

MARK2052 Notes

Lecture 1/2 – Overview of Marketing Research and Research Process

Evolution of Marketing

Orientation	Profit driver	Timeframe
Production	Production methods	until the 1950s
Product	Quality of the product	until the 1960s
Selling	Selling methods	1950s and 1960s
Customer	Needs and wants of customers (value)	1970s to the present day
Relationship (engagement)	Keep a long term relationship with customers	21st century

Marketing research is the function that:

Marketing research is the business 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.

(American Marketing Association, Oct 2004)

Marketing research:

- Specifies the info required to address these issues
- Designs the method for collecting info
- Manages and implement the data collection process,
- Analyses the results, and
- Communicates the findings and their implications

Eg – In 2004 Mitsubishi closed its Lonsdale plant with a loss of 650 jobs because of weak sales of its Magna line. To stabilize operations Mitsubishi launched its 380 series in late 2005. 'Large car' design. However, was abandoned in 2008 as well as all production in Australia, leading to the loss of another 500 jobs. While Mitsubishi had weak overall car sales the Australian market increased this is as the 380 series are designed for Australian drivers favouring large cars, but many car buyers started to adopt more fuel-efficient cars in response to increasing petrol prices.

Marketing research provides solutions for decision problems.

- The fundamental purpose of marketing is to shift an organisation towards **attractive markets and position the organisation** within those markets in a competitive way to create a **sustainable differential advantage**.
- **Differential advantage** is a competitive advantage achieved through cost leadership or product differentiation that allows an organisation to offer products that customers perceive as better value than those of competitors
- The **objective** is to deliver maximum value to the stakeholders of the organisation.

- Marketing research enables:
 - Uncovering opportunities
 - Making more informed decisions
 - Making better decisions
 - Making lower risk decisions
- It is:
 - Necessary for strategic planning
 - The basis of a superior marketing plan

Role of Marketing Research



Advances in Marketing Research

1. Know your customers secret, even those that customers don't know themselves eg. Target Knows you are pregnant through buying patterns such as vitamins, no fragrance lotions and cotton balls
2. Enable us to do more marketing activities eg. Target baby-shower registry
3. Support and facilitate marketing management: Marketing Decision Support Systems (MDSS)

An overview of the marketing research industry

Marketing research providers can be classified either as internal or external; as customised or standardised; or as brokers or facilitators:

1. **Internal research** providers are normally organizational units that reside within a company. Eg. P&G
2. **External MR agencies** supply firms perform all aspects of the research including study design, questionnaire production, interviewing, data analysis and report preparation. They usually operate on a fee basis and commonly submit a research proposal for evaluation and selection purposes. Eg. SoWhat. Many firms use external providers because:
 - More objective and less subject to company politics and regulations than internal suppliers;
 - May provide **specialised talents** that internal suppliers could not provide for the same cost
 - Can choose external suppliers on a **study-by- study basis** meaning there is a **greater flexibility** in scheduling studies as well as matching specific project requirements to the talents of specific research suppliers
3. **Customised research firms** provide specialised, highly tailored services to the client (e.g. brand name testing services only).
4. **Standardised research firms** provide more general services. These firms also follow a more common approach in research design, so that the results of a study conducted for one client can be compared to norms established by studies done for other clients. Many also provide syndicated business services, which include purchase diary panels, audits and advertising recall data from a common data pool or database. Eg. Roy Morgan Research

5. **Broker services** provide the ancillary tasks that complement many marketing research studies (e.g. broker service is used to facilitate data management process)
6. A **facilitating agency** performs marketing research functions as a subcontractor to a MR firm in order to support a broader MR project. Eg. Consultants hired by a MR firm to conduct a TQM program or to train employees

The growing complexity of MR

Technology and the growth of global business is increasing the complexity of MR. Globalisation has increased the diversity of consumers within markets. Digital technologies including internet-based tools such as web-based services and Web 2.0 tools such as Facebook, and mobile phones are radically remoulding data collection. Some new techniques such as neuromarketing- scanning the brains of subjects whilst viewing ads has not yet proven themselves and may or may not eventually provide useful insights. Many new data collection tools pose serious questions regarding consumer privacy eg. GPS & clickstream tracking. Traditional data collection such as focus groups, mystery shopping and computer-aided telephone interviewing (CATI) are still relevant and widely used.

Transforming data into information

Data consists of responses obtained by either questioning or observing people or physical phenomena.

Analysis of data -> Data Structures.

Information is created when the researcher or decision maker narratively interprets the analyses.

- **Data** represents the actual first-hand responses that are obtained about an object or a subject of investigation by asking questions or observing actions. These have not been analysed or given an interpretative meaning.
- **Data structures** are the results of combining a group of data using some type of quantitative or qualitative analysis
- **Information** is the set of facts derived from data structures when someone – either the researcher or the decision-maker – interprets and attaches narrative meaning to the data structures.

Marketing Research Phases (5)



First phase is the most important: **determining the scope for marketing research**. In particular where the decision problem is redefined as a set of research questions. This influences all of the other phases. Without accurate specification of the research question it is unlikely that the research process will produce high quality and pertinent information needed by the decision maker.

