

Chapter 3 Notes

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MARKET RESEARCH

- Business activity that discovers information of use in making marketing decision
- It informs all aspects of the marketing process, with an organization needing to thoroughly understand the needs and wants of its target market

Types of Issues Marketers Face

- **Market Segmentation**
 - What is the segment's profile?
 - What does each segment most value?
 - Which segment should we target?
- **Sales Performance**
 - Why did we fail to meet our sales targets last financial year?
 - How can we improve sales?
- **Product**
 - What features should be included in our products?
 - How should we package our product?
 - How should we brand our product?
 - How should we position our product?
- **Distribution**
 - What type of retailer should be used?
 - What geographic region should we sell in?
 - Should we sell directly to consumers online?
 - How do we distribute our products?
 - What do our partners require?
- **Promotion**
 - How much should we spend on advertising?
 - In which media should advertising be placed?
 - What advertising appeals should be used?
 - Should we use sales promotions? When?
- **Pricing**
 - What price should be charged?
 - What response should be made to a competitor's pricing?
- **Attitudes and Behaviors**
 - What do our customers and clients think?
 - What do our customers and clients know about our product?
 - How do they feel about our competitor's products?
 - What do they buy?
 - When?
 - Where?
 - Who are our customers?

Market Information System (MIS)

- The structure put in place to manage information gathered during the usual operations of the organization

Market Research Process

1. Defining the research problem
2. Designing the research methodology
3. Collecting data in accordance with the research design

4. Analyzing data and drawing conclusions
5. Presenting the results and making recommendations

Before undertaking a market research project the following should be considered:

- **Relevance**
 - Market research should be able to address the problem at hand
- **Timing**
 - Market research is only of use if the information it generates can be analyzed ahead of the time at which the marketing decision needs to be made
- **Availability of resources**
 - Market research can consume a lot of time and money, the resources available for the company's disposable should be considered
- **Need for new information**
 - Market research should not be conducted if the information needed is already available or the decision to be made does not require or will not benefit from the type of information that market research can provide
- **Cost-benefit analysis**
 - The cost of market research should be assessed against the resultant benefit
 - Outcome should be more valuable

Market Research Problem

- **Research Problem**
 - The question that the market research project is intended to answer
 - Need to have a specific **target** (demographics)

Market Research Brief

- Outlines the research problem and describes the specific information required from the market research project
- A set of instructions and requirements that generally states the research problem and the information required, and specifies the timeframe, budget, and other conditions of the project
- **Market Research Brief Components**
 - **Executive Summary**
 - Provides an overview of the market research brief
 - **Introduction**
 - Explains why the research needs to be conducted and who is proposing the research
 - **Background**
 - Details the marketing problems that is currently faced, providing all known facts and referencing related projects that are known to the organization
 - **Problem definition**
 - States clearly the question that is to be addressed, including any objectives that have been set for the market research project
 - **Time and budget**
 - Details the amount of money the marketer is able to spend on the market research project and when the results are needed
 - **Reporting schedule**
 - Specifies the precise dates on which preliminary, interim, and final reports are required
 - **Appendices**
 - May be included to provide additional background information to further assist the design stage for the market research project

Research Design

- The detailed methodology created to guide the research project and answer the research question

Types of Research

1. **Exploratory Research**
 - Research intended to gather more information about a loosely defined problem
2. **Descriptive Research**
 - Research used to solve a particular and well-defined problem by clarifying the characteristics of certain phenomena
3. **Causal Research**
 - Research that assumes that a particular variable causes a specific outcome and then, by holding everything else constant, tests whether the variable does indeed effect that outcome

Hypothesis

- A tentative explanation that can be tested
- Generated from existing knowledge and from expectations about what the research project will discover

Types of Data

- **Secondary Data**
 - Data originally gathered or recorded for some purpose other than to address the current market research problem
 - May be held by the organization as part of its **MIS** or by some external organization company
- **Primary Data**
 - Data collected specifically for the current market research project

Research Methods

- **Quantitative Research**
 - Research that collects information that can be represented numerically
 - How much?
 - How many?
 - How often?
 - Useful for:
 - Assessing market size
 - Identifying market segments
 - Predicting the success of proposed market campaigns
 - Finding out about customer perceptions of the existing products
 - **Survey Methods**
 - **Interview-Led Surveys**
 - **Computer-assisted personal interviews (CAPI)**
 - In-person survey administered by an interviewer
 - **Computer-assisted telephone interviews (CATI)**
 - Administered by an interviewer over the telephone
 - **Self-Response Survey**
 - **Mail surveys**
 - A survey form is mailed to potential respondents along with instructions on how to complete and return form
 - **Online surveys**
 - Email or web-based surveys, completed online

