

Marketing Research





What Will We Do Today?

- Define Marketing Research
- Why is it difficult to do good research?
- Discuss marketing research objectives
- What are the different types of data?



Marketing Research Defined

Systematic design, collection,
analysis, and reporting of data
and findings relevant to a specific
marketing situation facing a company.



Marketing Research

What Marketing Research Does?

- Attempts to identify and define marketing problems and also opportunities
- Generates and evaluates potential solutions in the form of marketing actions.
- Does not provide complete assurance, but reduces risk and uncertainty.
- This leads to increased likelihood of successful marketing decisions.

Marketing Research



Gerber Baby Food





Marketing Research

Why is good Marketing Research difficult?

- Do consumers really know whether they are likely to buy a particular product? Especially one they may never have thought of before.
- Even if they know, will they reveal the answer?
- Will their answers be honest?
- Will their actual purchase behavior be the same as their stated intentions?

The task of Marketing Research is to overcome these difficulties and provide useful information to marketing executives.

Forecasting Market Demand

- In 1983-1984, 67 new types of business personal computers were introduced to the U.S. market
- A market forecast was made of 28 million units by 1987





Forecasting Market Demand

Main problem in forecasting demand

- Relationships that have driven demand in the past will remain unaltered
- Need to be aware of potential changes in end user behavior
- Market dynamics



Forecasting Market Demand

Four steps to forecasting total -market demand

- Define the market
- Divide total industry demand into its main components
- Forecast the drivers of demand in each segment and project how they are likely to change
- Conduct sensitivity analyses to understand the most critical assumptions and to gauge risks to the baseline forecast

Steps to Forecasting Market Demand

Define the Market

- Functions of the iPhone 5G



Steps to Forecasting Market Demand

Define the Market

- iPhone could potentially be used as a substitute for these products





Steps to Forecasting Market Demand

Divide total industry demand into its main segments

- This is really an exercise in effective segmentation
- It is the first step on the STP process

Forecast drivers of demand

- Use statistical techniques to find causes for changes in historical demand
- Use other qualitative research methods – interviews etc to gather more end user data

Steps to Forecasting Market Demand



Forecast drivers of demand





Steps to Forecasting Market Demand

Conduct sensitivity analysis

- To produce the best estimates marketers must ask:
- “What things could cause this forecast to change dramatically?”
- Identify potential risks and discontinuities
- Can be done by varying assumptions and quantify impact on demand

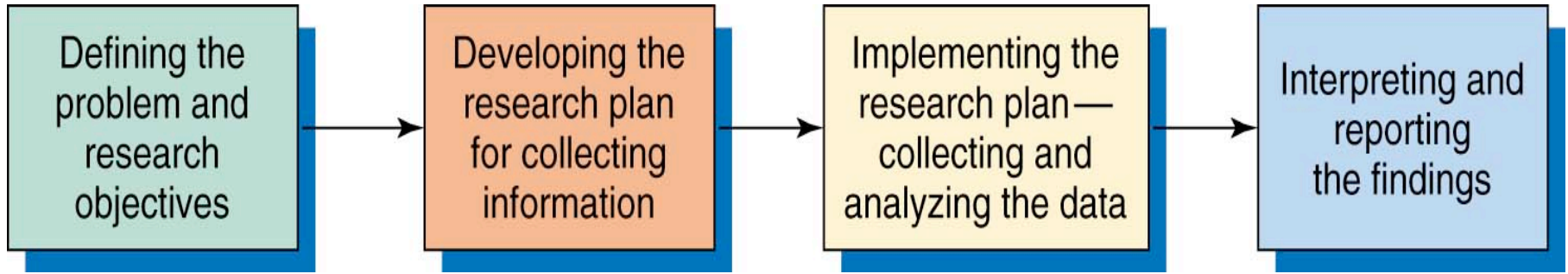


Marketing Research

Steps in the Marketing Research Process:

- Defining the problem and research objectives.
- Developing the research plan for collecting information.
- Implementing the research plan – collecting and analyzing the data.
- Interpreting and reporting the findings.

The Marketing Research Process





Marketing Research

Step 1: Defining the problem and research objectives

- A marketing research project might have three types of objectives: ***Exploratory, descriptive, and causal***
- Each of these fulfill different objectives.

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Exploratory Research

Gathers preliminary information that will define the problem and suggest hypotheses. Helps determine if a path should be pursued.



