

ELEVENTH EDITION

EXPLORING  
**Marketing** Research



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# Chapter 3

# The Marketing

# Research

# Process

# LEARNING OUTCOMES

*After studying this chapter, you should*

1. Apply marketing research in making better marketing decisions
2. Classify marketing research as either exploratory research, descriptive research, or causal research
3. List the major phases of the marketing research process and the steps within each
4. Understand the concepts of theory and hypothesis and the critical role they play in research
5. Know the difference between a research project and a research program

# Introduction

- Key ways in which researchers contribute to decision making
  - Helping to better define the organization's current situation
  - Identifying useful decision statements and related research questions
  - Defining the firm's meaning—how consumers, competitors, and employees view the firm
  - Providing ideas for product improvements or possible new product development

# Introduction: Researcher's Contributions (cont'd.)

- Testing ideas that will assist in implementing marketing strategy including innovations
- Examining how well a marketing theory describes marketing reality

# Decision Making and Marketing Research

- Decision making
  - The process of developing and deciding among alternative ways of resolving a problem or choosing from among alternative opportunities
- Research's role in the decision making process
  - Recognizing the nature of the problem or opportunity
  - Identifying how much information is currently available and how reliable it is
  - Determining what information is needed to better deal with the situation

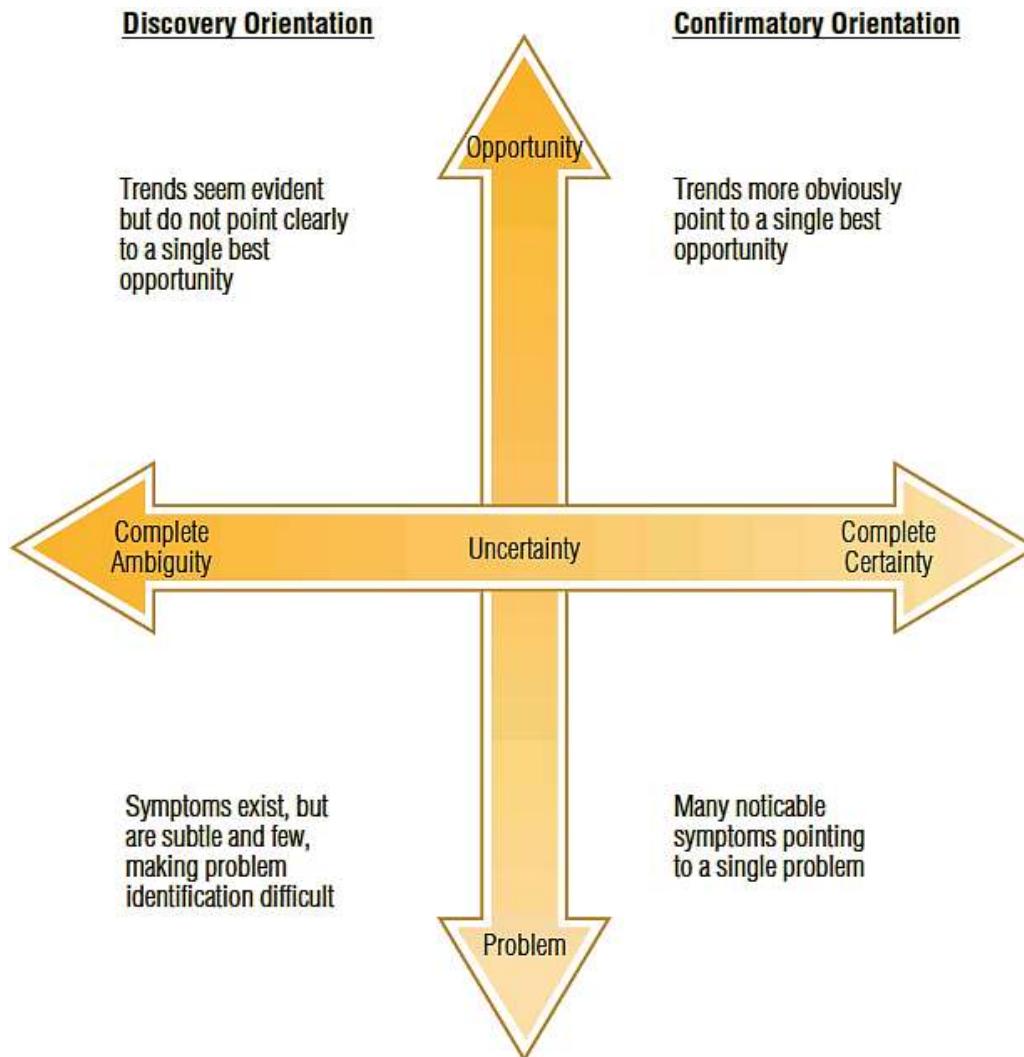
# Classifying a Decision Making Situation: A Problem or an Opportunity?

