

Chapter 1

The Role of Marketing Research in Management Decision Making



LEARNING OBJECTIVES

1. Review the marketing concept and the marketing mix.
2. Comprehend the marketing environment within which managers must make decisions.
3. Examine the history of marketing research.

Why Study Marketing Research?

- Some students eventually become marketing researchers
- Everyone needs to be a smarter consumer of marketing research
- Every manager needs to understand what marketing research can and cannot do.

Comment on the following statement

- **The owner of a restaurant in a downtown :
“I see customers every day whom I know on a first-name basis. I understand their likes and dislikes. If I put something on the menu and it doesn’t sell, I know that they didn’t like it. I also read the magazine *Modern Restaurants*, to keep up with industry trends. This is all of the marketing research that I need to do.”**

Who Does Marketing Research?

- Producers of Products and Services
 - e.g., Goodyear, Silver Dollar City ;
- Advertising Agencies
 - e.g., Dentsu, McCann-Erickson WorldGroup
- Marketing Research Companies
 - » e.g., The Nielsen Company, Arbitron;

Who Does Marketing Research?

- **What differences might you note among marketing research conducted for (a) a retailer, (b) a consumer goods manufacturer, (c) a charitable organization?**

Chapter Two

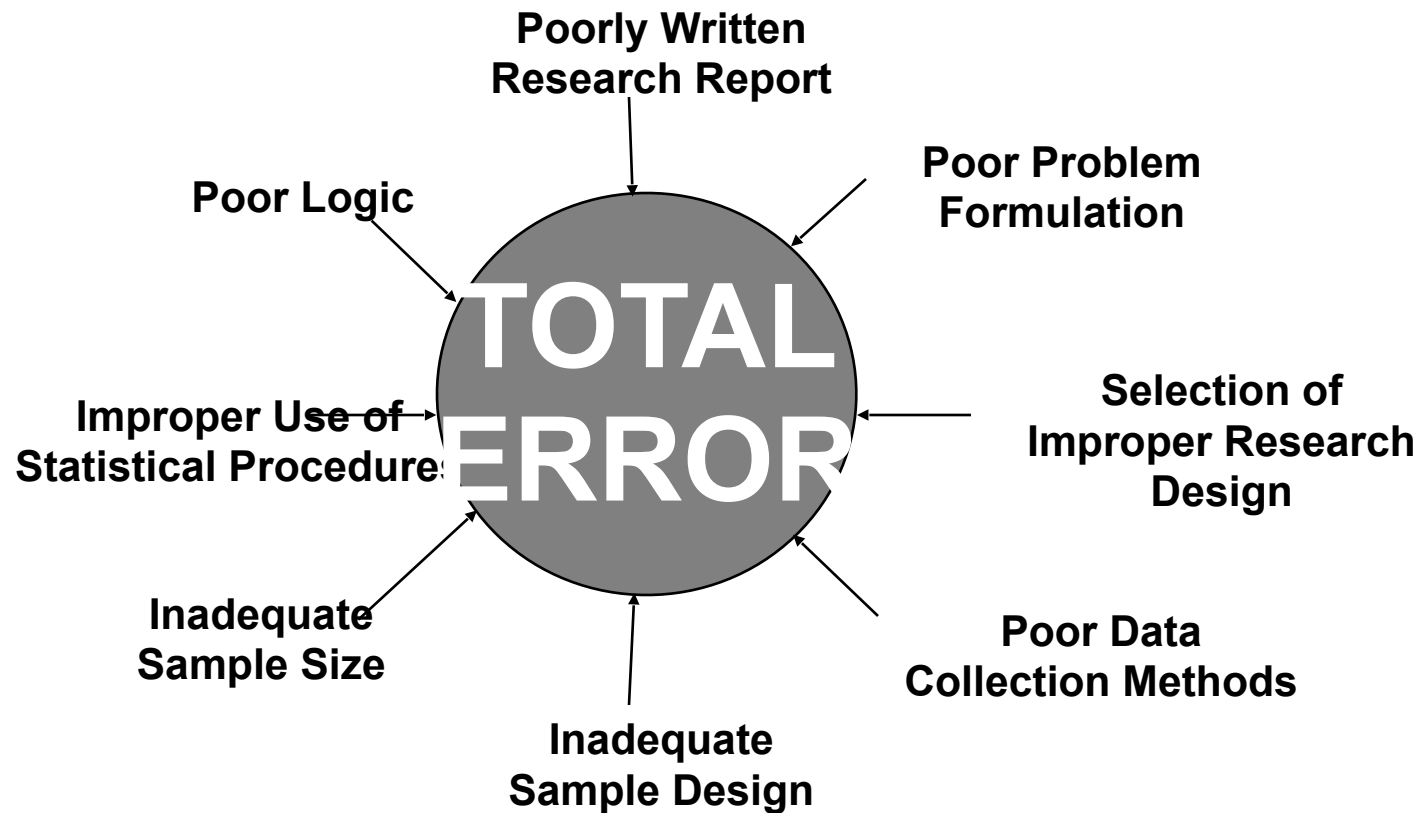
The Marketing Research Industry and Research Ethics