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Descriptive Research

Describes things such as the market potential for a product or the demographics and attitudes of consumers who buy the product.



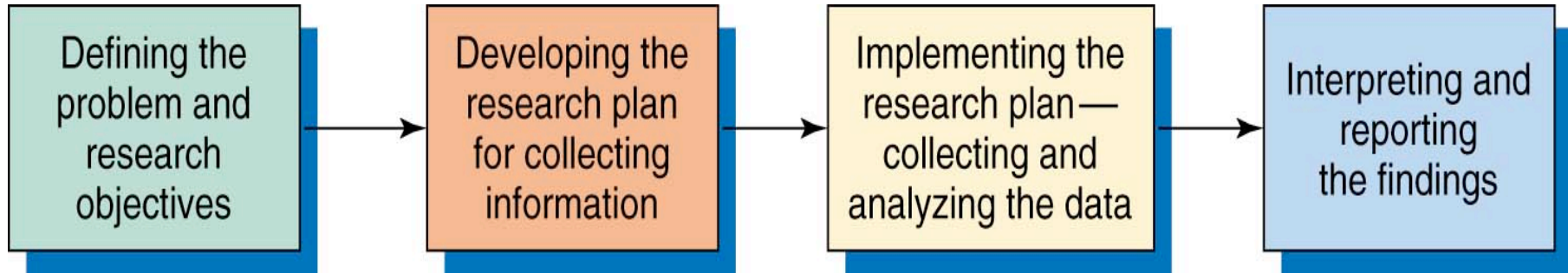
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Causal Research

Tests hypotheses about cause-and-effect relationships.

E.g. Would reducing the size of the MBA classes to 35 students result in higher student grades?

The Marketing Research Process





Marketing Research

Step 2: Developing the Research Plan

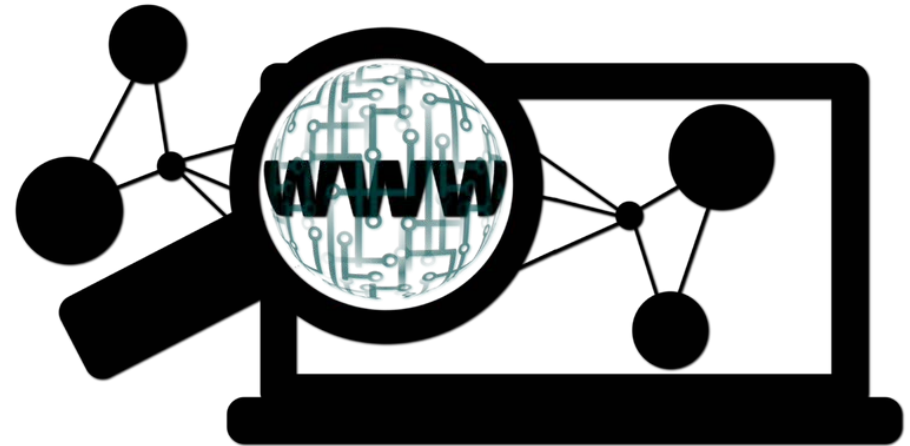
- Research objectives guide the determination of specific information needs.
- Research proposals outline the **constraints**, the **type of data** needed and the research plan, including how the data will be collected.

Marketing Research



Step 2: Developing the Research Plan

- Identify data needed for marketing action
 - **Secondary data:**
Information collected for another purpose which already exists.



Marketing Research

Step 2: Developing the Research Plan

- Identify data needed for marketing action
 - **Primary data:**
Information collected for the specific purpose at hand.



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Types of Data

- *Secondary data*
 - *Primary data*
- Advantages:
 - Obtained quickly
 - Less expensive than primary data
 - Greater level of detail is often available
 - Disadvantages:
 - Information may not exist
 - Out-of-date information
 - Definitions or categories might not fit your project



Evaluate the Following When Judging Data Quality

Relevant – Answers the research question

Accurate – Information does not contain errors

Current – Recently collected information

E.g. Using a report prepared in 1999 about the technology industry in Mexico as the basis for your company exporting a technology related product to that country in 2009.

Impartial – Source of data is not biased...

E.g. Using data collected by Acer Computers that says consumers think that Acer produces the most reliable computers.

