

ELEVENTH EDITION

EXPLORING
Marketing Research



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Chapter 1

The Role of

Marketing

Research



LEARNING OUTCOMES

After studying this chapter, you should

1. Know what marketing research is and what it does for business
2. Understand the difference between basic and applied marketing research
3. Understand how the role of marketing research changes with the orientation of the firm
4. Be able to integrate marketing research results into the strategic planning process
5. Know when marketing research should and should not be conducted
6. Appreciate the way technology and internationalization are changing marketing research

What Is Marketing Research?

- Key questions in business and marketing research
 - What do we sell?
 - How do consumers view our company?
 - What does our company/product mean?
 - What do consumers desire?

Marketing Research Defined

- The application of the scientific method in searching for the truth about marketing phenomena
- The process includes:
 - Idea and theory development
 - Problem definition
 - Information gathering
 - Analyzing data
 - Communicating the findings and their implications

Marketing Research Defined (cont'd.)

- This definition suggests that marketing research information is:
 - Not intuitive or haphazardly gathered
 - Accurate and objective
 - Relevant to all aspects of the marketing mix
 - Limited by one's definition of marketing
- We explore marketing research as it applies to all organizations and institutions engaging in some form of marketing activity
 - Can have an applied or basic research focus

Applied Marketing Research

- Conducted to address a specific marketing decision for a specific firm or organization
- Example:
 - Should Green Mountain Coffee add cola to its array of pod-based beverages?

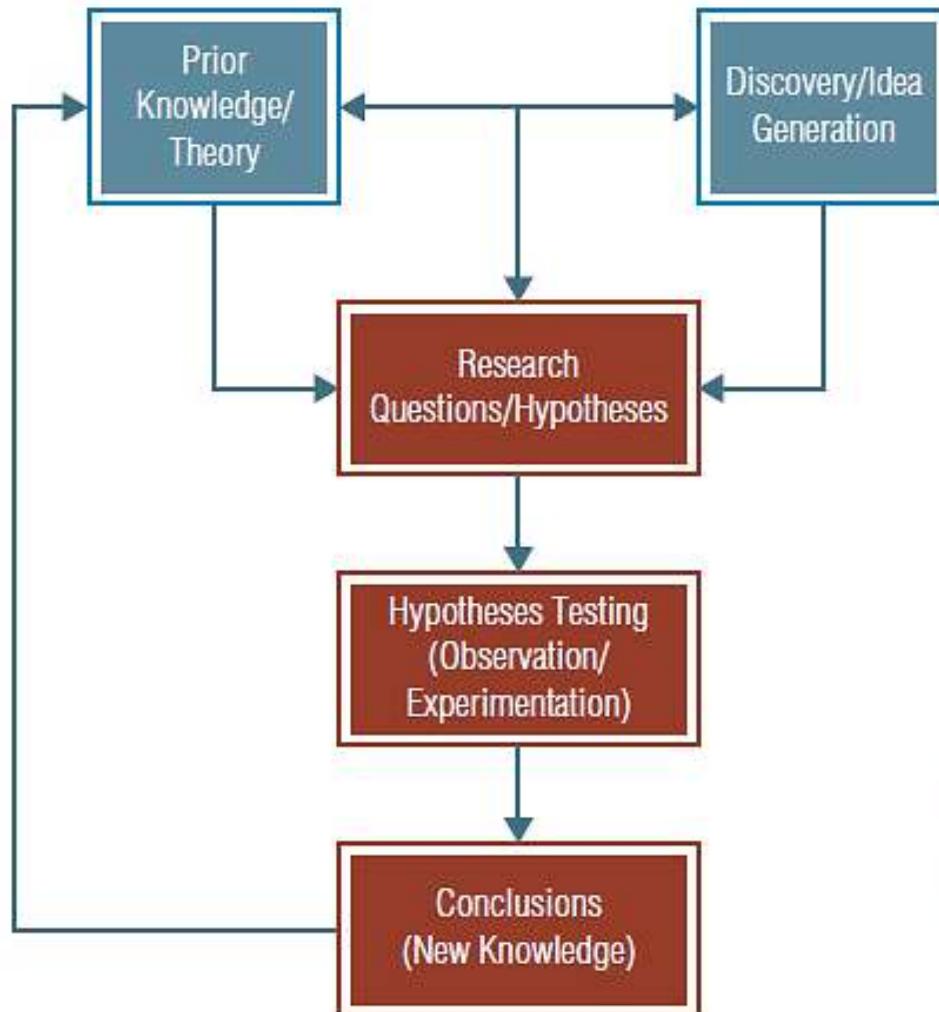
Basic Marketing Research

- Conducted without a specific decision in mind and usually does not address the needs of a specific organization
 - Attempts to expand the limits of marketing knowledge in general
 - Not aimed at solving a pragmatic problem
- Can test the validity of a general marketing theory (one that applies to all of marketing) or can be used to learn more about some market phenomenon, e.g., social networking