LEARNING OBJECTIVES

1. Appreciate the structure of the marketing research industry.
2. Comprehend the nature of corporate marketing research departments.
3. Understand the types of marketing research suppliers.
4. Examine how corporations use marketing research.
5. Review the current state of the marketing research industry.
6. Appraise ethical trends and unethical practices among marketing research suppliers, clients, and marketing research field services.

The Concept of Total Error



Ethics

- Marketing ethics
 - The principles, values, and standards of conduct followed by marketers
- Ethical considerations are applicable to
 - Research participants
 - Research clients
 - Research teams

Questionable Ethical Decision Making

- Forrester Research Inc. published their comparison studies.
 - Microsoft and PeopleSoft was favored over their respective competitors.

Questionable Ethical Decision Making

- Forrester Research Inc. published their comparison studies.
 - Microsoft and PeopleSoft was favored over their respective competitors.
- Microsoft and PeopleSoft had funded the research.

Approaches to Ethical Reasoning

- Utility Approach
 - Focuses on society
 - Benefit > Cost, Ethical; Benefit < Cost, Unethical
- Use video cameras to record consumer's behaviors in the store to decide how to display nutritional content.

Approaches to Ethical Reasoning

- Use video cameras to record consumer's behaviors in the store to decide how to display nutritional content.
 - Benefits: knowing how consumers really behave so that companies can develop better ways of communicating the information.
 - Costs: violation of shoppers' privacy. The cost of doing research.

