

MKF2121 MARKETING RESEARCH METHODS SUMMARY NOTES

MKF2121: Marketing Research Methods

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Introduction to Marketing Research (Topic 1)

Marketing Research involves using the survey method (systematic process) to understand **customer attitudes and behaviours**, and their relationships.

Examples of customer attitudes: satisfaction, brand perception, loyalty

Examples of customer behavior: purchase frequency, spending per shopping trip, media viewing habits etc.

Most marketing research is undertaken to better understand consumer attitudes and behavior.

Customer survey is the most commonly used instrument to obtain measures of customer attitudes and behaviour.

- Marketing Research
- scientific, precise, conceptual thinking and abstract reasoning, rigorous, objective
 - important functional area for virtually all businesses
 - requires attention to detail, the ability to think and write logically, the ability to work with numbers
 - develops the ability to evaluate and synthesise marketing intelligence for decision making

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

Problem-Identification Research

Market Potential, Market Share, Market Characteristics, Sales Analysis, Forecasting, Business Trends

- Help identify problems which are not necessarily apparent on the surface and yet exist

Problem-Solving Research

Segmentation, Product, Pricing, Promotion, Distribution

- Help solve specific marketing problems

A particular focus is placed on quantifying customer opinions, beliefs and attitudes.

On a 1 to 5 scale, 1 being the lowest and 5 being the highest, rate your satisfaction with your shopping experience.

Marketing Research Process

Step 1: Defining the Problem

Step 2: Developing an Approach to the Problem

Step 3: Formulating a Research Design

Step 4: Doing Field Work or Collecting Data

Step 5: Preparing and Analysing Data

Step 6: Preparing and Presenting the Report

Defining the problem" is about taking a vaguely defined problem faced by managers (MDP) and turning it into a well-defined, well-articulated and solvable problem for marketing research specialists (MRP).

MDP = Management Decision Problem – Problem faced by the management (symptoms)

- Asks what the decision maker needs to do
- Action oriented
- Focus on symptoms
- Vague
- Not clear how to solve

HOW

How do I make the broken car work?

How do I sell more products?

How do I stop customers from leaving?

Which segment should I target for my new products?

Should I increase prices?

MRP = Marketing Research Problem – Problem faced by the market researcher

1. **Overarching statement** – A broad summary of your overall research goal (Main underlying issue you are trying to understand)
2. **Specific components** – Focus on the key aspects of the MRP and provide clear guidelines on how to proceed further (Different types of determinants/drivers of the focal issue)

WHAT

What is wrong with the car?

