

Lecture 1: Introduction to Market Research- Chapters 1 & 2

- Marketing research is the business function that links an organisation to its markets through the generation of information that facilitates optimal solutions to decision problems

Targeting: Demographics including user profiles, usage patterns and attitudes

New Product Planning: Provide information for designing/developing new products; determine whether new or improved products should replace current products; assess appeal of alternative products; identify products that are preferred or actively sought

Pricing: How large is the demand potential within the target market? How sensitive is demand to change in price levels? What non-price factors are important? What are the sales forecasts at various price levels?

Marketing Communications: Advertising effectiveness studies, attitudinal research; sales tracking

Decision Problem

- Marketing research arises from decision problems, or situations in which management must decide which course of action to take
- Inadequate decision problem is the leading cause of failure of marketing research projects
- Decision problems can arise from:
 - **Strengths:** Organisations ability to attract clients willing to pay top price for high quality
 - **Weaknesses:** Ineffective marketing mix
 - **Opportunities:** Competitor has decided to exit the market
 - **Threats:** Changing laws, increases in direct competition, increased consumer demand

Examples of Decision Problems

- **Segmentation:** What are the most useful bases on which to segment this market?
- **Product:**
- **Pricing:** What will be the effect on sales if we increase price?
- **Marketing Communications:** What is the most effective media for our products? TV? Newspapers? Radio

What often appears to be a problem could just be a symptom of the true problem. For example, a decline in sales volume that follows a 10% decrease in the unit price is not the problem, but a symptom of poor pricing policy and associated analysis. Poor pricing policy is the real problem that requires decision making.

Problem Identification

Upon identification of the decision problem, you need to determine the scope for marketing research.

- Can the marketing research information tell the decision maker something not already known?
- Will the marketing research information provide significant insights?
- How valuable is the marketing research information once collected?

Further marketing research should only be conducted when the expected value of the information to be obtained exceeds the total cost of conducting the research

Research Types

Depending on the decision maker's purpose for the research, research falls into one of three types:

- **Ambiguous problem: Exploratory Research**
 - "Our sales are declining and we don't know why"
 - "Would people be interested in our new product idea?"
- **Partially defined problem: Descriptive Research**
 - "What kinds of people are buying our (competitor's) products?"
 - "What features do buyers prefer in our products?"
- **Clearly defined problem: Causal Research**
 - "Will buyers purchase more of our product in a new package?"
 - "Which of the two advertising campaigns is the most effective?"

Research Question

- Decision problems are broken down into an overarching research question or series of specific research questions
- Research questions are those specific who, what, when, where, why and how statements about the problem areas that the research will attempt to investigate
- Research questions have to be scientific and measurable

Example

NRMA has employed you to determine which factors are most likely to persuade customers to switch from NRMA to Youi for car insurance, and how satisfied current NRMA customers are with these factors.

What are some of the marketing research questions that are relevant?

Which factors do consumers consider important when they are deciding whether to commit to a particular car insurance policy?

- How satisfied are customers with these factors at NRMA?
- How satisfied are customers with these factors at Youi?
- Are there any importance–satisfaction gaps at either NRMA or Youi?
- Are NRMA customers willing to switch?