Chapter Three

Problem Definition, Exploratory Research, and the Research Process



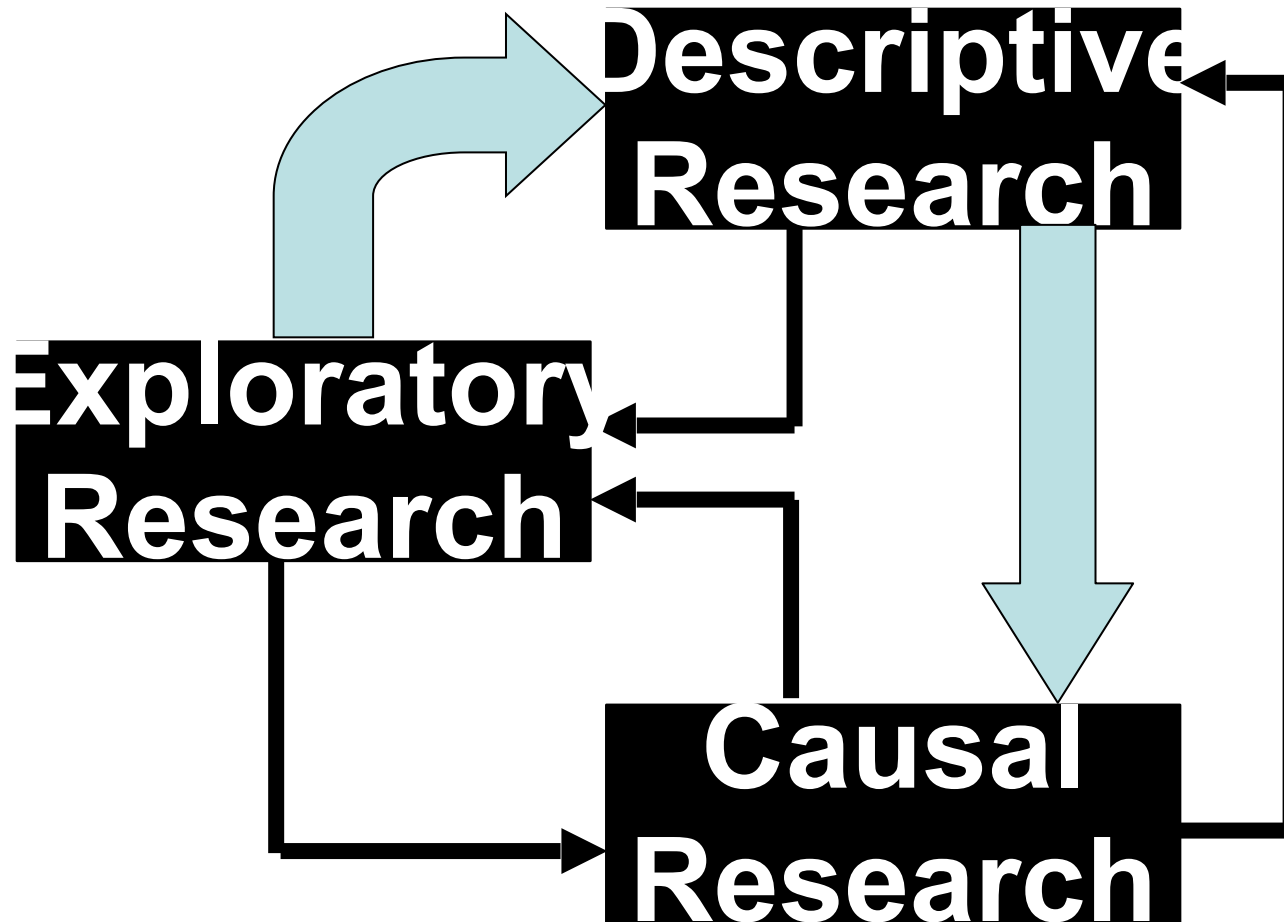
LEARNING OBJECTIVES

1. Analyze the problem definition process.
2. Learn the steps involved in the marketing research process.
3. Understand the components of the research request.
4. Appreciate the importance of the marketing research proposal.
5. Examine what motivates decision makers to use marketing research information.

Types of Research Design

- Exploratory Research
 - Major emphasis: gaining ideas and insights
- Descriptive Research
 - Major emphasis: determining the frequency with which something occurs
- Causal Research
 - Major emphasis: determining cause-and-effect relationships

Relationships Among the Research Designs



Case

- Manager's decision problem (broad)
 - Revenue is not as high as expected, why?
- Research problem (specific)

Case

- Your friend opened a coffee shop but the business is not running well.
- Your friend consulted you since you are a marketing research expert.

Case

Questionnaire:

- What kind of questions are you going to put in a survey?
 - Current customer satisfaction?
 - What kind of products do they prefer?
 - What are the demographics of targeted market?

Case

Questionnaire:

- What kind of questions are you going to put in a survey?
- Many possibilities
 - Advertising, store design, competitors, etc.
- It is impossible to include everything in a single questionnaire.

Case

- You have to visit the coffee shop and ask your friend many questions before you identify the research questions.
 - *How bad is the store's financial position?*
 - *What are your prices like?*
 - *What is your target market?*
 - *Where do you place your advertisements?*
 - *What is your store hour?*
 - *How often do you have promotions?*

Case

- Manager's decision problem (broad)
 - Revenue is not as high as expected, why?
- Research problem (specific)
- Reasons could be: 1) Product limitation, 2) possible pricing problem, 3) target market inappropriate 4) too many competitors

Case

- Exploratory research
 - Interview customers
 - Literature search
 - Focus group
- Descriptive research
 - Survey
 - Observational study

Exploratory Research

- Basic uses
 - Better understanding of the situation
 - Not designed to come up with final answers and decisions
- Key Characteristics
 - Small scale
 - Flexibility

Types of Exploratory Research

- Literature Search
- Depth Interviews
- Focus Groups
- Case Analyses
- Projective Methods
- Experience survey

Types of Exploratory Research

- Literature Search
 - A search of statistics, trade journal articles, other articles, magazines, newspapers, and books for data or insight into the problem at hand
- Depth Interviews
 - Interviews with people knowledgeable about the general subject being investigated
- Focus Groups
 - An interview conducted among a small number of individuals simultaneously

