

seventh edition

MARKETING RESEARCH

an applied orientation



NARESH MALHOTRA

SEVENTH EDITION

MARKETING RESEARCH

An Applied Orientation

Naresh K. Malhotra

Georgia Institute of Technology



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To the memory of my father,
Mr. H. N. Malhotra
and
To my mother, Mrs. Satya Malhotra
and

To my wife Veena and children Ruth and Paul

The love, encouragement, and support of my parents, wife,
and children have been exemplary.

“The greatest of these is love.”

I Corinthians 13:13

“But God showed how much He loved us by having Christ die for us,
even though we were sinful.”

Romans 5:8

The Holy Bible

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FOREWORD



The world of business is moving more rapidly than ever, meaning the intelligent and thoughtful use of research is critical to keeping pace. Undoubtedly, the most successful people will have a broad base of education, high levels of communication skills, and creative approaches to the opportunities racing toward us. It is a significant achievement when a textbook such as Dr. Malhotra's allows the classroom to become a source of these skills and greatly enhance the employability of the students.

This text has already proven its worth as one of the most successful in the field, with well over 140 universities using it in the United States and eight foreign-language and several different English-language editions in print. It is unsurpassed in presenting the fundamentals that allow your students to become researchers and intelligent users of research. The real-life examples, titled Real Research, bring students closer to the world businesspeople face daily. At every step, they can relate to the ongoing Department Store Project, the HP running case, and the practical vignettes that bring the educational material to a realistic and practical level. These materials are complemented by Active Research, Experiential Research, and exercises that offer additional hands-on experience. There is pervasive emphasis on social media, mobile marketing research, ethics, and international marketing research. The text's grasp of the leading edge of research is evident in its integration of modern tools of research such as the Internet, computer analytic software, and the latest management practices. The demonstration movies, screen captures, and step-by-step instructions for running SPSS and SAS programs provide the most extensive help available for learning these statistical packages.

We at Burke, Inc. are pleased to be asked to contribute again to a new edition. We have shared our experiences as well as our philosophies, technical skill, and thoughts about the future of research. This seventh edition of *Marketing Research: An Applied Orientation* provides the foundation we believe every student should have. We are confident you will find its combination of theory, practice, and sound advice to be of great value to both you and your students.

Jeff Miller, Ph.D.
President and CEO, Burke, Inc.

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Helping Teach Students Marketing Research

I wrote this book to provide an applied and practical marketing research text with comprehensive, balanced coverage of both qualitative and quantitative material. It takes the perspective of a marketing research user and reflects current trends in international marketing research, social media, mobile marketing research, ethics, and the integration of the Internet and computers. All chapters focus on the practice of marketing research by featuring a variety of marketing companies and marketing research organizations. Several features make the book distinctive.

It has a unique applied and managerial orientation, illustrating the interaction between marketing research decisions and marketing management decisions. It also emphasizes a hands-on, do-it-yourself approach, affording students several opportunities to experience these interactions through pedagogical tools such as Real Research, Active Research, Experiential Research, Project Research, Live Research, cases, video cases, and extensive review questions, Internet and computer exercises, role playing, field work, and group discussions. The data analysis chapters tightly integrate SPSS and SAS, illustrating each step in running these programs in detail and providing three distinct ways that students can learn the programs on their own: (1) step-by-step instructions in the book (2) screen captures with notes for each step, and (3) demonstration movies illustrating each step. This book provides marketing research students the most extensive help available to learn SPSS and SAS.

The response to the first six editions has been truly gratifying, with more than 144 universities adopting the book in the United States. The book has been translated into eight languages: Chinese, Russian, Spanish, Portuguese, French, Hungarian, Bahasa Indonesia, and Japanese. English-language editions include North American, International, European, Arab, and Indian, as well as texts for Australia and New Zealand. I want to express my sincere thanks and appreciation to all the professors and students who have contributed to the success of the book as adopters, users, reviewers, and providers of valuable feedback and encouragement. The seventh edition attempts to build on this success to make the book even more current, contemporary, illustrative, and sensitive to user needs.

About the Seventh Edition

The book is organized into three parts, based on a six-step framework for conducting marketing research. Part I provides an introduction and discusses problem definition, the first and most important step. The second step in the marketing research process is understanding the nature and scope of research to develop an approach to the problem. Part II covers research design, the third step, and describes exploratory, descriptive, and causal research designs in detail. It identifies the types of information marketing research provides and the appropriate scales for obtaining it. We present several guidelines for designing questionnaires and explain the procedures, techniques, and statistical considerations in sampling.

Part III presents a practical and managerially oriented discussion of fieldwork, the fourth step in the marketing research process. It also covers data preparation and analysis, the fifth step. We discuss the basic and advanced statistical techniques in detail, with emphasis on procedures, interpretation of results, and managerial implications rather than on statistical elegance. We feature four statistical packages—SPSS, SAS, MINITAB, and Excel—but our focus is on SPSS and SAS.

Specifically, the seventh edition contains the following:

- 1. Integration of Social Media.** The seventh edition features an innovative and pervasive integration of social media. There is a separate section entitled “Marketing Research and Social Media” in each chapter, except the data analysis chapters. In addition, the use of social media is discussed in several other sections of the chapter, including end of chapter questions, HP running case, cases, and video cases. We focus on social media both as an application of marketing research and as a domain in which to conduct marketing research. While we do not expect social media research to replace traditional marketing research, we

predict that social media will become an increasingly important domain that complements traditional marketing research.

2. **Integration of Mobile Marketing Research.** The seventh edition features a pioneering and pervasive integration of mobile marketing research (MMR). There is a separate section entitled “Mobile Marketing Research” in each chapter, except the data analysis chapters. In addition, MMR is discussed in several other sections of the chapter, including end of chapter questions.
3. **Added Emphasis on SPSS and SAS.** Relevant chapters contain a special section on SPSS Windows along with another on SAS Enterprise Guide, that illustrate the relevant programs and the steps required to run them. We have provided SPSS and SAS files for all input data sets featured in the data analysis chapters (Chapters 14 through 22), input data sets that appear in Internet and Computer Exercises, input data sets for cases (Cases 1.1, 3.1, 3.2, 3.3, 4.1, and 4.2), and the Wal-Mart project. The SAS steps that are illustrated apply to the SAS Enterprise Guide, the user interface for SAS OnDemand for Academics.
4. **Video Cases.** Each chapter of the book, except the data analysis chapters, is accompanied by a video and video case written from a marketing research perspective with marketing research questions. Videos are available in the Instructor Resource Center and solutions appear in the *Instructor’s Manual*.

Instructor Teaching Resources

Marketing Research comes with the following teaching resources:

Supplements available to instructors at www.pearsonhighered.com	Features of the Supplement
Instructor’s Manual	<ul style="list-style-type: none"> • Chapter-by-chapter summaries • Examples and activities not in the main book • Teaching outlines • Teaching tips • Solutions to all questions and problems in the book
Test Bank	<p>2,200 multiple-choice, true/false, short-answer, and graphing questions with these annotations:</p> <ul style="list-style-type: none"> • Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis) • Type (Multiple-choice, true/false, short-answer, essay) • Topic (The term or concept the question supports) • Learning outcome • AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge) • Page number in the text
Computerized TestGen	<p>TestGen allows instructors to:</p> <ul style="list-style-type: none"> • Customize, save, and generate classroom tests • Edit, add, or delete questions from the Test Item Files • Analyze test results • Organize a database of tests and student results
PowerPoints	<p>PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to:</p> <ul style="list-style-type: none"> • Keyboard and Screen Reader access • Alternative text for images • High color contrast between background and foreground colors

Supplements available to instructors
at www.pearsonhighered.com

Features of the Supplement

Data Set and Files

- Data for Case 1.1 HP; Case 3.1 AT&T; Case 3.2 IBM; Case 3.3 Kimberly-Clark; Case 4.1 JPMorgan Chase and Case 4.2 Wendy's given in the book (SPSS and SAS). The output files containing the answers to the data analysis questions are also provided.
- Data files for Wal-Mart running project and output files containing the answers to data analysis in the associated project activities.
- Data files for all the Internet and Computer Exercises (SPSS and SAS). The output files containing the answers to the data analysis questions are also provided.
- Data file for the data set(s) used in each data analysis chapter (SPSS and SAS). The output files containing the analysis are also provided.
- SPSS and SAS computerized demonstration movies
- SPSS and SAS screen captures with notes

Marketing Research, 7th Edition, is available as an eBook and can be purchased at most eBook retailers.

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Many people have been extremely helpful in the writing of this textbook. I would like to acknowledge the late Professor Arun K. Jain (State University of New York at Buffalo), who taught me marketing research in a way I will never forget. My students, particularly former doctoral students James Agarwal, Imad Baalbaki, Ashutosh Dixit, Dan McCort, Rick McFarland, Charla Mathwick, Gina Miller, Mark Peterson, Jamie Pleasant, Cassandra Wells, and Ashutosh Patil, as well as other doctoral students Mark Leach and Tyra Mitchell, have been very helpful in many ways.

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Above all, I want to acknowledge and thank my Savior and Lord, Jesus Christ, for the many miracles He has performed in my life. This book is, truly, the result of His grace—"This is the Lord's doing; it is marvelous in our eyes" (Psalm 118:23). It is also an answer to prayers—"And whatsoever ye shall ask in my name, that will I do, that the Father may be glorified in the Son. If ye shall ask any thing in my name, I will do *it*" (John 14:13–14).

Naresh K. Malhotra

ABOUT THE AUTHOR



Dr. Naresh K. Malhotra is Senior Fellow, Georgia Tech CIBER and Regents' Professor Emeritus, Scheller College of Business, Georgia Institute of Technology. In 2010, he was selected as a Marketing Legend and his refereed journal articles were published in nine volumes by Sage with tributes by other leading scholars in the field. He is listed in Marquis *Who's Who in America* continuously since 51st Edition 1997, and in *Who's Who in the World* since 2000. In 2017, he received the Albert Nelson Marquis Lifetime Achievement Award from Marquis Who's Who. In 2015, he received the Lifetime Achievement Award from the Prestige Institute of Management, Gwalior, India. He received the prestigious Academy of Marketing Science CUTCO/Vector Distinguished Marketing Educator Award in 2005. In 2011, he received the Best Professor in Marketing Management, Asia Best B-School Award.

In an article by Wheatley and Wilson (1987 AMA Educators' Proceedings), Professor Malhotra was ranked number one in the country based on articles published in the *Journal of Marketing Research (JMR)* during 1980–1985. He holds the all-time record for the maximum number of publications in the *Journal of Health Care Marketing*. He is ranked number one based on publications in the *Journal of the Academy of Marketing Science (JAMS)* since its inception through volume 23 (1995). He is number one based on publications in *JAMS* during the ten-year period 1986–1995 (See Tables 6 and 7 of *JAMS*, 24(4) (Fall 1996):297). In an editorial by Schlegelmilch (*JIM*, 11(1), 2003), Malhotra was ranked number one based on publications in the *International Marketing Review (IMR)* from 1992 to 2002. He is ranked number one based on publications in the *International Marketing Review* since its inception (1983) to 2003 [Table V, *IMR*, 22(4) (2005): 396], and from 1983 to 2011 [Table VI, *IMR*, 30(1) (2013):14]. He is also ranked number one based on publications in the *International Marketing Review* from 1996 to 2006 based on a study by Xu et al. published in the *Asia Pacific Journal of Management* (2008) 25: 189–207. In a landmark study by Ford et al. (2010) examining publications in the top four marketing journals [*Journal of Marketing*, *Journal of Marketing Research (JMR)*, *Journal of Consumer Research*, and the *Journal of the Academy of Marketing Science (JAMS)*] over a 25-year period from 1977 to 2002, Professor Malhotra has three top-three rankings: ranked number three based on publications in all the four journals combined, ranked number three based on publications in *JMR*, and ranked number one based on publications in *JAMS*. He has published ten papers in *Journal of Marketing Research*.

