

Solutions Manual for Essentials of Marketing Research 5th Hair

SOLUTIONS MANUAL SAMPLE PREVIEW

PUBLISHER

McGraw-Hill

COPYRIGHT

2021

ISBN

9781260260465

RESOURCE TYPE

Solutions Manual

Chapter 1

Marketing Research for Managerial Decision Making

Learning Objectives

1. Describe the impact marketing research has on marketing decision making.
2. Demonstrate how marketing research fits into the marketing planning process.
3. Provide examples of marketing research studies.
4. Understand the scope and focus of the marketing research industry.
5. Recognize ethical issues associated with marketing research.
6. Discuss new skills and emerging trends in marketing research.

Key Terms and Concepts

- Behavioral targeting
- Benefit and lifestyle studies
- Branded “black-box” methodologies
- Curbstoning
- Customer relationship management (CRM)
- Customized research firms
- Database
- Data warehouse
- Deanonymizing data
- Marketing research
- Perceptual mapping
- Retailing research
- Shopper marketing
- Standardized research firms
- Subject debriefing
- Sugging/frugging
- Syndicated business services

Chapter Summary by Learning Objectives

Describe the impact marketing research has on marketing decision making.

Marketing research is the set of activities central to all marketing-related decisions regardless of the complexity or focus of the decision. Marketing research is responsible for providing managers with accurate, relevant, and timely information so that they can make marketing decisions with a high degree of confidence. Within the context of strategic planning, marketing research is responsible for the tasks, methods, and procedures a firm will use to implement and direct its strategic plan.

Demonstrate how marketing research fits into the marketing planning process.

The key to successful planning is accurate information—information related to product, promotion, pricing, and distribution. Marketing research also helps organizations better understand consumers and markets. Last, marketing research is used to develop theory that is useful in a broad range of marketing research.

Provide examples of marketing research studies.

Marketing research studies support decision making for all marketing mix variables as well as providing information about markets and cultures. Examples of research studies include concept and product testing; perceptual mapping; trade area analysis, store image studies, in-store traffic pattern studies, and location analysis; shopper marketing research; advertising effectiveness studies, attitude research and sales tracking; pricing studies for new and existing products; segmentation and consumer culture studies; and marketing theory development.

Understand the scope and focus of the marketing research industry.

Generally, marketing research projects can be conducted either internally by an in-house marketing research staff or externally by independent or facilitating marketing research firms. External research suppliers are normally classified as custom or standardized, or as brokers or facilitators.

Recognize ethical issues associated with marketing research.

Ethical decision making is a challenge in all industries, including marketing research. Ethical issues in marketing research occur for the research information user, the research information provider, and the selected respondents. Specific unethical practices among research providers include unethical general business practices, conducting research below professional standards, respondent abuse, and issues specific to the Internet such as violation of privacy. Unethical behavior by clients includes requesting research proposals with no intent to follow through, promising more business that never materializes to secure low-cost research services, and exaggerating research findings. Respondents can be unethical when they provide dishonest answers or fake behavior.

Discuss new skills and emerging trends in marketing research.

Just as the dynamic business environment causes firms to modify and change practices, so does this changing environment dictate change to the marketing research industry. Specifically, technological and global changes will affect how marketing research will be conducted in the future. Necessary skills required to adapt to these changes include (1) the ability to understand and interpret secondary data, (2) presentation skills, (3) foreign-language competency, (4) negotiation skills, and (5) information technology proficiency.

Chapter Outline

Opening Vignette: Geofencing

A recent internet technology influencing both marketing and marketing research is geofencing – a virtual fence placed around a geographic location in the real world. Location-enabled smartphone applications can detect entry and exit from these virtual fences. Companies such as Starbucks have used these virtual fences as a way to offer customers in-store benefits such as ease of checkout and local, in-store deals.

Geofencing offers a number of ways to obtain customer information but perhaps the most interesting is the possibility of using geofencing to capture in-the-moment feedback. Early research comparing surveys fielded by geofencing to traditional surveys suggests that consumers more accurately report their experiences immediately after they occur. An additional potential benefit for researchers is that online browsing behavior and location history can be matched to data on in-store behavior.

Of course, consumers must agree to turn on their location-based apps if researchers are to collect data. On the other hand, potential research respondents can easily be offered relevant rewards for participating in research based on geofencing apps. It is likely that the use of geofencing will grow in the next few years.

I. The Growing Complexity of Marketing Research

Digital technologies bring a great deal of opportunities for marketing research but create challenges as well. Big data are stored in **databases** or **data warehouses**. Understanding what data is being collected, how the data is managed, and where the data is located is critical in using the data to achieve organizational goals. Many companies use a **customer relationship management (CRM)** system to manage important customer information. Marketers must determine which data provides useful insights using advanced analytical tools and statistical techniques. Many new data collection sources, including Twitter, clickstream tracking, GPS, facial recognition through biometrics, and geofencing, pose questions in regard to consumer privacy.