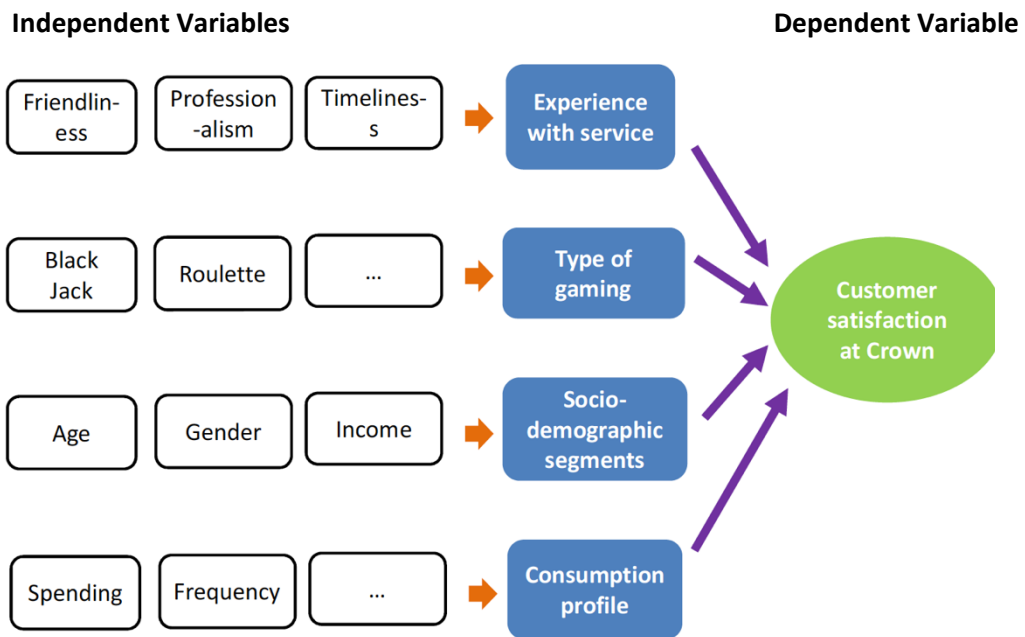
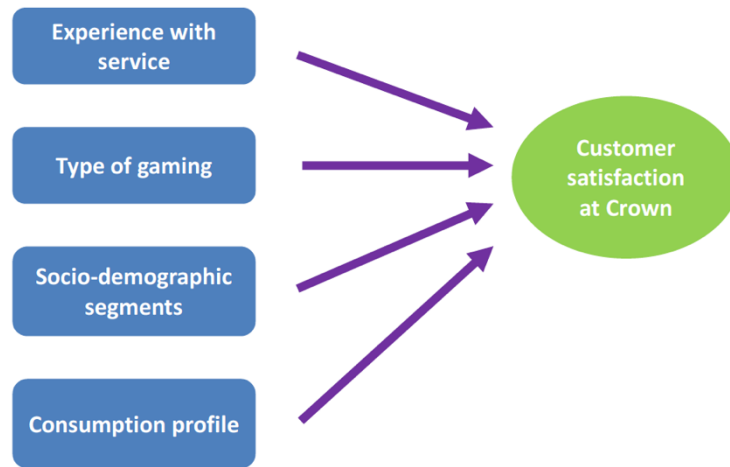
What is the key driver of customer satisfaction?

To identify and investigate the **key determinants** of members' usage of the Caulfield fitness center.

- To study the relationship between members' attitude towards health and fitness and their usage frequency of the center
- To investigate the relationship between members' awareness of the center's facilities/programs and their usage rate of the center
- To investigate the difference in usage frequency across demographic groups

To identify and study the **key drivers** of customers' satisfaction with Crown Casino.

- To investigate whether **customers' experience** with Crown's service influences their overall satisfaction
- To study whether the **type of gaming** customers engage in affect their overall satisfaction with the casino
- To investigate the difference in satisfaction across customers of different **socio-demographic groups**
- To investigate the difference in satisfaction across customers of different **consumption profile** (casual v frequent gamblers; local v international gamblers)



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Characteristics of MRP:

- Asks what information is needed and how it should be obtained
- Information oriented (focus on understanding)
- Focuses on the underlying causes
- Clearly defined and articulated
- Can be answered by testing each Research Question and Hypothesis

MRP offers a broad overview of the marketing problem you are trying to tackle. The components provide a structure to organise your specific research questions (RQs). Components of MRP are still too broad/vague and cannot be answered directly. Most data you collect from questionnaires are quite specific.

Planning for Research (Topic 2)

How do we go about formulate MRP? (i.e., where to find the key underlying issue and its main drivers)

Think about different elements of the business on which the customer attitude/behavior in question is based on (Services/Product)

Think about how the said customer attitude could vary across different group of customers (and what are the groupings)

Step 2: Developing an approach to the problem

- An analytical framework or model
- Research questions
- Hypotheses
- Specification of the Information Needed

The reasons for developing research question (RQ) and hypothesis (H) and their relationship with MRP

- Components of MRP are still too broad/vague and cannot be answered directly
- Components provide the general categories from which specific RQs can be developed
- RQs should be able to be answered directly with data collection and analysis

Variable	An entity that can take on different values to represent an underlying concept Income, age, brand awareness, customer satisfaction, gender, nationality Needs to vary
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Most variables in this unit correspond to one question in the survey questionnaire.

Routinely investigated variables:

Brand awareness	Importance of factors
Attitudes towards a brand	Various demographic characteristics
Intention to buy	Satisfaction of experience

The value of the DV (dependent variable, or Y) changes as a result of the change in the value of the IV (independent variable, or X), but not the other way around.