Types of Exploratory Research

- Case Analysis
 - Intensive study of selected examples of the phenomenon of interest
- Projective Methods
 - Methods that encourage respondents to reveal their own feelings, thoughts, and behaviors by shifting the focus away from the individual through the use of indirect tasks

Focus Group



Focus Groups

- Extremely popular research technique
- Format
 - Typically 8-12 people
 - Homogeneous within group
 - 1.5 to 2 hours in length
 - Sessions recorded and transcribed
- Key person: the moderator

2a. Descriptive Research Studies

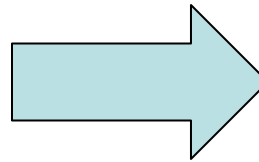
Marketing Research Design, Continued

Descriptive Studies Defined

Descriptive research studies answer the, who what, where, when and how questions. It is used when one wants to gain a better understanding of the specifics or details the research issue.

Purpose

- Confirm Theories
- Brand Loyalty Measure
- Describes Population
- Build Customer Profile
- Gain Specific Information



Key Methods

- Secondary Data
- Cross sectional Surveys
- Longitudinal Surveys
- Statistical Data Analysis

Descriptive Research

- Has six specifications:
 - **Who**
 - **What**
 - **When**
 - **Where**
 - **Why**
 - **How**
- Surveys and Observations

A descriptive research design

- Super Savers is a chain of department stores located in large towns and metropolitan centers in the northeastern United States.
- In order to improve its understanding of the market, management has decided to develop a profile of the “average” customer (customer segments). You are requested to design the study.


A descriptive research design

	<u>Store Preference by Income</u>	
Income	Prefer Super Savers	Prefer Competitors
>\$100,000		
\$50,000~\$100,000		
\$<50,000		

A descriptive research design

	<u>Store Preference by Education</u>	
Education Level	Prefer Super Savers	Prefer Competitors
Some high school		
High school		
Some college		
....		

Causal Research

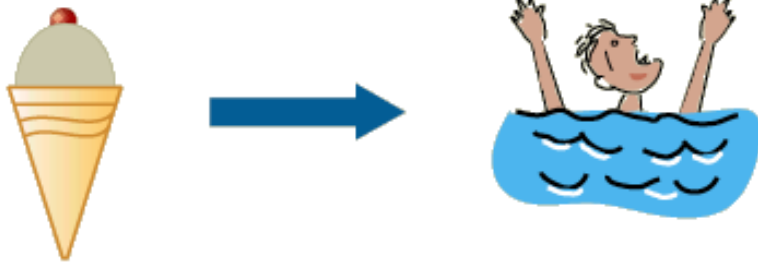
- The purpose of causal research is to test cause and effect relationships
- Condition X causes Event Y
- (e.g., X  Y)

Causal Research

- Evidence of Causality
 - Time Order
 - Evidence that shows X occurs before Y
 - Consistent variation
 - Evidence of the extent to which X and Y occur together or vary together in the way predicted by the hypothesis
 - Elimination of Other Explanations
 - Evidence that allows the elimination of factors other than X as the cause of Y

The Spurious Effect of Ice Cream

Proposed Causal Inference



Spurious Association



Evidence of Causality

- Because we can never know for certain that we have eliminated all other possible causes of an effect, we can never state with certainty that X caused Y .