Types of Data

- ***Secondary data***
- *Primary data*

- Advantages:
 - More current than secondary data
 - Specific to the problem being studied
- Disadvantages:
 - More costly
 - Time consuming

Types of Data

- ***Secondary data***
- *Primary data*

- Planning primary research:
 - **Research approaches:**
 - **Observation, survey, experiment**
 - Sampling plan:
 - Sampling unit, sample size, sampling procedure
 - Research instruments:
 - Questionnaire, mechanical instruments



Marketing Research

Step 2: Developing the Research Plan

- Research objectives guide what research approach is adopted.



Develop the Research Plan Primary Data Collection

Research Approaches

Observational Research

Gathering data by observing people, actions and situations
(Exploratory)

Survey Research

Asking individuals about attitudes, preferences or buying behaviors
(Descriptive)

Experimental Research

Using groups of people to determine cause-and-effect relationships
(Causal)



Observational Research

- Observational research can be used to obtain information that people are unwilling or unable to provide.
- This type of research is not appropriate for some subject areas - investigating consumers' feelings, attitudes, and motives.
- **Ethnographic research** combines intensive observation with customer interviews and can gain deeper insight into how customers buy and use products.
- Best suited for **Exploratory research**.

Marketing Research



- Mattel Toys





Survey Research

- Survey Research is the most widely used method for primary data collection.
- This type of research is appropriate for investigating consumers' feelings, attitudes, and motives.
- Very flexible – can be used to obtain many different types of information in many different situations.
- Best suited for **Descriptive research**.

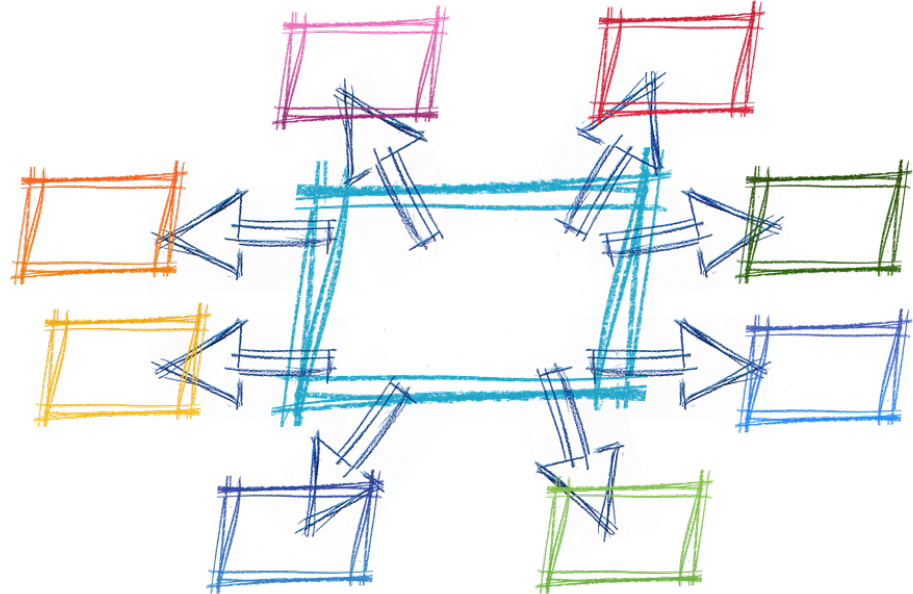


Experimental Research

- Usually involves selecting matched groups of subjects, giving them different treatments, controlling unrelated factors, and checking for differences in group responses.
- Best suited for **Causal Research**

Experimental Research

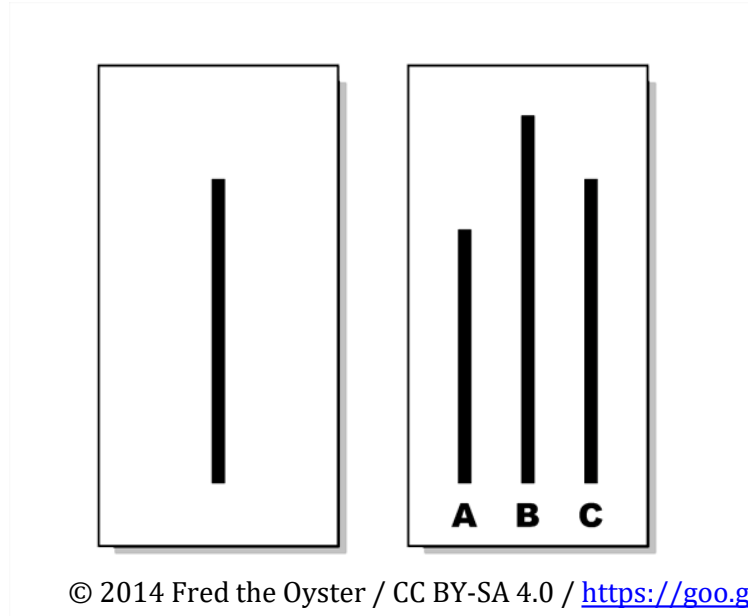
- Experimental research tries to explain cause and effect relationships. E.g. Does A cause B?





