CHAPTER 1

INTRODUCTION TO MARKETING RESEARCH

LEARNING OBJECTIVES

1. Define marketing research and distinguish between problem identification and problem-solving research.
2. Describe a framework for conducting marketing research as well as the six steps of the marketing research process.
3. Understand the nature and scope of marketing research and its role in designing and implementing successful marketing programs.
4. Explain how the decision to conduct marketing research is made.
5. Discuss the marketing research industry and the types of research suppliers, including internal, external, full-service, and limited-service suppliers.
6. Describe careers available in marketing research and the backgrounds and skills needed to succeed in them.
7. Explain the role of marketing research in decision support systems.
8. Acquire an appreciation of the international dimension and the complexity involved in international marketing research.
9. Describe the use of social media as a domain to conduct marketing research.
10. Gain an understanding of the ethical aspects of marketing research and the responsibilities each of the marketing research stakeholders have to themselves, one another, and the research project.

AUTHOR’S NOTES: CHAPTER FOCUS

This introductory chapter provides an overview of the nature and scope of marketing research. It gives a definition and classification of marketing research. An overview of the marketing research process is presented. Marketing research suppliers and services and careers in marketing research are covered. The role of MIS and DSS is described and international
marketing research is introduced. The role of social media and ethical considerations, topics of current relevance, are discussed.

While similar in many ways to the material in competing texts, this chapter is different in that it presents a classification of marketing research (Figure 1.2). The classification of marketing research suppliers and services is also unique (Figure 1.5). Furthermore, the concepts of MIS, DSS, international marketing research, social media, and ethics are introduced in the first chapter, rather than later in the text. Internet applications are emphasized.

This chapter could be taught by focusing on the Learning Objectives, sequentially. Greater emphasis could be placed on the definition and classification (Learning Objective 1), the marketing research process (Learning Objective 2), and the nature and scope of marketing research (Learning Objective 3). The types and roles of research suppliers (Learning Objective 5) should also be emphasized. The use of the Internet and relevant software could be demonstrated in the class.

CHAPTER OUTLINE

1. Overview
2. Definition of Marketing Research
3. A Classification of Marketing Research
4. Marketing Research Process
5. The Role of Marketing Research in Marketing Decision Making
6. The Decision to Conduct Marketing Research
7. An Overview of the Marketing Research Industry
8. Selecting a Research Supplier
9. Careers in Marketing Research
10. The Role of Marketing Research in MIS and DSS
11. International Marketing Research
12. Social Media and Marketing Research
13. Ethics in Marketing Research
14. Summary
15. Key Terms and Concepts
16. Acronyms

TEACHING SUGGESTIONS

**Learning Objective 1**

* Give a definition of marketing research and illustrate it with an example.

Define marketing research as the systematic and objective identification, collection, analysis, and dissemination of information for the purpose of assisting management in decision making related to the identification and solution of problems (and opportunities) in marketing.

1. **Identification**: involves defining the marketing research problem (or opportunity) and determining the information that is needed to address it.
2. **Collection**: data must be obtained from relevant sources.
3. **Analysis**: data are analyzed, interpreted, and inferences are drawn.
4. **Dissemination of information**: the findings, implications, and recommendations are provided in a format that makes this information actionable.
4. **Use of information**: the findings, implications, and recommendations are used as an input into decision making.

Any of the examples in the book may be expanded on and used to illustrate the components of the definition.

* Explain and illustrate the classifications of marketing research.

1. Problem identification research - the goal is to identify existing or potential problems not apparent on the surface. Examples include market potential, market share, market characteristics, sales analysis, short-range forecasting, long range forecasting, and business trends research.
2. Problem solution research - the goal is to solve specific marketing problems such as segmentation, product, pricing promotion, and distribution research.

* Figure 1.2 displays this classification scheme.

**Learning Objective 2**

* Describe the rationale for the steps involved in the marketing research process.