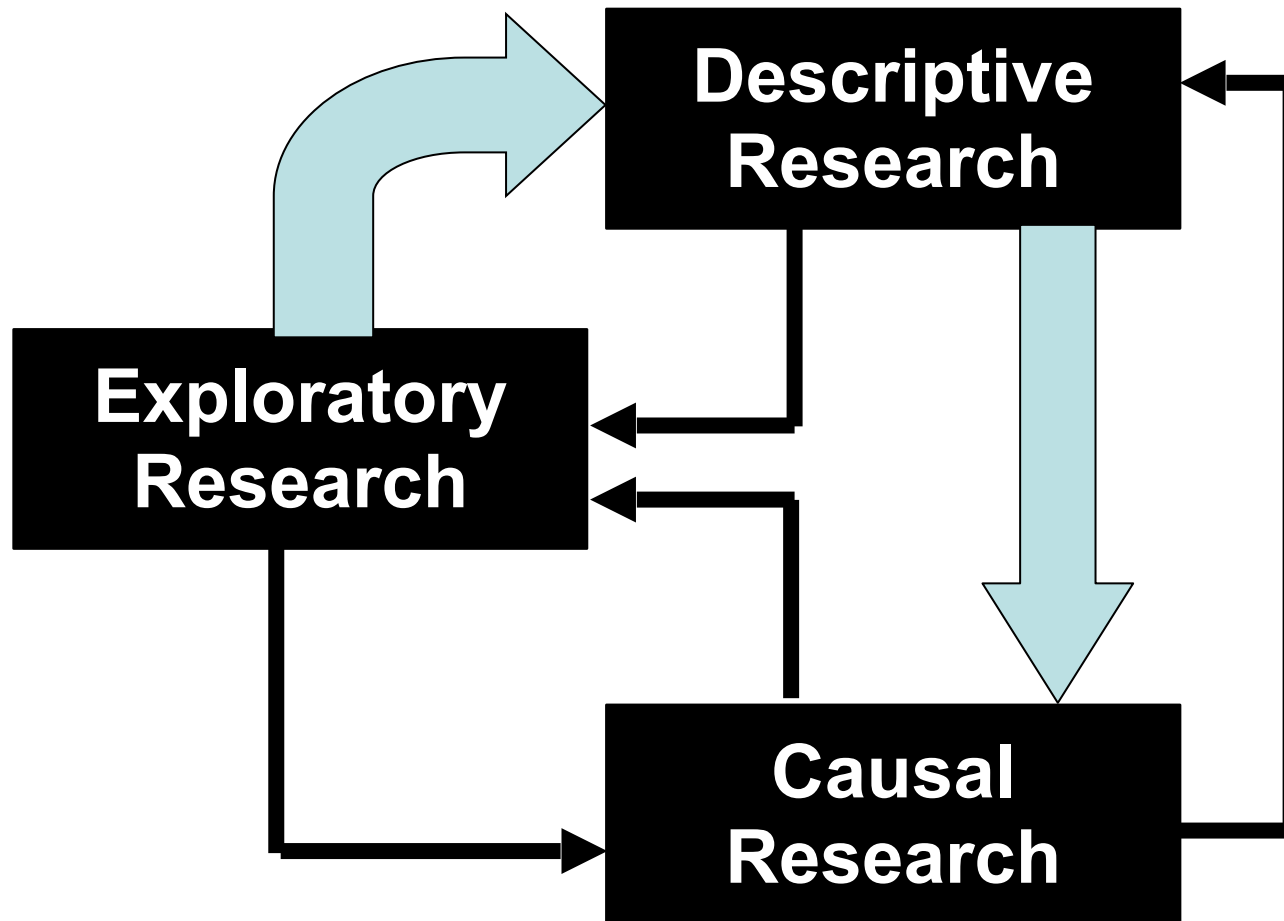
Spurious Relationship

- Shoe size and reading performance for elementary school children.
- Number of police officers and number of crimes.
- Number of doctors in region and number of people dying from disease.
- Tea drinking and lung cancer

Causal Research

- Causation is often tested through experimentation
- Experimentation includes independent (condition X) and dependent (event Y) variables
- The basic point of an experiment is to change the levels of one or more X variables and examine the resulting impact on Y variables
- At the same time, it is very important to control (i.e., hold constant) other variables that might impact Y variables

Relationships Among the Research Designs



Relationships Among the Research Designs

- Manager's decision problem (broad)
Brand X's share of the soft drink market is slipping. Why?
- Research problem (specific)
Identify the reasons

Symptoms of problems and underlying real problems

- **Symptoms:** Declining sales
- Reasons: 1) poor positioning strategy, 2) possible pricing problem, 3) a promotional strategy error, or 4) a product / service that is not competitive.

Case Discussion

- Decision problem
 - “Should enter this market?”
 - “How should the business be organized?”

