugely contributed to this book by proofreading all the chapters. They are great proofreaders and we cannot recommend them enough! Drop them a line at stpubus@gmail.com (Ilse Evertse), ilzetjie@gmail.com (Ilze Hugo), gelden@iafrica.com (Kobus Geldenhuys), or chartsym@gmail.com (Daan Joubert) if you need proofreading help. Furthermore, without the constant support and enduring patience of our families, friends, and colleagues, this book would not have been possible – thank you so much! This book is dedicated to our wives Irma and Alexandra.

Finally, a large number of people have contributed to this book by reading chapters, providing examples, or datasets. Thanks to all of you!

Amsterdam, The Netherlands
Munich, Germany

Erik Mooi
Marko Sarstedt

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Contributors

Feray Adigüzel VU Universiteit Amsterdam, Amsterdam, The Netherlands

Saima Bantvawala VU Universiteit Amsterdam, Amsterdam, The Netherlands

Carolyn Bock Technische Universität München, Munich, Germany

Cees J.P.M. de Bont TU Delft, Delft, The Netherlands

Eva M. Didden Ludwig-Maximilians-Universität München, Munich, Germany

Andrew M. Farrell Aston University, Birmingham, UK

David I. Gilliland Colorado State University, Fort Collins, CO, USA

Hester van Herk VU Universiteit Amsterdam, Amsterdam, The Netherlands

Emile F.J. Lancée VU Universiteit Amsterdam, Amsterdam, The Netherlands

Sabine Lengauer Azubiyo, Munich, Germany

Kobe Millet Katholieke Universiteit Leuven, Leuven, Belgium

Leonard J. Paas VU Universiteit Amsterdam, Amsterdam, The Netherlands

Johanna Pauge Procter & Gamble, Geneva, Switzerland

Marcelo Gattermann Perin Pontifícia Universidade Católica do Rio Grande do Sul, Porto Alegre, Brazil

Wybe T. Popma University of Brighton, Brighton, UK

Sascha Raithel Ludwig-Maximilians-Universität München, Munich, Germany

Irma Reçi VU Universiteit Amsterdam, Amsterdam, The Netherlands

Edward E. Rigdon Georgia State University, Atlanta, GA, USA

John Rudd Aston University, Birmingham, UK

Sebastian Scharf Biesalski & Company, Munich, Germany

Tobias Schütz Hochschule Reutlingen, Reutlingen, Germany

Charles R. Taylor Villanova University, Villanova, PA, USA

Eline de Vries and Van Ketel Intomart GFK, Hilversum, The Netherlands

Stefan Wagner Ludwig-Maximilians-Universität München, Munich, Germany

Eelke Wiersma VU Universiteit Amsterdam, Amsterdam, The Netherlands

Caroline Wiertz Cass Business School, City University London, London, UK