Despite the explosion of new marketing research tools and concepts, established tools such as

hypothesis testing, construct definition, reliability, validity, sampling, and data analysis remain essential to evaluating the uses and value of new data collection approaches. Traditional data collection methods such as focus groups, mystery shopping, and computer-aided telephone interviewing (CATI) are still relevant tools. Digital advances provide companies with new data collection opportunities such as information on website navigation, social media engagement, and mobile interactions. As a result, companies are increasingly choosing hybrid research techniques involving multiple research methods to overcome the weaknesses inherent in single methodologies.

The American Marketing Association defines **marketing research** as the function that links an organization to its market through the gathering of information. This information facilitates the following:

- identification and definition of marketing-driven opportunities and problems
- development and evaluation of marketing actions
- monitoring of marketing performance and improved understanding of marketing as a business process

Organizations use marketing research information to identify new product opportunities, develop advertising strategies, and implement new data-gathering methods to better understand customers.

Marketing research is a systematic process. Tasks in this process include the following:

- designing methods for collecting information
- managing the information collection process
- analyzing and interpreting results
- communicating findings to decision makers

II. The Role and Value of Marketing Research

Many managers with experience in their industry can make educated guesses based on their experience. But markets and consumer tastes change, sometimes rapidly. No matter how much experience managers might have with their marketplace, they occasionally find that their educated guesses miss the mark. And many managerial decisions involve new contexts where experience may be absent or even misleading.

Marketing research draws heavily on the social sciences both for methods and theory. Thus, marketing research methods are diverse, spanning a wide variety of qualitative and quantitative techniques and borrowing from disciplines such as psychology, sociology, and anthropology. Marketing research can be thought of as a toolbox full of implements designed for a wide variety of purposes. Tools include surveys, focus groups, experiments, and ethnography, just to name a few. In recent years, the size of the toolbox has grown and the sophistication of technology has improved with the advent of “big data,” social media,

Internet surveys, and mobile phones. Furthermore, emerging methods of data collection such as through online communities, eye tracking, and wearable technology are rapidly changing how marketing researchers are conducting research.

Whether examining research problems through descriptive techniques, predictive techniques, or prescriptive techniques, marketers should first understand the questions or business problems that need to be addressed. There are appropriate tools and techniques to help examine these different business problems. Thus, the size and diversity of the toolbox represent exciting opportunities for marketing researchers to grow and develop innovative ways of learning about markets and consumers.

Whether you work for a small, medium, or large business, it is highly likely that sooner or later you or your organization will buy research, commission research, or even engage in do-it-yourself research. Developing the knowledge and critical stance to evaluate research efforts will help you determine how and when to apply the research that is available to marketing problems at hand.

Marketing research can be applied to a wide variety of problems involving the four Ps as follows.

- Price
- Place
- Promotion
- Product

Additionally, marketing research is often used to research consumers and potential consumers in vivid detail, including their attitudes, behaviors, media consumption, and lifestyles. Marketers are also interested in consumer subcultures, as products are often used to enact and support subculture participation. Last, marketing academics and consultants often perform theoretical research that helps marketers understand questions applicable to a broad variety of marketing contexts.

A. Marketing Research and Marketing Mix Variables

Product

Product decisions are varied and include the following:

- new product development and introduction
- branding
- positioning

New product development often involves a great deal of research identifying possible new product opportunities, designing products that evoke favorable consumer response, and then developing an appropriate marketing mix for new products. *Concept and product testing* or *test marketing* provide information for decisions on product

improvements and new-product introductions. Product testing attempts to answer the following two fundamental questions:

- How does a product perform for the customer?
- How can a product be improved to exceed customer expectations?

Branding is an important strategic issue both for new and existing products. Some marketing firms such as Namestomers specialize in branding, both identifying possible names and then performing consumer research to choose which name effectively communicates product attributes or image. Even for brands with established identities, research must be undertaken regularly to enable early detection of changes in meaning and attitudes toward a brand.

Positioning is a process in which a company seeks to understand how present or possible products are perceived by consumers on relevant product attributes. **Perceptual mapping** is a technique that is often used to picture the relative position of products on two or more dimensions important to consumers in making their choice to purchase. To create the map, consumers are asked to indicate how similar or dissimilar a group of relevant brands or products are to each other. The responses are used to construct perceptual maps that transform the positioning data into a picture or graph that shows how brands are viewed relative to one another. Perceptual mapping reflects the criteria customers use to evaluate brands, typically representing major product features important to customers in selecting products or services.