He has published more than 140 papers in major refereed journals, including the *Journal of Marketing Research*, *Journal of Consumer Research*, *Marketing Science*, *Management Science*, *Journal of Marketing*, *Journal of Academy of Marketing Science*, *Organizational Research Methods*, *Journal of Retailing*, *Journal of Advertising*, *Journal of Health Care Marketing*, and leading journals in statistics, management science, information systems, and psychology. In addition, he has published numerous refereed articles in the proceedings of major national and international conferences. Several articles have received best paper research awards.

He is Chairman of the Emerging Markets Conference Board, and the Lead Program co-chair of the annual conferences organized by the Board. He was chairman, Academy of Marketing Science Foundation, 1996–1998, and was president, Academy of Marketing Science, 1994–1996, and Chairman, Board of Governors, 1990–1992. He is a Distinguished Fellow of the Academy and Fellow, Decision Sciences Institute. He is the founding editor-in-chief of *Review of Marketing Research*, served as an associate editor of *Decision Sciences* for 18 years and has served as section editor, Health Care Marketing Abstracts, *Journal of Health Care Marketing*. He serves on the editorial board of eight (8) journals.

Dr. Malhotra has consulted for business, non-profit and government organizations in the United States and abroad and has served as an expert witness in legal and regulatory proceedings. He has special expertise in survey design, data analysis and statistical methods. He is the winner of numerous awards and honors for research, teaching, and service to the profession, including the Academy of Marketing Science, Outstanding Marketing Teaching Excellence Award, 2003.

Dr. Malhotra is an ordained minister of the Gospel, a member and Deacon, First Baptist Church, Atlanta, and President of Global Evangelistic Ministries, Inc. (www.globalevangelisticministries.net). This ministry has documented in independent reports more than 1.7 million people praying to receive Jesus Christ as personal Savior and Lord. He has been married to Veena for more than 37 years and they have two grown children Ruth and Paul.

COMMENDATION



In a world awash with cheap behavioral data, it is tempting to believe that answers to questions concerning consumer behavior can all be answered through the application of analytics. Additionally, the advent of inexpensive, automated survey research platforms beckons not just researchers, but everyone, to put surveys up online at the drop of a hat without really understanding the science behind them. Combine these with a belief in “good enough” and you have a recipe for disastrous and expensive mistakes. It is this, above all, that makes *Marketing Research: An Applied Orientation, Seventh Edition* such an important and essential companion to the researcher and marketer alike. Marketing Research is both science and art and this edition provides a secure grounding in the application of both in the pursuit of accurate and impactful insights that can drive business decisions.

Simon Chadwick, Managing Partner, Cambiar Consulting
Chairman, Insights Association
Editor-in-Chief, *Research World*

INTRODUCTION AND EARLY PHASES OF MARKETING RESEARCH

➔ In this part, we define and classify marketing research and set out a six-step marketing research process. We discuss the nature and scope of marketing research and explain its role in marketing decision making. We describe the marketing research industry and the many exciting career opportunities in this field. We discuss problem definition, the first and the most important step, in detail. Finally, we describe the development of an approach to the problem, the second step in the marketing research process, and discuss in detail the various components of the approach. The perspective given in these chapters should be useful to both marketing decision makers and researchers.

- 1 Introduction to Marketing Research 2
- 2 Defining the Marketing Research Problem and Developing an Approach 31

1

Introduction to Marketing Research

“ The role of a marketing researcher must include consulting skills, technical proficiency, and business sense. The focus of the role is to provide information and insights to identify marketing problems and solutions in such a way that action can be taken. ”

Jeff Miller, President and CEO, Burke, Inc.



Courtesy of Jeff Miller

Objectives

After reading this chapter, the student should be able to:

- 1.1 Define marketing research and distinguish between problem-identification research and problem-solving research.
- 1.2 Describe a framework for conducting marketing research as well as the six steps of the marketing research process.
- 1.3 Understand the nature and scope of marketing research and its role in designing and implementing successful marketing programs.
- 1.4 Explain how the decision to conduct marketing research is made.
- 1.5 Discuss the marketing research industry and the types of research suppliers, including internal, external, full-service, and limited-service suppliers.
- 1.6 Describe careers available in marketing research and the backgrounds and skills needed to succeed in them.
- 1.7 Acquire an appreciation of the international dimension and the complexity involved in international marketing research.
- 1.8 Describe the use of social media as a domain in which to conduct marketing research.
- 1.9 Discuss the developing field of mobile marketing research and its advantages and disadvantages.
- 1.10 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.

Overview

Marketing research comprises one of the most important and fascinating facets of marketing. In this chapter, we give a formal definition of marketing research and classify marketing research into two areas: problem-identification and problem-solving research. We provide several real-life examples to illustrate the basic concepts of marketing research. We describe the marketing research process and the six steps that are involved in conducting research and discuss the nature of marketing research, emphasizing its role of providing information for marketing decision making. Next, we provide an overview of marketing research suppliers who collectively constitute the marketing research industry, along with guidelines for selecting a supplier. The demand for well-executed

marketing research leads to many exciting career opportunities, which we describe.

Several real-life examples, entitled "Real Research," are given in each chapter to illustrate the various concepts. We examine a department store patronage project, which was an actual marketing research project conducted by the author, and use it as a running example throughout the book. The scope of this project has been expanded in the seventh edition to include questions, and we make available the relevant data for analysis. These "Project Research" sections appear in each chapter. Throughout this book, we also discuss applications to contemporary issues of importance in the current marketing and marketing research environment: international marketing

research, social media, mobile marketing research, and ethics. The extensive and pervasive emphasis on social media as a domain to conduct marketing research and the use of mobile marketing research are new to the seventh edition. Each chapter includes several Internet and hands-on applications of marketing research in the form of "Active Research" and "Experiential Research" illustrations with exercises, other emphases that pervade the entire book. For instructors wishing to implement a real-life marketing research project, we include a section titled "Live Research: Conducting a Marketing Research Project." Perhaps there is no better way to present an overview than to give a few examples that provide a flavor of the varied nature of marketing research.

Real Research

Boeing: Taking Flight

The Boeing Company (www.boeing.com) is the premier manufacturer of commercial jetliners and provides products and services to customers in 150 countries. Boeing Commercial Airplanes (BCA) is the division of Boeing that

develops and sells airplanes in the commercial segment. The division understands that it is important to continuously monitor the dynamic marketplace and understand the needs and priorities of BCA customers (airlines) and



Niall Ferguson/Alamy Stock Photo

their customers (people who fly). To achieve this purpose, BCA employs marketing research on a regular basis.

Boeing recently entrusted Harris Poll (www.theharrispoll.com) with a study of this type. Harris Poll, one of the largest market research firms in the world, was acquired by Nielsen in February 2014. Boeing commissioned a study to determine the aircraft preferences of fliers. The study found that travelers taking very long flights generally prefer the more convenient and flexible experience provided by smaller planes.

The study started with an analysis of social media, focus groups and depth interviews followed by a survey based on 913 interviews conducted in the United Kingdom, Tokyo, and Hong Kong with international travelers (age 18 and over) who had taken at least one recent flight lasting a minimum of eight hours. Interviews were conducted using a two-stage methodology. Respondents were first screened and qualified by telephone or via in-person interviews, and then they completed an online survey at home or work or at a central interviewing location. In each region, Harris polled equal numbers of Premium Class Business, Economy Business, and Economy Leisure travelers. Some key findings follow:

- More than 60 percent preferred a single-deck, 250-passenger airplane to a double-deck, 550-passenger airplane for nonstop flights.
- Seven out of 10 travelers preferred a nonstop trip on a single-deck, 250-passenger airplane to a trip involving a connecting flight on a double-deck, 550-passenger airplane with an onboard lounge.
- Travelers in all the classes of service from all three regions believed smaller airplanes would provide a better experience with check-in, boarding, disembarking, baggage claim, and customs/immigration than the 550-seat aircraft.

From Boeing's point of view, these were important insights. The company is responding with enhanced products. Based on these findings and subsequent product research that involved in-depth interviews and surveys of airlines, BCA developed a new version of the Boeing 737, the 737 MAX. The new concept is focused on bringing more economical solutions to airlines, a better flight experience to passengers, and improved environmental performance to the world.¹

Real Research

Satmetrix Puts Customer Metrics in Real Time

Many of the nation's largest corporations are realizing that the information they can get from clients and customers through marketing research can best be used if it is provided each day. How about each minute? This is the basis upon which a company called Satmetrix (www.satmetrix.com), a customer feedback solution company, operates in real time. The Satmetrix Customer Relationship program is designed to maximize the impact of customer interactions by continuously gathering and transforming customer dialogues into potential actions that can be taken to increase sales and customer satisfaction. This program is focused on feeding the voice of the customers back into the organization. Not only can customers go online and submit complaints and suggestions to the company, but Satmetrix also hosts live chat sessions for users of certain products. All of this is done with the aim of capturing the true words and emotions of consumers and in turn using this information to improve or develop products and services. Satmetrix capitalizes on the need for "live" marketing research.

As of 2018, the Internet continues to revolutionize the marketing research process. With the use of online services, there is no need for extra data input that traditional research methods require. Satmetrix itself is not

the traditional full-service supplier of marketing research. As a standardized limited-service provider, the company does not get involved with every aspect of the research process. The approach, design, and data preparation are the same for each customer, and these are the parts of the research process with which the company is involved.

Satmetrix's service, however, aids clients in identifying any problems with products through customer feedback and with problem solving, especially if customers give suggestions. For example, network station NBC (www.nbc.com) takes advantage of Satmetrix services to obtain feedback from viewers. It helps the network to learn what viewers are looking for, their likes, and their dislikes. Ideally, the feedback is used and television shows are altered to more closely suit viewers' tastes and desires, thus leading to an increased number of people tuning in to watch the shows. As a result, in 2017, NBC claimed the number one spot in a wide range of show categories: Drama (*This Is Us*), Reality Show (*The Voice*), Primetime Show (*Sunday Night Football*), Late Night (*The Tonight Show Starring Jimmy Fallon*), Late Night with Seth Meyers, *Saturday Night Live*), and Broadcast News (*Nightly News with Lester Holt*, *Meet the Press*, *TODAY*).²

Real Research

Fast . . . Fruit?

