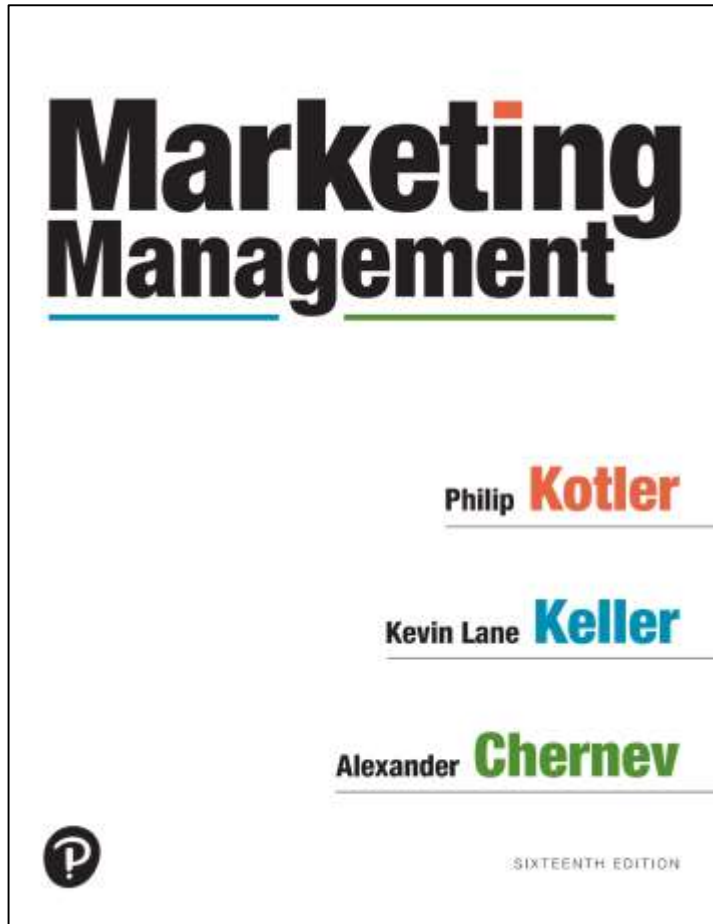


# Marketing Management

Sixteenth Edition



## Chapter 5

### Conducting Marketing Research

# Learning Objectives

**5.1** Define the scope of marketing research.

**5.2** Explain the marketing research process, how to gather and analyze market data, and how to develop a research plan.

**5.3** Explain how to measure and forecast market demand.

**5.4** Define the different approaches to measuring marketing productivity.

# The Scope of Marketing Research (1 of 3)

- Marketing research
  - the function that links the consumer, customer, and public to the marketer through information— information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process

# The Scope of Marketing Research (2 of 3)

- Importance of marketing insights
  - Generating insights (how and why we observe certain effects in the marketplace)



# The Scope of Marketing Research (3 of 3)

- Who Does Marketing Research?
  - Marketing departments in big firms
  - Syndicated-service research firms
  - Custom marketing research firms
  - Specialty-line marketing research firms

# Figure 5.1 The Marketing Research Process



# Defining the Problem

- Define the decision alternatives
- Define the research objectives



# Developing the Research Plan (1 of 5)

- Data sources
  - **Secondary data**
    - Data that were collected for another purpose and already exist somewhere
  - **Primary data**
    - Data freshly gathered for a specific purpose or project



# Developing the Research Plan (2 of 5)

- Research approaches
  - Observational research
    - **Ethnographic research**
  - Focus group research
  - Survey research
  - Behavioral research

# Developing the Research Plan (3 of 5)

- Research instruments
  - Questionnaires
    - Closed-ended questions
    - Open-ended questions

# Table 5.1 Types of Questions (1 of 2)

| Name                           | Description  | Example  |
|--------------------------------|--|--|
| <b>A. Closed-End Questions</b> |  |  |
| Dichotomous                    | A question with two possible answers   | In arranging this trip, did you personally phone American?<br>Yes _____ No _____   |
| Multiple choice                | A question with three or more answers  | With whom are you traveling on this flight?<br><input type="checkbox"/> No one <input type="checkbox"/> Children only<br><input type="checkbox"/> Spouse <input type="checkbox"/> Business associates/friends/relatives<br><input type="checkbox"/> Spouse and children <input type="checkbox"/> An organized tour group |
| Likert scale                   | A statement with which the respondent shows the level of agreement / disagreement                          | Small airlines generally give better service than large ones.<br>Strongly disagree      Disagree      Neither agree nor disagree      Agree      Strongly agree<br>1 _____ 2 _____ 3 _____ 4 _____ 5 _____   |
| Semantic differential          | A scale connecting two bipolar words. The respondent selects the point that represents his or her opinion. | I find American Airlines . . .<br>Large _____ Small<br>Experienced _____ Inexperienced<br>Modern _____ Old-fashioned   |
| Importance scale               | A scale that rates the importance of some attribute  | To me, airline in-flight service is<br>Extremely important      Very important      Somewhat important      Not very important      Not at all important<br>1 _____ 2 _____ 3 _____ 4 _____ 5 _____  |
| Rating scale                   | A scale that rates some attribute from "poor" to "excellent"   | American in-flight service is<br>Excellent      Very Good      Good      Fair      Poor<br>1 _____ 2 _____ 3 _____ 4 _____ 5 _____   |
| Intention-to-buy scale         | A scale that describes the respondent's intention to buy   | If ultra-high-speed Wi-Fi service were available on a long flight, I would<br>Definitely buy      Probably buy      Not sure      Probably not buy      Definitely not buy<br>1 _____ 2 _____ 3 _____ 4 _____ 5 _____  |