- See Exhibit 1.1 for an example of a perceptual map of the Fast Food market.

Place/Distribution

Distribution decisions in marketing include choosing and evaluating locations, channels, and distribution partners. Retailers, including online retailers, undertake a wide variety of studies, but some needs of retailers are unique. Market research studies peculiar to retailers include the following:

- trade area analysis
- store image studies
- in-store traffic patterns
- location analysis

Because retailing is a high customer-contact activity, much **retailing research** focuses on database development through optical scanning at the point of purchase. Retailers match data collected at the point of purchase with information on the media customers consume, type of neighborhoods they live in, and the stores they prefer to patronize. This information helps retailers select the kind of merchandise to stock and to understand the factors that influence their customers' purchase decisions.

Online retailers face some unique challenges and data-gathering opportunities. They determine:

- When a website is visited
- How long the visit lasts
- Which pages are viewed
- Which products are examined and ultimately purchased
- Whether or not products are abandoned in online shopping carts

Online retailers who participate in search engine marketing have access to search analytics that help them choose keywords to purchase from search engines. In **behavioral targeting**, online retailers work with content sites to display ads based on data collected about user behaviors.

In recent years, **shopper marketing** has received a lot of attention. The purpose of shopper research is to give manufacturers and retailers an understanding of a customer's purchase journey, which follows the customer through the pre- and post-purchase process. Shopper marketing addresses the following:

- product category management
- displays
- sales
- packaging
- promotion
- marketing

Promotion

Promotional decisions are important influences on any company's sales. Billions of dollars are spent yearly on various promotional activities. Given the heavy level of expenditures on promotional activities, it is essential that companies know how to obtain good returns from their promotional budgets. In addition to traditional media, digital media, such as Google, YouTube, and social media such as Facebook, all present special challenges to businesses that require reliable metrics to accurately gauge the return on advertising dollars spent. Market researchers must develop meaningful metrics and then collect the data for those metrics. "Analytics" is the application of statistics to quantify performance.

The three most common research tasks in integrated marketing communications are as follows.

- Advertising effectiveness studies
- Attitudinal research
- Sales tracking

Marketing research that examines the performance of a promotional program must consider the total program as each effort often affects others in the promotional mix.

Price

Pricing decisions involve the following:

- pricing new products
- establishing price levels in test marketing
- modifying prices for existing products

Marketing research provides answers to questions.

- How large is the demand potential within the target market at various price levels?
- What are the sales forecasts at various price levels?
- How sensitive is demand to changes in price levels?
- Are there identifiable segments that have different price sensitivities?
- Are there opportunities to offer different price lines for different target markets?

Consumers and Markets – *Segmentation Studies*

Creating customer profiles and understanding behavioral characteristics are major focuses of any marketing research project. Determining why consumers behave as they do with respect to products, brands, and media is an important goal of a great deal of marketing research. Marketing decisions involving all four Ps are more successful when target market demographics, attitudes, and lifestyles are clear to decision makers.

A major component of market segmentation research is **benefit and lifestyle studies** that examine similarities and differences in consumers' needs. The objective is to collect information about customer characteristics, product benefits, and brand preferences. This data, along with information on age, family size, income, and lifestyle, can be compared to purchase patterns of particular products to develop market segmentation profiles. Segmentation studies are also useful for determining how to design communications that will resonate with a target market.

While segmentation studies are useful, more detailed information may sometimes be needed about cultures or subcultures that businesses seek to serve. Marketers may use ethnographic (or netnographic) research to study consumer behavior as activities embedded in a cultural context and laden with identity and other symbolic meanings. Ethnography requires extended observation of consumers in context. Ethnography can highlight problems and opportunities for marketers that are based on consumers' actual behavior. Studying consumer culture and subculture requires immersion by trained, skillful observers. Studying consumers ethnographically broadens businesses' understanding of how consumers view and use products in their day-to-day lives.

B. Marketing Theory

The purpose of theory is to generalize relationships between concepts in a way that is applicable to a wide variety of business and often other settings. Thus, marketing theory is important to many businesses.

Following are some examples of practical theory that are useful in demonstrating how important theory is to the field of marketing:

- Adoption and diffusion theory (adopted from sociology) has helped marketers understand how new products are adopted and spread through the market and the characteristics of products and adopters that aid or inhibit adoption.
- In services marketing research, marketing researchers have learned that five characteristics—reliability, empathy, responsiveness, assurance, and tangibles—are important to consumers across a wide variety of services contexts.
- Information overload theory explains why consumers are much more likely to purchase after sampling from a set of 6 versus 24 flavors.
- In sales research, likability, similarity, and trustworthiness are characteristics that are linked to a salespersons' success.