Average consumers have become more concerned with health and nutrition. Obesity lawsuits have been filed against fast-food giants that have offered only fatty, greasy burgers and fries. As a result, many fast-food chains are now offering healthier alternatives, such as salads and fresh fruit, as well as decreasing serving sizes. It seems that this shift toward healthier fare is paying off for fast-food chains. According to the Quick-Track[®] research study conducted by Sandelman, a market research firm for foodservice companies, (www.sandelman.com), Americans are satisfied with fast food.

The Quick-Track is a syndicated market research project conducted quarterly to track key consumer behavioral and attitudinal measures for all major fast-food and pizza chains in individual markets. In this study, each quarter 400 respondents are surveyed in each market via a combination of telephone (landline and mobile) and Internet interviews in more than 100 markets representing a wide range of demographics. Telephone respondents are selected via a computer-generated random sample of listed and unlisted telephone numbers, and online respondents are selected from a panel of more than 5 million Internet users.

In a recent project, respondents were asked their opinions of past visits to each fast-food restaurant chain within the last three months. They were asked to rate their opinions on the overall restaurant experience as well as on 12 specific attributes such as food, service, cleanliness, and value. The responses were scored on a scale with 1 = Poor and 5 = Excellent. To ensure reliability and representativeness of the population, only chains with a minimum of 150 responses were considered. The three most important attributes for respondents were cleanliness (77 percent rated it as extremely important), food taste and flavor (74 percent),

and order accuracy (66 percent). The availability of healthy and nutritious food is increasing in importance among respondents, with 40 percent rating it as extremely important. The overall increase in satisfaction with fast-food chains can be attributed to the chains' responsiveness to customer demands for food quality, taste, health, and nutrition.

One example of how fast-food chains respond to the consumer's desire for healthier tasty food offerings is to provide fresh fruit as a menu option. Wendy's, for example, is now offering fresh fruit bowls as an entrée or as a dessert. McDonald's is offering a fruit and walnut salad, and IHOP is selling fruit plate entrées. According to Wendy's, now's the time for fruit, because people are looking for different and new tastes and for healthier alternatives. These are not isolated examples in the food industry. According to marketing research firm NPD Group (www.npd.com), fruit consumption in restaurants is on the increase.³



Kristoffer Tripplaar/Alamy Stock Photo

These examples illustrate the crucial role played by marketing research in designing and implementing successful marketing programs.⁴ Note that marketing research is being used by all kinds of organizations, such as Boeing, NBC, and fast-food restaurants (McDonald's, Wendy's, IHOP). Furthermore, marketing research has become global (Harris Poll/Nielsen), real time (Satmetrix), and much more integrated with marketing and product development (McDonald's, Wendy's, IHOP). These examples illustrate only a few of the methods used to conduct marketing research: telephone, mobile, personal, and online surveys; focus groups; in-depth interviews; and the use of the Internet as a source of information. This book will introduce you to the full complement of marketing research techniques and illustrate their applications in formulating effective marketing strategies. Perhaps the role of marketing research can be better understood in light of its definition.

Definition of Marketing Research

The American Marketing Association formally defines marketing research as the following:

Marketing research is 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. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.⁵

As of 2017, the American Marketing Association's Web site (www.ama.org) supplies marketing professionals with information on marketing careers, "Best Practices" articles, and industry trends. For the purpose of this book, which emphasizes the need for information for decision making, marketing research is defined as follows:

marketing research

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

Marketing research is the systematic and objective identification, collection, analysis, dissemination, and use of information for the purpose of improving decision making related to the identification and solution of problems and opportunities in marketing.

Several aspects of this definition are noteworthy. First, marketing research is systematic. Thus, systematic planning is required at all stages of the marketing research process. The procedures followed at each stage are methodologically sound, well documented, and, as much as possible, planned. Marketing research uses the scientific method in that data are collected and analyzed to test prior notions or hypotheses.

Marketing research attempts to provide accurate information that reflects a true state of affairs. It is objective and should be conducted impartially. Although research is always influenced by the researcher's philosophy, it should be free from the personal or political biases of the researcher or the management. Research that is motivated by personal or political gain involves a breach of professional standards. Such research is deliberately biased so as to result in predetermined findings. The motto of every researcher should be, "Find it and tell it like it is."

Marketing research involves the identification, collection, analysis, dissemination, and use of information. Each phase of this process is important. We identify or define the marketing research problem or opportunity and then determine what information is needed to investigate it. Because every marketing opportunity translates into a research problem to be investigated, the terms "problem" and "opportunity" are used interchangeably here. Next, the relevant information sources are identified and a range of data collection methods varying in sophistication and complexity are evaluated for their usefulness. The data are collected using the most appropriate method; they are analyzed and interpreted, and inferences are drawn. Finally, the findings, implications, and recommendations are provided in a format that allows the information to be used for marketing decision making and to be acted upon directly. The next section elaborates on this definition by classifying different types of marketing research.⁶

A Classification of Marketing Research

Our definition states that organizations engage in marketing research for two reasons: (1) to identify and (2) to solve marketing problems. This distinction serves as a basis for classifying marketing research into problem-identification research and problem-solving research, as shown in Figure 1.1.

problem-identification research

Research that is undertaken to help identify problems that are not necessarily apparent on the surface and yet exist or are likely to arise in the future.

Problem-identification research is undertaken to help identify problems that are, perhaps, not apparent on the surface and yet exist or are likely to arise in the future. Examples of problem-identification research include market potential, market share, brand or company image, market characteristics, sales analysis, short-range forecasting, long-range forecasting, and business trends research. A survey of companies conducting marketing research indicated that 97 percent of those who responded were conducting market potential, market share, and market characteristics research. About 90 percent also reported that they were using other types of problem-identification research. Research of this type provides information about the marketing environment and helps diagnose a problem. For example, a declining market potential indicates that the firm is likely to have a problem achieving its growth targets. Similarly, a problem exists if the market potential is increasing but the firm is losing market share. The recognition of economic, social, or cultural trends, such as changes in consumer behavior, may point to underlying problems or opportunities.⁷

problem-solving research

Research that is undertaken to help solve specific marketing problems.

Once a problem or opportunity has been identified, **problem-solving research** is undertaken to arrive at a solution. The findings of problem-solving research are used in making

FIGURE 1.1
A Classification of
Marketing Research



decisions that will solve specific marketing problems. Most companies conduct problem-solving research.⁸ Table 1.1 shows the different types of issues that are addressed by problem-solving research, including segmentation, product, pricing, promotion, and distribution research.

Classifying marketing research into two main types is useful from a conceptual as well as a practical viewpoint. However, problem-identification research and problem-solving research go hand in hand, and a given marketing research project may combine both types of research. This was illustrated in the opening Boeing example. The consumer surveys identified potential demand for smaller planes (problem identification). Subsequent product research led to the introduction of the new versions of the Boeing 737 MAX, which cater to the 100- to 215-seat market (problem solving). Kellogg's provides another example.

TABLE 1.1

Problem-Solving Research

Segmentation Research

Determine basis of segmentation
Establish market potential and responsiveness for various segments
Select target markets and create lifestyle profiles, demography, media, and product image characteristics

Product Research

Test concept
Optimal product design
Package tests
Product modification
Brand positioning and repositioning
Test marketing
Control store tests

Pricing Research

Importance of price in brand selection
Pricing policies
Product line pricing
Price elasticity of demand
Response to price changes

Promotional Research

Optimal promotional budget
Sales promotion relationship
Optimal promotional mix
Copy decisions
Media decisions
Creative advertising testing
Claim substantiation
Evaluation of advertising effectiveness

Distribution Research

Type of distribution
Attitudes of channel members
Intensity of wholesale and retail coverage
Channel margins
Location of retail and wholesale outlets

Real Research

Special K Nourish Nourishes Kellogg's Sales

Kellogg's (www.kelloggs.com), marketing its products in more than 180 countries as of 2017, experienced a slump in the market and faced the challenge of reviving low cereal sales. Through problem-identification research, Kellogg's was able to identify the problem and, through problem-solving research, develop several solutions to increase cereal sales.

Kellogg's performed several tasks to identify the problem. The researchers spoke to decision makers within the company, interviewed industry experts, conducted analysis of available data, analyzed social media data, performed qualitative research, and surveyed consumers about their perceptions and preferences for cereals. Several important issues or problems were identified by this research. Current products were being targeted to kids, bagels and muffins were winning as favored breakfast foods, and high prices were turning consumers to generic brands. Some other information also came to light during the research. Adults

wanted quick foods that required very little or no preparation. These issues helped Kellogg's identify the problem. It was not being creative in introducing new products to meet the needs of the adult market.

After defining the problem, Kellogg's went to work on solutions. It developed and tested several new flavors of cereals using mall intercept interviews with adult consumers. Based on the results, Kellogg's introduced new flavors that were more suited to the adult palate but were not the tasteless varieties of the past. For example, in 2016 it introduced Special K Nourish consisting of multigrain flakes made with quinoa, wholesome granola, sliced almonds, delicious apples, and raspberries. The new cereal and nut bar were supported by an ad campaign and major in-store promotions.

Through creative problem-identification research followed by problem-solving research, Kellogg's has not only seen an increase in sales but also has increased consumption of cereal at times other than just breakfast.⁹

Active Research

NFL Is Tickled Pink

Visit www.nfl.com and search the Internet, including social media and your library's online databases, to obtain information on women's attitudes toward the National Football League (NFL).

As the marketing director of the NFL, what marketing strategies would you formulate to target female fans? The NFL would like to appeal to more female fans. What kind of marketing research would you recommend?

Problem-identification research and problem-solving research not only go hand in hand, as shown by the Kellogg's example, but they also follow a common marketing research process.

The Marketing Research Process

We conceptualize the **marketing research process** as consisting of six steps. Each of these steps is discussed in detail in subsequent chapters; thus, the discussion here is brief.

Step 1: Problem Definition

The first step in any marketing research project is to define the problem. In defining the problem, the researcher should take into account the purpose of the study, the relevant background information, the information needed, and how it will be used in decision making. Problem definition involves discussion with the decision makers, interviews with industry experts, analysis of secondary data, and, perhaps, some qualitative research, such as focus groups. Once the problem has been precisely defined, the research can be designed and conducted properly. (See Chapter 2.)

Step 2: Development of an Approach to the Problem

Development of an approach to the problem includes formulating an objective or theoretical framework, analytical models, research questions, and hypotheses and identifying the

marketing research process

A set of six steps defining the tasks to be accomplished in conducting a marketing research study. These include problem definition, development of an approach to the problem, research design formulation, fieldwork, data preparation and analysis, and report preparation and presentation.

information needed. This process is guided by discussions with management and industry experts, analysis of secondary data, qualitative research, and pragmatic considerations. (See Chapter 2.)

Step 3: Research Design Formulation

A research design is a framework or blueprint for conducting the marketing research project. It details the procedures necessary for obtaining the required information, and its purpose is to design a study that will test the hypotheses of interest, determine possible answers to the research questions, and provide the information needed for decision making. Conducting exploratory research, precisely defining the variables, and designing appropriate scales to measure them are also a part of the research design. The issue of how the data should be obtained from the respondents (for example, by conducting a survey or an experiment) must be addressed. It is also necessary to design a questionnaire and a sampling plan to select respondents for the study. More formally, formulating the research design involves the following steps:

1. Definition of the information needed
2. Secondary data analysis
3. Qualitative research
4. Methods of collecting quantitative data (survey, observation, and experimentation)
5. Measurement and scaling procedures
6. Questionnaire design
7. Sampling process and sample size
8. Plan of data analysis

These steps are discussed in detail in Chapters 3 through 12.