Marketing Research Stages- Only Second Chart is Assessable

Exhibit 1.2 Flowchart of the marketing research process

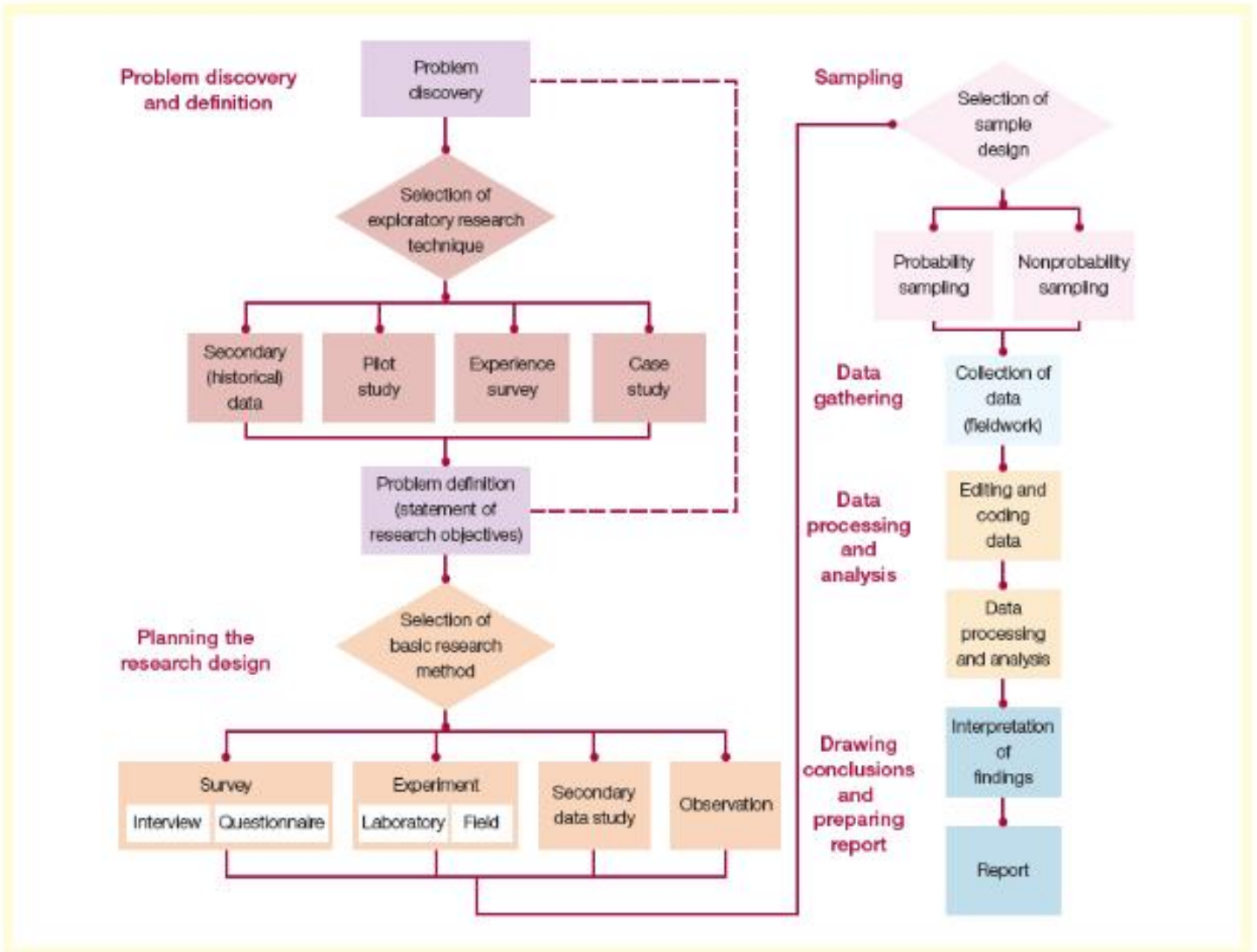
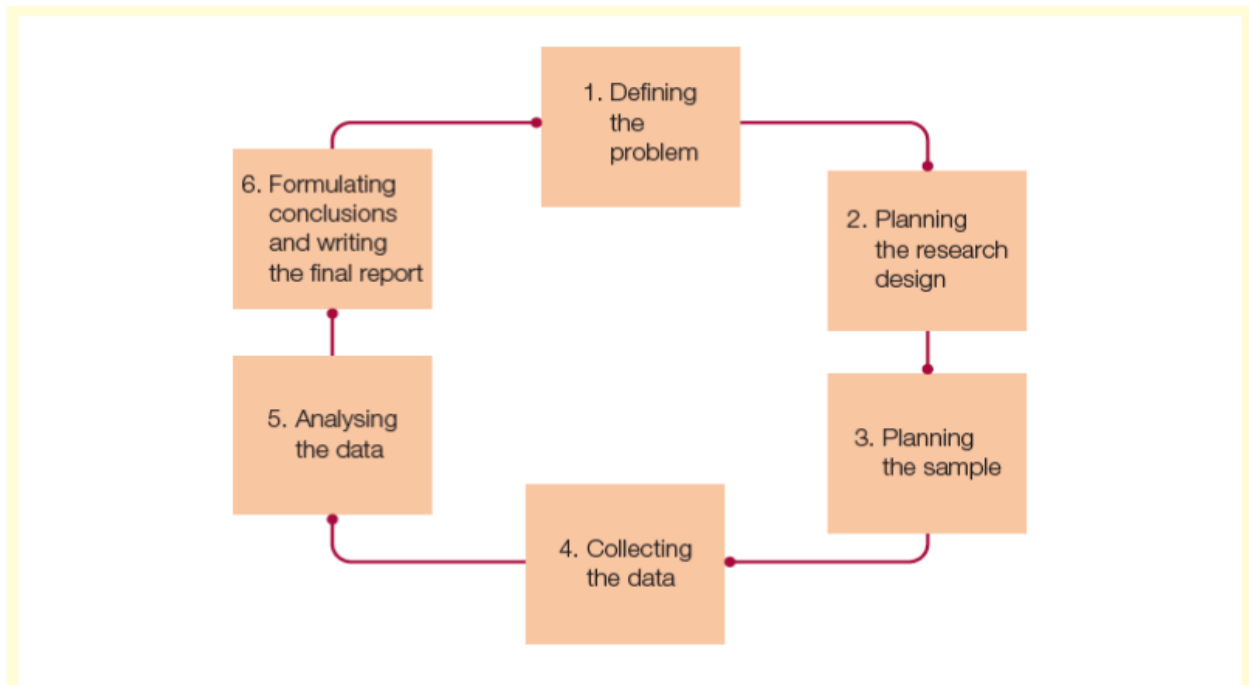


