Marketing Research

Topic List

- **Introduction to Marketing Research**

- **Exploratory Research Design 1: Secondary Data**

- **Exploratory Research Design 2: Qualitative Research**

- **Conclusive Research Design 1: Descriptive Research**

- **Conclusive Research Design 2: Causal Research**

- **Measurement and Questionnaire Design**

- **Sampling, Data Collection and Preparation**

- **Hypothesis Testing**

- **Hypothesis Testing: Test of Association**

- **Hypothesis Testing: Test of Differences**

- **Reporting Research**

Introduction to Marketing Research

What is Marketing Research?

Marketing Research is the systematic and objective process of generating information to assist in making marketing decisions.

Reasons for undertaking Marketing Research

- To understand your market e.g. customers, competition
- When launching new products
- When expanding into new markets

Classification of Marketing Research

- Problem-Identification Research (Basic research)
  - Helps identify problems which are not necessarily apparent on the surface and yet exist
    - Market potential
    - Market share
    - Market characteristics
    - Forecasting
    - Business trends
- Problem-Solving Research (Applied research)
  - Helps solve specific marketing problems
    - Segmentation
    - Product, pricing, promotion, distribution

Users and Suppliers of Marketing Research

Users of Marketing Research	**Decision makers (research buyers)**
	Marketing/Product/Advertising/Brand managers
Suppliers of Marketing Research	**Research agencies**
	Director, project manager, research analyst, interviewer

The Marketing Research Process

1. Defining the Problem
2. Planning the Research Design
3. Planning the Sample
4. Collecting the Data
5. Analysing the Data
6. Formulating the Conclusions and Preparing the Report

Ethics in Marketing Research

- Client's ethics
  - Dishonesty in dealing with suppliers
  - Misuse of research information
- Suppliers' ethics
  - Violating client confidentiality
  - Improper execution of the research
- Respondents' ethics and rights
  - Privacy and safety
  - Knowing the true purpose of the research

Step 1: Defining the Problem

Problem Definition involves stating the *Management Decision Problem* and identifying the *Marketing Research Problem*.

Tasks involved in Problem Definition

- Discussions with decision makers
  - Understand the client's capabilities and limitations
- Interviews with industry experts
  - Help define the MRP
- Secondary data analysis
  - Provide valuable insights into the problem situation

The Iceberg Principle is the idea that the dangerous part of many marketing problems, like the submerged portion of an iceberg, is neither visible to nor understood by marketing managers.

Characteristics of the Management Decision Problem and Marketing Research Problem

Management Decision Problem (MDP)	Marketing Research Problem (MRP)
Asks what the decision maker needs to do	Asks what information is needed and how it should be obtained
Action oriented	Information oriented
Focuses on symptoms	Focuses on the underlying causes

Examples of MDP and MRP Problems

Management Decision Problem (Marketing Management Problem)	Marketing Research Problems (Research Objectives)
Should a new product be introduced?	To determine consumer preferences and purchase intentions for the proposed new product.
Should the advertising campaign be changed?	To determine the effectiveness of the current advertising campaign.
Should the price of the brand be increased?	To determine the price elasticity of demand and the impact on sales and profits of various levels of price changes.

Components of the Approach

- Theoretical foundations
    - Conceptual foundations are important because they help to:
        - Identify key dependent and independent variables
        - Select proper data analysis strategy
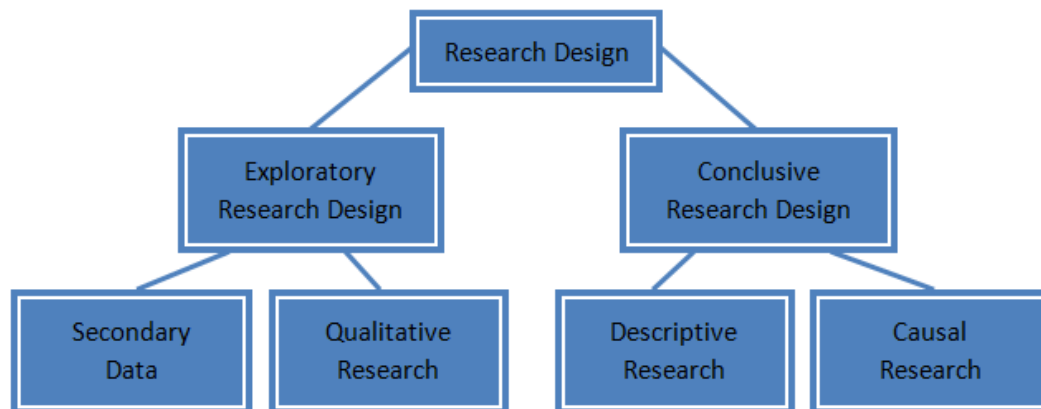- Analytical model
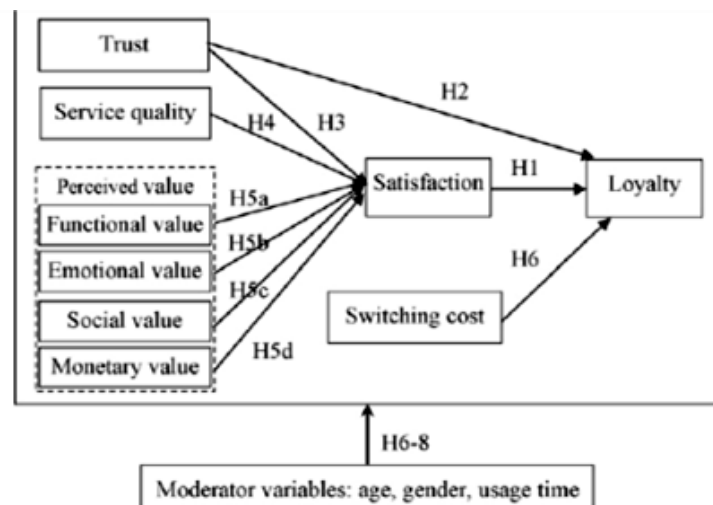
- Research questions and hypotheses
    - **Research Questions (RQs):** Refined questions of the main research problem
    - **Hypothesis (H):** An unproven statement or proposition about a factor or phenomenon that is of interest to the researcher