Step 4: Fieldwork or Data Collection

Data collection involves a field force or staff that operates either in the field, as in the case of personal interviewing (in-home, mall intercept, or computer-assisted personal interviewing), from an office by phone (telephone, computer-assisted telephone interviewing, or mobile), through the mail (traditional mail and mail panel surveys with prerecruited households), or electronically (email or Internet). Proper selection, training, supervision, and evaluation of the field force help minimize data-collection errors. (See Chapter 13.)

Step 5: Data Preparation and Analysis

Data preparation includes the editing, coding, transcription, and verification of data. Each questionnaire or observation form is inspected or edited and, if necessary, corrected. Number or letter codes are assigned to represent each response to each question in the questionnaire. The data from the questionnaires are transcribed or input directly into the computer. The data are analyzed to derive information related to the components of the marketing research problem and, thus, to provide input into the management decision problem. (See Chapters 14 through 22.)

Step 6: Report Preparation and Presentation

The entire project should be documented in a written report that addresses the specific research questions identified; describes the approach, the research design, data collection, the data analysis procedures adopted, and presents the results and the major findings. The findings should be presented in a comprehensible format so that management can readily use them in the decision-making process. In addition, an oral presentation should be made to management using tables, figures, and graphs to enhance clarity and impact. (See Chapter 23.) The Internet is also being used to disseminate marketing research results and reports, which can be posted on the Web and made available to managers on a worldwide basis.

Although we have described the research process as a sequence of steps, it should be noted that these steps are interdependent and iterative. Thus, at each step, the researcher should not only look back at the previous steps but also look ahead to the following steps. As indicated by the Marriott example that follows, our description of the marketing research process is typical of the research being done by major corporations.

Real Research

Marketing Research at Marriott Corporation

Marriott International, Inc. (www.marriott.com) is a leading worldwide hospitality company. Its heritage can be traced to a root beer stand opened in Washington, D.C., in 1927 by J. Willard and Alice S. Marriott. As of 2017, Marriott International had nearly 4,500 properties in 87 countries and territories. Its brands include Marriott, Renaissance, Courtyard, Residence Inn, Fairfield Inn, Towneplace Suites, Springhill Suites, and Ritz-Carlton.

Marketing research at Marriott is done at the corporate level through the Corporate Marketing Services (CMS). Its goal is to provide Marriott managers with the information that they need to understand the market and the customer. CMS does many different types of research. It uses quantitative and qualitative research approaches such as telephone, Internet and mail surveys, focus groups, and customer intercepts to gain more information on market segmentation, product testing, price sensitivity of consumers, consumer satisfaction, and the like.

The process of research at Marriott is a simple stepwise progression. The first steps are to better define the problem to be addressed and the objectives of the client unit and to develop an approach to the problem. The next step is to design the study by formulating a formal research design. CMS must decide whether to

do its own research or to buy it from an outside organization and, in that case, decide whether to use multiple firms. Once a decision is made, the data are collected and analyzed. Then CMS presents the study findings to the client unit in a formal report. The final step in the research process is to conduct a constant dialogue between the client and CMS. During this stage, CMS may help explain the implications of the research findings, assist in decision making, or make suggestions for future research.¹⁰



RosaBetancourt 00 people images/Alamy Stock Photo

The Role of Marketing Research in Marketing Decision Making

The nature and role of marketing research can be better understood in light of the basic marketing paradigm depicted in Figure 1.2.

The emphasis in marketing is on the identification and satisfaction of customer needs. In order to determine customer needs and to implement marketing strategies and programs aimed at satisfying those needs, marketing managers need information. They need information about customers, competitors, and other forces in the marketplace. In recent years, many factors have increased the need for more and better information. As firms have become national and international in scope, the need for information on larger and more distant markets has increased. As consumers become more affluent, informed, and sophisticated, marketing managers need better information on how they will respond to products and other marketing offerings. As competition becomes more intense, managers need information on the effectiveness of their marketing tools. As the environment changes more rapidly, marketing managers need more timely information.¹¹

The task of marketing research is to assess the information needs and provide management with relevant, accurate, reliable, valid, current, and actionable information. Today's competitive marketing environment and the ever increasing costs attributed to poor decision making require marketing research to provide sound information. Sound decisions are not based on gut feeling, intuition, or even pure judgment. In the absence of sound information, an incorrect management decision may be made, as illustrated by the case of Johnson & Johnson baby aspirin.

FIGURE 1.2
The Role of Marketing
Research



Real Research

J & J's Gentleness Could Not Handle Pain

Johnson & Johnson (www.jnj.com) is considered the world's most broadly based manufacturer of health care products with more than 250 operating companies in 60 countries as of 2018. Despite its success in the industry, Johnson & Johnson's attempt to use its company name on baby aspirin proved to be unsuccessful. Johnson & Johnson baby products are perceived as gentle, but

gentleness is not what people want in a baby aspirin. Although baby aspirin should be safe, gentleness per se is not a desirable feature. Rather, some people perceived that a gentle aspirin might not be effective enough. This is an example of what intuitively seemed to be a natural move but without proper marketing research turned out to be an incorrect decision.¹²

As indicated by the Johnson & Johnson example, marketing managers make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs. As shown in Figure 1.2, they make decisions about potential opportunities, target market selection, market segmentation, planning and implementing marketing programs, marketing performance, and control. These decisions are complicated by interactions among the controllable marketing variables of product, pricing, promotion, and distribution. Further complications are added by uncontrollable environmental factors such as general economic conditions, technology, public policies and laws, the political environment, competition, and social and cultural changes. Another factor in this mix is the complexity of the various customer groups: consumers, employees, shareholders, suppliers. Marketing research helps the marketing manager link the marketing variables with the environment and the customer groups. It helps remove some of the uncertainty by providing relevant information about the marketing variables, environment, and consumers. In the absence

of relevant information, consumers' response to marketing programs cannot be predicted reliably or accurately. Ongoing marketing research programs provide information on controllable and uncontrollable factors and consumers; this information enhances the effectiveness of decisions made by marketing managers.¹³

Traditionally, marketing researchers were responsible for assessing information needs and providing the relevant information, whereas marketing decisions were made by the managers. However, these roles are changing. Marketing researchers are becoming more involved in decision making, whereas marketing managers are becoming more involved with research. This trend can be attributed to better training of marketing managers, the Internet and other advances in technology, and a shift in the marketing research paradigm in which more and more marketing research is being undertaken on an ongoing basis rather than in response to specific marketing problems or opportunities.

In essence, marketing research must add value to marketing decision making and, indeed, to the entire organization. It should be emphasized that marketing managers do not work in isolation from other functions in the organization. Rather, the marketing orientation embodies a cross-functional perspective to meet consumer needs and attain long-term profitability. Therefore, marketing research should interface with the other functions in the organization such as manufacturing, research and development, finance, accounting, and other functional areas as may be relevant in a given project.

Marketing and marketing research are becoming more and more integrated.¹⁴ Marketing research can greatly enhance the information available to management and improve decision making. The information obtained through marketing research becomes an integral part of the firm's marketing information system (MIS) and decision support system (DSS). Marketing research also plays a special role in obtaining competitive intelligence.

Marketing Research and Competitive Intelligence

competitive intelligence

The process of enhancing marketplace competitiveness through a greater understanding of a firm's competitors and the competitive environment.

Competitive intelligence (CI) may be defined as the process of enhancing marketplace competitiveness through a greater understanding of a firm's competitors and the competitive environment. This process is unequivocally ethical. It involves the legal collection and analysis of information regarding the capabilities, vulnerabilities, and intentions of business competitors, conducted by using information databases and other "open sources" and through ethical marketing research inquiry.

Although marketing research plays a central role in the collection, analysis, and dissemination of CI information, CI has evolved into a discipline of its own. Strategic and Competitive Intelligence Professionals (SCIP) consists of members conducting CI for large and small companies, providing management with early warning of changes in the competitive landscape. For more information on competitive intelligence, go to SCIP's Web page at www.scip.org.

The Decision to Conduct Marketing Research

Marketing research can be beneficial in a variety of situations, but the decision to conduct research is not automatic. Rather, 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. In general, the more important the decision confronting managers and the greater the uncertainty or risk facing them, the greater the value of information obtained. Formal procedures are available for quantifying the expected value as well as the costs of a marketing research project. Although in most instances the value of information exceeds the costs, there are instances when the reverse may be true. A pie manufacturer, for example, wanted to understand consumers' purchases of pies in convenience stores. I advised against a major marketing research project when we discovered that less than 1 percent of the sales came from convenience stores and that this situation was unlikely to change in the next five years.

Resources, especially time and money, are always limited. However, if either time or money is not available in adequate amounts to conduct a quality project, then that project probably should not be undertaken. It is better not to do a formal project than to undertake one in which the integrity of the research is compromised because of lack of resources, raising ethical issues.

Likewise, a firm may lack the resources to implement the recommendations arising from the findings of marketing research. In that case, spending the resources to conduct the research may not be warranted. If management does not have a positive attitude toward research, then it is likely that the project report will gather dust after the project is conducted. However, there may be exceptions to this guideline. I conducted a project for a retail chain with management that was hostile toward the project, but the research was commissioned and funded by the parent organization. Although the store management was opposed to the findings, which reflected negatively on the store chain, the parent company did implement my recommendations.

Other instances may argue against conducting a marketing research project. If the required information is already available within the organization, the decision for which the research is to be conducted has already been made, or the research is going to be used for gaining political ends, then the value of information generated is greatly reduced and the project is generally not warranted. However, if the decision is made to conduct marketing research, then management may also rely on the marketing research industry comprising suppliers and services to obtain the specific information needed.¹⁵