- Market opportunity
  - A situation that makes some potential competitive advantage possible
- Market problem
  - A situation that makes some significant negative consequence more likely
  - Problems are inferred from symptoms—observable cues that serve as a signal of a problem because they are caused by that problem

# Decision Making Situation: Characterized by the Amount of Certainty or Ambiguity

- Certainty
  - The decision maker has all the information needed to make an optimal decision
- Uncertainty
  - The manager grasps the general nature of desired objectives, but the information about alternatives is incomplete
- Ambiguity
  - The nature of the problem itself is unclear such that objectives are vague and decision alternatives are difficult to define

## EXHIBIT 3.1 Describing Decision-Making Situations



# Types of Marketing Research

- Exploratory
- Descriptive
- Causal

# Exploratory Research

- Purposes of exploratory research
  - Clarify ambiguous situations
  - Discover ideas that may be potential business opportunities
- Initial research clarifies and defines the nature of a problem
  - Does not provide conclusive evidence
  - Assumes and expects subsequent research

# Exploratory Research (cont'd.)

- Innovation and exploratory research
  - Useful in product development
- Exploratory research and problem solving
  - Helps identify symptoms

# Descriptive Research

- Describes characteristics of objects, people, groups, organizations, or environments
  - Addresses who, what, when, where, why, and how questions
  - Accuracy: critically important
  - Involves considerable understanding of the nature of the problem
  - Does not provide direct evidence of causality

# Descriptive Research (cont'd.)

- Diagnostic analysis
  - Seeks to diagnose reasons for market outcomes
  - Focuses specifically on the beliefs and feelings consumers have about and toward competing products