The Scientific Method

- The method by which researchers go about using knowledge and evidence to reach objective conclusions about the real world
- Marketing researchers apply the scientific method to understand marketing phenomena

EXHIBIT 1.1 The Scientific Method



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Marketing Research and Strategic Management Orientation

- Types of strategic management orientations provide a common theme for decision-making
 - Product-oriented
 - Production-oriented
 - Marketing-oriented

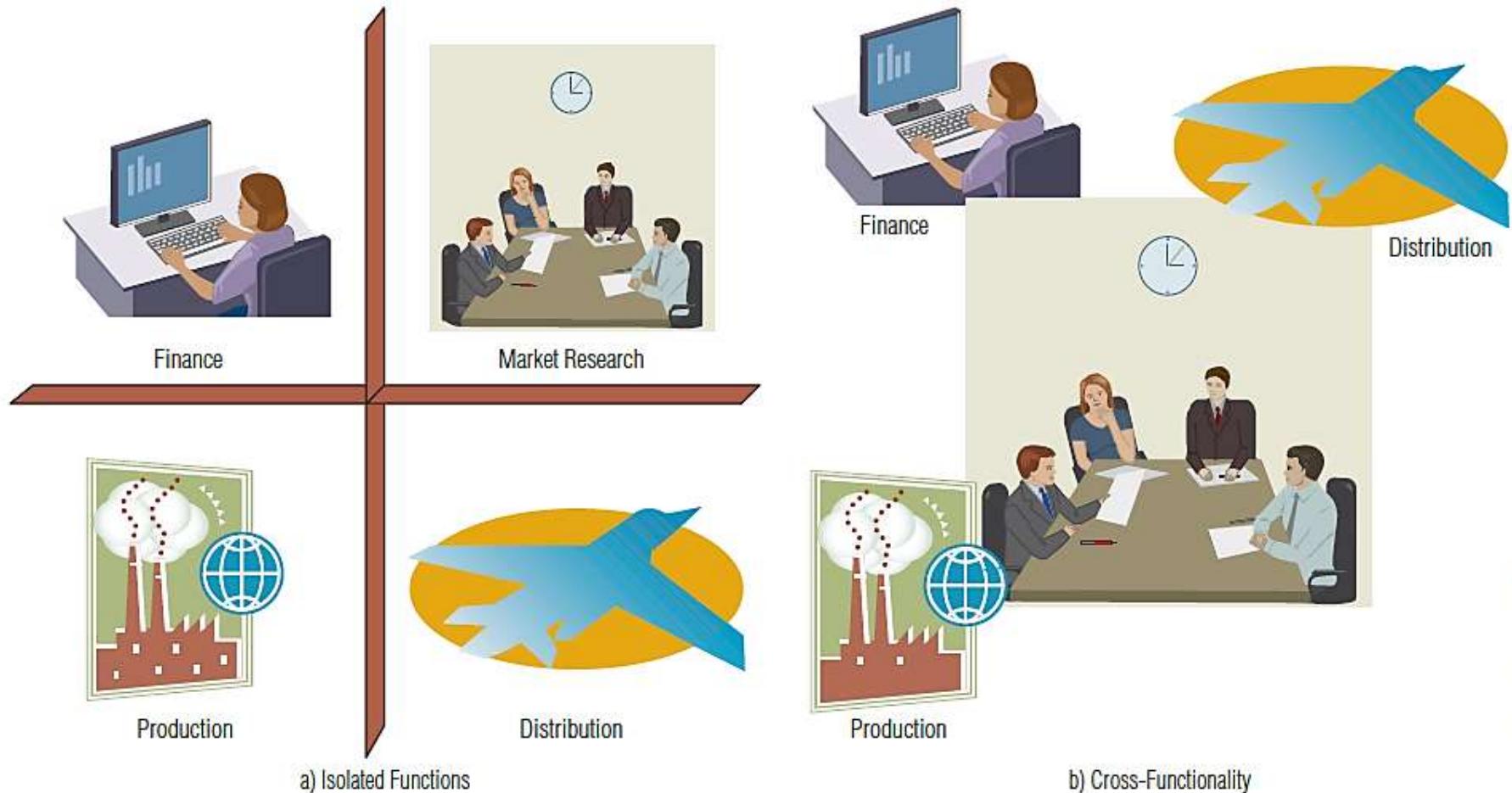
EXHIBIT 1.2 Types of Business Orientations