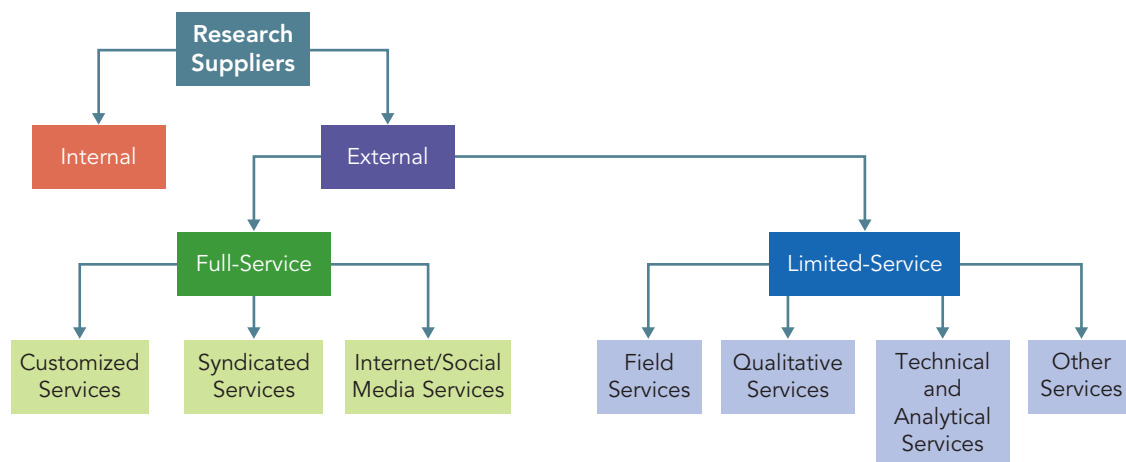
The Marketing Research Industry

The marketing research industry consists of suppliers that provide marketing research services. Marketing research suppliers and services provide most of the information needed for making marketing decisions. Most of the big suppliers have several subsidiaries and divisions that encompass various areas of marketing research. Nevertheless, it is useful to classify marketing research suppliers and services. Broadly, research suppliers can be classified as internal or external (see Figure 1.3). An **internal supplier** is a marketing research department within the firm. Many firms, particularly the big ones, ranging from automobile companies (GM, Ford, Chrysler) to consumer products firms (Procter & Gamble, Colgate Palmolive, Coca-Cola) to banks (JP Morgan Chase, Bank of America), maintain in-house marketing research departments that are an integral part of the company. The marketing research department's place in the organizational structure may vary considerably. At one extreme, the research function may be centralized and located at the corporate headquarters. At the other extreme is a decentralized structure in which the marketing research function is organized along divisional lines. In a decentralized scheme, the company may be organized into divisions by products, customers, or geographical regions, with marketing research personnel assigned to the various divisions. These personnel generally report to a division manager rather than to a corporate-level executive. In addition, between these two extremes, there are different types of organizations. The best organization for a firm depends on its marketing research needs and the structure of marketing and other functions, although in recent years there has been a trend toward centralization and a trimming of the marketing research staff. Internal suppliers often rely on external suppliers to perform specific marketing research tasks.

internal supplier

Marketing research departments located within a firm.

FIGURE 1.3
Marketing Research Suppliers and Services



external suppliers

Outside marketing research companies hired to supply marketing research data.

marketing research industry

The marketing research industry consists of external suppliers that provide marketing research services.

External suppliers are outside firms, which are generally independent of the client organization, hired to supply marketing research services. These external suppliers, which collectively comprise the **marketing research industry**, range from small operations (one or a few persons) to very large global corporations.¹⁶ Table 1.2 lists the top 25 global research suppliers.¹⁷ External suppliers can be classified as full-service or limited-service suppliers. **Full-service suppliers** offer the entire range of marketing research services, from problem definition, approach development, questionnaire design, sampling, data collection, data analysis, and interpretation, to report preparation and presentation. The services provided by these suppliers can be further broken down into customized services, syndicated services, and Internet/social media services (see Figure 1.3).

TABLE 1.2**Top 25 Global Market Research Firms**

		2015				
Global Rank				Total Number of Countries with Offices and Wholly-owned subsidiaries	Global Research Revenue (Millions of U.S. dollars)	Percent of Global Revenue from Outside Home Country
2016	2015	Organization	Parent Country			
1	1	Nielsen Holdings N.V.	U.S.	106	\$6,172.0	41.6%
2	2	Kantar*	United Kingdom	100	\$3,710.0	79.7%
3	3	IMS Health Inc.	U.S.	105	\$2,921.0	61.4%
4	4	Ipsos SA***	France	87	\$1,980.9	93.1%
5	5	GfK SE***	Germany	74	\$1,712.6	75.3%
6	6	IRI	U.S.	9	\$981.0	38.3%
7	8	dunnhumby*	United Kingdom	29	\$970.5	61.7%
8	7	Westat	U.S.	6	\$509.6	3.6%
9	9	INTAGE Holdings Inc.**	Japan	8	\$375.7	8.2%
10	11	comScore	U.S.	24	\$368.8	27.3%
11	10	Wood MacKenzie* ***	United Kingdom	20	\$364.7	58.1%
12	12	The NPD Group	U.S.	15	\$307.7	24.9%
13	13	MACROMILL Inc.	Japan	13	\$296.0	30.7%
14	14	J.D. Power*	U.S.	9	\$273.5	33.8%
15	16	ICF International	U.S.	7	\$219.4	29.5%
16	17	Video Research Ltd.* **	Japan	3	\$182.2	0.0%
17	19	Decision Resources Group	U.S.	5	\$167.6	28.1%
18	18	MaritzCX	U.S.	5	\$151.6	26.5%
19	20	Abt SRBI	U.S.	3	\$124.4	4.1%
20	24	YouGov	United Kingdom	21	\$122.9	71.8%
21	21	ORC International	U.S.	8	\$122.3	31.8%
22	25	Lieberman Research Worldwide	U.S.	3	\$119.8	30.9%
23	–	Rentrak	U.S.	6	\$116.3	15.0%
24	23	Mediametrie* ***	France	1	\$104.9	10.1%
25	–	Cello Health*	United Kingdom	3	\$97.2	42.0%
					\$22,472.6	55.3%

* Some or all figures are not made available by this company so instead are based upon estimations by the Report authors

** Fiscal year ended March 2016. 2015 currency exchange rate from yen to U.S. dollars decreased percent growth rate.

*** 2015 currency exchange rate from euros to U.S. dollars decreased percent growth rate

Source: Data from The 2016 AMA Gold Global Top 25 Report, Marketing News (October 2016): 36.

full-service suppliers

Companies that offer the full range of marketing research activities.

customized services

Companies that tailor the research procedures to best meet the needs of each client.

syndicated services

Companies that collect and sell common pools of data designed to serve information needs shared by a number of clients on a subscription basis.

Internet/social media services

Companies that specialize in conducting marketing research on the Internet.

limited-service suppliers

Companies that specialize in one or a few phases of the marketing research project.

field services

Companies whose primary service offering is their expertise in collecting data for research projects.

qualitative services

Services related to facilities, recruitment, and other services for focus groups and other forms of qualitative research, such as one-on-one depth interviews.

technical and analytical services

Services related to design issues and computer analysis of quantitative data, such as those obtained in large surveys.

Customized services offer a wide variety of marketing research services customized to suit a client's specific needs. Each marketing research project is treated uniquely. Some marketing research firms that offer these services include Burke, Inc. (www.burke.com) and MaritzCX (www.maritzcx.com). The survey conducted by Harris Poll for Boeing in the opening example constituted customized research. A special class of customized services focusing on mobile marketing research is discussed later in the chapter.

Syndicated services collect information of known commercial value that they provide to multiple clients on a subscription basis. Surveys, panels, scanners, and audits are the main means by which these data are collected. For example, Nielsen (www.nielsen.com) provides information on audience size and demographic characteristics of households watching specific television programs. The company also provides scanner volume tracking data, such as those generated by electronic scanning at checkout counters in supermarkets. The NPD Group (www.npd.com) maintains one of the largest consumer panels in the United States. Quick-Track, conducted by Sandelman & Associates in the "Fast . . . Fruit" opening example, is another illustration of a syndicated service. Syndicated services are discussed in more detail in Chapter 4.¹⁸

Internet/social media services are offered by several marketing research firms, including some that have specialized in conducting marketing research on the Internet. For example, Toluna (www.toluna-group.com) is a leading digital insights company that maintains the world's largest social voting community of 10 million members across 59 countries. The company's Toluna PanelPortal™ enables clients to develop their own customized panels. A special class of Internet services focuses on social media research, and these companies are discussed later in the chapter.

Limited-service suppliers specialize in one or a few phases of the marketing research project, as illustrated by the Satmetrix example in the chapter overview. Services offered by such suppliers are classified as field services, qualitative services, technical and analytical services, and other services. **Field services** collect data through mail, personal, telephone, mobile, or electronic interviews, and firms that specialize in interviewing are called *field service organizations*. These organizations may range from small proprietary organizations that operate locally to large multinational organizations. Some organizations maintain extensive interviewing facilities across the country for interviewing shoppers in malls. One firm that offers field services is Field Work (www.fieldwork.com).

Qualitative services provide facilities and recruitment of respondents for focus groups and other forms of qualitative research such as one-on-one depth interviews. Some firms may provide additional services such as moderators and prepare focus group reports. Examples of such firms include Jackson Associates (www.jacksonassociates.com) and First In Focus Research (www.firstinfocus.com). **Technical and analytical services** are offered by firms that specialize in design issues and computer analysis of quantitative data, such as those obtained in large surveys. Firms such as SDR of Atlanta (www.sdr-consulting.com) offer sophisticated data analysis using advanced statistical techniques. Sawtooth Technologies (www.sawtooth.com) provides software for research data collection and analysis. Microcomputers and statistical software packages enable firms to perform data analysis in-house. However, the specialized data analysis expertise of outside suppliers is still in demand.

Other services include branded marketing research products and services developed to address specific types of marketing research problems. For example, Survey Sampling International (www.surveysampling.com) specializes in sampling design and distribution. Some firms focus on specialized services such as research in ethnic markets (Hispanic, African, multicultural). An example firm in this category is Multicultural Insights (www.multicultural-insights.com).

There are certain guidelines that should be followed when selecting a research supplier, whether it is a full-service or a limited-service supplier.

Selecting a Research Supplier

A firm that cannot conduct an entire marketing research project in-house must select an external supplier for one or more phases of the project. The firm should compile a list of prospective suppliers from such sources as trade publications, professional directories, and word of mouth. When deciding on criteria for selecting an outside supplier, a firm should ask itself why it is

seeking outside marketing research support. For example, a small firm that needs one project investigated may find it economically efficient to employ an outside source. A firm may not have the technical expertise to undertake certain phases of a project, or political conflict-of-interest issues may determine that a project be conducted by an outside supplier.

When developing criteria for selecting outside suppliers, a firm should keep some basics in mind. What are the reputations of the suppliers? Do they complete projects on schedule? Are they known for maintaining ethical standards? Are they flexible? Are their research projects of high quality? What kind and how much experience do the suppliers have? Have the firms had experience with projects similar to this one? Do the suppliers' personnel have both technical and nontechnical expertise? In other words, in addition to technical skills, are the personnel assigned to the task sensitive to the client's needs, and do they share the client's research ideology? Do they have Professional Researcher Certification? Can they communicate well with the client? You can also find checklists for qualifying marketing research suppliers at the Web sites of prominent marketing research associations (e.g., www.esomar.org).

A competitive bidding process often is used in selecting external suppliers, particularly for large jobs. Often an organization commissioning research to external suppliers will issue a request for proposal (RFP), request for information (RFI), request for application (RFA), invitation to bid (ITB), or a similar call, inviting suppliers to submit bids. You can locate actual RFPs on the Internet by doing a Google advanced search using "RFP" and "Marketing Research." Awarding projects based on lowest price is not a good rule of thumb. The completeness of the research proposal and the criteria discussed earlier must all be factored into the hiring decision. Moreover, long-term contracts with research suppliers are preferable to selection on a project-by-project basis. Remember that the cheapest bid is not always the best one. Competitive bids should be obtained and compared based on quality as well as price. A good practice is to get a written bid or contract before beginning the project. Decisions about marketing research suppliers, just like other management decisions, should be based on sound information.