Emphasize the importance of these steps since the entire research project will be conducted within this framework. Each step will be discussed more fully throughout the course and this is simply an introduction to the general research process.

1. **Problem definition**: defining the marketing research problem to be addressed is the most important step because all other steps will be based on this definition.
2. **Developing an approach to the problem**: development of a broad specification of how the problem will be addressed allows the researcher to break the problem into salient issues and manageable pieces.
3. **Research design formulation**: a framework for conducting the marketing research project that specifies the procedures necessary for obtaining the required information. It details the statistical methodology needed to solve the problem and thus the data requirements needed from data collection.
4. **Field work or data collection**: a field force (personal interviewing, phone, mail or electronic surveys) gathers project data. While seemingly trivial in nature, to obtain meaningful results field workers must be accurate and thorough in data collection.
5. **Data preparation and analysis:** the editing, coding, transcription, verification, and analysis of data allow researchers to derive meaning from the data.

6. **Report preparation and presentation:** the findings are communicated to the client. The report should address the specific research questions identified in the problem definition, describe the approach, the research design, data collection and the data analysis procedures adopted, and present the results and the major findings.

**Learning Objective 3**

* Describe the nature of marketing research and illustrate its components with examples.

Emphasize that marketing research provides the information for decision makers at each step of the marketing decision process. It is the goal of marketing research to provide relevant, accurate, reliable, valid and current information to management in order to facilitate managerial decisions. Each of these characteristics can be defined for students as:

- Information that is relevant addresses the problem or issue being investigated.
- Information that is accurate, correct and precise.
- Information that is reliable, and originates from competent, trustworthy sources.
- Information that is valid is applicable to the problem at hand.
- Information that is current is timely and up-to-date for both the industry and issue under consideration.

**Learning Objective 4**

* Discuss the considerations that guide the decision to conduct marketing research.

This decision should be guided by a number of considerations, including the costs versus the benefits, the resources available to conduct the research, the resources available to implement the research findings, and management’s attitude toward research. Marketing research should be undertaken when the expected value of information it generates exceeds the costs of conducting the marketing research project.

**Learning Objective 5**

* Describe the two types of marketing research suppliers.

Categorize the two types of suppliers by their relationship to the client. Thus, they may be internal or external.
Internal supplier - a marketing research department located within the firm where all the marketing research staff members are employees of the firm. Most major corporations have their own marketing research departments.

External supplier - research suppliers that are not a part of the firm. The external supplier may offer the entire range of marketing services including problem definition, developing an approach, questionnaire design, sampling, data collection, data analysis, interpretation, and report preparation and presentation.

*Figure 1.5 shows this classification.*

**List the services offered by a full service marketing research supplier.**

1. **Syndicated services:** offered by research organizations that provide information from a common database to different firms that subscribe to their services.
2. **Customized services:** offer a wide variety of marketing research services customized or tailor-made to suit the specific needs of a particular client.
3. **Internet/Social media services:** offer a wide variety of Internet based marketing research services that can be customized to suit the needs of a particular client.

* Distinguish the full service suppliers from limited-service suppliers by listing the services offered by limited-service suppliers including.

1. **Field services:** these suppliers’ primary service offering is their expertise in collecting data for research projects.
2. **Qualitative services:** These suppliers provide facilities and recruit respondents for focus groups and other forms of qualitative research, such as one-on-one depth interviews.
3. **Technical and analytical services:** these services include questionnaire design and pretesting, determining the best means of collecting data, sampling plans, and sophisticated data analysis using multivariate techniques.
4. **Other services:** include branded products and services and analysis procedures developed to address specific types of marketing research problems.

*Figure 1.5 graphically depicts these services and can be used to help structure the discussion.*

* Explain the criteria that should be considered when selecting an external supplier to help in conducting a marketing research project.

Allow the class to discuss how a manager would assess each of these criteria.

