

Chapter 1 - Marketing Research: It's Everywhere!

I. Learning Objectives:

1. To develop some appreciation for the scope of marketing research in terms of:
 - a. the kinds of problems for which it is used.
 - b. what types of firms are doing it.
2. To examine how the marketing research activity is typically organized.
3. To develop some appreciation for the job opportunities available in marketing research.

II. Key Term:

marketing research

III. Chapter Outline:

- A. Introduction
- B. Role of marketing research
- C. Who does marketing research
- D. Organization of marketing research
- E. Job opportunities in marketing research
- F. Summary

IV. Discussion Suggestions

Time: 1 day

Learning Objectives Addressed: 1-3

1. Begin by reviewing the marketing concept, particularly with respect to what it implies in regard to the task of marketing management.
2. Next, turn to a discussion of the role marketing research can play to assist marketing management in fulfilling its assigned tasks. One slide provides the AMA's definition of marketing research. The fact that marketing research can be, and has been, used to shed light on such a variety of factors seems to surprise some students. The fact that marketing research is used for many studies other than asking potential consumers what they want deserves emphasis. It is particularly productive when instructors are able to detail at least some of the types of studies listed in the slides in terms of their own research and consulting experiences. An alternative is to simply ask students what might be involved in a particular type of study.
3. An alternative way of addressing the role played by marketing research is by emphasizing the management functions of planning, problem solving, and control, and by focusing on the typical questions addressed by marketing research with respect to each of these activities. The slides can be used to frame this discussion, although it helps again if instructors are able to elaborate some of the questions posed in the tables in the text in terms of their own research and consulting experiences.

4. Turn next to a discussion of who is doing marketing research. If the instructor wishes to mention the history and development of marketing research, this is a logical place to do it. The Honomichl supplementary reading provides some interesting background on the evolution of the industry. A discussion of the impact of the Internet on marketing research may be prompted using the slide that distinguishes doing research on the Internet vs. using the Internet as a tool in research.
5. Address next the question of organization of the research activity.
6. Discuss next the job opportunities available in marketing research. The slides list a variety of job titles and responsibilities in marketing research provides one mechanism for structuring the discussion. There is a brief list of the skill requirements for employment as a junior or entry-level marketing researcher. The final figure contains the chart of the top 20 global marketing research firms, which demonstrates to students the organizations' sizes, the students' awareness of many of the marketing research firms' "brand names," and the global presence of research firms.

V. Answers to Applications and Problems:

1. In general, marketing research can provide useful input for making a wide variety of marketing decisions. From this perspective, marketing research could be valuable for almost any kind of organization. Of course, it is important to view marketing research from a cost/benefit perspective (despite the fact that it is difficult to quantify the benefits). Depending upon the particular circumstances and situation, a manager may have enough information and background to make a decision without investing in marketing research. Nonetheless, marketing research (when viewed from a broad perspective) has the potential to be useful for any of the organizations listed in the question.

Specific observations follow. It is not possible to list every possible use of marketing research. Instead, some typical and salient uses are highlighted.

- a. A bank could use marketing research: 1) to understand more about its customers; 2) to generate data to segment the market; 3) to gather competitive intelligence; 4) to make forecasts about the macro-environment (including economic and political forecasts).
- b. Among other information needs, oil companies would be interested in: 1) information about their retail customers; 2) information that would help them determine which particular products and services to offer at retail locations; 3) competitive intelligence; 4) information about the macroenvironment (including long-run forecasts about energy prices, international political developments and trends).
- c. A retail shoe store with only one location may have less need for marketing research than some of the other organizations listed in the question. However, if this store were to consider expanding to a second location, then marketing research would be quite useful in guiding this store location decision (e.g., determining traffic counts, estimating sales and profits associated with various locations). Aside from this store location decision, a retail shoe store may want to study customer preferences so as to

guide their product line selection. Some low-cut research might be undertaken to determine the best way to promote the store and inform customers about special sales.