<p>(1) Determine the scope for marketing research</p>	<p>Consists of four interrelated tasks:</p> <ol style="list-style-type: none"> 1. <u>Define the decision problem</u>; Decision problem is a situation in which mgmt. has to decide on which course of action to take. Inadequate decision problem is the leading cause of failure of MR projects. It is usually centered on independent variable that needs mgmt. attention eg. Market segmentation decision, brand development decision, pricing strategy etc. <ul style="list-style-type: none"> • It consists of 5 interrelated activities – determine the DM’s purpose of the research, understand the complete problem situation, identify measurable symptoms such as decline in sales due to poor advertising or pricing, determine the unit of analysis eg. Individuals, households, objects or geography and determine the relevant variables such as brand awareness, demographic characteristics or attitudes to a brand 2. <u>Specify the research question</u>; (puts DP into scientific terms, restates the DP in Q format – how, what, where, when and why) it breaks down the DP 3. <u>Define the research objective</u>; precise statements of what the research project will attempt to achieve 4. <u>Evaluate the likely business benefits</u> of the expected information [Need for info ie. Can the problem be resolved without further effort, Nature of decision ie. Is the problem of tactical or strategic importance, Availability of data ie. Do adequate data to address the DP already exist or do we need to collect data, time constraints ie. Is there enough time to do the MR, resource requirements ie. Is money budgeted for MR? and cost vs. benefit] <p>Principle: marketing research should be conducted only when the expected value of information to be obtained from analysing data exceeds the costs of obtaining it</p>
<p>(2) Select the research method</p>	<p><u>Research designs</u></p> <p>A research design is a master plan for conducting the MR project. It specifies the procedures for obtaining the information needed to structure or solve the MR Q’s.</p> <ul style="list-style-type: none"> • Secondary data are data that have been previously collected and assembled for some research project other than the current situation. • Primary data are data that have been specifically collected for the current research project. <ul style="list-style-type: none"> – Exploratory research design explores the characteristics of a target population. Incorporates the fewest characteristics of the scientific method: formalised research methods that can be characterised as logical, objective, systematic, reliable, valid, impersonal and ongoing. Simply to classify problems/opportunities e.g. focus groups – Descriptive research design describes the characteristics of a target population. Answers who, what, when, how and what but not why. Why is answered by causal research. – Causal research design explains the cause-and-effect relationships between two or more decision variables. Tend to be complex, expensive and time-consuming. Eg. Experiments • Qualitative and quantitative research methods <ul style="list-style-type: none"> – Qualitative research methods emphasise words, stories, visual portrayals, and expressive descriptions. Gain preliminary insights into, or explore the parameters of, decision problems. Can be collected within relatively short periods of time, but difficult to summarise the data structures into meaningful forms for further analysis. – Quantitative research methods place an emphasis on numbers and rigorous mathematical analysis and usually involves Qs with defined

	<p>response formats. More often related to descriptive and casual research.</p> <ul style="list-style-type: none"> • Sampling plan <ul style="list-style-type: none"> – Market researches can choose to either: <ul style="list-style-type: none"> ○ Census of the target population (preferred action for a small population). Researcher that includes every element in the target population. ○ Sample (pref. when target population is large or unknown) selection of subgroup from target population. Must ensure sample is representative of target population so that resulting data structures and information are generalizable and reliable. – Population is the identifiable total set of elements (e.g. people or objects) of interest to a researcher – Target population is a subset of the population singled out specifically for investigation – Sample is a subgroup of elements from a target population
(3) Collect and prepare the data	<ul style="list-style-type: none"> • Two fundamental data collection approaches if primary data required: <ul style="list-style-type: none"> – Ask questions about variables and market phenomena using interviews or questionnaires; – (2) Observe variables and phenomena using professional observers eg. Mystery shoppers or high-tech devices. • Other tools include self-administered surveys, personal interviews, computer simulations, telephone interviews and focus groups. • Questioning techniques have major advantages over observation as they allow the researcher to collect a wider away of data. Reveal info about current behavior and state of mind. In turn, observation methods are characterised as natural or contrived, disguised or undisguised, structured or unstructured, direct or indirect, or human or mechanical eg. Human, video camera, eye camera etc. • A questionnaire is the preferred means of primary data collection. In essence, it is a set of scales designed to generate enough data to allow the researcher to solve the decision problem. • Before data analysis, data preparation is conducted. Eg. Devising a coding scheme so that it can be entered into computer files.
(4) Analyse the data	<p>Turning data into data structures to use in generating meaningful information for the decision-maker. Eg. Percentages, mode, median, standard deviation, test for significant relationships between variables etc.</p>
(5) Transform the analysis results into information	<ul style="list-style-type: none"> • Focus on reporting research findings and newly created information to decision-maker. • Overall objective – develop a report that is useful to a non-research-oriented person. • A narrative interpretation is typically communicated in a research report. A narrative interpretation relates to integrating several pieces of the results into an understandable report so that the decision-maker can use to address the initial decision problem.

The marketing research proposal

After completing the 5 phases of the MR process, a researcher is in a position to develop a research proposal that communicates to the DM the overall research project.