- **Mobile surveys**
 - Android, BlackBerry, or iPhone survey, completed and returned on a handheld device
 - **Experiments** - manipulation of variables of interest while holding everything else constant in a bid to determine just what and how particular things affect behavior
 - **Observation** - studying people's behavior and the circumstances surrounding it
 - **Biometrics** - determining a participant's physiological response to certain stimuli
- **Qualitative Research**
 - Research intended to obtain rich, deep and detailed information about the attitudes and emotions that underlie the behaviors that quantitative research identifies
 - Used for exploratory research
 - Useful for:
 - Understanding customer needs
 - Evaluating potential new products
 - Testing promotional campaigns
 - Understanding customers
 - **Methods**
 - **Depth interview**
 - Researcher driven with questions to guide the interview
 - **Focus group**
 - A group of respondents are brought together, introduced to an idea, concept, or product, and their interactions observed
 - **Observation**
 - Recorded notes describing actual events

SAMPLING

- **Population**
 - All of the things (often people) of interest to the researcher in the particular research project
- **Sample**
 - The group chosen for the study
- **Probability Sampling**
 - A sampling approach in which every member of the population has a known chance of being selected in the sample that will be studied
 - Results can be considered to represent the entire population
- **Non-Probability Sampling**
 - A sampling approach that provides no way of knowing the chance of a particular member of the population being chosen as part of the sample that will be studied
 - Results can't be considered to represent the entire population

Sampling Methods

- **Probability Sampling**
 - **Random Sampling**
 - Each member of the entire population to be studied has an equal opportunity of being selected for the sample
 - **Stratified Sampling**
 - The population is divided into different groups based on some characteristics (e.g. age, sex, home state) and then from each of those groups a random sample is chosen. It is used when you expect there to be variations in characteristics between groups within the population

- **Non-Probability Sampling**
 - **Quota**
 - Divides the population into groups based on a number of characteristics and then arbitrarily chosen participants from each group. The group findings cannot be generalized.
 - **Convenience**
 - Participants are selected based on the basis of convenience. The simplicity of this approach makes it a tempting option, but findings cannot be generalized.

Sampling Error

- measure of the extent to which the results from the sample differ from the results that would be obtained from the entire population

Managing Data Collection

- Budgeting and scheduling should be planned and managed to ensure the most benefit derived from the investment in market research.
- a. An initial survey of secondary data may prompt the marketing organization to reassess the research problem definition
- b. A focus group might similarly prompt a reassessment of the problem or suggest some other piece of data to analyze that was not included in the original brief
- c. The initial data analysis might suggest some revision to the methodology for data collection requiring that part of the process to be reviewed

Data Analysis

- Once data has been collected, it needs to be filtered and organized
- May be required to perform some quality control

Drawing Conclusions

- Once data has been analyzed and patterns or trends identified, conclusions must be drawn and recommendations made

Reporting Findings

- Once data is analyzed and conclusions drawn, the findings must be presented in a format that will enable the marketing decision makers to use the information
- Involves a written report and a presentation
- **Written Report Segments**
 - **Cover Page**
 - Nothing the title of the study, date the report was prepared, the marketing organization and the name of the researcher
 - **Executive Summary**
 - Noting the research objectives, findings, conclusions, and recommendations (executive summaries must summarize the whole report)
 - **Table of Contents**
 - Enabling readers to easily find areas of interest in the report
 - **Introduction/Background**
 - States the marketing issue being studied and the research problem addressed by the subject
 - **Methodology**
 - Summarizes the research plan, any variations from the plan on the implementation, and the rationale for the approach taken (copy of actual surveys, interview questions and so on)

- **Findings**
 - Makes up the main body of the report, supported by tables and graphics as required, and making clear how the research answered the research questions
- **Statement of Limitations**
 - So that the research findings can be assessed in the context of the limitations that arose during the course of the research
- **Conclusions and Recommendations**
 - Concisely stating what has been concluded from the findings and recommending possible courses of action
- **Appendices**
 - To present detailed, often technical information