Let's view an experiment...

Conformity Experiment





MANIPULATION AND CONTROL: The Keys to Casual Research

- Manipulate the experimental independent variable(s)
- Control all extraneous independent variables

Marketing Research

Types of Data

- ***Secondary data***
- *Primary data*

- Planning primary research:
 - Research approaches:
 - Observation, survey, experiment
 - **Sampling plan:**
 - **Sampling unit, sample size, sampling procedure**
 - Research instruments:
 - Questionnaire, mechanical instruments



Develop the Research Plan: Sampling Plan

- Sample – segment of the population selected to represent the population as a whole.
- Requires 3 Decisions:
 - Who is to be surveyed?
 - Sampling unit
 - How many people should be surveyed?
 - Sample size
 - How should the people in the sample be chosen?
 - Sampling procedure



Develop the Research Plan: Sampling Unit

Who is to be surveyed?

- What information is needed and who is most likely to have it?



Develop the Research Plan: Sampling Size

How many people should be surveyed?

- Large samples give more reliable results, but are more costly
- A sample can be small and still provide reliable results



Develop the Research Plan: Sampling Procedure

How should the sample be chosen?

- Probability samples
 - There is a probability that any member of the sample could be chosen
- Nonprobability sample
 - Sample is chosen because of convenience, or using the judgment of the researcher



Terms to Note:

Interviewer bias

- How does the interviewer influence the data collected?

Representativeness

- Does the sample truly represent the whole population?
- E.g. Survey of people in New York about their intentions to vote in the upcoming January 2006 elections and using that to predict the results for the whole of the United States.

Marketing Research

Types of Data

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- *Primary data*

- Planning primary research:
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 - **Questionnaire, mechanical instruments**

Develop the Research Plan:

Research Instruments

Questionnaire

- What questions to ask?
- Form of each question?
 - Closed-end
 - Open-end
- Wording?
- Ordering?

Mechanical Devices

- People Meters
- Supermarket Scanners
- Eye Cameras



Develop the Research Plan Research Instruments - Questionnaires

Closed-ended questions

What make of car do you drive?

- A) Toyota
- B) Ford
- C) Mercedes Benz
- D) None of the above



Develop the Research Plan Research Instruments - Questionnaires

- Closed-ended questions
 - E.g. Multiple choice questions and scale questions
 - Provide answers that are easy to tabulate and interpret; less time
 - Researcher might exclude an answer of possible interest



Develop the Research Plan Research Instruments - Questionnaires

Open-ended questions

- Please tell me what is your favorite make of automobile and why?



Develop the Research Plan Research Instruments - Questionnaires

- Open-ended questions
 - Reveal more than closed-ended questions
 - Useful in determining what people think
 - More difficult to tabulate responses



Develop the Research Plan Research Instruments - Questionnaires

Problems in wording questions

- Do you prefer Wendy's fresh meat hamburgers than those from McDonald's which they make with frozen meat?
 - **Leading Question**
- Do you eat in fast food restaurants regularly?
 - **Ambiguous question**



Develop the Research Plan Research Instruments - Questionnaires

Problems in wording questions

- What was the occasion when you ate your first hamburger?
- **Difficult to remember answer**
- Do you eat Wendy's hamburger and salads?
() Yes () No
- **Double-barreled question (two questions in one)**

Develop the Research Plan Research Instruments - Questionnaires

Problems in wording questions

- With whom do you live?
 - () At home with my parents
 - () I share an apartment with a roommate
- **Non-exhaustive answers**
- What is your age
 - () Under 20 () 20 – 40 () 40 - 60
- **Non-mutually exclusive answers**

Develop the Research Plan Research Instruments - Questionnaires

Problems in ordering questions

- Ask screening questions first

Do you eat fast food?