III. The Marketing Research Industry

The marketing research industry has experienced unparalleled growth in recent years. The growth in revenues of international research firms has been even more dramatic. Marketing research firms have attributed these revenue increases to the following factors.

- Post-sale customer satisfaction studies (one-third of research company revenues)
- Retail-driven product scanning systems (also one-third of all revenues)
- Database development for long-term brand management
- International research studies

A. Types of Marketing Research Firms

Marketing research providers can be classified as either of the following:

- internal or external
- custom or standardized
- brokers/facilitators

Internal research providers are typically organizational units that reside within a company. For example, IBM, Procter & Gamble, Kraft Foods, and Kodak all have internal marketing research departments. Benefits of keeping the marketing research function internal include the following:

- research method consistency
- shared information across the company
- lower research costs
- ability to produce actionable research results

External sources, usually referred to as marketing research suppliers, perform all aspects of the research, including study design, questionnaire production, interviewing, data analysis, and report preparation. These firms operate on a fee basis and commonly submit a research proposal to be used by a client for evaluation and decision purposes.

Many companies use external research suppliers because the suppliers can be more

objective and less subject to company politics and regulations than internal suppliers. Also, many external suppliers provide specialized talents that, for the same cost, internal suppliers could not provide. And finally, companies can choose external suppliers on a study-by-study basis and thus gain greater flexibility in scheduling studies as well as match specific project requirements to the talents of specialized research firms.

Customized research firms provide specialized, highly tailored services to the client. Many customized research firms concentrate their activities in one specific area such as brand-name testing, test marketing, or new-product development. In contrast, **standardized research firms** provide more general services. These firms also follow an established, common approach in research design so the results of a study conducted for one client can be compared to norms from studies done for other clients.

Many standardized research firms also provide **syndicated business services**, which include the purchase of diary panels, audits, and advertising recall data made or developed from a common data pool or database. A prime example of a syndicated business service is a database established through retail optical scanner methods. This database, available from AC Nielsen, tracks the retail sales of thousands of brand-name products. The data can be customized for a variety of industries to indicate purchase profiles and volume sales in a given industry.

B. Changing Skills for a Changing Industry

Marketing research employees represent a vast diversity of cultures, abilities, and personalities. As marketing research firms expand their geographic scope to Europe, Asia, and the Pacific Rim, the requirements for successfully executing marketing research projects will change dramatically. Many fundamental skill requirements will remain in place, but new and innovative practices will require a unique skill base that is more comprehensive than ever before.

To train individuals in these new skills, universities are developing advanced marketing research and marketing analytics courses and degree programs. Individuals who are logical and perceptive about human emotions and enjoy data analysis will find marketing research to be a rewarding career.

According to a survey of 100 marketing research executives, the following fundamental business skills were considered as the leading attributes in job aptitude.

- Communication skills (verbal and written)
- Interpersonal skills (ability to work with others)
- Statistical skills

More specifically, the top five skills executives hope to find in candidates for marketing research positions are as follows.

- The ability to understand and interpret secondary data
- Presentation skills

- Foreign-language competency
- Negotiation skills
- Information technology proficiency

In addition to quantitative, teamwork and communication skills, the Bureau of Labor Statistics emphasizes the importance of being detail oriented, patient and persistent for market and survey researchers. In the future, analyzing existing databases, multicultural interaction, and negotiation are likely to be important characteristics of marketing researchers.

IV. Ethics in Marketing Research Practices

The major sources of ethical issues in marketing research are the interactions among the three key groups.

- The research information providers
- The research information users
- The respondents

Research providers face numerous potential ethical challenges and opportunities to go wrong. Some of those involve general business practices, while others involve conducting research that is below professional standards. Clients may behave unethically or deceptively also, as in all business relationships. Respondents may abuse the research relationship or be abused by it.

- Exhibit 1.2 lists typical questionable or unethical practices among the key groups.

A. Ethical Questions in General Business Practices

Methodologies that are potential ethical pitfalls for research providers include the following:

- pricing issues
- client confidentiality issues
- use of “black-box” methodologies

Research firms may engage in unethical pricing. Following are some examples of such instances.

- After quoting a fixed overall price for a proposed research project, the researcher may tell the decision maker that variable-cost items such as travel expenses, monetary response incentives, or fees charged for computer time are extra, over and above the quoted price. Such “soft” costs can be easily used to pad the total project cost.
- The selling of unnecessary or unwarranted research services is another issue. While it is perfectly acceptable to sell follow-up research that can aid the decision maker’s

company, selling nonessential services is unethical.