Case Discussion

Research problems:

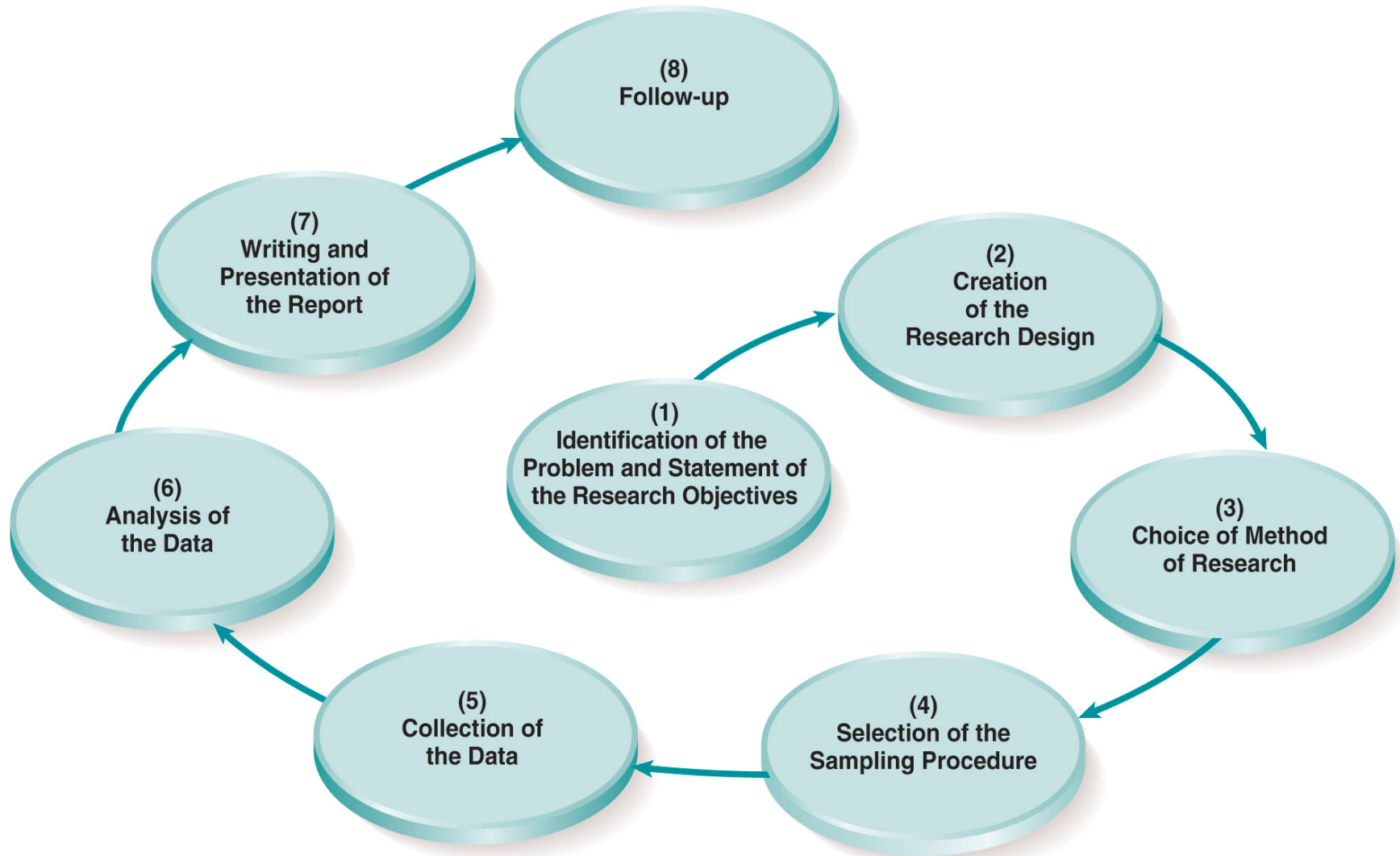
- determine awareness of online grocery shopping among target market
- assess satisfaction of existing online grocery shoppers
- determine existing levels of online shopping in target market
- investigate target market preferences for products to be purchased online
- determine level of demand for online grocery shopping among target market

Census vs. Sample

- If your target market is new homeowners in a small city in any given month, a census would be better.
- If your target market is parents of babies born in December in a particular county, a census might be better.

The Marketing Research Process

An Overview



Steps to do marketing research

- **You have been charged with determining how to attract more business majors to your school. Outline the steps you would take, including the sampling procedures to accomplish this task.**

Steps

- 1. Identify the problem and state the marketing research objectives.**
- 2. Create the Research Design.**
- 3. Choose the Basic Method of Research.**
- 4. Selection of the Sampling Procedure.**
- 5. Collecting the Data.**
- 6. Analysis of the Data.**
- 7. Preparation and Writing the Report.**
- 8. Follow up.**