Example of MDP, MRP, RQ and Hs

- **MDP:** We want to improve Customer Loyalty. Should we invest resources into improving Customer Satisfaction?

- **MRP (Research objective):** To understand relationship between Satisfaction and Loyalty.

- **RQ :** How Satisfaction and Switching costs effect Loyalty?

- **H1 :** Satisfaction has positive effect on Loyalty.

- **H2 :** Effect of Satisfaction on Loyalty is different for Males and Females.

Step 2: Planning the Research Design

A **Research Design** is a detailed blueprint or plan to guide the implementation of a research study.

```
                        Research Design
                 ┌──────────────┴──────────────┐
          Exploratory                      Conclusive
        Research Design                  Research Design
       ┌──────┴──────┐                 ┌──────┴──────┐
   Secondary    Qualitative        Descriptive     Causal
     Data        Research           Research       Research
```

– Exploratory Research Design
- Provides understanding into the problem
- Loosely defined information
- Flexible and unstructured
- Small sample
- Inconclusive results

– Conclusive Research Design
- Tests hypotheses or verifies exploratory research
- Clearly defined information
- Formal and structured
- Large sample
- Conclusive results

Sources and Types of Data

– Secondary data
- Already exists
- Has been collected for another purpose
– Primary data
- Does not yet exist
- Collected specifically for research project

- Qualitative data
  - Tends to be narrative in nature e.g. surveys
  - Describes attitudes, opinions and motivations in *words*
- Quantitative data
  - Figures and variables
  - Describes attitudes, opinions and motivations in *numbers*

***Exploratory Research Design 1*: Secondary Data**

Secondary Data are data which have already been collected for other purposes and which can be located quickly and inexpensively.

Comparison of Primary and Secondary Data

	Primary Data	Secondary Data
Collection purpose	For the problem at hand	For other problems
Collection process	Very involved	Rapid and easy
Collection cost	High	Relatively low
Collection time	Long	Short

Advantages and Disadvantages of Secondary Data

- Pros:
  - Readily available
  - Inexpensive
- Cons:
  - Can contain outdated information
  - Difficult to verify the data's accuracy

Types of Secondary Data

- Internal data
  - Collected within the organisation conducting the research
    - Customer database
    - Annual reports, sales reports etc.
    - **Database Marketing**: Use of computers to capture and track customer profiles and purchase details
      - Analysis for behavioural segmentation
      - Suited for companies with a large number of customers
        e.g. financial services, telecommunications, retail

- External data
  - Collected by outside agencies/organisations
    - Government sources e.g. Census ABS
    - Business sources e.g. directories, libraries
    - **Syndicated Services**: Companies that collect and sell common pools of data of known commercial value designed to serve a number of clients e.g. Roy Morgan Research

Types of Syndicated Data

- Surveys
  - Designed to collect consumer psychographic and lifestyle data
- Purchase panels
  - Households record their purchases and behaviours over an extended period of time
- Media panels
  - Electronic devices automatically record participants' media (TV/mobile/internet) consumption behaviour
- Scanner data
  - *Volume-Tracking Data*: Use of electronic scanners at the checkout to provide purchase information on brand, size and price

Big Data

Difference between Secondary Data and Big Data

- Volume (mega size of data)
- Velocity (real-time information processing)
- Variety (tracking, user-generated)

What Big Data does for us?

- Provides cold, hard facts
- Offers real-time prediction
- Links different sources of data