

Chapter 2

Marketing Research: Process and Systems for Decision Making

High-Level Chapter Outline

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Detailed Chapter Outline

I. The Role of Marketing Research

- Marketing research is the process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making.
- Marketing research does not make decisions, but it can substantially increase the chances that good decisions are made.
- Marketing managers should recognize that:
 - Even the most carefully executed research can be fraught with errors
 - Marketing research does not forecast with certainty what will happen in the future
 - They should make decisions in light of their own knowledge and experience, since no marketing research study includes all of the factors that could influence the success of a strategy
- Although marketing research does not make decisions, it can reduce the risk associated with managing marketing strategies.

- It is vital for investigating the effects of various marketing strategies after they have been implemented.
- Today, many marketing researchers work hand-in-hand with marketing managers throughout the research process and have responsibility for making strategic recommendations based on the research.

II. The Marketing Research Process

- Marketing research can be viewed as the systematic process for obtaining information to aid in decision-making.
- There are many types of marketing research.
- The five Ps of the research process are (Figure 2.1):
 - Purpose of the research
 - Plan of the research
 - Performance of the research
 - Processing of research data
 - Preparation of research report

A. Purpose of the Research

- The first step in the research process is to determine explicitly why the research is needed and what it is to accomplish.
- Quite often a situation or problem is recognized as needing research, yet the nature of the problem is not clear or well defined nor is the appropriate type of research evident.
- Managers and researchers need to discuss and clarify the current situation and develop a clear understanding of the problem.
- Managers and researchers should agree on:
 - The current situation involving the problem to be researched
 - The nature of the problem
 - The specific question or questions the research is designed to investigate
- This step is crucial since it influences the type of research to be conducted and the research design.

B. Plan of the Research

- A research plan spells out the nature of the research to be conducted and includes an explanation of such things as the sample design, measures, and analysis techniques to be used.
- Three critical issues influence the research plan are:
 - Whether primary or secondary data are needed

- Whether qualitative or quantitative research is needed
- Whether the company will do its own research or contract with a marketing research specialist

Primary versus Secondary Data

- *Primary data* are the data collected specifically for the research problem under investigation.
- *Secondary data* are the data that have previously been collected for other purposes but can be used for the problem at hand.
- Secondary information has the advantage of usually being cheaper than primary data, although it is not always available for strategy- specific research questions.
- There are many types of secondary data that could be useful for understanding a market and for answering a particular research question.
- Some of these data can be found from sources *internal* to the organization such as sales invoices, quarterly sales reports, and marketing research done by the organization.
- Other secondary data must be obtained from sources *external* to the organization and include information such as syndicated data providers and by the government, such as U.S. census data.
- Figure 2.2 lists the common types of information that is available in a secondary data research.

Qualitative versus Quantitative Research

- Qualitative research typically involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic.
- The two most common types of qualitative research are focus group and long interviews.
 - *Focus groups* typically involve discussions among a small number of consumers led by an interviewer and are designed to generate insights and ideas about products and brands.
 - *Long interviews* are conducted by an interviewer with a single respondent for several hours.
- Quantitative research involves more systematic procedures designed to obtain and analyze numerical data.
- There are four common types of quantitative research in marketing are observation, surveys, experiments, and mathematical modeling.
 - *Observational research* involves watching people and recording relevant

facts and behaviors.

- *Survey research* involves the collection of data by means of a questionnaire either by mail, phone, online or in person.
- *Experimental research* involves manipulating one variable and examining its impact on other variables.
- *Mathematical modeling* research often involves secondary data. It is useful because it provides an efficient way to study problems with extremely large secondary data sets.

Company versus Contract Research

- Most large consumer goods companies have marketing research departments that can perform a variety of types of research.
- In addition many marketing research firms, advertising agencies, and consulting companies do marketing research on a contract basis.

C. Performance of the Research

- Performance of the research involves preparing for data collection and actually collecting them.
- In terms of actual data collection, a cardinal rule is to obtain and record the maximal amount of useful information, subject to the constraints of time, money, and respondent privacy.
- Failure to obtain and record data clearly can obviously lead to a poor research study, while failure to consider the rights of respondents raises both practical and ethical problems.
- Thus, both the objectives and constraints of data collection must be closely monitored.