Research firms are required to maintain client confidentiality. This requirement can be a challenge for firms that specialize in industries and regularly collect data about various competitors and the industry in general. Occasionally, a new client may ask for a study very similar to one recently conducted for another client. It may be tempting to simply share the previous results, but those results belong to another client.

A common practice among research firms is selling **branded “black-box” methodologies**. These branded techniques are quite varied and include proprietary scaling, sampling, sample correction, data collection methods, market segmentation, and specialized indexes (e.g., customer satisfaction, loyalty, or quality indexes). Some techniques that are branded do involve sufficient disclosure, so a methodology is not a black box just because it is branded. Methodologies are called black-box methodologies when they are proprietary, and research firms will not fully disclose how the methodology works. While the desire to maintain a proprietary technique is understandable, without access to the inner workings of the technique, research buyers and others cannot assess its validity.

B. Conducting Research Not Meeting Professional Standards

Research providers may occasionally conduct research that does not meet professional standards. For example, a client may insist that a research firm use a particular methodology even though the research firm feels the methodology will not answer the research question posed by the client. Fearful of losing the business entirely, a firm may go along with their client’s wishes. Or a research provider may agree to do a study even though the firm does not have the expertise to conduct the kind of study needed by the client. In this case, the client should be referred to another research provider.

Another unethical situation may arise because of client pressure to perform research to prove a predetermined conclusion. If researchers consciously manipulate the research methodology or reporting to present a biased picture just to please a client, they are engaging in unethical behavior.

One additional pressure that may result in unprofessional research efforts is cost-cutting. A client may not provide a sufficient budget to do a research project that will provide useful information. For example, cost cuts could result in sample size reductions.

Interviewers working for research firms may also engage in unethical behavior. A practice of falsifying data known to many researchers and field interviewers is called curbstoning, or rocking-chair interviewing. **Curbstoning** occurs when the researcher’s trained interviewers or observers, rather than conducting interviews or observing respondents’ actions as directed in the study, will complete the interviews themselves or make up “observed” respondents’ behaviors. Other data falsification practices include:

- having friends and relatives fill out surveys,

- not using the designated sample of respondents but rather anyone who is conveniently available to complete the survey, or
- not following up on the established callback procedures indicated in the research procedure.

To minimize the likelihood of data falsification, research companies typically randomly verify 10 to 15 percent of the interviews through callbacks.

C. Abuse of Respondents

Following are the several potential ways to abuse respondents in marketing research.

- Research firms may not provide the promised incentive (contest awards, gifts, or money) to respondents for completing interviews or questionnaires.
- Respondents are informed that the interviews will be very short when in reality they may last an hour or more.
- Respondents are also abused if research firms use “fake” sponsors. While a research firm does not have to reveal its client to respondents, it is nevertheless unethical to create fake sponsors for a study.

Occasionally, it may be necessary to deceive consumers during a study. At the end of any study involving deception, subjects must be “**debriefed**” and the deception must be explained. Importantly, in no case can respondents be psychologically or physically harmed.

Researchers typically promise respondents anonymity to encourage cooperation and honesty in their responses. Respondents’ confidentiality is breached if their names are shared with the sponsoring company for sales follow-up or if respondents’ names and demographic data are given to other companies without their approval. In fact, some “research” is conducted for the purpose of collecting names. This practice, known as **sugging** or **frugging**, is completely unethical and has a negative impact on the entire industry because it leads to consumers turning down legitimate research inquiries because they do not want to be solicited.

Market researchers should not invade customer privacy. While public behavior may be audiotaped or videotaped without prior agreement, behavior in private, including during research interviews, may not be taped without respondent consent. Customer privacy is even more complicated and controversial in online settings where consumer behavior is digitally tracked (e.g., in clickstream analysis) and conversations about the company and its products are collected and analyzed.

Several entities have developed guidelines and regulations surrounding the collection of data for marketing research. The Marketing Research Association (MRA) suggests that websites post a privacy policy to explain how data are used. Similarly, researchers must discontinue follow-up e-mails if requested to by respondents. Recently, researchers have shown that it is possible to “*deanonymize*” information on the Internet by combining

different publicly available records available at social networks. The MRA guidelines prohibit market researchers from **deanonymizing data**. MRA guidelines do allow clickstream tracking. But as with other public behavior, online actions may be observed but any identifying information must be removed from the data file.

D. Unethical Activities of the Client/Research User

One such unethical behavior is decision makers, or “clients” requesting detailed research proposals from several competing research providers with no intention of actually selecting a firm to conduct the research. They obtain first drafts of questionnaires, suggested sampling frames and sampling procedures, and knowledge on data collection procedures. Then, unethically, they may use the information to either perform the research project themselves or bargain for a better price among interested research companies.

