

Marketing Research

Objectives

- To know Marketing Research
- To understand the difference between Marketing Research and Market Research
- To develop familiarity on business Research Methodology
- To understand the relevance of MR for managerial decision making

What is Marketing Research

- **Marketing research** is the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization. - Kotler
- MR is the systematic gathering, recording and analyzing of data about problems related to the marketing of goods & services. - American Marketing Association

It may be relevant to add the word “continuous” to the above definition

Marketing research is now about a **billion** industry



Types of Marketing Research Firms

Syndicated-
service

Custom

Specialty-
line

Type	Examples
Syndicated-service research firms	Gather & sell
Custom marketing research firms	hired to carry out
Specialty-line marketing research firms	(specialized in services) sells field interviewing services to other firms.

Need for MR

- A manager takes decisions
- His responsibility is to reduce risk of failure in decision making
- Risk arises due to lack of relevant information
- A manager always seeks information to improve quality of decision making
- Information can be collected through MR
- Hence, MR is an important tool for managerial decision making

Purpose of MR

- To improve quality of decision making process by providing information
- To help reduce the risk associated with managerial decision making
 - Risk due to two types of uncertainties:
 - About the expected outcome
 - About the future environment
- To discover opportunity & exploit profitably
 - For example : Frooti, Velvette, Mother Dairy, Dhara, Pan Parag

Scope of MR

- Consumers of products & services
 - Buyer behaviour, Influencers, Buying habits, Incentives
- Product & product design
 - Pricing, Sourcing, Physical attributes
- Distribution Channels
 - Performance, Dealer Satisfaction, Own vs Multi-brand
- Advertising Impact
 - Image, Positioning, Media Planning, Message Content & Prioritizing
- Macro Level Phenomenon
 - Govt spending. Mood of the Industry, State of Economy

MR & Marketing Decisions

- For Production, Finance, Personnel
 - Most of the required info are available within the organization; Hence easy to collect & analyze
 - Formal procedures are used to improve quality : Stats Methods for QC, PERT & CPM, Queuing Theory, Optimization Techniques etc.
- For Marketing – information mostly exist outside the organization
 - In consumer behaviour, perception, minds
 - In competitive moves
 - In new government rules & regulations
 - In social & political changes

Contd...

- Other problems for collecting information required for marketing decisions are
 - Being external – collection is cumbersome & expensive
 - Variables are often qualitative & dynamic – making measurements difficult & inaccurate
 - Variables are complex & interact with each other

The Manager-Researcher Relationship

- Manager's obligations
 - Specify problems
 - Provide adequate background information
 - Access to company information gatekeepers
- Researcher's obligations
 - Develop a creative research design
 - Provide answers to important business questions

The Management-Research Question Hierarchy

- 6 Management Decision**
- 5 Measurement Questions**
- 4 Investigative Questions**
- 3 Management Questions**
- 2 Research Questions**
- 1 Management Dilemma**

The Management-Research Question Hierarchy

6 Management Decision

5 Conduct an employee survey for outcomes of change in compensation structure

4 If compensation scheme is changed, will good sales persons leave?

3 Introduce individual incentive? Quota based incentive? Advertise more?

2 How can we improve sales in south?

1 Why are sales declining in south while sales are booming in all other regions?

Marketing Research

Defining the Problem and Research Objectives

Types of objectives:

- Exploratory research
- Descriptive research
- Causal research

Research Method Design

- **Positivist** designs: theory testing, seek generalized patterns based on an objective perspective of the subjects involved.
- **Interpretive** designs: theory building, seek subjective interpretations of social perspectives of the subjects involved.

Positivist	Interpretive
<ul style="list-style-type: none">• Experimental Studies• Surveys<ul style="list-style-type: none">• Longitudinal Studies• Cross-sectional Studies	<ul style="list-style-type: none">• Case Studies• Action Research• Focus Group• Ethnography (participant observation)• Participative Enquiry• Grounded Theory

	Advantages	Disadvantages
Longitudinal	<ul style="list-style-type: none"> • Examines changes within individuals over time • Provides a developmental analysis 	<ul style="list-style-type: none"> • Expensive • Takes a long time • Participant attrition • Possibility of practice effects • Cannot examine cohort effects
Cross-sectional	<ul style="list-style-type: none"> • Examines changes between participants of different ages at the same point in time • Provide information on age-related change 	<ul style="list-style-type: none"> • Cannot examine change over time • Cannot examine cohort effects
Sequential	<ul style="list-style-type: none"> • Examines changes within individuals over time • Examines changes between participants of different ages at the same point in time • Can be used to examine cohort effects 	<ul style="list-style-type: none"> • May be expensive • Possibility of practice effects