# Table 5.1 Types of Questions (2 of 2)

## B. Open-End Questions

|                         |  |   |
|-------------------------|--|---|
| Completely unstructured | A question that respondents can answer in an almost unlimited number of ways   | What is your opinion of American Airlines?  |
| Word association        | Words are presented, one at a time, and respondents mention the first word that comes to mind.   | What is the first word that comes to your mind when you hear the following?<br>Airline _____<br>American _____<br>Travel _____  |
| Sentence completion     | An incomplete sentence is presented and respondents complete the sentence.   | When I choose an airline, the most important consideration in my decision is _____.   |
| Story completion        | An incomplete story is presented, and respondents are asked to complete it.  | "I flew American a few days ago. I noticed that the exterior and interior of the plane had very bright colors. This aroused in me the following thoughts and feelings. . . ." Now complete the story. |
| Picture interpretation  | A picture of two characters is presented, with one making a statement. Respondents are asked to identify with the other and fill in the empty balloon. |   |

# Developing the Research Plan (4 of 5)

- Research instruments
  - Qualitative measures
    - Word associations
    - Projective techniques
    - Visualization
    - Brand personification
    - Laddering

# Developing the Research Plan (5 of 5)

- Measurement devices
  - Neuromarketing
    - EEG technology (Electroencephalogram)
    - MRI (Magnetic Resonance Imaging)



# Collecting the Information (1 of 3)

- Sampling plan
  - **Sampling unit:** Whom should we survey?
  - **Sample size:** How many people should we survey?
  - **Sampling procedure:** How should we choose the respondents?

# Collecting the Information (2 of 3)

- Contact methods
  - Online
  - In person
  - Mail and email
  - Telephone





# Collecting the Information (3 of 3)

- Data Mining
  - To identify prospects
  - To decide which customers should receive a particular offer
  - To deepen customer loyalty
  - To reactivate customer purchases
  - To avoid serious customer mistakes

# Analysis and Decision Making

- Analyzing the information and making the decision
  - Tabulate the data and develop summary measures
  - Market data vs. market insights

# Measuring Market Demand

- Measure and forecast the size, growth, and profit potential of new opportunities
- Define “market demand”

# Demand Measurement Concepts (1 of 5)

- **Market demand**
  - the total volume that could be bought by a defined customer group in a defined geographic area in a defined time period in a defined marketing environment under a defined marketing program

# Demand Measurement Concepts (2 of 5)

- **Company demand**
  - the company's estimated share of market demand at alternative levels of company marketing effort in a given time period
- **Market forecast**
  - the market demand corresponding to the actual level of industry marketing expenditure

# Demand Measurement Concepts (3 of 5)

- **Company sales forecast**
  - the expected level of company sales based on a chosen marketing plan and an assumed marketing environment
    - Sales quota
    - Sales budget

# Demand Measurement Concepts (4 of 5)

- **Market potential**

- the maximum sales available to all firms in an industry during a given period, under a given level of industry marketing effort, and under extant environmental conditions

# Demand Measurement Concepts (5 of 5)

- **Company sales potential**
  - the sales limit approached by company demand as company marketing effort increases relative to that of competitors



# Forecasting Market Demand (1 of 2)

- Anticipating what buyers are likely to do
- Forecasts
  - Macroeconomic
  - Industry
  - Company sales

# Forecasting Market Demand (2 of 2)

- Industry sales and market shares
- Survey of buyers' intentions
- Composite of sales force opinions
- Expert opinion
- Past-sales analyses
- Market-test method

# Measuring Marketing Productivity (1 of 4)

- Measuring marketing productivity
  - Marketing metrics
  - Marketing mix modeling
  - Marketing dashboards

# Measuring Marketing Productivity (2 of 4)

- Marketing metrics
  - the set of measures that help marketers quantify, compare, and interpret their performance

# Measuring Marketing Productivity (3 of 4)

- Marketing mix modeling
  - analyze data from a variety of sources such as retailer scanner data, company shipment data, as well as pricing, media, and promotion expenditure data, to understand more precisely the effects of specific marketing activities

# Measuring Marketing Productivity (4 of 4)

- Marketing dashboards
  - provide all the up-to-the-minute information necessary to run the business operations for a company—such as sales versus forecast, distribution channel effectiveness, brand equity evolution, and human capital development

# Marketing Dashboards (1 of 4)

- Customer metrics pathway
  - looks at how prospects become customers, from awareness to preference to trial to repeat purchase, or some less linear model

# Marketing Dashboards (2 of 4)

- Unit metrics pathway
  - reflects what marketers know about sales of product/service units—how much is sold by product line and/or by geography, the marketing cost per unit sold as an efficiency yardstick, and where and how margin is optimized in terms of characteristics of the product line or distribution channel



# Marketing Dashboards (3 of 4)

- Cash-flow metrics pathway
  - focuses on how well marketing expenditures are achieving short-term returns. Program and campaign ROI models measure the immediate impact or net present value of profits expected from a given investment

# Marketing Dashboards (4 of 4)

- Brand metrics pathway
  - tracks the longer-term impact of marketing through brand-equity measures that assess both the perceptual health of the brand from customer and prospective customer perspectives and the overall financial health of the brand

# Discussion Questions (1 of 2)

- People celebrate traditions in December in many different ways. For some people, that includes holiday drinks at Starbucks.
  - Why has Starbucks had so much success with its holiday beverages?
  - How would you describe the market research process used by Starbucks for its holiday drink program?
  - How do you think Starbucks forecasts demand for its holiday campaign?

# Discussion Questions (2 of 2)

- Think about the last car you or your family purchased. What features were important in the buying decision? Discuss the market research instruments and data sources used by automakers.
  - Which data sources are likely to be important to automakers? Why?
  - Do automakers rely on questionnaires, qualitative measures, technological devices, or some combination of these? Explain.

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