In other words, IV is “predictive” of DV (i.e., the IV affects the DV)

Research Questions

Research Questions	precisely stated conjectural questions about the relationship between variables relevant to the MRP
Hypothesis	a tentative and conjectural relationship between variables that is stated in a declarative form

Types of Research Questions

Relational	<p>Research question that is about the relationship between two different variables</p> <p>Is there a relationship between two variables?</p> <p>Does a customer's perception of service staff's friendliness affect their overall satisfaction at Crown?</p> <p>Does a customer's age affect their overall satisfaction at crown?</p>
Comparative	<p>Research question that compares the average value of two different variables or the average value of the same variable across different groups or scenarios (often between 2 groups)</p> <p>Does the average value of two variables differ between two groups?</p> <p>Do men and women differ in their average satisfaction with the Crown casino?</p> <p>Do customers of different ages differ in their average satisfaction with the Crown Casino?</p>

Multiple research questions may be required to properly cover a component of the MRP.

Analytical Model or Framework

A set of variables or concepts related in a specified manner to represent the main phenomenon underlying the MRP you are trying to investigate.

In another word, the model describes the key variables/concepts involved in your MRP and the important relationship between them (especially the ones being studied).

Describe a model using diagrams (map or flowchart) and verbal description (concepts/constructs and their relationships stated in prose form).

Developing an Analytical Model

- Identify the key factors that make up each of your MRP components
- Put them on a piece of paper
- Keep the ones that are important
- Revise and refine the draft

Benefits of using an Analytical Model

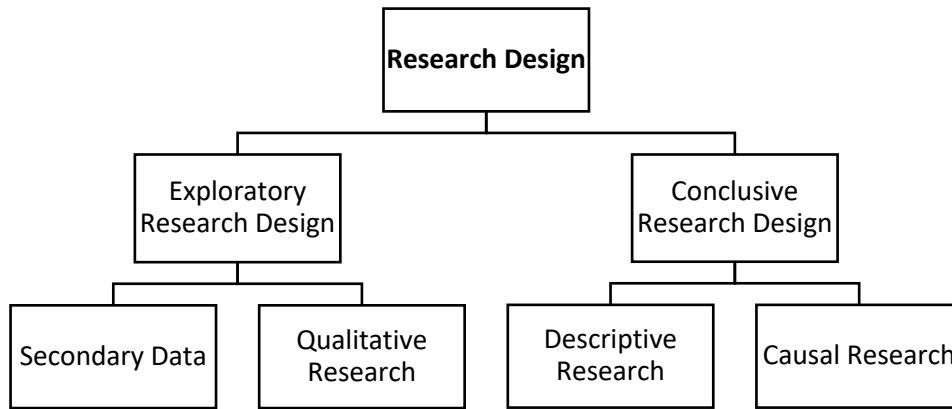
- It helps understand and communicate the essence of the MRP
- It helps to think about the MRP more systematically
- The main task involved in solving the MRP is often to test the key relationships in the model – i.e., research questions and hypotheses

Specification of Information Needed

For each variable, pin-point which question in the questionnaire provides the necessary measure for that variable.

Step 3: Formulating a Research Design

Research Design	Different research methods/resources to help you answer your research questions Conducting survey via questionnaire, running lab experiments
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Tasks involved in formulating a Research Design

- Define the information needed
- Design the exploratory, descriptive, and/or causal phases of the research
- Specify the measurement and scaling procedures
- Construct and pre-test a questionnaire or an appropriate form for data collection
- Specify the sampling process and sample size
- Develop a plan of data analysis

Sources and Types of Data

Qualitative Data	Tends to be narrative in nature Describes attitudes, opinions and motivations in words
Quantitative Data	Describes variables by allocating a number to represent attitudes, opinions and motivations

Descriptive Research

Aims to describe market characteristics or functions.
 Develop a profile of target market
 Answer relational and comparative research questions

Cross-sectional: Snapshot of the market place at one point in time
 Longitudinal: Track the changes that take place over time

Mostly using primary data

Causal Research

Aims to identify causal relationships.
 Identify causes and effects
 Determine the extent of the relationship