Another common behavior among unethical decision makers at firms requiring marketing research information is promising a prospective research provider a long-term relationship or additional projects in order to obtain a very low price on the initial research project. Then, after the researcher completes the initial project, the client forgets about the long-term promises.

Clients may also be tempted to overstate results of a marketing research project.

E. Unethical Activities by the Respondent

The primary unethical practice of respondents or subjects in any research endeavor is providing dishonest answers or faking behavior. The general expectation in the research environment is that when a subject has freely consented to participate, she or he will provide truthful responses.

Research respondents frequently provide untrue answers when they must answer questions related to their income or to their indulgence in certain sensitive types of behavior such as alcohol consumption or substance abuse.

Consumers may have the prospect of earning money by participating in marketing research surveys and focus groups. To be able to participate in more surveys or groups, would-be respondents may lie to try to match the characteristics that screeners are seeking. But the reason marketing researchers pay focus group or survey participants is that their research requires them to talk to a specific type of participant. Lying by respondents to make money from participating in marketing research is unethical. Worse than that from the researcher’s point of view, it undermines the validity of the research.

F. Marketing Research Codes of Ethics

Many marketing research companies have established internal company codes of ethics derived from the ethical codes formulated by larger institutions that govern today’s marketing research industry. The Statement of Ethics for the American Marketing

Association applies to all marketing functions, including research, and can be viewed on their website. ESOMAR, the world organization for enabling better research into markets, consumers, and societies, publishes a marketing research code of ethics on their website. The Marketing Research Society summarizes the central principles in ESOMAR's code as follows.

- Market researchers will conform to all relevant national and international laws.
- Market researchers will behave ethically and will not do anything that might damage the reputation of market research.
- Market researchers will take special care when carrying out research among children and other vulnerable groups of the population.
- Respondents' cooperation is voluntary and must be based on adequate, and not misleading, information about the general purpose and nature of the project when their agreement to participate is being obtained and all such statements must be honored.
- The rights of respondents as private individuals will be respected by market researchers, and they will not be harmed or disadvantaged as the result of cooperating in a market research project.
- Market researchers will never allow personal data they collect in a market research project to be used for any purpose other than market research.
- Market researchers will ensure that projects and activities are designed, carried out, reported and documented accurately, transparently, objectively, and to appropriate quality.
- Market researchers will conform to the accepted principles of fair competition.

V. Emerging Trends

The general consensus in the marketing research industry is that the following five major trends are becoming evident.

- Increased emphasis on secondary data collection methods
- Movement toward technology-related data management (optical scanning data, database technology, customer relationship management)
- Expanded use of digital technology for information acquisition and retrieval
- A broader international client base
- Movement beyond data analysis toward a data interpretation/information management environment

Marketing Research in Action

Continuing Case: The Santa Fe Grill

The Marketing Research in Action focus in this chapter is The Santa Fe Grill Mexican Restaurant, the company which will be used throughout the book for discussion and exercises.

This first entry introduces the company. It was initially a part of a business plan concept for an entrepreneurship course. The owners started the business in Dallas, Texas because it was a good market for reaching baby-boomers and young families. The new restaurant concept was based on fresh ingredients, a festive atmosphere, friendly service, and cutting-edge marketing and advertising strategies. The business was successful but not as successful as the owners expected. They realized that marketing research could answer the questions and help them improve their marketing strategy.

Answers to Hands-On Exercises

1. Based on your understanding of Chapter 1, what kind of information about products, services, and customers should the owners of Santa Fe Grill consider collecting?

Students' answer will differ. However, the owners of the Santa Fe Grill should consider collecting the following set of information about their products, services, and customers:

- What selection criteria do members of their target market use to select a place to eat out?
- What is the relative importance of these criteria?
- How do they rate Santa Fe Grill in meeting these important criteria?
- How does Santa Fe Grill compare on these important criteria with their competitors?

2. Is a research project actually needed? Is the best approach a survey of customers? Should employees also be surveyed? Why or why not?

Yes, research can be very valuable for the Santa Fe Grill. The owners need to know what is important to their customers and how well Santa Fe Grill is meeting those important needs. If there are any gaps between important customer expectations and actual performance, they need to make corrections.

Survey of the customers is the best approach because they also need to know a lot more about their selected target market; tastes and preferences, demographics, and buyer behavior. They need to identify the “heavy users” in their customer base. According to Pareto’s Law, those heavy users are the group that will generate most of Santa Fe’s profits. Santa Fe should find them and make them really happy, and find some more loyal customers just like them. The rest of the market is just along for the ride.