1. The firm selected should be capable of working on the project that includes the employees of the supplier, facilities for field work, and the data analysis.
2. The firm should possess a high degree of technical competence.
3. There should not be any personality clashes between the client and the supplier.
4. Good communication between the client and the supplier is essential to the success of a project.
5. The supplier should provide supervision and control of the field work and other phases of the project and offer acceptable validation procedures.
6. The supplier should be flexible to meet the unique needs of the client and the project.
7. The supplier should be able to complete the work on time.
8. The supplier should have experience in order to use sound judgment when conducting certain marketing research tasks.
9. The supplier should understand the role of research in developing marketing strategies and making marketing decisions.
10. The supplier should maintain high ethical standards.
11. The approach adopted should be influenced by the research ideology of the supplier.
12. The supplier should have a good reputation.
13. How much the supplier is charging for conducting the project should be a factor.
14. A location close to the client is desirable but not necessary.

**Learning Objective 6**

* List the skills required for a successful career in marketing research.

Begin by listing the skills, then explaining the benefit of each skill in marketing research.

1. Good understanding of marketing principles.
2. Strong background in statistics and quantitative methods.
3. Ability to use mainframe and microcomputers, Internet and social media skills.
4. Solid understanding of the behavioral sciences.
5. Effective verbal and written communication skills.
6. Creativity and common sense.

**Learning Objective 7**

* Describe the relationship between marketing research and MIS.

Explain to the students that information obtained by marketing research and other sources such as internal record keeping and marketing intelligence becomes an integral part of the firm's marketing information system (MIS). The MIS consists of a formalized set of procedures for generating, analyzing, storing, and distributing pertinent information to marketing decision makers on an ongoing basis. Once obtained, this information can be used in marketing research to analyze problems.
Describe the relationship between marketing research and decision support systems (DSS).

In relating MIS to DSS, portray DSS as an extension of MIS. Decision support systems (DSS) have been developed to overcome the limitations of MIS and to enable decision makers to interact directly with the databases and analysis models. Mention that marketing research contributes to both MIS and DSS by providing the marketing information. For the database it provides the research data, for the model base it develops marketing models and analytical techniques, and for the software base it develops specialized programs for analyzing marketing data.

Figure 1.6 explains the development of MIS and DSS. It may be helpful here.

Learning Objective 8

* Introduce the importance and difficulties of international marketing research.

Advise students that about 40% of all marketing research is conducted in Western Europe and an additional 10% is conducted in Japan. Only 40% of worldwide marketing research expenditures are spent in the United States.

International marketing research is expected to grow at a faster rate than domestic research. A major contributing factor is that many markets are approaching saturation in the United States. Hence, international markets provide the largest potential for growth.

Some of the primary difficulties in conducting international marketing research include cultural differences, a population that is not as used to responding to surveys as Americans, translating surveys into various languages, and marketing research personnel that may not be well trained.

Learning Objective 9

* Discuss the use of social media as a domain to conduct marketing research.

All social media share certain common characteristics that make them very relevant as a domain for conducting marketing research. Social media are marked by user-generated content that is blurring the distinction between professional and amateur content. Key social interactions develop around the user-generated content. Users are able to rate, rank, comment on, review, and respond to the new world of media, a factor that is driving the success of social media. People form online communities by combining one-to-one (e.g., e-mail and instant messaging), one-to-many (Web pages and blogs), and many-to-many (wikis) communication modes.

Marketing researchers can make use of these new social networks, and the open-source social computing tools from which they are built, to extend the boundaries of our research offerings. These social communities open new avenues for understanding, explaining, influencing, and predicting the behaviors of consumers in the marketplace. Thus, they can be
used in a variety of marketing research applications including segmentation, idea generation, concept testing, product development, brand launches, pricing, and integrated marketing communications.

Social media are not without limitations. The objectivity among bloggers and other social media users are lower. Social media users may not be representative of the target population in many marketing research applications. Social media as a source of samples suffers from at least two biases: first from self-selection in that the respondents can self-select themselves into the sample, and second from advocacy. Yet, as long as these limitations are understood, insights from social media analysis can uncover useful information that can inform marketing decisions.