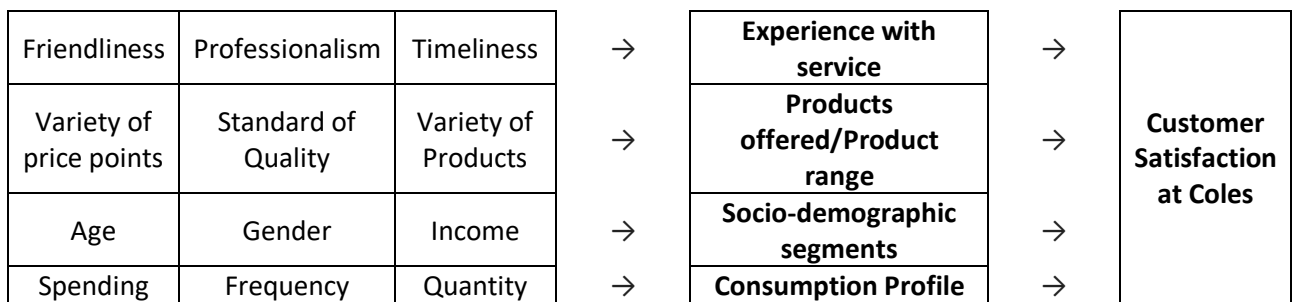
Mostly through experiments

Research Proposal

Research Proposal	<p>A written document that contains the essence of the research project and serves as a contract between the researcher and management</p> <p>Covers all phases of the marketing research process, including cost and schedule</p> <p>Drafted by the researcher</p>
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Structure of a Marketing Research Proposal

1. Executive Summary
2. The Research Problem
 - background
 - statement of the problem
3. Research Approach
 - research questions and hypotheses
4. Research design
5. Reporting, costs and timing
6. Appendix



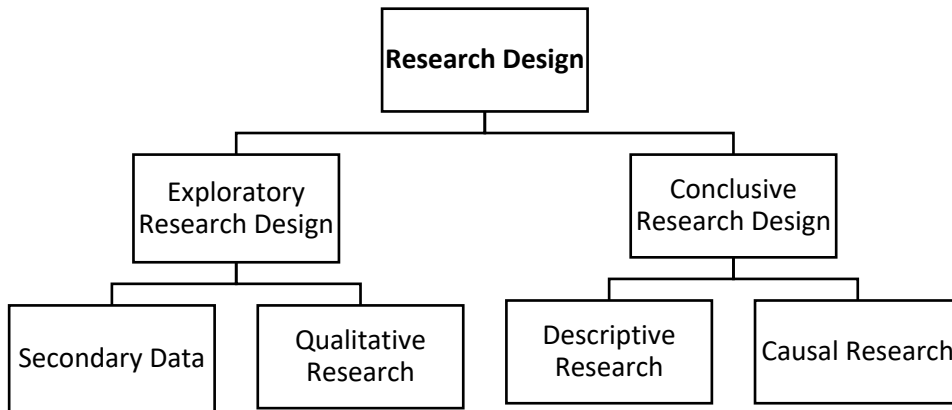
Relational

- Does a customer’s perception of service staff’s friendliness affect their overall satisfaction at Coles?
- Does the variety of products offered affect the customer’s overall satisfaction at Coles?
- Does the customer’s income affect their overall satisfaction at Coles?

Comparative

- Do men and women differ in their average satisfaction with Coles?
- Do customers of different ages differ in their average satisfaction with the Coles?
- Do customers who spend different amounts at Coles differ in their overall satisfaction?

Secondary and Syndicated Sources of Marketing Data (Topic 3)

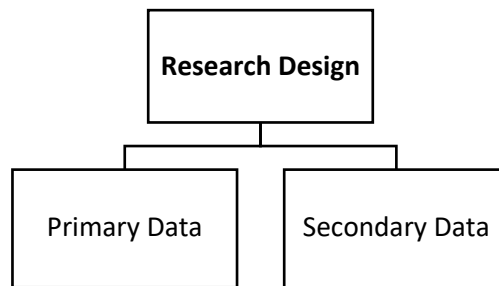


Exploratory Research Design

- Ambiguous problem
- Provide insight
- Information defined loosely
- Process flexible
- Small sample
- Results tentative