() Yes () No

- Ask sensitive or personal questions later in the survey e.g demographic questions

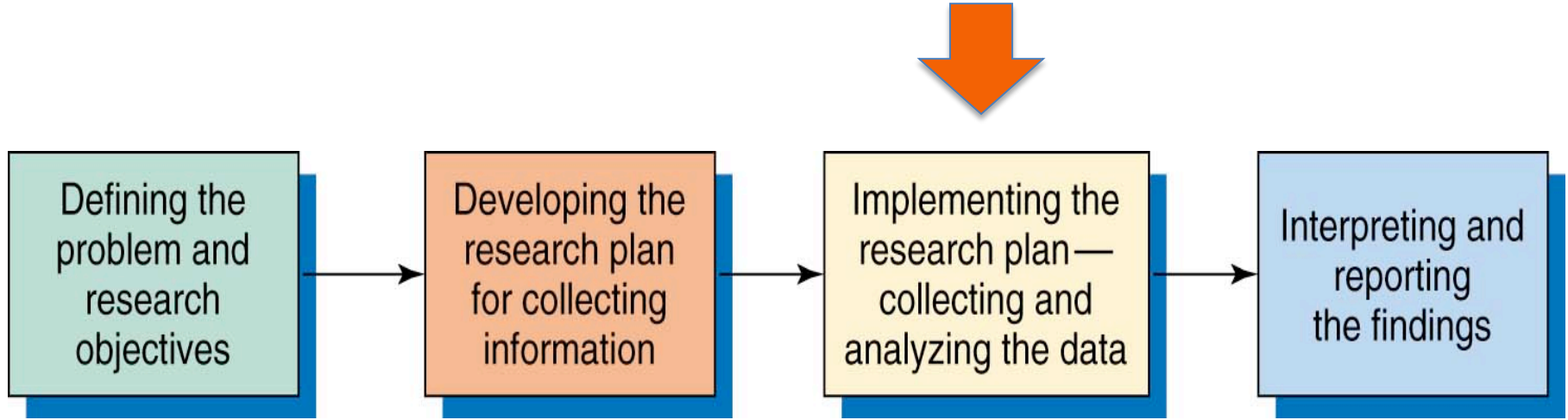


Develop the Research Plan Research Instruments - Questionnaires

Other hints

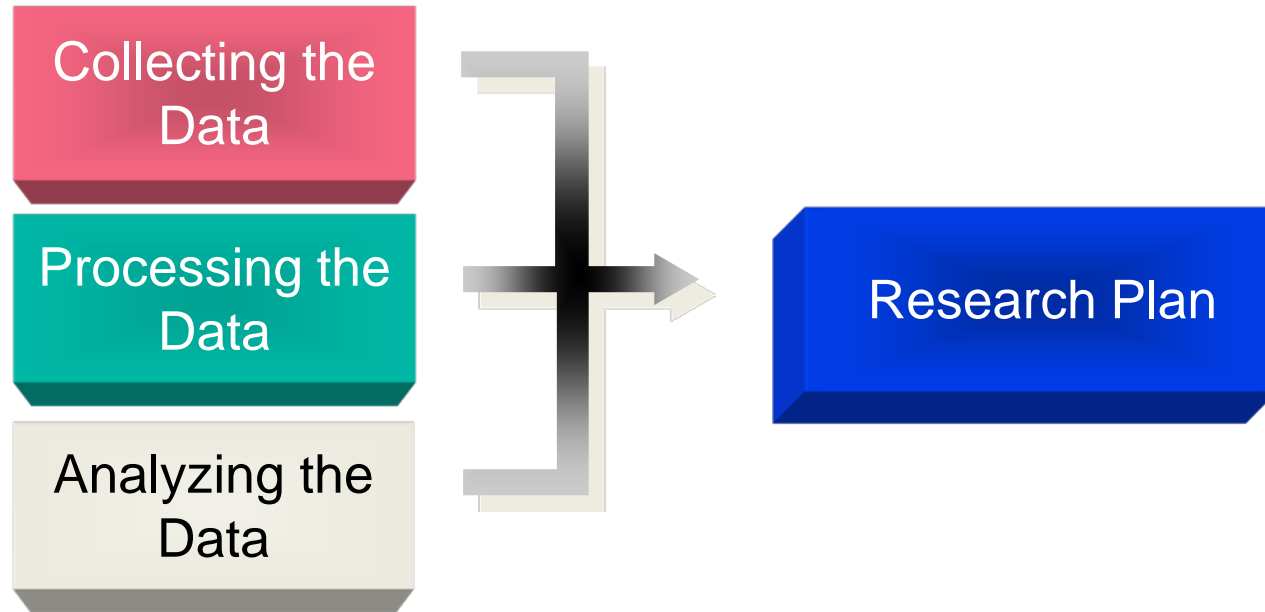
- When asking personal questions, use generalizations.
 - Studies show that 55% of married women have contemplated having an affair, would you ever contemplate one?
☐ Yes ☐ No