The employees should also be surveyed to collect data about their experiences which might affect how customers evaluate the restaurant.

Answers to Review Questions

1. What is the role of marketing research in organizations?

The American Marketing Association defines marketing research as the function that links an organization to its market through the gathering of information. This information facilitates the identification and definition of market-driven opportunities and problems, as well as the development and evaluation of marketing actions. Finally, it enables the monitoring of marketing performance and improved understanding of marketing as a business process. Organizations use marketing research information to identify new product opportunities, develop advertising strategies, and implement new data-gathering methods to better understand customers.

2. What improvements in retailing strategy might be attributed to the results obtained from shopper marketing studies?

Shopper marketing is “understanding how one’s target consumers behave as shoppers, in different channels and formats, and leveraging this intelligence to the benefit of all stakeholders, defined as brands, consumers, retailers and shoppers.” Shopper marketing includes category management, displays, sales, packaging, promotion, research, and marketing. The results obtained from shopper marketing studies help manufacturers and retailers understand the entire process consumers go through in making a purchase, from pre-store to in-store to point-of-purchase.

3. Discuss the importance of segmentation research. How does it affect the development of market planning for a particular company?

In segmentation research, marketing decisions involving all four Ps are more successful as the target market demographics, attitudes, and lifestyles are clear to decision makers. A major component of market segmentation research is benefit and lifestyle studies that examine similarities and differences in consumers’ needs. Researchers use these studies to identify segments within the market for a particular company’s products. The objective is to collect information about customer characteristics, product benefits, and brand preferences. This data, along with information on age, family size, income, and lifestyle can be compared to purchase patterns of particular products (e.g., cars, food, electronics, financial services) to develop market segmentation profiles. Segmentation studies are also useful for determining how to design communications that will resonate with a target market.

4. What are the advantages and disadvantages for companies maintaining an internal marketing research department? What advantages and disadvantages can be attributed to the hiring of an external marketing research supplier?

The choice about whether to source your marketing research internally or externally is an important one, and a decision each class participant is likely to face sometime in their lives, whether they choose to specialize in marketing research as a career track or not. When

marketing research is done internally, the upside is that there is normally a reduction in cost (since expenses can be spread across functional areas within the corporate structure). The outcome, as well, is enhanced by the fact that people working on the project are members of the corporate team. We hope they are not only knowledgeable about the market, products, and services in question but will approach the task with zest and passion. The downside is that marketing research done internally may lack the third-party objectivity by contracting with an outside vendor. Also, the outcome of the research effort may be contrived, used to further a political agenda rather than a real desire to determine what customers need. External firms, as mentioned above, provide the objectivity (and in some cases) the expertise the host company may lack. The downside is that external firms are independent, handling a portfolio of projects. When a company contracts with an external vendor it's important to set a schedule of deliverables and establish a price for work performed since sourcing data, collection, tabulation, and analysis are more expensive.

5. As the marketing research industry expands, what skills will future executives need to possess? How do these skills differ from those currently needed to function successfully in the marketing research field?

The skill set which will serve marketing researchers is comprised of computer proficiency, negotiating skills, foreign language skills, presentation skills, and the ability to understand and interpret secondary data. While it can be argued that core skills such as communication, the ability to work with others, and quantitative 'smarts' are shared between managers and researchers, top-level executives will need to adapt to change, championing the move toward a more diverse workplace and embracing new technology. If top-level managers drag their feet on technology or fail to see the merit in speaking to their customers in structured ways, decision making will boil down to what "feels right" or "was good for them as they made their bones". Again, the purpose is not to discount experience and intuition but to recognize that in this increasingly competitive environment relying on "gut" and "off the hip" random decision making could be a recipe for failure.

6. Identify the three major groups of people involved in the marketing research process, and then give an example of an unethical behavior sometimes practiced by each group.

The major sources of ethical issues in marketing research are the interactions among the following three key groups:

- the research information providers
- the research information users
- the respondents

Research information providers may conduct research below professional standards. For instance, curbstoning may be used to inflate sample size. Clients may behave unethically or

deceptively also, as in all business relationships. Lowballing is an example. Respondents may abuse the research relationship or be abused by it. For instance, they may lie to qualify for a study.

7. Sometimes respondents claim they are something they are not (e.g., a Toyota owner or a married person) so they will be selected to participate in a focus group. Sometimes respondents do not accurately reflect their personal income. Is it always unethical for a respondent to lie on a survey? Why or why not?

This question seeks to show students why some unethical behaviors are understandable and should be expected. Income questions are susceptible to bias due to the sensitive nature of the question. Participants are more likely to give inaccurate answers when the questions are sensitive.