The Internet is very efficient for identifying marketing research firms that supply specific services. Using a search engine, such as Google, several research firms can be identified, and it is easy to find information on the suppliers at their Web sites. Many sites include information on company history, products, clients, and employees. For example, www.greenbook.org lists thousands of market research companies, and specific firms can be conveniently located using their search procedures. Career opportunities are available with marketing research suppliers as well as with marketing and advertising firms.

Active Research

Redesigning Google

Visit www.greenbook.org and identify all the marketing research firms in your local area that conduct Internet-based surveys.

As the research director for Google, you need to select a marketing research firm that specializes in researching consumers shopping on the Internet. Make a list of five such firms. Which one will you select and why?

As the director of marketing, how would you use information on consumer shopping on the Internet in redesigning the Google Web site?

Employability in Marketing Research

Employment potential is bright and promising career opportunities are available with marketing research firms (e.g., the Nielsen Co., Burke, Inc., the Kantar Group). Equally appealing are careers in business and nonbusiness firms and agencies with in-house marketing research departments (e.g., Procter & Gamble, Coca-Cola, GM, the Federal Trade Commission, United States Census Bureau). Advertising agencies (e.g., BBDO International, J. Walter Thompson, Young & Rubicam) also conduct substantial marketing research and employ professionals in this field.

Some of the positions available in marketing research include vice president of marketing research, research director, assistant director of research, project manager, statistician/data processing specialist, senior analyst, analyst, junior analyst, fieldwork director, and operational supervisor¹⁹.

The most common entry-level position in marketing research for people with bachelor's degrees (e.g., BBA) is an operational supervisor. These people are responsible for supervising a well-defined set of operations, including fieldwork, data editing, and coding, and may be involved in programming and data analysis. In the marketing research industry, however, there is a growing preference for people with master's degrees. Those with MBA or equivalent degrees are likely to be employed as project managers. The project manager works with the account director in managing the day-to-day operations of a marketing research project. The typical entry-level position in a business firm would be junior research analyst (for BBAs) or research analyst (for MBAs). The junior analyst and the research analyst learn about the particular industry and receive training from a senior staff member, usually the marketing research manager. The junior analyst position includes a training program to prepare individuals for the responsibilities of a research analyst, including coordinating with the marketing department and sales force to develop goals for product exposure. The research analyst responsibilities include checking all data for accuracy, comparing and contrasting new research with established norms, and analyzing primary and secondary data for market forecasting.

As these job titles indicate, people with a variety of backgrounds and skills are needed in marketing research. Technical specialists such as statisticians obviously need strong backgrounds in statistics and data analysis. Other positions, such as research director, call for managing the work of others and require skills that are more general. For descriptions of other marketing research positions and current salaries, visit www.marketresearchcareers.com. Marketing research is a growing industry offering attractive employment opportunities.

To prepare for employment and a career in marketing research, you should:

- Take all the marketing courses you can.
- Take courses in statistics and quantitative methods. Knowledge of SPSS and SAS, as imparted in this book, is very valuable.
- Acquire Internet, social media, and computer skills, as emphasized in this book. Knowledge of programming languages is an added asset.
- Take courses in psychology and consumer behavior.
- Acquire effective written and verbal communication skills.
- Think creatively. Creativity and common sense command a premium in marketing research.

Marketing researchers should have a liberal education so that they can understand the problems confronting managers and address them from a broad perspective.²⁰ It is now a well-accepted paradigm that in order to be a good marketing researcher, you have to be a good marketing manager and vice versa.

Active Research

Sony's Digital Quest

Visit www.sony.com and search the Internet, including social media and your library's online databases, to find information on the market for digital cameras.

As the marketing manager for Sony digital cameras, your objective is to increase market share. What information would you find helpful in achieving this goal?

What kind of marketing research would you undertake to obtain the identified information? How would you hire a marketing research supplier to conduct this research?

The marketing research process outlined earlier in this chapter was also adopted in the department store patronage project.

The Department Store Patronage Project

A department store patronage project that I conducted is used as a running example throughout this text to illustrate concepts and data analysis procedures. The purpose of this project was to assess the relative strengths and weaknesses of a major department store relative to a group of direct and indirect competitors. This store will be referred to as Wal-Mart; the identity of the actual store has been disguised. The goal was to formulate marketing programs designed to boost the declining sales and profits of Wal-Mart. Ten major stores, including prestigious department stores (e.g., Saks Fifth Avenue, Neiman-Marcus), national chains (e.g., JCPenney), discount stores (e.g., Kmart), and some regional chains (e.g., Kohl's) were considered in this study. A questionnaire was designed and administered, using in-home personal interviews, to a convenience sample of 271 households drawn from a major metropolitan area. A six-point scale was used (subjects were asked to check a number from 1 to 6) whenever ratings were obtained. The following information was solicited:

1. Familiarity with the 10 department stores
2. Frequency with which household members shopped at each of the 10 stores
3. Relative importance attached to each of the eight factors selected as the choice criteria utilized in selecting a department store. These factors were quality of merchandise, variety and assortment of merchandise, returns and adjustment policy, service of store personnel, prices, convenience of location, layout of store, and credit and billing policies.
4. Evaluation of the 10 stores on each of the eight factors of the choice criteria
5. Preference ratings for each store
6. Rankings of the 10 stores (from most preferred to least preferred)
7. Degree of agreement with 21 lifestyle statements
8. Standard demographic characteristics (age, education, etc.)
9. Name, address, and telephone number

The study helped the sponsor to determine consumer perceptions of and preferences for the department stores. Areas of weakness were identified in terms of specific factors influencing the consumers' choice criteria and in terms of specific product categories. Appropriate marketing programs were designed to overcome these weaknesses. Finally, a positioning strategy was developed to attain a desirable store image.

This study is used as a running example throughout this book. Examples titled "Project Research" that illustrate the various concepts and provide opportunities for hands-on research are featured in each chapter. The data analysis chapters also provide you access to the actual data collected in this project.

Project Research

Project Activities

Visit www.walmart.com and search the Internet to identify relevant information on Wal-Mart's marketing strategy. Answer the following questions.

1. What are the marketing opportunities and problems confronting Wal-Mart?
2. What role can marketing research play in helping Wal-Mart to address these marketing opportunities and problems?
3. What type of marketing research would be needed to help Wal-Mart decide whether it should aggressively expand in rural areas in the United States?

Marketing and Marketing Research at Wal-Mart

International Marketing Research

The United States accounts for only about 40 percent of the marketing research expenditures worldwide. Most of the research in Europe is done in the United Kingdom, Germany, France, Italy, and Spain. Japan, China and Australia are the leader in the Asia-Pacific region, followed by Korea, and Taiwan. Brazil and Mexico lead the Central and South American markets in terms of marketing research expenditures.²¹ With the globalization of markets, marketing research has

assumed a truly international character and this trend is likely to continue. Several U.S. firms conduct international marketing research, including Nielsen, IMS Health, IRI, and comScore (see Table 1.2). Foreign-based firms include Kantar (United Kingdom), Ipsos (France), and GfK (Germany).

Conducting international marketing research (research for truly international products), foreign research (research carried out in a country other than the country of the research-commissioning organization), or multinational research (research conducted in all or all important countries where the company is represented) is much more complex than domestic marketing research. All research of this kind, including cross-cultural research, will be discussed under the broad rubric of international marketing research. The opening Boeing example illustrated some of the complexities involved in conducting this type of research. The environment prevailing in the countries, cultural units, or international markets that are being researched influences the way the six steps of the marketing research process should be performed. These environmental factors and their impact on the marketing research process are discussed in detail in subsequent chapters.

Globalization of companies is the trend of today. Whether going online or setting up physical operations in a foreign country, research must be conducted so that relevant environmental factors are taken into consideration when going global. Many companies have faced global disaster because they did not take into account the differences between their country and the country where they wished to do business.

Companies that are basing their business on the Web can run into problems. Many times the content on the Web page may be interpreted in a way that was unintended, such as in the case of a car manufacturer in Mexico. The Web page showed a hiker standing next to a car. In Mexico, hikers are poor people and they do not own cars. You also want local content to accommodate multiple languages in areas such as India, where one region may have 20 different languages. Companies must consider these environmental factors in order to gain sales and customers in other countries.

Despite the complexity involved, international marketing research is expected to grow at a faster rate than domestic research. A major contributing factor is that markets for many products in the United States and other developed Western countries are approaching saturation. In contrast, the markets for these products in other countries are in the early stages of development, and marketing research can play a crucial role in penetrating the market, as illustrated by the success of McDonald's in India.

Real Research

McDonald's: Adapting to Local Culture with Its Global Image

In markets across the globe, McDonald's respects local cultures and has adapted its menu and dining experience to local preferences. Marketing research showed that, in India, food consumption is influenced by people's religious beliefs. Accordingly, McDonald's has dropped beef and pork from its menus to conform to the religious beliefs of Hindus and Muslims, who make up most of India's population. Instead, it has numerous vegetarian versions of some of its American classics, like the McVeggie burger and McSpicy Paneer, as well as chicken offerings. On the value menu, the McAlloo Tikki burger, made from a potato-based patty, is a top seller, accounting for as much as 25 percent of McDonald's restaurants' total sales in India.

Marketing research also revealed that vegetarians in India are strict in observing food habits and practices. Therefore, McDonald's kitchens in this country are divided into separate sections for cooking vegetarian and

nonvegetarian food. In September 2012, the fast-food giant announced that the new restaurants in some pilgrimage areas in India would be vegetarian-only to cater to the preferences of the local customer base. In 2017, it rolled out a new breakfast menu in India, featuring local favorites "Masala Dosa Brioche" and "Masala Scrambled Eggs" alongside more familiar fare such as waffles, hotcakes, and hash browns.

In part, McDonald's success globally is attributed to its ability to adapt to local culture and preferences while retaining its global brand image, which is made possible by its reliance on marketing research. As of 2017, McDonald's is the world's leading global foodservice retailer with over 36,000 locations in over 100 countries. More than 80 percent of McDonald's restaurants worldwide are owned and operated by independent local business men and women.²²

Marketing Research and Social Media

Social media embody social computing tools commonly referred to as Web 2.0. These are Web applications that facilitate interactive information sharing, user-centered design, and collaboration on the World Wide Web. Examples of social media include social networking sites (e.g., Facebook), video sharing (e.g., YouTube), photo sharing (e.g., Flickr), music sharing (e.g., Last FM), bookmarking (e.g., Delicious), voice networking (e.g., Skype), wikis (e.g., Wikipedia), product and service reviews (e.g., TripAdvisor), virtual worlds (e.g., Second Life), multi-player games (e.g., Farmville), Web-based communities (e.g., Homeschool.com), blogs (e.g., Direct2Dell), and microblogs (e.g., Twitter). A Web 2.0 site allows its users to interact with other users or to change Web site content in contrast to noninteractive Web sites where users are limited to the passive viewing of information that is provided to them. Good social media networks use all the tools available: discussion, chat, webcast, photo, video, podcasts, animation, surveys, games, and virtual worlds. Because people interact in different ways, it is desirable to give them as many tools as possible. Moreover, the cost of providing all these tools has become reasonable.

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 blurs 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., email 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 research offerings. These social communities open up 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. While the standard for objectivity is high for journalists, expectations about 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. As a source of samples, social media suffer 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. In this book, we advocate the use of social media as an additional domain in which to conduct marketing research to supplement and complement, but not to replace, the traditional ways in which research is conducted.