The Marketing Research Process



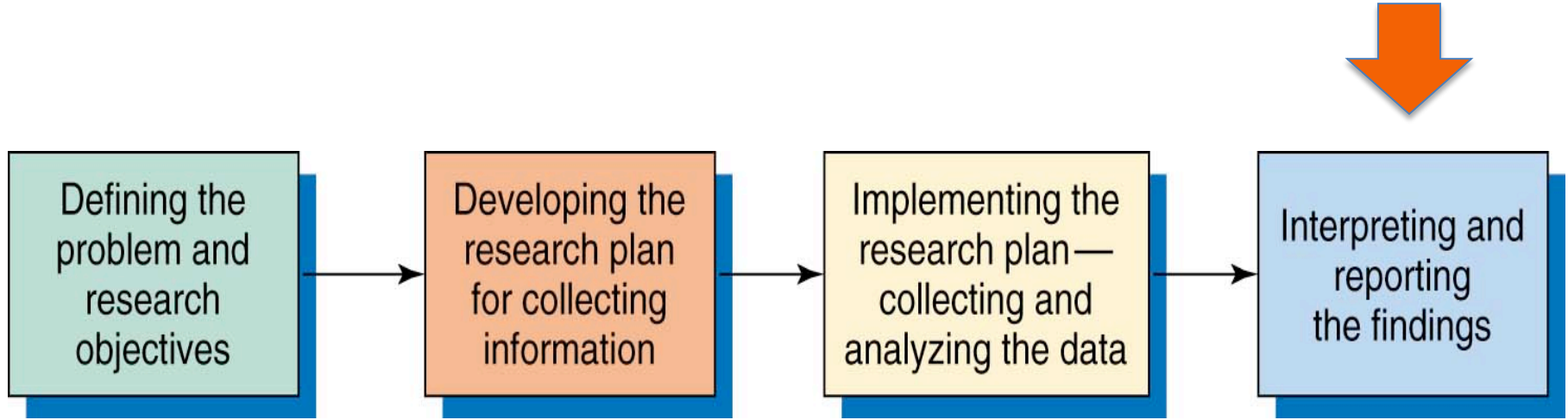
Marketing Research Process

Step 3. Implementing the Research Plan





The Marketing Research Process





Marketing Research Process

Step 4. Interpreting and Reporting Findings

Researcher Should Present Important Findings that are Useful in the Major Decisions Faced by Management.

Step 1. Interpret the Findings

Step 2. Draw Conclusions

Step 3. Report to Management



Marketing Implications of Consumer Behavior

Developing a Customer-Oriented Strategy

- How Is the Market Segmented?



Marketing Implications of Consumer Behavior

Developing a Customer-Oriented Strategy

- How Profitable Is Each Segment?
- What Are the Characteristics of Consumers in Each Segment?
- Are Customers Satisfied with Existing Offerings?



Marketing Implications of Consumer Behavior

- **Selecting the Target Market**
- **Positioning**
 - How Are Competitive Offerings Positioned?
 - How Should Our Offerings Be Positioned?
 - Should Our Offerings Be Repositioned?
 - Would need to use perceptual maps



What did we do today?

- **Defined Marketing Research**
- **Why is it difficult to do good research?**
 - Customers may not know what they want; may not reveal it if they do
- **Discussed marketing research objectives**
 - Exploratory; Descriptive; Causal
- **What are the different types of data?**
 - Primary; Secondary
- **Discussed marketing research approaches**
 - Observation; Survey; Experimental