Answers to Discussion Questions

1. **EXPERIENCE MARKETING RESEARCH.** Go online to your favorite search engine (Yahoo!, Google, etc.) and enter the following search term: marketing research. From the results, access a directory of marketing research firms. Select a particular firm and comment on the types of marketing research studies it performs.

Using Google, enter “directory marketing research firms.” The second entry is for the GreenBook, which is a print and online directory of research firms. The GreenBook enables searches by company name or services. Students’ answers will vary depending upon the search engine they use, the search terms, and ultimately, the company they select to review. For this example, I searched Web surveys using GreenBook’s services search. From there, I reviewed the services offered by Campos. Campos offers brand positioning, consumer research, and product testing.

2. **EXPERIENCE MARKETING RESEARCH.** Use Google to find a local marketing research firm. E-mail that company and ask to have any job descriptions for positions in that company e-mailed back to you. Once you obtain the descriptions, discuss the particular qualities needed to perform each job.

Students’ answers will vary depending upon the location, companies selected, and job descriptions in question. This question is most valuable if incorporated into class discussions. The jobs you might discuss include analyst, survey specialist, data collection manager, project manager, programmer, and moderator.

3. You have been hired by McDonald’s to lead a mystery shopper team. The goal of your research is to improve the service quality at the McDonald’s restaurant in your area. What attributes of service quality will you attempt to measure? What customer or employee

behaviors will you closely monitor?

This is a keen prospect for class participants, since it'll be rare if any member of the class is unfamiliar with the McDonald's brand, its products, and services. Attempt to establish what is essential at the outset of the exercise: the class participant has been hired by a client (McDonald's). Therefore, it's imperative they not bring their personal preconceptions about service quality and the behavior of employees and customers to bear on their leadership of the mystery shopper team. As well, it is also important to mention with businesses like McDonald's there are few if any deep "mysteries" to be solved. The corporation is well aware researchers often scrutinize service quality and employee and customer behavior, and may in fact have their own internal procedures to check on the attributes listed below. Service quality attributes can involve (but not be limited to) evaluating the physical plant and equipment used in the McDonald's outlet, as well as the quality and dependability of the suppliers who provide products to the corporation such as potatoes, meat, packaging and waste disposal services. The atmosphere of the outlet, friendliness of the staff, appearance of the staff, and promptness and accuracy in which orders are placed and filled all figure in here. When considering consumer behavior it might be interesting to explore how they order their food (in the outlet or via drive-thru), how quickly they consume their food, how they dispose of their refuse, and whether or not they return to the counter for additional items during the course of their dining experience.

4. Contact a local business and interview the owner/manager about the types of marketing research performed for that business. Determine whether the business has its own marketing research department or if it hires an outside agency. Also, determine whether the company takes a one-shot approach to particular problems or is systematic over a long period of time.

This discussion question has the potential to be something of a minefield unless you establish some policies up front with class participants at the outset. Students must proceed to complete this assignment with utmost professionalism. Keep in mind there are a number of portals through which a student may contact a local business—email, cell phone, telephone, letter, and/or cold call. It's advisable if you, the instructor, have developed contacts at local malls or shopping areas and call ahead before the course starts to get a "green light" for your students to proceed. As well, in your introductory class a question such as: "Are you working part-time at present?" may enable you to construct a database of friendly contact points for students themselves to begin with. As an example, if a class participant has been working at Tower Records during the summer it makes more sense for her/him to go there for the information than randomly selecting Company "Y" out of the Yellow Pages or browsing to a website and leaving a request for data in the e-mail portal. Finally, many businesses play their research needs like cards, fairly close to the vest. They may be defensive if they are asked about how they approach problems when they put little

(if any) funds into marketing research. When all is said and done, this can be a very useful exercise from a networking standpoint but to yield useful results some of the above suggestions should be taken into consideration.

5. **EXPERIENCE MARKETING RESEARCH.** As the Internet has grown as a medium for conducting various types of marketing research studies, there is growing concern about ethical issues. Identify and discuss three ethical issues pertinent to research conducted using the Internet.

Now go to the Internet and validate your ethical concerns. Check out ESOMAR's website and search for ethical issues related to the Internet. What unethical practices are possible in Internet research?

Many of the same ethical issues that are of concern with traditional data collection methods are of concern online. If the research is conducted online, how can the researcher know who is actually completing the questionnaire? Are they who they claim to be? Some might treat Internet surveys as games and provide incorrect answers. How do the researchers treat the data collected? Is it properly stored so that private information is safe from hackers? Most Web surveys offer the chance to win prizes as an incentive to participation. Are these prizes actually awarded? These are just a few of the possible ethical dilemmas online. Several unethical practices are featured on the ESOMAR website.