# Descriptive Research: An Example

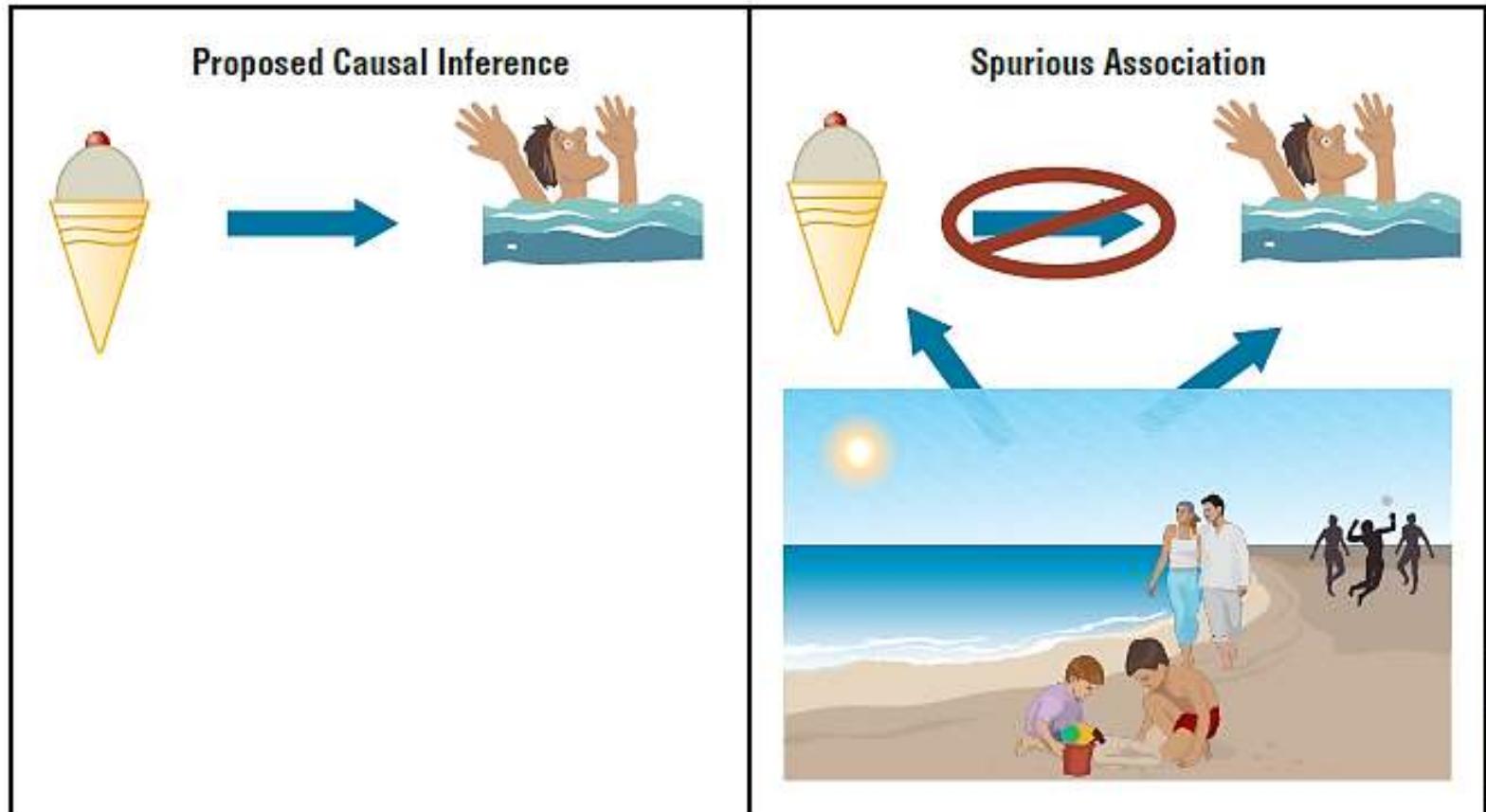
- Organic food sales
  - Annual global organic food sales are \$80 billion
  - Fruits and vegetables (i.e., fresh produce) account for 40 percent of those sales
  - Organic meat, poultry, and fish sales are increasing rapidly
  - Organic coffee and tea account for 35 percent of the global organic beverage market

# Causal Research

- Allows causal inferences to be made—they identify cause-and-effect ( $x$  brought about  $y$ ) relationships
- Critical pieces of causality
  - Temporal sequence—the appropriate causal order of events
  - Concomitant variation—two phenomena vary together
  - Nonspurious association—an absence of alternative plausible explanations

EXHIBIT 3.2

## Ice Cream Is a Spurious Cause of Drowning



# Degrees of Causality

- Absolute causality
  - The cause is necessary and sufficient to bring about the effect
- Conditional causality
  - A cause is necessary but not sufficient to bring about an effect
- Contributory causality
  - A cause need be neither necessary nor sufficient to bring about an effect
  - Weakest form of causality

# Experiments

- **Experiment**

- A carefully controlled study in which the researcher manipulates a proposed cause and observes any corresponding change in the proposed effect

- **Experimental variable**

- Represents the proposed cause and is controlled by the researcher by manipulating it

- **Manipulation**

- The researcher alters the level of the variable in specific increments

EXHIBIT 3.3 Testing for Causes with Experimental Manipulations

Meboard Sales by Condition			
	Low Price	High Price	
Specialty Distribution	Peoria, IL Retail Price: \$200 Retail Store: Best Buy	Des Moines, IA Retail Price: \$500 Retail Store : Best Buy	
General Distribution	St. Louis, MO Retail Price: \$200 Retail Store: Big Cheap-Mart	Kansas City, MO Retail Price: \$500 Retail Store: Big Cheap-Mart	

# Uncertainty Influences the Type of Research

- The amount of uncertainty does much to determine the most appropriate type and amount of research needed
- Each type of research produces a different type of result