A handful of marketing research firms have emerged that specialize in social media conversation mining services including Nielsen (www.nielsen.com), Cymfony (www.cymfony.com), Attensity (www.attensity.com), and BrandsEye (www.brandseye.com).

**Learning Objective 10**

* List the ethical considerations relevant to the four stakeholders in marketing research.

There is the potential to abuse or misuse marketing research by taking advantage of the respondents and the general public, for example by misrepresenting the research findings in advertising. The profit motive may occasionally cause researchers or clients to compromise the objectivity or professionalism associated with the marketing research process.

Marketing research has often been described as having four stakeholders. These stakeholders are (1) the marketing researcher, (2) the client, (3) the respondent, and (4) the public. Ethical issues can be understood in terms of the responsibilities these stakeholders have to each other and to the research project. When conflict occurs, it becomes the responsibility of the stakeholders involved to behave honorably. Sometimes accepted codes of conduct help guide this behavior. Often decisions rely solely on the character of the stakeholder (Figure 1.8).

**Internet Emphasis**

* Introduce the Internet as a marketing research tool.

Explain that the Internet is very efficient for identifying marketing research firms that supply specific services. Have the students use a search engine, such as Yahoo, to identify several research firms.

Explain that throughout this book we will see how the six steps of the marketing research process are facilitated by Internet research.
It should be noted that a variety of answers are appropriate. The ones given here are merely illustrative.

**iResearch: Coca-Cola**
You need to register to the site to access many features of the site. During this process MR information is collected. The site also has fun ways of collecting MR information through games and competitions. One way to improve is to make the initial registration more descriptive to more personal details. Incentives such as lucky draws can be introduced to promote registrations.

As brand manager, how will you use the information collected at Coke website to effectively market the brand? This information can be used to:
- Find out customer likes or dislikes.
- Demographics of customer. However it is going to be skewed given that information collected is restricted to net savvy customers.
- What type of customer prefers which flavor of Coke.
- Beliefs, attitudes and preferences (from the games and activities each user engages in)

**iResearch: NFL**
Marketing Strategies for NFL to target female fans:
- NFL Stars speaking out for women’s causes and issues.
- NFL charity events and fund raisers for issues and organizations concerning women.
- Advertisements for major NFL games in women’s magazines and TV programs mostly watched by Women.
- Advertisements featuring women fans during football games.
- Showing high profile women audience during TV telecasts real games.

Women’s attitude towards NFL:
Fan base is predominantly male.
Around 54 Million women watch NFL each year as per NFL.COM
Average mail fan exhibits more passion for the game as per the featured article in [http://www.femmefan.com/site/featuredarticles/femalemale.htm](http://www.femmefan.com/site/featuredarticles/femalemale.htm)
Female fans themselves admit that they are a minority among the larger fan base and identify themselves as different from other women.

Marketing research I will recommend:
The market research should be directed towards answering the following questions:
1) What is the demographic distribution of the existing female fan base.
2) What got them interested in the sport.
3) What segment among women generally watches other sports.
4) What are the ideal avenues to advertise NFL to women (like TV programs watched by the target market segment)

**iResearch: Google**
Students should identify some local market research firms that conduct Internet-based surveys. These can be located using the Green Book at http://www.greenbook.org/.
For Google, the marketing research firms specializing on customers shopping on net can be located using the Green Book at http://www.greenbook.org/.
The guidelines for selecting a supplier are given in Chapter 1 and should be followed.

The following are some of the ways the Google Site can be redesigned:
Make consumer search more convenient and user friendly.
Make the site more fun and entertaining.
Position the right advertisements for the right audience.
Reduce inconvenience to the customers from ads.
Personalized ads depending on tastes or probability of buying a product based on age group, ethnicity, education etc.