Product Orientation	Production Orientation	Marketing Orientation	Stakeholder Orientation
Internal focus	Internal focus	External focus	External focus
Emphasize product superiority	Emphasize efficiency and low costs	Emphasize customer tastes and desires	Emphasize a balance in satisfying all parties touched by organization
Product research is critical	Process research is important	Customer research is essential	Consumer research important
Narrow or even niche markets served	Mass markets often required for success	Identifiable market segments matched with unique product	Select segments served balanced with great concern for public persona

The Marketing Concept

- Focuses on how a firm provides value to customers more than on the physical product or production process
- A marketing-oriented firm must:
 - Be customer-oriented—makes decisions with a conscious awareness of their effect on the consumer
 - Emphasize long-run profitability—ensures continuity of firm
 - Adopt a cross-functional perspective—integrate marketing across other business functions

EXHIBIT 1.3 Isolation versus Cross-Functionality of Marketing in a Firm



Keeping Customers and Building Relationships

- Relationship marketing

- The idea that a major goal of marketing is to build long-term relationships with the customers contributing to their success
- Views a sale not as the end of a process but as the start of the organization's relationship with a customer—marketers want customers for life
 - ❖ Satisfied customers will return to a company that has treated them well

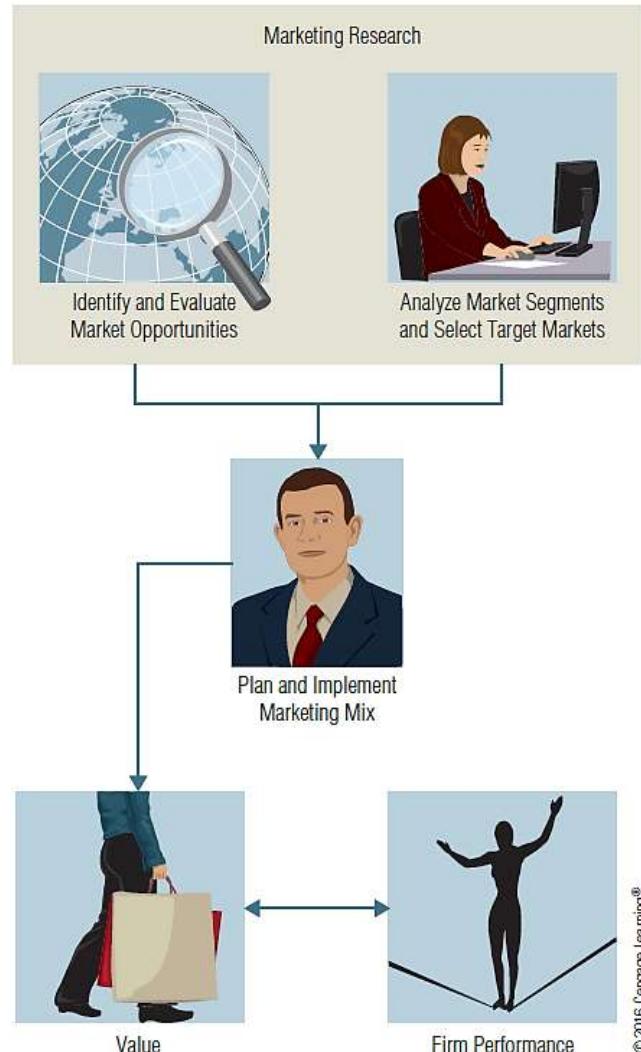
Marketing Research: A Means For Implementing the Marketing Concept

- Tracking trends
- Forecasting sales volume
 - Test market experiments—test new products before launch
- Analysis of existing data
 - Use sales data to offer customers product suggestions

Marketing Research and Marketing Management

- Developing and implementing a marketing strategy involves four stages:
 1. Identifying and evaluating market opportunities
 2. Analyzing market segments and selecting target markets
 3. Planning and implementing a marketing mix that will provide value to customers and meet organizational objectives
 4. Analyzing firm performance