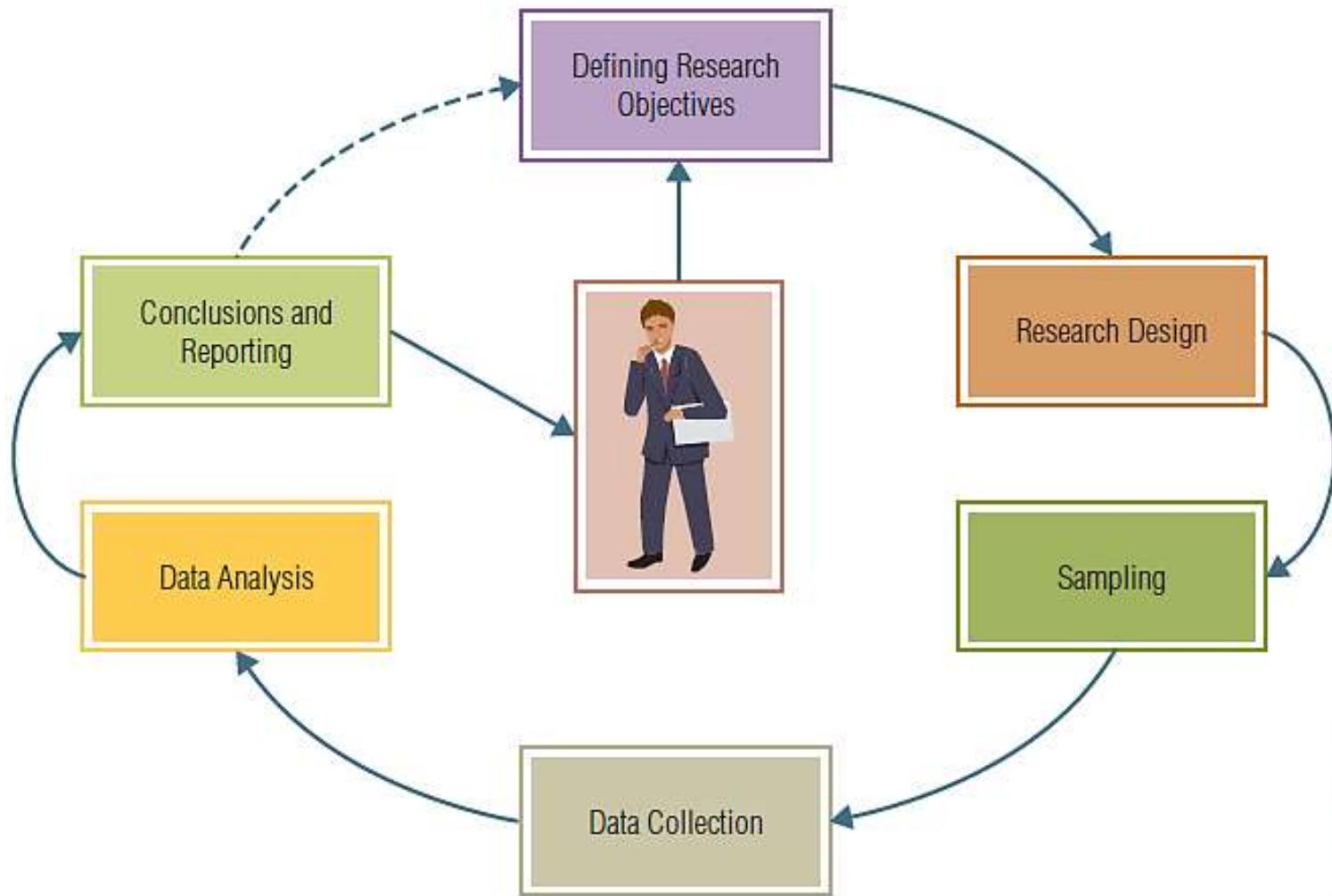
## EXHIBIT 3.4 Characteristics of Different Types of Marketing Research