Conclusive Research Design

- Hypothesis testing
- Information defined clearly
- Formal process
- Large sample
- Results conclusive



Primary Data	Originated by a researcher for the specific purpose of addressing the problem at hand
Secondary Data	Data that has already been collected (i.e. someone else) for purposes other than the problem at hand

The different “things” we call secondary data

Company internal data

Sales, finance, customer complaints, website traffic

-Relational databases

Any data collected by outside agencies and organizations

- Government: census

- Trade association: industry statistics

- Marketing research organization: industry performance data; syndicated data

Existing literature (Data ≠ Numbers)

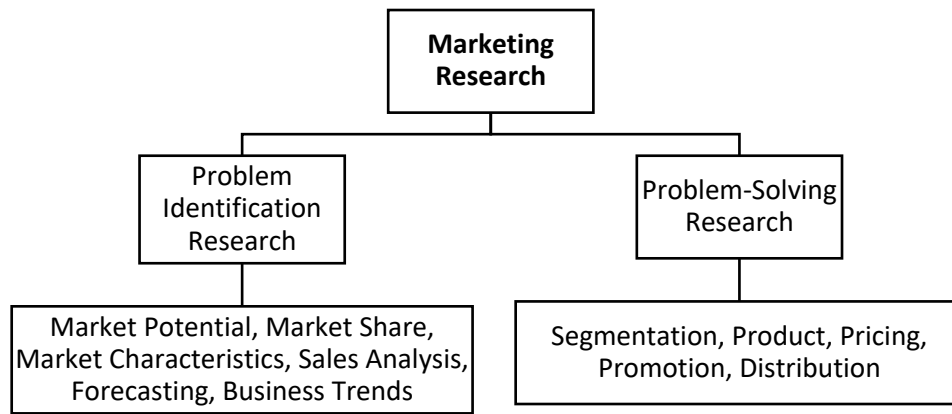
- Previous marketing research studies on similar topics

- Books

- Academic journal articles

- Newspaper articles

- Blogs



Different Types of Secondary Data

Existing Literature

- Previous marketing research studies on similar topics
- Books
- Academic journal articles
- Newspaper articles (WSJ, Economist, FT, Financial Review, Bloomberg, NYTimes)
- Blogs

Existing Literature can:

- Provide historical background and reveal existing information
- Suggest an analytical model/framework to clarify and define the research problem and research questions
- Suggest research questions to investigate
- Identification of scales and constructs required for the study
- Identification of well-established and successful research methodologies to study the problem at hand

Company Internal Data

- Starting point in the search for secondary data

Most organisations have a wealth of information in their own internal information sources.

Sales invoices, customer data, product data, sales reports, sales activity reports, target market data, etc.

- Easily available
- Inexpensive
- Known quality

Develop customer transaction types for analysis

- Frequency (frequent v casual)
- Spending (heavy spenders v casual tourists)

Database marketing involves the use of computers to capture and track customer profiles and purchase details.

Particularly well-suited to companies with large number of customers:

- Financial services
- Telecommunications

Government data (Australian Bureau of Statistics)

- Population
- Census data
- Consumer price index (CPI)
- Key economic indicators

- Generally reliable
- Relatively easy to access
- The purpose and method of data collection is normally well documented and publicly available
- Often the only source of data available for some types of data

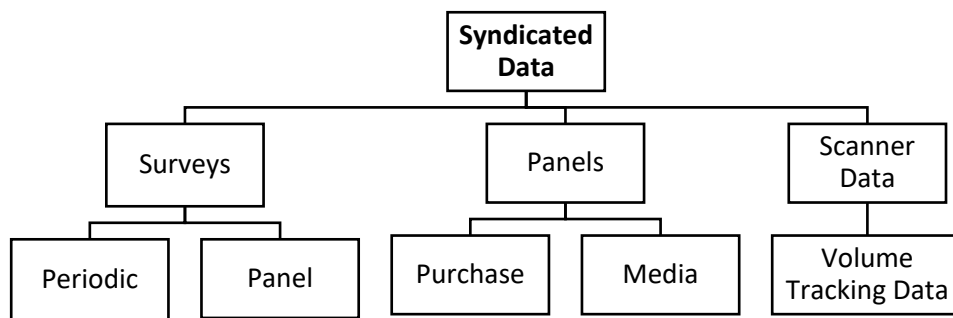
Government data can be used to understand general trends in gambling behaviour in Australia