- d. A Mercedes dealership would be interested in information to guide their pricing and advertising decisions. Again, some low cost research could be done to evaluate alternative media vehicles and to determine the most efficient ways to promote the dealership and communicate with customers.
- e. A candidate for the U.S. congress is marketing him or herself as a product and is also marketing ideas. Research could provide input to position papers and could be used to identify the optimal media (including direct mail, door-to-door campaigning, broadcast advertising) to reach potential voters. Also, research could be used to identify segments of voters and their "hot buttons." Opinion polls are used to monitor a candidate's progress, as the campaign unfolds. Once elected, a congressional representative could use these same research techniques to keep abreast of constituents' concerns and opinions.
- f. The Los Angeles Lakers could use research input: 1) to make pricing decisions (for both season tickets and tickets for individual games); 2) to determine the best way to promote the team; 3) to determine what sorts of food, refreshments, and souvenirs that fans would like to buy at the arena; 4) to estimate sales and profits; 5) to plan the timing of special promotional nights (e.g., free posters, free hats for attending the game); 6) to determine the optimal location for selling tickets around the city; and 7) to study fans' concerns about parking or safety.
- g. A distributor of large screen televisions in Mexico City may be quite interested in obtaining secondary data from the manufacturer of the screen. Such information could: 1) help anticipate service problems; 2) construct a profile of likely customers; 3) provide input for setting prices; 4) generate input to guide the specification of marketing objectives; 5) suggest media vehicles; and so on. Of course, primary data could also be collected on these issues so as to better understand the idiosyncratic nature of the local market. Several of the questions about foreign markets discussed in Table 1.3 could be useful in this situation.
- h. An English Department could survey students (as customers) to provide input for scheduling courses. Also, information could be gathered from potential employers or graduate schools, so as to provide input for designing the curriculum. Students evaluations of teachers, courses, and books could also be viewed as a kind of marketing research (i.e., secondary data). Of course, some in the English Department may object to thinking of their students as customers and may want to emphasize other inputs (e.g., scholarship or values) when making important decisions which have the potential to shape the future of the department.
- i. A wheat farmer in Nebraska may have less need for marketing research than some of the other organizations discussed here. Nonetheless, a farmer may be interested in gathering information to help determine what specific crops to plant. Also, farmers require up-to-date information about crop prices, world weather patterns, and futures prices.

2. The development of a marketing program can begin with an evaluation of the environment. The organization must detect changes and keep continuous track of the changes. The environment was of immediate concern in both situations. In Situation I the company was unaware of the gradual change in the social and legal environment. Consumer activists and ecologists were concerned with the impact aerosol spray cans had on the environment which was leading the government to take legal action. The thrust of the marketing research study would be on assessing the social and legal environment.

In Situation II the university was concerned about the effects of government budget cuts. The political and legal environments were affecting its plans. The budget cuts would reduce the grants to the university and reduce student loans; both reductions could influence student enrollments. The thrust of the marketing research study would be to determine the effects of the environment (budget cuts) on student enrollments.

In both situations the reasons for doing a marketing research study and the emphasis of the study are on assessing the changing environment--either political, legal or social.

3. In both these situations the research is motivated by a "problem" and both the marketing research studies fall under the "problem-solving" category. In Situation I the issue is one of how to price a new product and the research effort will be directed towards solving this problem. Situation II, on the other hand, concerns the product's design or features and promotion of the product. The research effort will be directed towards these issues.

Both situations deal with the introduction of new products and the problems associated with their introduction. Thus, the research is motivated by and deals with a specific problem.

4. In this situation we find that data is being gathered unsystematically and inaccurately. The following points should be raised.
 - The questionnaires were distributed on short flights when in fact the company's target market was passengers on long flights as it certainly seems business people should be more likely to work on longer flights than shorter ones.
 - The survey was done prior to the Christmas vacation. This sample would include a number of vacationers and fewer business people, even though the latter is the target segment.
 - Placing the flight attendants in charge of "x" number of questionnaires could lead to the employees doing their normal jobs inadequately. More important to the research, it could result in the employees filling in the questionnaires themselves or forcing the questionnaires on the passengers in order to meet their quotas. The plan provides little in the way of sampling control as to which respondents receive questionnaires.
 - Including information apart from the major issue of the seating arrangement distracts from the main issue. This could lead to respondent fatigue and inaccurate responses.
 - Spending 20 minutes on a questionnaire on a flight that was less than an hour would lead to incomplete forms and hastily completed questionnaires.

- The research was a one-shot study and was not repeated.

All the above issues would result in the data being inaccurate and inadequate. A major decision of whether to renovate or not would be made on the basis of data that is inaccurately and unsystematically collected.

5. The basis of this question is that marketing research can be valuable to all firms, not just the larger, well-established firms. Many sources of information exist that require only the initiative and time to search out. While several possibilities for Lai's Asian Foods are listed below, instructors can encourage a "brainstorming" approach to this question and will no doubt be surprised by the originality and usefulness of some of the student suggestions.