	<b>Exploratory Research</b>	<b>Descriptive Research</b>	<b>Causal Research</b>
Amount of Uncertainty Characterizing Decision Situation	Highly ambiguous	Partially defined	Clearly defined
Key Research Statement	Research question	Research question	Research hypothesis
When Conducted?	Early stage of decision making	Later stages of decision making	Later stages of decision making
Usual Research Approach	Unstructured	Structured	Highly structured
Examples	"Our sales are declining for no apparent reason" "What kinds of new products are fast-food customers interested in?"	"What kind of people patronize our stores compared to our primary competitor?" "What product features are most important to our customers?"	"Will consumers buy more products in a blue package?" "Which of two advertising campaigns will be more effective?"
Nature of Results	Discovery oriented, productive, but still speculative. Often in need of further research.	Can be confirmatory although more research is sometimes still needed. Results can be managerially actionable.	Confirmatory oriented. Fairly conclusive with managerially actionable results often obtained.

# Stages in the Research Process

- Defining research objectives
- Planning a research design
- Planning a sample
- Collecting data
- Analyzing data
- Formulating conclusions and preparing a report

EXHIBIT 3.5 Stages of the Research Process



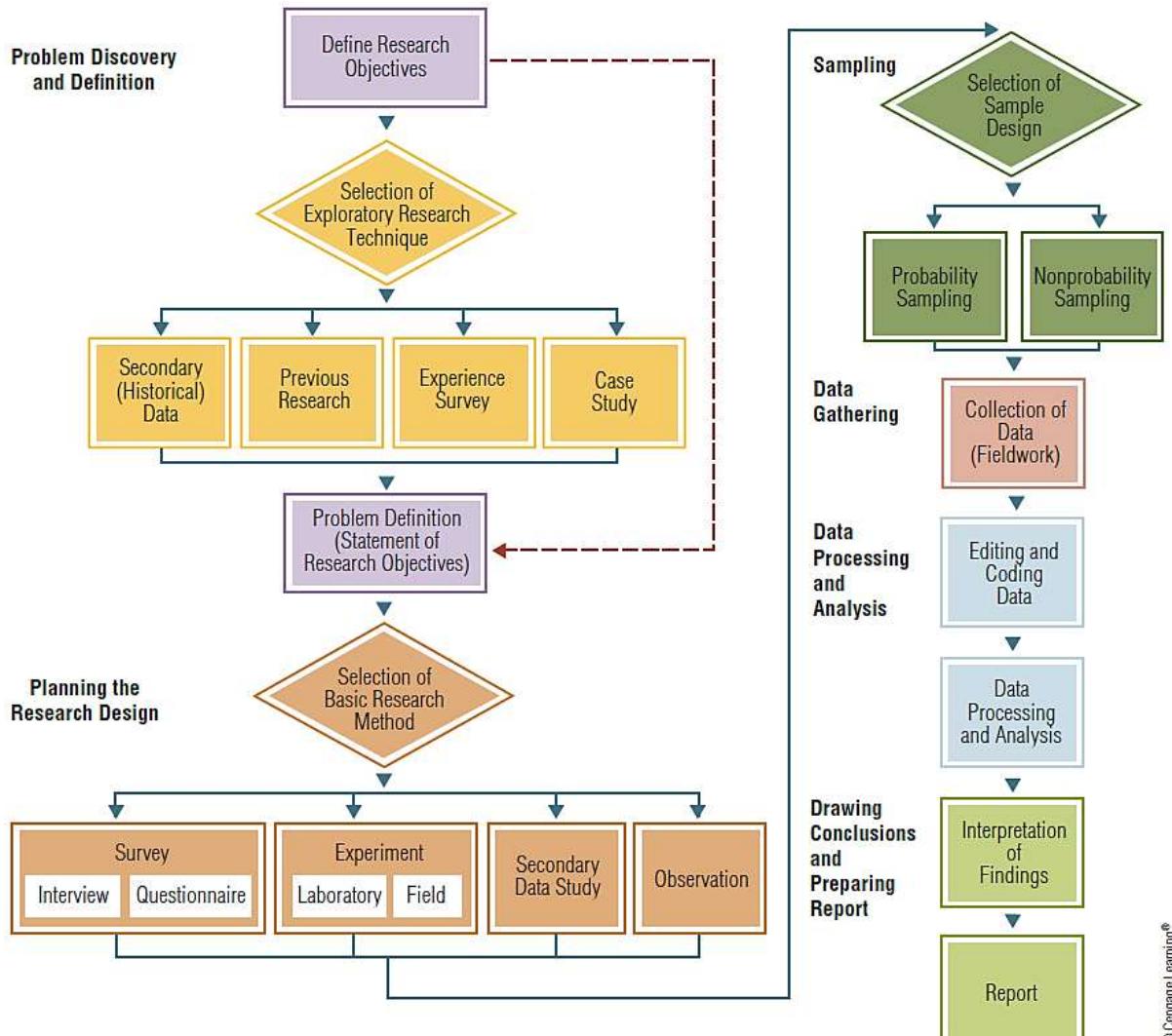
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# Alternatives in the Research Process