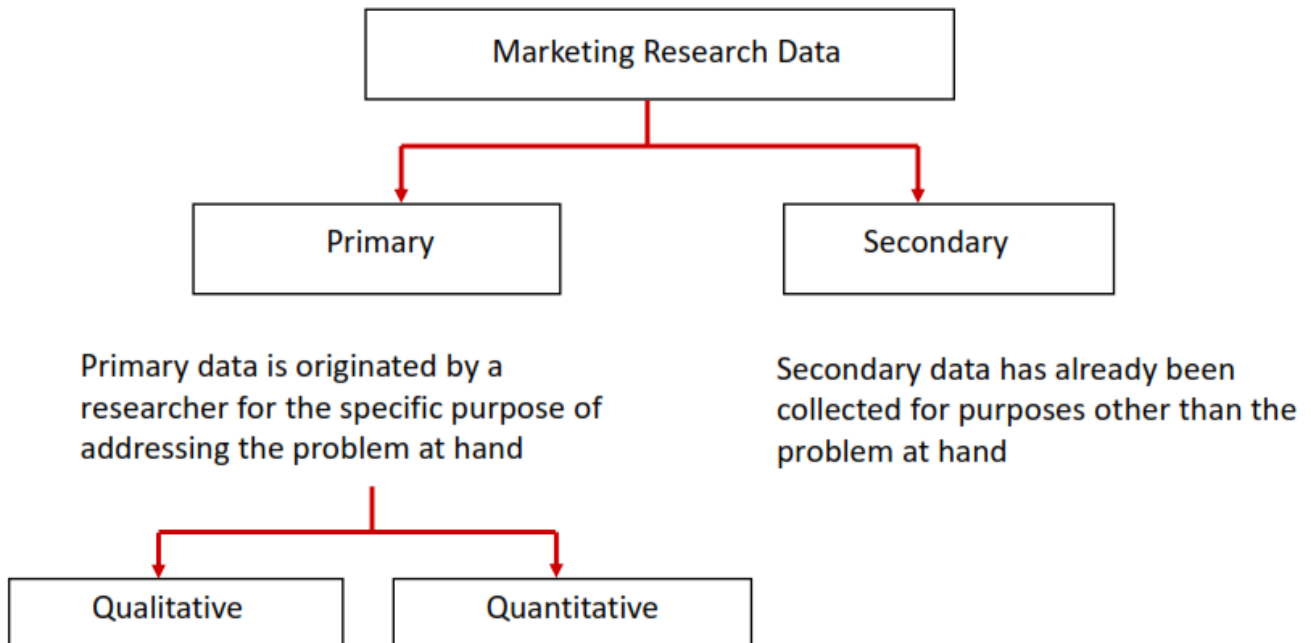
Exhibit 1.3 Stages in the research process



Lecture 2: Interviews, Focus Groups and Observation- Chapters 4, 5 & 6

Marketing Research Data

- Management is often faced with problem situations where important questions cannot be adequately addressed or resolved merely with secondary data
- Meaningful insights need to be gained through the collection of primary data
- Primary data is typically collected using a set of formal procedures in which researchers question or observe individuals and record their findings



Qualitative Research

- **Gain preliminary insights to decision problems and opportunities:**
 - Methods include probing, interviews, open ended or unstructured questions, observations and feedback. Preliminary insights are sometimes followed up with quantitative research to verify the qualitative findings
- **Applicable for exploratory research designs:**
 - When objectives focus on gaining background information, defining terms and establishing research priorities

Interviews

- Formalised process in which a well-trained interviewer asks a subject a set of semi structured questions in a face to face setting
- Can discover preliminary insights as to what the subject believes about a the topic of concern or why the subject exhibits certain behaviours
- Can obtain unrestricted and detailed comments that include feelings, beliefs or opinions that can help better understand the different elements of the subject's thoughts and the reasons why they exist

- **Hybrid interviews** are a combination of internet and phone interviewing, enables consumers to be exposed to visual and audio stimuli

Interviewing Techniques

- Collect attitudinal and behavioural dialogue through **probing questions**
 - “Can you give me an example of that?”
 - “Why do you say that?”
- Taking a subject’s initial response and using that response as the framework to the next question (probing question) in order to gain more detailed responses