- Learn about general trends in Australian’s gaming behaviour
- Difference in gaming behaviour between different demographics
- Sample selection for your survey

Syndicated Data

- Data collection that is conducted not for a specific client, but with a group of companies in mind
- Data collected referred to as syndicated data
- Classified based on the unit of measurement
 - Household/consumer data may be obtained from surveys, panels, or electronic scanner services
 - Institutional data may be obtained from retailers, wholesalers, or industrial firms

Syndicated Research Providers: ACNielsen, Roy Morgan Research, RNS



Panels: Purchase

- Households provide specific information regularly over an extended period of time
 - Respondents asked to record specific behaviours as they occur
- Flybuys

Panels: Media Consumption

- Includes various digital and social media platforms

Scanner Data

- Sales at electronic checkout counter
- Tracked for a representative sample of national supermarkets, drug stores and mass-merchandisers
- Can be aggregated to brand, size or price level to track macro trends in spending (volume tracking)

Single-Source Data

Single-Source Data	A large secondary data base which is collected from a single source (i.e. a single group of respondents)
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- Allows researchers to study the **connection** between different aspects of customers’ life

Big Data

- Sheer volume of data **Volume**
- Ability to process data **Velocity**
- Improve business decision making **Variety**

Google Trends

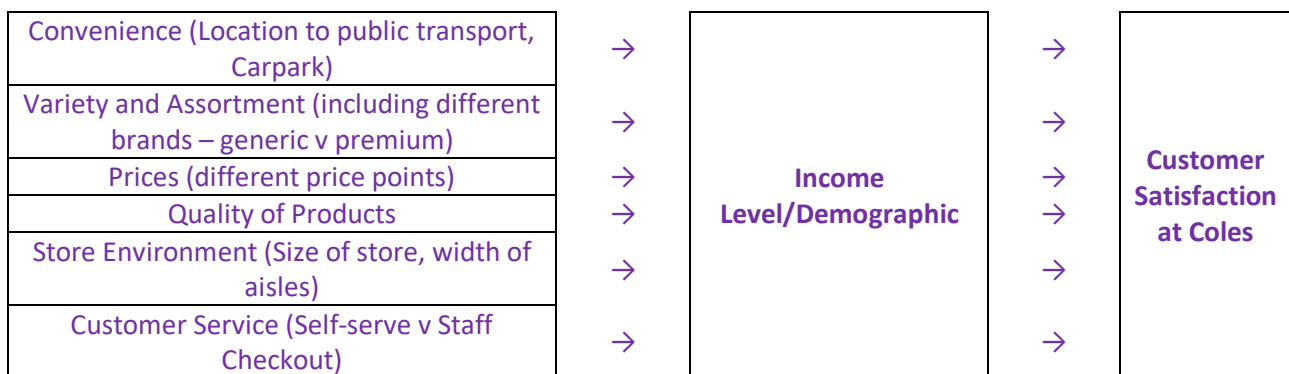
Google provides data on how often a particular search term is entered relative to the total search-volume.

It allows researcher to compare the popularity of different search terms:

- Across regions
- Over time

Marketing Research Problem Example

Overall Statement: To identify and investigate the key drivers of grocery customers’ satisfaction with the Coles supermarket at Caulfield



Relational:

- Does the price of products offered impact on a customer’s overall satisfaction at Coles?
- Does the variety and assortment of products offered impact on a customer’s overall satisfaction at Coles?
- Does the size of the store impact on a customer’s overall satisfaction at Coles?

Comparative:

Do customers who shop at a larger Coles supermarket differ in their overall satisfaction than customers who shop at a smaller Coles supermarket?

- Quality is a construct as it cannot be answered precisely with quantitative data.
- Variable is quality of vegetable.
- Price can be compared to competitors.