- The researcher must choose among a number of alternatives during each stage of the research process
- When there are severe time constraints, these constraints override validity, resulting in choosing the fastest alternative
- When money and human resources are more plentiful, the appropriate path differs and likely emphasizes validity over speed

## EXHIBIT 3.6

## Flowchart of the Marketing Research Process



# Defining the Research Objectives

- **Research objectives**
  - The goals to be achieved by conducting research
- **Deliverables**
  - The consulting term used to describe research objectives to a research client
- **Defining the managerial decision situation**
  - The summary of the managerial decision situation, the research objectives and/or deliverables, and a basic description of the research process represent key elements of a research proposal

# Exploratory Research

- Helps researchers discover and define the decisions themselves
- Techniques for obtaining insights and gaining a clearer idea of the problem
  - Previous research
  - Pilot studies
  - Case studies
  - Experience surveys

# Exploratory Research (cont'd.)

- Previous research
  - Check for reports of previous research within the company archives
- Literature review
  - A directed search of published works
  - Reports may discuss theory and/or present empirical results relevant to the research objectives

# Exploratory Research: Pilot Studies

- Small-scale research projects that collect data from respondents similar to those to be used in the full study
- Pretest
  - A small-scale study in which the results are preliminary and only intended to assist in design of a subsequent study
- Focus group
  - A small group discussion about some research topic led by a moderator who guides discussion among the participants

# Stating Research Objectives

- Research objectives must be stated formally
  - Delineate the type of research needed
  - Indicate what intelligence may result
- Research objectives drive the rest of the research process

# What is a Theory?

- Theory
  - A formal, logical explanation of some event(s) that includes predictions of how things relate to one another
- The logical explanation helps the researcher know:
  - What variables need to be included in the study
  - How the variables may relate to one another