Interview Types

- **Experience interviews:**
 - Interviews that refer to informal gatherings of individuals thought to be knowledgeable on the issues
 - Quickly gather information used to develop future research topics
- **Protocol interviews:**
 - Process where subject is placed in a decision making situation and is asked to express the process and activities undertaken to make a decision
 - Provides insights and understanding of motivational and or procedural activities within the overall decision making process
- **Articulative Interviews:**
 - Interviews that focus on listening for and identifying key conflicts in a person’s orientation values towards goods and services
 - Structured to elicit narratives as opposed to gaining factual truths

Focus Groups

- A formalised process of bringing a small group of people together for an interactive, spontaneous discussion on one particular topic or concept
- To gain insight into the topic of interest. Value of techniques lie in the unexpected findings often obtained from a free flowing group discussion.
- Focus groups used to address a variety of issues:
 - Understanding consumer’s perceptions, preferences and behaviour concerning a product category
 - Obtaining impressions of new product categories
 - Generating new ideas about older products
 - Developing creative concept and materials for advertisements
 - Obtaining consumer reactions to marketing programs

Focus Group Discussions

The success of the actual focus group session depends heavily on the moderator and his or her communication, interpersonal, probing, observation and interpretative skills. The moderator must be able to not only ask the right questions but also to stimulate and control the direction of the participants’ discussion over a variety of predetermined topics.

Focus Group Structure

- **Opening Question:** Round robin question designed to be answered rather quickly and to identify characteristics participants have in common. Preferably factual
- **Introductory Question:** Introduce general topic of discussion
- **Key Questions:** The questions you really want answers to. 2 to 5 max
- **Ending Questions:** Bring closure to the discussion, most common is the summary question

Focus Group Question Tips

- **Avoid dichotomous questions:** Questions answerable with a yes or no
- **Avoid asking “why”:** Has a sharpness or pointedness that reminds one of interrogation
- **Asked uncued questions first:** Open-ended, usually based on recent experiences or impressions
- **Cued questions second:** Questions that specify some topic or aspect of a topic

Focus Group Analysis

- **Words:** Variety of words and phrases; classify them based on similarity
- **Context:** Understand the context in which certain expressions are given; tones and intensity (voice inflection); nonverbal cues (body language)
- **Frequency of comments:** More people talk the same topic; some comments made more frequently
- **Intensity of comments:** Some topics with passion or deep feelings; changes in tone, speed and emphasis
- **Specificity of responses:** Responses with emotional first-hand experience are more intense

Projective Techniques

- To learn more about the respondents in situations where they might not reveal their true thoughts in a direct questioning process
- Indirect method of questioning that enables a subject to project beliefs and feelings onto a third party, into the task situation or an inanimate object
- The researcher uses the findings to look for hidden meanings and associations

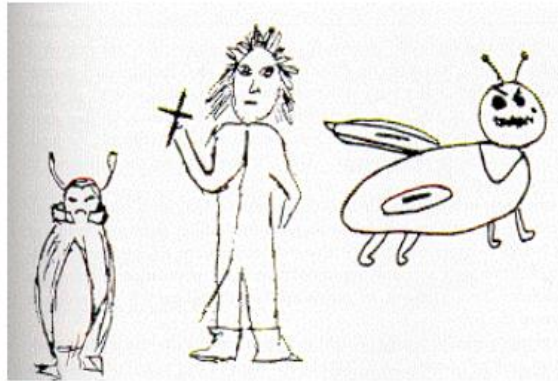
Examples:

- **Role playing:** The acting out or performance of a particular role, pertinent to the idea being put forward by the marketing company
- **Third person technique:** What would your friends think about someone who drives a Skoda
- **Word association:** What is the first thing that comes to mind when you hear the word “blackberry”
- **Sentence completion:** Complete the following sentences:
 - Woolworths is...
 - Woolworths should really...
 - I don't understand why Woolworths doesn't...

Thematic Apperception Test

- Respondents are given an image or a situation and asked to describe what happens before and after

McCann-Erickson advertising agency asked users of roach killers to create drawings of their prey.



From the drawings, the agency determined that roach spray sold better than insecticide disks since the users wanted control, and spray allowed them to actively kill the roach.

Observation

- The systematic activity of witnessing and recording events or behavioural patterns of people and other entities without directly communicating with them.
- Two elements required for observation:
 - A behaviour or event that is observable
 - A system of recording the behaviour or event

What Can Be Observed?

- **Behaviour or physical action:** Shoppers movement patterns in a store
- **Verbal behaviour:** Statements made by airline travellers who wait in line
- **Expressive behaviour:** Facial expressions, tone of voice and other forms of body language
- **Spatial relations and location:** How close visitors at an art museum stand to paintings
- **Temporal patterns:** How long fast food customers wait for their order to be served
- **Physical objects:** What brand name items are stored in consumer's pantries
- **Verbal or pictorial records:** Bar codes on product packages

Observation Considerations

- **Information:** Other data collection methods might lessen the data's accuracy and meaningfulness due to respondent's faulty recall