EXHIBIT 1.4 Marketing Research Cuts Decision Risk with Input That Leads to Value



Identifying and Evaluating Opportunities

- Monitoring the competitive environment for signals indicating a business opportunity
 - Helps managers recognize problems and identify opportunities for enriching marketing efforts
 - Motivates a firm to take action to address consumer desires in a way that is beneficial to both the customers and to the firm
 - Identifies changes in customer needs, uses, and demand for products

Analyzing and Selecting Target Markets

- Geo-demographics

- Information describing the demographic profile of consumers in a particular geographic region
- Once the company knows the geo-demographics of a market segment, it can effectively communicate with those customers by choosing media that reach that particular profile
 - ❖ Example: *Architectural Digest* magazine

Planning and Implementing a Marketing Mix

- Marketing research can be used to support specific decisions about aspects of the marketing mix
- It is essential that an overall research plan involves all elements of marketing strategy

Types of Marketing Mix Research: Product Research and Pricing Research

- Product research
 - Designed to evaluate and develop new products and to learn how to adapt existing product lines
 - ❖ Concept testing
 - ❖ Product testing
 - ❖ Brand-name evaluation
 - ❖ Package testing
- Pricing research
 - Involves finding the amount of monetary sacrifice that best represents the value customers perceive in a product after considering various market constraints

Types of Marketing Mix Research: Distribution Research

- **Distribution research**
 - Studies aimed at selecting retail sites or warehouse locations in support of the distribution channel
 - Marketing channel
 - ❖ A network of interdependent institutions that perform the logistics necessary for consumption to occur
 - Supply chain
 - ❖ Another term for a channel of distribution, meaning the link between suppliers and customers

Types of Marketing Mix Research: Promotion Research

- Promotion research
 - Investigates the effectiveness of advertising, premiums, coupons, sampling, discounts, public relations, and other sales promotions
 - Promotion—the communication function of the firm responsible for informing and persuading buyers

The Integrated Marketing Mix

- Integrated marketing communication
 - All promotional efforts (advertising, public relations, personal selling, event marketing, and so forth) are coordinated to communicate a consistent image
- Integrated marketing mix
 - Research studies often investigate the effects of various combinations of marketing mix elements on important outcomes like sales and image

Analyzing Marketing Performance

- Total value management
 - Trying to manage and monitor the entire process by which consumers receive benefits from a company
- Performance-monitoring research
 - Research that regularly, sometimes routinely, provides feedback for evaluation and control of marketing activity
 - ❖ Most common forms: market-share analysis and sales analysis

Analyzing Marketing Performance (cont'd.)

- Marketing metrics
 - Quantitative ways of monitoring and measuring marketing performance

When is Marketing Research Needed?

- The determination of the need for marketing research centers on:
 - Time constraints
 - The availability of data
 - The nature of the decision
 - Benefits versus costs—the value of the research information in relation to costs

When is Marketing Research Needed? (cont'd.)

- Questions to consider when deciding whether to make a decision without research or to postpone the decision in order to conduct research
 - Will the payoff or rate of return be worth the investment?
 - Will the information improve the quality of the marketing decision enough to warrant the expenditure?
 - Is the proposed research expenditure the best use of the available funds?

EXHIBIT 1.5 Should We Conduct Marketing Research?

Factor	Conduct Market Research	Do Not Conduct Market Research
Time	Sufficient time is available before decision will be made.	Time pressure requires a decision before adequate research can be completed.
Data Availability	Firm does not have access to data but data can be obtained.	Firm already has relevant data or data cannot be obtained.
Nature of Decision	Decision is of considerable strategic or tactical importance.	Decision is NOT of considerable strategic or tactical importance.
Benefits versus Costs	Potential value of research exceeds costs of conducting research.	Costs of research exceed potential value of project.
	GO!	STOP!

Marketing Research in the Twenty-First Century

- Communication technologies
 - Always “connected”—time, place, and distance are irrelevant
 - Decreases in information acquisition, storage, access, and transmission costs

Marketing Research in the Twenty-First Century (cont'd.)

- **Global marketing research**

- Business research is increasingly global
- Market knowledge is essential
 - ❖ General information about a country's economic conditions and political climate
 - ❖ Cross-validation of cultural and consumer factors
 - ❖ Market and competitive conditions—demand estimation