D. Processing of Research Data

- Processing research data includes the preparation of data for analysis and the actual analysis of them.
- The appropriate analysis techniques for collected data depend on the nature of the research questions and the design of the research.
- Qualitative research data consist of interview records that are content analyzed for ideas or themes.
- Quantitative research data may be analyzed in a variety of ways depending on the objectives of the research.
- A critical part of this stage is interpreting and assessing the research results.
- Marketing researchers should always double-check their analysis and avoid

overstating the strength of their findings.

E. Preparation of the Research Report

- The research report is a complete statement of everything in a research project and includes a write-up of each of the previous stages as well as the strategic recommendations from the research.
- Figure 2.4 lists the types of questions marketing researchers and managers should discuss prior to submitting the final research report.
- Research reports should be clear and unambiguous with respect to what was done and what recommendations are made.
- Researchers should work closely with managers to ensure that the study and its limitations are fully understood.

F. Limitations of the Research Process

- Many problems and difficulties must be overcome if a research study is to provide valuable information for decision making.
- The major goal of most test marketing is to measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely.
- Problems that could invalidate test marketing study results are listed below.
 - Test market areas are not representatives of the market in general in terms of population, characteristics, competition, and distribution outlets.
 - Sample size and design are incorrectly formulated because of budget constraints.
 - Pretest measurements of competitive brand sales are not made or are inaccurate, limiting the meaningfulness of market share estimates.
 - Test scores do not give complete support to the study, such that certain package sizes may not be carried or prices may not be held constant during the test period.
 - Test-market products are advertised or promoted beyond a profitable level for the market in general.
 - The effects of factors influence sales, such as the sales force, season, weather conditions, competitive retaliation, shelf space, and so forth, are ignored in the research.
 - The test-market period is too short to determine whether the product will be repurchased by customers.
- Careful research planning, coordination, implementation, and control can help reduce such problems and increase the value of research for decision making.

III. Marketing Information Systems

- Most marketers use computer-based systems to help them gather, sort, store, and distribute information for marketing decisions.
- A popular form of marketing information system is the marketing decision support system, which is a coordinated collection of data, tools, and techniques involving both computer hardware and software by which marketers gather and interpret relevant information for decision making.
- These systems require three types of software:
 - Database management software for sorting and retrieving data from external and internal sources.
 - Model base management software for manipulating data in ways that are useful for marketing decision making.
 - A dialog system that permits marketers to explore data base and use models to produce information to address their decision-making needs.
- Marketing decision support systems are designed to handle information from both internal and external sources.
- External information is gathered from outside the organization and concerns changes in the environment that could influence marketing strategies.

KEY TERMS

Experimental research: Experimental research involves manipulating one variable and examining its impact on other variables.

Focus groups: A type of qualitative research that typically involves discussions among a small number of consumers led by an interviewer and designed to generate insights and ideas about products and brands.

Long interviews: A type of qualitative research conducted by an interviewer with a single respondent for several hours and designed to find out such things as the meanings various products and brands have for the person or how a product influences the person's life.

Marketing research: Marketing research is the process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making. Most often consumers or organizational buyers are the subject of the research.

Mathematical modeling: Mathematical modeling involves developing equations to model relationships among variables to investigate the impact of various strategies and tactics on sales and brand choices.

Observational research: Observational research involves watching people and recording relevant facts and behaviors.

Primary data: Primary data are data collected specifically for the research problem under investigation.

Qualitative research: Qualitative research typically involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic, such as a brand name, a product, a package, or an advertisement.

Quantitative research: Quantitative research involves more systematic procedures designed to obtain and analyze numerical data.

Secondary data: Secondary data are those that have previously been collected for other purposes but can be used for the problem at hand.

Survey research: Survey research involves the collection of data by means of a questionnaire either by mail, phone, or in person.

Test marketing: The major goal of most test marketing is to measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely. In this way, future sales potential can often be estimated reasonably well.

ADDITIONAL RESOURCES

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