Assignment #1: 20 points

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1a. What are the 3 types of marketing research studies?

1. Exploratory research: attempts to clarify ambiguous situations or discover new business opportunities.
2. Descriptive research: describes characteristics of a given situation; addresses the who/what/when/where/why questions.
3. Causal research: gives decision makers the ability to make inferences regarding what brought some event about; identifies cause and effect relationships.

1b. Indicate which type of research would be used to answer the research question below. **Please explain your answer.**

- Establishing the relationship between advertising and sales in the beer industry → causal
  o This research question would be best answered with causal research. Causal research helps identify cause and effect relationships, and in this cause would help answer how advertising effects sales in the beer industry.

- Identifying the target market demographics for a shopping center located in Omaha, Nebraska → descriptive
  o This situation would call for descriptive research because it involves discovering and describing the people and groups that are within a demographic.

- Estimating the 5 year sales potential for Cat-Scan machines in Texas → exploratory
  o Exploratory research would be best in this situation, because it involves discovering unknown information. It doesn't provide concrete evidence, but rather an estimation.

- Testing the effect of the inside temperature of a clothing store on sales of outerwear → causal
  o This research question would best be solved using causal research due to the nature of the question being a cause and effect relationship. The question is essentially, "how does inside temperature effect sales?" Causal research would answer this question best.

- Discovering the ways that people who live in apartments actually use vacuum cleaners, and identifying cleaning tasks for which they do not use a vacuum → exploratory
  o Exploratory research would be most affective in this situation, because it is discovering an unknown problem. Information is not known at this time,

descriptive or causal (1b)

so exploratory research would be useful in identifying the ways people use vacuum cleaners in apartments.

2a. What is a short, concise definition of marketing based on class discussion?
- Marketing: see a need, fill a need.

2b. Go back to your marketing textbook and find the "text book definition." **Please provide the text book definition. What is the name of the textbook that you used?** *If you no longer have your marketing textbook, please find a recent marketing textbook at the library.*
- "The activity, set of institutions, processes, or creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." –Principals of Marketing, 11th edition

How do the two different definitions compare?
- The definition we discussed in class encompasses the "textbook definition" in a clearer, more simplistic way. Marketing is all about finding ways to satisfy needs of customers and create value in your product or service in their eyes. Both definitions explain this purpose, but the textbook definition is much more broad and unclear.

Which definition is better?
- Our in-class definition of marketing is better, simply due to the fact that it perfectly describes the function of marketing in every situation possible.

3a. What is the definition for Brand Development Index (BDI)? Be sure to remember for MKT 460!
- BDI: the percentage of sales in a particular area in relation to the percentage of the country's population in that area.

3b. Consider the following values for Sanka (which is a brand of decaffeinated coffee):

Market	Sanka Brand Share	Brand Share Index by Market
Indianapolis	31	$(31/18) \times 100 = 172.22$
Nashville	6	$(6/18) \times 100 = 33.33$
Boston	20	$(20/18) \times 100 = 111.11$
Total US	18	$(18/18) \times 100 = 100$

over 100 = performing better than national average

→ 72% higher

→ 67% lower

always 100

Please calculate the missing values. **Please show your work.**

4. Please define and explain what is meant by "trial rate". (Hint: do *not* use the definition from AllBusiness.com)

-1½

- Trial rate: the trial rate is the calculation of individuals in a population who use a product or service at least one time (one trial).

5. Please define and explain what is meant by "repeat rate". (Hint: do *not* use the definition from AllBusiness.com)

- Repeat rate: the ratio of first time purchasers of a product or service who purchase the product/service again.

6a. What is the definition for Category Development Index (CDI)? Be sure to remember for MKT 460!

- CDI is the ratio of sales of a product category to the population of a certain area (sales: population).

6b. Consider the following values for the decaffeinated coffee category:

Market	Decaffeinated Coffee Share	Category Share Index by Market
Indianapolis	$23 \times (065/100^?) = 37.95$	165
Nashville	$23 \times (96/100^?) = 22.08$	96
Boston	$23 \times (126/100^?) = 28.98$	126
Total US	23	100% of market ?

→ 65% higher than 23

↳ always 100

Please calculate the missing values? **Please show your work.**

6. Assume there are 7 alpha buyers (average income of $85,626) and 4 beta buyers (average income of $67,035). For the OVERALL group, what is the average income?

- $7(85,626) + 4(67,035) = 599,382 + 268,140 = 867,522 / 11 = \$78,865.6364$
- **Answer: $78,865.64**   weighted average

7. What is the definition of share of market (SOM)? What is the definition of share of category (SOC)? What is the definition for share of voice (SOV)?

- SOM: the portion of a market that you can get to use your product or service; sales divided by the reachable market.

- SOC: similar to the share of market, but is used to describe the share of market within a certain retailer or class of retailers; the share of the market that a company obtains relative to the rest of it's field.
- SOV: the percentage of advertising and marketing activities for a particular brand compared to the total advertising activity for the entire product type.