# What is a Hypothesis?

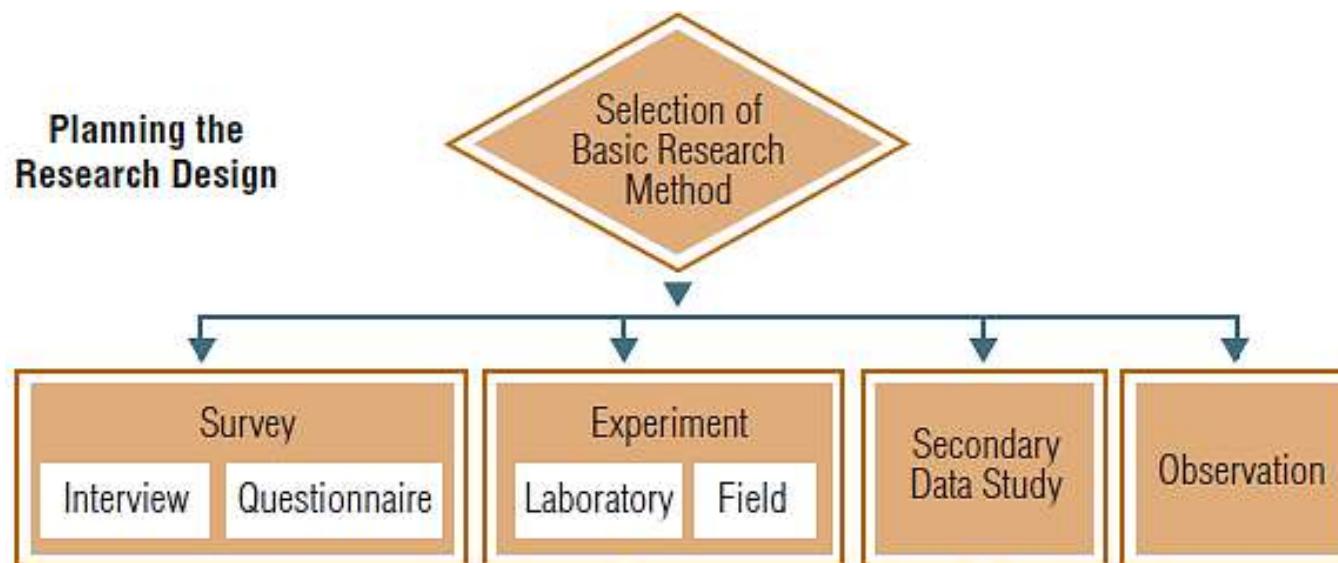
- Hypothesis
  - A formal statement, derived from theory, explaining some specific outcome
- Empirical testing
  - Comparing a hypothetical proposition, e.g., a hypothesis, against reality using data
- Correlation between the data and the hypothesis
  - “The hypothesis is supported”  
OR
  - “The hypothesis is not supported”

## EXHIBIT 3.7 Examples of Decision Statements, Objectives, and Hypotheses

Decision Statement	Relevant Theory	Research Objective	Hypothesis
Should we allocate more resources toward social networking or television advertising?	Source credibility	Identify relative attitude change associated with message communicated through each medium.	A respondent's attitude will become more positive when exposed to a brand communication through a social network posting than through a television advertisement.
In what ways can we improve our service quality?	Atmospherics (stimulus – organism – response)	Determine how much the physical environment influences consumer perceptions of service quality.	The positive emotions that consumers report in response to the environment are related positively to service quality perceptions.
How much price promotion should be used in marketing brand X?	Brand equity/consumer Naïve theories	Determine the effects of price reductions on sales and brand image.	The more a respondent is exposed to price promotions for brand X, the lower the perceived quality of brand X products.

# Planning the Research Design

- **Research design**
  - The methods and procedures for collecting and analyzing the needed information
  - Provides a framework or plan of action for the research



# Selection of the Basic Research Method

- Survey
  - A research technique in which a sample is interviewed in some form or the behavior of respondents is observed and described
- Mystery shoppers act like customers while observing and recording data

# The “Best” Research Approach

- No single best research design fits all situations
- Researchers often have several alternatives that can achieve a stated research objective
- The ability to select the most appropriate way to implement a research project develops with experience
- Inexperienced researchers often jump to the conclusion that a survey methodology is usually the best design because they are most comfortable with this method

# Planning a Sample

- Sampling
  - Involves any procedure that draws conclusions based on measurements of a portion of the population
- Sampling decisions
  - Who to sample?—target population
  - What size should the sample be?—how big is big enough?
  - How to select the sampling units?—random sample or cluster-sample

# Collecting Data

- Unobtrusive methods
  - Methods in which research respondents do not have to be disturbed for data to be gathered
- It is important to minimize errors in the data gathering process

# Editing and Coding

- **Editing**
  - Involves checking the data collection forms for omissions, legibility, and consistency in classification
- **Codes**
  - Rules for interpreting, categorizing, recording, and transferring the data to the data storage media

# Analyzing Data and Drawing Conclusions

- Data analysis
  - The application of reasoning to understand the data that have been gathered
- Conclusions:
  - Are determined from data analysis
  - Speak directly to the research questions
  - Are presented in a formal report and in oral or electronic presentations

# The Research Program Strategy

- **Research project**
  - A single study that addresses one or a small number of research objectives
  - Uses specific techniques for solving one-dimensional problems, e.g., as identifying market segments
- **Research program**
  - Numerous related studies that come together to address multiple, related research objectives
  - Because research is a continuous process, management should view marketing research at a strategic planning level