A handful of marketing research firms have emerged that specialize in social media conversation mining services. They listen in on online conversations, report on activity, and assess influence. These services charge from a few hundred to a few thousand dollars per month and differ in the features they offer. The services of several social media research firms are discussed throughout the book. Here, we illustrate how one firm, Starbucks, is using social media to obtain information and connect with consumers in its target market.

Real Research

Starbucks: The Star of Social Media

Starbucks has a blog, My Starbucks Idea (MSI) (mystarbucksidea.force.com), where it not only connects with customers but also co-creates the company's future with them. Customers can share ideas, vote on ideas others have suggested, discuss ideas with other customers, and view the ideas Starbucks has announced. Starbucks'

Idea Partners from different departments within the company take part in answering queries and providing insights to discussions. Starbucks can then get ideas and feedback on how to improve its products to satisfy the needs of customers. The brand takes suggestions posted on the site seriously and publishes implemented suggestions for all to

see. It encourages feedback from customers by providing online incentives in the form of virtual vouchers or purchase points. This enables the brand to interact with its loyal customers. Starbucks also includes qualitative and quantitative types of survey questions in the form of polls along the sidelines of the blog to solicit marketing research data. My Starbucks Idea is having a significant impact: On average, one in three suggestions is implemented. All suggestions are acknowledged and commented on within an hour of uploading; an average of four suggestions is made every hour.

Starbucks' Facebook page (www.facebook.com/starbucks) has more than 36 million fans, and the number is still growing. The company uses this site to promote new products and gain the feedback of customers. It also organizes events and uses Facebook's technology to invite customers to attend its events. It has a collection of photos from its products and events, among many others uploaded by fans. Starbucks updates its Facebook page approximately once every two days, and every update sees thousands of users responding to it. The company actively comments on or replies to its followers' posts or photo tags of them, increasing its presence on social media. Starbucks also uses its Facebook page to develop a target market's profile.

Starbucks also uses Twitter (www.twitter.com/starbucks) to promote products and connect with customers. The firm uses Twitter to update customers about new products and services with short messages. Tools like retweets allow users to spread messages originally tweeted by Starbucks to others. Starbucks' Twitter account often directs followers to MSI for polls, surveys, or opinions casting.

Starbucks also uses many other forms of social media. Among the examples of how social media have helped Starbucks to improve its service are the recurring requests for free wireless and the final move made by Starbucks to offer free unlimited wireless to all customers. Likewise, when several members of the MSI community posted ideas requesting that fresh fruit be served at Starbucks, in response Starbucks began producing a new drink with a fruity touch, alongside its new iced coffee beverage, to help beat the summer heat. From the tropics of the Bahamas to the Forbidden City in Beijing, social media have helped Starbucks serve its corporate logo alongside freshly brewed coffees while meeting the needs of customers. As of 2018, the brand is represented in more than 70 countries and continues to grow.²³

Mobile Marketing Research

By mobile marketing research (MMR) we mean marketing research, such as a survey, that is conducted or administered to potential respondents on their mobile devices. The rapid development and increasing use of mobile devices such as smartphones, phablets, tablets, and the Internet of Things (IoT) are creating great opportunities for marketing research. With mobile use claiming 8 of every 10 minutes people spend on social media, MMR holds great promise. The mobile user base is huge and is only expected to continue growing. In the United States, nearly 60 percent of the people use cell phones as their primary means of communication. Globally, there are over 2 billion smartphone users who spend the majority of their time in apps.²⁴ Mobile Internet usage has eclipsed desktop. MMR can be conducted via international survey platforms such as Conconfirm (www.conconfirm.com), through the mobile services of access panels such as Research Now (www.researchnow.com), or through a specialist provider such as MobileMeasure (mobile-measure.com) or Locately (locately.com).

There are many advantages to conducting marketing research by reaching consumers via their mobile devices. Mobile marketing research can execute the principles of traditional research with reach, scale, and affordability. MMR has the potential to reach a broader audience, get faster results, lower costs, and elicit higher-quality responses. Respondents can answer at their convenience. They are more engaged because surveys are short and the interface is easy to use. Global Positioning System (GPS) and other location technologies can deliver surveys to the target audience based on their current or past locations. Thus, feedback can be obtained from shoppers while they are inside the stores (or at other moments of discovery), minimizing the time between experience and feedback and improving the quality of responses. MMR is appealing in many developing economies, where the mobile phone is often the most frequently used information gathering, computing, and communication device for consumers and businesses.

MMR also has several disadvantages. Surveys must be kept short, succinct, and simple. The norm is to ask no more than 15 questions with the entire process taking less than 15 minutes; some advocate surveys should take less than three minutes. Many surveys are not suitable for distribution or viewing on mobile devices. There can be issues with the survey design itself and

the ability to keep the respondent engaged on the mobile screen. The questions that can be asked are definitely more limited than those suitable on Web sites accessed by personal computer or other modes of survey administration. Another serious limitation is the use of video in mobile research due to bad streaming and rendering. Sample representativeness may be another serious issue. In surveys aimed at the general population, those people who do not own a mobile phone or device cannot become part of the sample. MMR is also faced with other difficulties. On one hand, there are high costs for incentives and an intensive recruitment of respondents. On the other hand, respondents have to pay the costs for Internet usage via mobile phone or device. Additionally, there are also technical difficulties that may occur, such as incompatible software and the low transmission rate of data. Although restrictions concerning the use of mobile phone numbers and issues surrounding data protection and lack of anonymity are limiting the use of MMR, most of these limitations have lessened due to advances in technology and more and more people using mobile phones. Our perspective in this book is that MMR is unlikely to replace traditional marketing research methods but in many projects could be used to complement and enhance the findings obtained by traditional techniques.²⁵

Real Research

Mobile Platform Helps L'Oréal Launch New Product

L'Oréal was introducing a new product formulation in a unique packaging and wanted to know how well consumers understood its use and application. MobileMeasure (mobile-measure.com) used its mobile survey platform to collect information on consumers' behavior in the privacy of their homes over a period of four days. Media recordings of actual product usage by consumers and other data were obtained in a noninvasive manner. As part of the mobile survey, respondents were required to upload photos and videos capturing their use of the new product. Respondents were also required to make diary entries during the product placement period. L'Oréal was able to see real usage by consumers of its products and get feedback in the consumers' own words. The company obtained rich qualitative feedback in addition to the quantitative survey findings. Based on the results of this study, L'Oréal was able to successfully launch the new product.²⁶



Zoltan Kiraly/Shutterstock

Ethics in Marketing Research

Several aspects of marketing research have strong ethical implications. As explained earlier, marketing research is generally conducted by commercial (i.e., for-profit) firms that are either independent research organizations (external suppliers) or departments within corporations (internal suppliers). Most marketing research is conducted for clients representing commercial firms. 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: (1) the marketing researcher, (2) the client, (3) the respondent, and (4) the public. These stakeholders have certain responsibilities to one another and to the research project. Ethical issues arise when the interests of these stakeholders are in conflict and when one or more of the stakeholders are lacking in their responsibilities.²⁷ For example, if the researcher does not follow appropriate marketing research procedures, or if the client misrepresents the findings in the company's advertising, ethical norms

TABLE 1.3**An Overview of Ethical Issues in Marketing Research****I. Problem Definition**

- Using surveys as a guise for selling or fundraising
- Personal agendas of the researcher or client
- Conducting unnecessary research

II. Developing an Approach

- Using findings and models developed for specific clients or projects for other projects
- Soliciting proposals to gain research expertise without pay

III. Research Design

- Formulating a research design more suited to the researcher's rather than the client's needs
- Using secondary data that are not applicable or have been gathered through questionable means
- Disguising the purpose of the research
- Soliciting unfair concessions from the researcher
- Not maintaining anonymity of respondents
- Disrespecting privacy of respondents
- Misleading respondents
- Disguising observation of respondents
- Embarrassing or putting stress on respondents
- Using measurement scales of questionable reliability and validity
- Designing overly long questionnaires, overly sensitive questions, piggybacking
- Using inappropriate sampling procedures and sample size

IV. Fieldwork

- Increasing (dis)comfort level of respondents
- Following (un)acceptable fieldwork procedures

V. Data Preparation and Analysis

- Identifying and discarding unsatisfactory respondents
- Using statistical techniques when the underlying assumptions are violated
- Interpreting the results and making incorrect conclusions and recommendations

VI. Report Preparation and Presentation

- Incomplete reporting
- Biased reporting
- Inaccurate reporting

are violated. Ethical issues can arise at each step of the marketing research process and Table 1.3 gives an overview. These issues are discussed in detail in the subsequent chapters. Ethical issues are best resolved by the stakeholders behaving honorably. Codes of conduct, such as the American Marketing Association code of ethics, are available to guide behavior and help resolve ethical dilemmas. We give the URLs of important marketing research associations, and you are encouraged to review their codes of conduct.

Experiential Research

Marketing Research Associations Online

Domestic

AAPOR: American Association for Public Opinion Research (www.aapor.org)

AMA: American Marketing Association (www.ama.org)

ARF: The Advertising Research Foundation (thearf.org)

IA: Insights Association (www.insightsassociation.org)

MMRA: Mobile Marketing Research Association (www.mmra-global.org)

QRCA: Qualitative Research Consultants Association (www.qrca.org)

International

ESOMAR: European Society for Opinion and Marketing Research (www.esomar.org)

MRS: The Market Research Society (U.K.) (www.mrs.org.uk)

AMSRS: The Australian Market & Social Research Society (www.amsrs.com.au)

MRIA: The Marketing Research and Intelligence Association (Canada) (mria-arim.ca)

Compare the ethical guidelines for conducting marketing research posted at the following Web sites: AAPOR: American Association for Public Opinion Research (www.aapor.org), IA: Insights Association (www.insightsassociation.org), and ESOMAR: European Society for Opinion and Marketing Research (www.esomar.org).

Which organization has the most stringent set of guidelines?

Which organization's ethical guidelines are the most complete?

What is missing from the guidelines of all three organizations?

The Internet can be useful to marketing researchers in many ways. A variety of marketing research information related to the client company, its competitors, the industry, and relevant marketing, economic, governmental, and environmental information can be obtained by conducting a search using popular search engines (e.g., Google, www.google.com). KnowThis (www.knowthis.com) is a specialty search engine for a virtual marketing library. Important sources of marketing research information on the Internet include bulletin boards, newsgroups, and blogs. A newsgroup is an Internet site (e.g., groups.google.com) where people can read and post messages pertaining to a particular topic. Blogs or Web logs can be used to obtain information on a variety of topics and to recruit respondents for surveys. Although you can find blogs on most search engines, special engines such as Blog Search Engine (www.blogsearchengine.com) have been designed for blog searches.

The Internet is quickly becoming a useful tool in the identification, collection, analysis, and dissemination of information related to marketing research. Throughout this book, we show how the six steps of the marketing research process are facilitated by the use of the Internet.

SPSS Windows and SAS Enterprise Guide

In this book, we feature SPSS (www.ibm.com/analytics/us/en/technology/spss) and SAS (www.sas.com) as integrated statistical packages for data analysis. Data analysis is also illustrated with two other software packages: MINITAB (www.minitab.com) and EXCEL (www.microsoft.com).