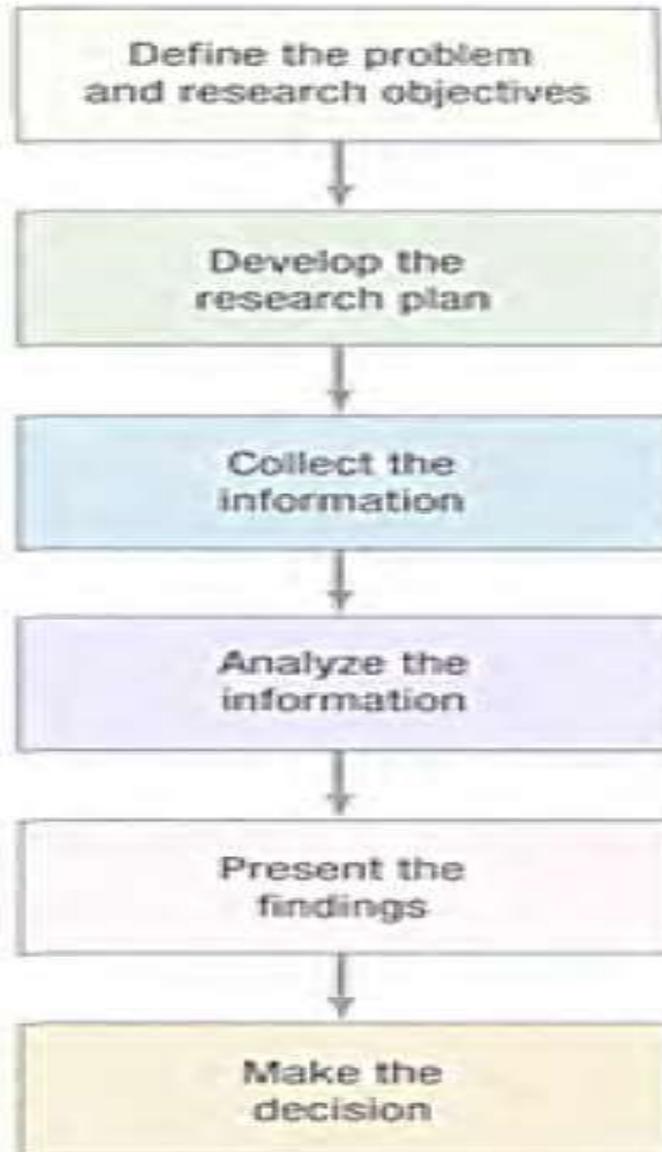
What is Good Research?

- Following the standards of the **scientific method**
 - Purpose clearly defined
 - Research process detailed
 - Research design thoroughly planned
 - Limitations frankly revealed
 - High ethical standards applied
 - Adequate analysis for decision-maker's needs
 - Findings presented unambiguously
 - Conclusions justified
 - Researcher's experience reflected

The Seven Characteristics of Good MR

Scientific method	careful observation, formulation of hypotheses, prediction, and testing
Research creativity	innovative ways to solve a problem
Multiple methods	two or three methods to increase confidence
Interdependence of models and data	recognize that data are interpreted from underlying models that guide the type of information sought
Value and cost of information	Costs are typically easy to determine, but the value of research is harder to quantify
Healthy skepticism	alert to the problems caused by "marketing myths"
Ethical marketing	The misuse of marketing research can harm or annoy consumers

The Marketing Research Process



six steps as
shown in
this Figure

5) Step II: Approach to the Problem

- **Objective/Theoretical Foundations**
- **Research Questions**
- **Hypotheses**
- **Analytical Models**
- **Specification of the Information Needed**

5) Research Questions and Hypotheses

- **Research questions** (RQs) are refined statements of the specific components of the problem.
 - Does preference for Sears lead to patronage?
 - What leads to preference for Sears?
- A **hypothesis** (H) is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher. Often, a hypothesis is a possible answer to the research question.
 - H1: Positive evaluation of Sears leads to preference for Sears.
 - H2: Preference for Sears leads to patronage of Sears.

5) Analytical Models

An **analytical model** is a set of variables and their interrelationships designed to represent, in whole or in part, some real system or process.