Help for running the SPSS and SAS programs used in the data analysis chapters (Chapters 14 to 22) is provided in three ways: (1) Detailed step-by-step instructions are given in each of these chapters, (2) you can download (from the Web site for this book) computerized demonstration movies illustrating these step-by-step instructions, and (3) you can download screen captures with notes illustrating these step-by-step instructions. Thus, this book provides the most comprehensive instructions for running SPSS and SAS available anywhere.

HP Running Case

Review the HP case, Case 1.1, and questionnaire given toward the end of the book. Answer the following questions.

1. Discuss the role that marketing research can play in helping HP maintain and build on its leadership position in the personal computer market.
2. What problem-identification research should HP undertake?
3. What problem-solving research should HP undertake?
4. Would you like to pursue a marketing research career with HP? Explain.
5. How can HP use social media to obtain marketing research information?

Summary

Marketing research involves the identification, collection, analysis, dissemination, and use of information. It is a systematic and objective process designed to identify and solve marketing problems. Thus, marketing research can be classified as problem-identification research and problem-solving research. The marketing research process consists of six steps that must be followed systematically. The role of marketing research is to assess information needs and provide relevant information in order to improve marketing decision making. However, the decision to undertake marketing research is not an automatic one but must be carefully considered.

Marketing research may be conducted internally or may be purchased from external suppliers, referred to as the marketing research industry. Full-service suppliers provide the entire range of marketing research services from problem definition to report preparation and presentation. The services provided by these suppliers can be classified as customized, syndicated, or Internet/social media services.

Limited-service suppliers specialize in one or a few phases of the marketing research project. Services offered by these suppliers can be classified as field services, qualitative services, technical and analytical services, and other services.

Due to the need for marketing research, attractive career opportunities are available with marketing research firms, business and nonbusiness firms, agencies with marketing research departments, and advertising agencies. International marketing research is much more complex than domestic research as the researcher must consider the environment prevailing in the international markets that are being researched. Social media and the Internet can be used at every step of the marketing research process. Mobile marketing research has gained legitimacy and its use is likely to keep growing. The ethical issues in marketing research involve four stakeholders: (1) the marketing researcher, (2) the client, (3) the respondent, and (4) the public. SPSS Windows and SAS Enterprise Guide are integrative statistical packages that can greatly facilitate data analysis.

Key Terms and Concepts

marketing research, 6	external suppliers, 14	Internet services, 15
problem-identification research, 6	marketing research industry, 14	limited-service suppliers, 15
problem-solving research, 6	full-service suppliers, 15	field services, 15
marketing research process, 8	customized services, 15	qualitative services, 15
competitive intelligence, 12	syndicated services, 15	technical and analytical services, 15
internal supplier, 13		

Suggested Cases, HBS Cases, and Video Cases

Running Case with Real Data

- 1.1 HP Inc.

Comprehensive Critical Thinking Cases

- 2.1 Baskin-Robbins 2.2 Akron Children's Hospital

Comprehensive Cases with Real Data

- 4.1 JPMorgan Chase 4.2 Wendy's

Comprehensive Harvard Business School Cases

- 5.1 The Harvard Graduate Student Housing Survey (9-505-059)
 5.2 BizRate.Com (9-501-024)
 5.3 Cola Wars Continue: Coke and Pepsi in the Twenty-First Century (9-702-442)
 5.4 TiVo in 2002 (9-502-062)
 5.5 Compaq Computer: Intel Inside? (9-599-061)
 5.6 The New Beetle (9-501-023)

Video Cases

1.1 Burke	2.1 Accenture	3.1 NFL	8.1 P&G	10.1 Dunkin' Donuts
11.1 Nivea	12.1 Subaru	13.1 Intel	23.1 Marriott	

Live Research: Conducting a Marketing Research Project

1. Compile background information on the client organization.
2. Discuss the marketing organization and operations of the client.
3. Explain how the project results will help the client make specific marketing decisions.
4. Organize the class. This may require forming project teams. The entire class could be working on the same project with each team working on all aspects of the project or assign each team a specific responsibility, for example, a specific component of the problem or a specific aspect of the project (e.g., collection and analysis of secondary data). Each student should participate in primary data collection. Alternatively, the class could be working on multiple projects with specific teams assigned to a specific project. The approach is flexible and can handle a variety of organizations and formats.
5. Develop a project schedule clearly specifying the deadlines for the different steps.
6. Explain how the teams will be evaluated.
7. Select one or two students to be project coordinators.

Acronyms

The role and salient characteristics of marketing research may be described by the acronym

Research:

R ecognition of information needs
E ffective decision making
S ystematic and objective
E xclude/disseminate information
A nalysis of information
R ecommendations for action
C ollection of information
H elpful to managers

Exercises**Questions**

1. Describe the task of marketing research.
2. What decisions are made by marketing managers? How does marketing research help in making these decisions?
3. Define marketing research.
4. Describe one classification of marketing research.
5. Describe the steps in the marketing research process.
6. How should the decision to conduct research be made?
7. Explain one way to classify marketing research suppliers and services.
8. What are syndicated services?
9. What is the main difference between a full-service and a limited-service supplier?
10. What are technical and analytical services?
11. List five guidelines for selecting an external marketing research supplier.
12. What career opportunities are available in marketing research?
13. What are the limitations of using social media for conducting marketing research?

14. Discuss the scope, advantages, and limitations of mobile marketing research.
15. Discuss three ethical issues in marketing research that relate to (1) the client, (2) the supplier, and (3) the respondent.

Problems

1. Browse the Internet, including social media, to identify five examples of problem-identification research and five examples of problem-solving research.
2. Describe one kind of marketing research that would be useful to each of the following organizations:
 - a. Your campus bookstore
 - b. The public transportation authority in your city
 - c. A major department store in your area
 - d. A restaurant located near your campus
 - e. A zoo in a major city

Internet and Computer Exercises

1. Visit the Web sites of the top three marketing research firms in Table 1.2. Write a report on the services offered by these firms. Use the framework of Figure 1.3. What statements can you make about the structure of the marketing research industry?
2. Visit the Web site of Wal-Mart (www.walmart.com). Write a report about the retailing and marketing activities of Wal-Mart. How is Wal-Mart using social media? This exercise will help you better understand the department store patronage project that is used as a running example throughout this book.
3. Visit the Bureau of Labor Statistics at www.bls.gov. What is the employment potential for marketing researchers?
4. Examine recent issues of magazines such as *Marketing News*, *Quirk's Marketing Research Review*, and *Marketing Research: A Magazine of Management and Applications* to identify one application in each of the following areas:
 - a. Identification of information needs
 - b. Collection of information
 - c. Analysis of information
 - d. Provision of information (report preparation)

Activities

Role Playing

1. You are the research director for a major bank. You are to recruit a junior analyst who would be responsible for collecting and analyzing secondary data (data already collected by other agencies that are relevant to your operations). With a fellow student playing the role of an applicant for this position, conduct the interview. Does this applicant have the necessary background and skills? Reverse the roles and repeat the exercise.
2. You are a project director working for a major research supplier. You have just received a telephone call from an irate respondent who believes that an interviewer has violated her privacy by calling at an inconvenient time. The respondent expresses several ethical concerns. Ask a fellow student to play the role of this respondent. Address the respondent's concerns and pacify her.

Fieldwork

1. Using your local newspaper and national newspapers such as *USA Today*, the *Wall Street Journal*, or the *New York Times*, compile a list of career opportunities in marketing research.

2. Interview someone who works for a marketing research supplier. What is this person's opinion about career opportunities in marketing research? Write a report of your interview.
3. Interview someone who works in the marketing research department of a major corporation. What is this person's opinion about career opportunities available in marketing research? Write a report of your interview.

Note: The interviews in Fieldwork exercises 2 and 3 can be conducted in person, by telephone, or online.

Group Discussion

In small groups of four or five, discuss the following issues.

1. What type of institutional structure is best for a marketing research department in a large business firm?
2. What is the ideal educational background for someone seeking a career in marketing research? Is it possible to acquire such a background?
3. Can ethical standards be enforced in marketing research? If so, how?

Burke: Learning and Growing Through Marketing Research



Alberta Burke, who previously worked in P&G's marketing department, founded Burke, Inc., in 1931. At that time, there were few formalized marketing research companies, not only in the United States but also in the world. As of 2018, Burke, based in Cincinnati, Ohio, is a marketing research and decision-support company that helps its clients to understand their business practices and make them more efficient. Burke's employee owners add value to research and consulting assignments by applying superior thinking to help clients solve business problems. Burke is 100 percent employee owned. This video case traces the evolution of marketing research and how Burke implements the various phases of the marketing research process.

The Evolution of Marketing Research

The first recorded marketing research took place more than a century ago, in 1895 or 1896. By telegram, a professor sent questions to advertising agencies about the future of advertising. He got back about 10 responses and wrote a paper describing what was happening. In the first years, most of the marketing research done was a spin-off of the Bureau of Census data, and the analysis was basically limited to counting.

The next wave of marketing research came in the early 1930s, often done by ladies in white gloves who knocked on doors and asked about cake mixes. The primary methodology was door-to-door surveys; the telephone was not a very widely utilized service at that time.

Then came World War II, which saw the introduction of the psychological side of marketing research. Through the 1950s and 1960s, television became an integral part of life, and with that came television advertising. Testing of television commercials became the hot area of marketing research in the 1960s and 1970s. Another fundamental change at that time was the marketing research industry made a shift from just generating and testing new ideas and sharing them with clients to working more with clients on how to use those ideas to make decisions.

In the 1980s and 1990s, Burke moved a notch higher by developing processes to provide further added value. It

began working with customers to identify the basic decision that needed to be made and then determine what information would be required to make that decision. The marketing research industry started developing processes that generated information to be used as input into management decision making.

The marketing research industry has come a long way from the telegrams of 1895. As of 2018, the industry is trying to find creative ways to research consumers using methods such as telephone interviews, mall intercepts, Web interviews, mobile phone surveys, and multimode methods. As Debbi Wyrick, a senior account executive at Burke, notes, when people can respond in more than one way—responding in the way that is most efficient for them—it increases the chance of getting a response.

To stay on the cutting edge, Burke conducts meta-research (research about how to do research). Recently, Burke was concerned as to whether the length of an online survey has an adverse impact on the completion rate. In an effort to find out, Burke fielded two Internet surveys. One was brief (10 questions taking an average of 5 minutes to complete), and the other was longer (20 questions taking about 20 minutes to complete). The completion rate for the short survey was 35 percent, whereas it was only 10 percent for the longer survey. Burke now designs shorter Internet surveys so as to reduce the proportion of people who drop off without completing the survey.

How Burke Implements the Marketing Research Process

We briefly describe Burke's approach to defining the marketing research problem, developing an approach, research design, data collection and analysis, and report preparation and presentation.

Define the Marketing Research Problem and Develop an Approach

The simplest way to find out when a company needs help is when it has to make a decision. Any time there is a go or no go, a yes or no, or a decision to be made, Burke asks what information can help reduce the risk associated with the decision. Burke then talks with the company to develop the information that might help to reduce that risk.