The most common forms of analytical models are

- **verbal,**
- **graphical,** and
- **mathematical models.**

5) Analytical Models, continued

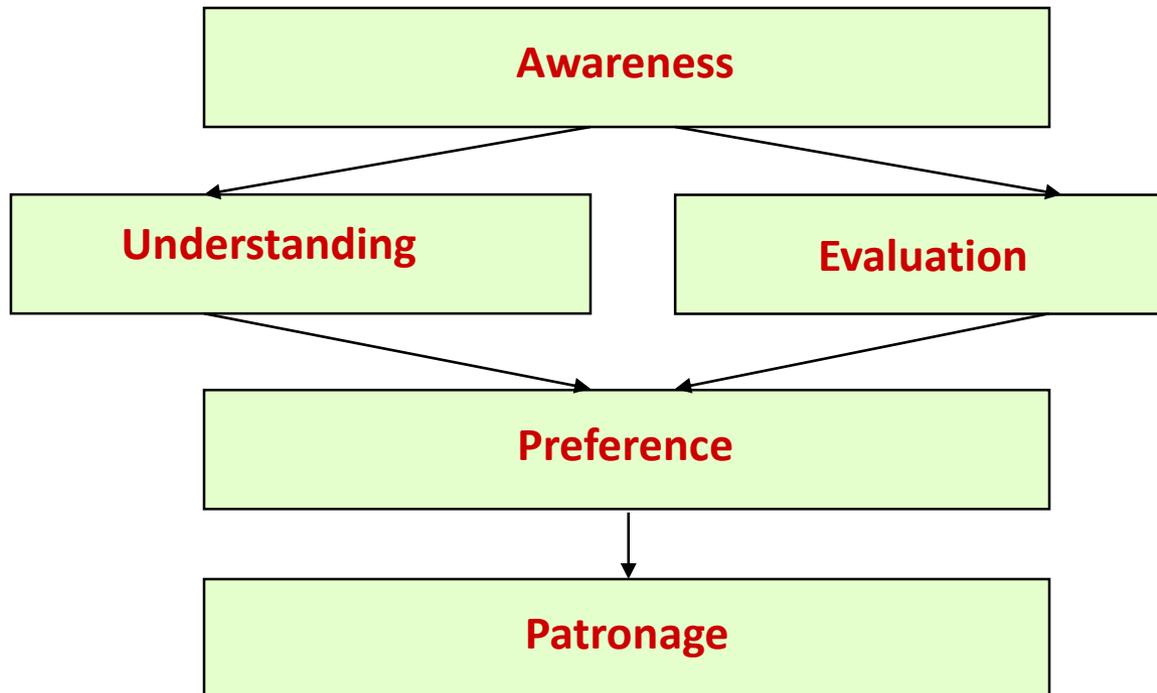
In **verbal models**, the variables and their relationships are stated in prose form.

Example:

*A consumer first becomes **aware** of a department store. That person then gains an **understanding** of the store by **evaluating** the store in terms of the factors comprising the choice criteria. Based on the evaluation and understanding, the consumer forms a degree of **preference** for the store. If preference is strong, the consumer will **patronize** the store.*

5) Analytical Models, cont.d..

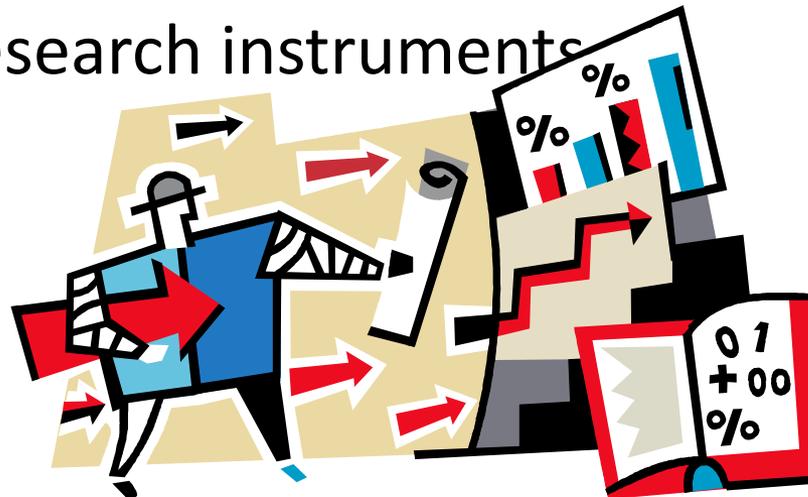
Graphical models state the relationships in visual form.



Marketing Research

Primary Data Collection

- Research approaches
- Contact methods
- Sampling plan
- Research instruments



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Research Approaches

- **Observational research** involves gathering primary data by observing relevant people, actions, and situations.
- **Ethnographic research** involves sending trained observers to watch and interact with consumers in their natural environment.

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Research Approaches

- **Survey research** is the most widely used method and is best for descriptive information—knowledge, attitudes, preferences, and buying behavior.
 - Flexible
 - People can be unable or unwilling to answer
 - Gives misleading or pleasing answers
 - Privacy concerns

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Contact Methods

Mail questionnaires

- Collect large amounts of information
- Low cost
- Less bias with no interviewer present
- Lack of flexibility
- Low response rate
- Lack of control of sample

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Contact Methods

Telephone interviewing



- Collects information quickly
- More flexible than mail questionnaires
- Interviewers can explain difficult questions
- Higher response rates than mail questionnaires
- Interviewers communicate directly with respondents
- Higher cost than mail questionnaires
- Potential interviewer bias

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Contact Methods

Mail, telephone, and personal interviewing

- Personal interviewing
 - Individual interview
 - Group interviewing



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Contact Methods

- Personal interviewing
 - **Individual interviewing**
 - Involves talking with people at home or the office, on the street, or in shopping malls
 - Flexible
 - More expensive than telephone interviews
 - **Group interviewing or focus group interviewing**
 - Involves inviting 6 to 10 people to talk with a trained moderator

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Contact Methods

Online marketing research

- Internet surveys
- Online panels
- Online experiments
- Online focus groups