Some possible sources of information for Mr. Lai include:

- Census data (ethnic demographics)
- Grocery trade associations
- Chamber(s) of Commerce
- Local ethnic associations
- Listings of other ethnic grocery stores in the projected trade area
- Listings of ethnic restaurants in the projected trade area
- Interviews with owners of ethnic grocery stores
- Wholesale/retail food service journals
- Informal focus groups (drawn from ethnic associations)

6. Answering this question will encourage students to think about both the academic preparation and work experience needed to compete for positions in the field of marketing research. Classroom discussion of the question can be used to reinforce the notion that marketing researchers are not just "number crunchers" and that strong skills in other business areas and related social sciences are also important. If your school offers a major in marketing research, it may be helpful to review the course of study required with your students.

Following are listings of general academic areas and work experiences that should appear in the student's answers. Specific courses and jobs will of course vary depending on the school and local work opportunities.

Academic preparation:

- Basic business courses in management, accounting, and finance
- A full slate of marketing courses
- Basic and intermediate psychology and sociology courses
- Public speaking courses
- Audio/visual presentation courses
- Applied statistics courses
- General computer literacy courses
- Research methods courses

Work Experience:

- Work involving human relations skills
- Work involving computer and/or data processing skills

Internships:

- Any firm with a strong marketing orientation

VII. Thorndike Sports Equipment Videocase 1 1

UNIT 1: Stop Tape after Scene One

- Objectives: 1. To introduce students to the video case format.
2. To ensure that students are placing themselves in Ted's position.

Question 1: If you were interviewing for a position as a research analyst with Thorndike Sports Equipment, what company research would you do to prepare for the meeting with Thorndike's president?

- Answer 1:
- General company research for information on:
 - Financial position
 - Products
 - Marketing
 - Annual reports
 - Check retail outlets carrying the company's products
 - Talk to retail salespeople about the company's brands and image
 - Research the company's major competitors
 - General industry information:
 - Mature, growth or decline
 - New entrants
 - Overseas competition
 - Social trends impacting the industry

2 - 4

UNIT 1: Stop Tape in Scene Four, right after Joyce explains her duties in customer service.

- Objective: To introduce the contribution that 800 numbers and customer service departments make to marketing research activities.
- Question 2: Would Joyce Hernandez's position be described as marketing research? Explain.
- Answer 2: While customer service is an important part of the marketing department and gathers important marketing information useful to marketing researchers, marketing research involves much more than simply noting down customer complaints.
- Question 3: Imagine that Luke, the President of Thorndike Sports, is boasting to you that the company is customer driven because of the existence of an 800 number, how would you respond to this statement?
- Answer 3:
- While the existence of an 800 number is an important first step in becoming more customer focused, the number in and of itself does not make the company "customer driven."

- The employees answering calls on the 800 number must be trained to ask questions so that the company can ascertain the cause of the compliments or complaints.
- The company must institute procedures to disseminate the customer information in usable form to the marketing and marketing research departments, product managers, and production supervisors, among others.

Question 4: What changes to the customer service department are necessary to make it an integral part of the research department?

- Answer 4:
- Staff must be trained to ask questions and probe for reasons behind dissatisfaction with product.
 - Marketing research needs to know more about the specific features of the product which are not satisfactory.
 - An example set of questions is listed below:
 1. I am sorry to hear that you are dissatisfied with the Thorndike Graphite Pro racquet, when did you purchase this racquet?
 2. Could you read me the batch numbers on the grip?
 3. From what dealer did you purchase?
 4. Is this the first racquetball racquet you have purchased?
 5. If no, what type of racquet did you have previously? What brand?
 6. What specifically did you find unsatisfactory with this racquet? Probe.
 7. Solve the problem: Would you prefer a full refund or new racquet?
 8. Have racquet shipped back to factory for further examination?

VIII. Student Exercises and Answers

Exercises

1. Visit a local business to determine if, and how, the business uses marketing research. You might want to use the questions in Table 1.2 as a rough interview guide. Write a report on your findings.
2. List the key attributes that an individual occupying the following positions must possess. Why are these attributes essential?
 - Senior analyst
 - Full-time interviewer
 - Research director

Answers

1. It is hard to anticipate what the students might find in their interviews. The important thing is for them to develop some appreciation for the scope of marketing research activities.
2.
 - Senior analyst: Some of the key attributes that a senior analyst might possess are:
 - analytical mind
 - research knowledge and skill

- good managerial skill

An analytical mind is essential since the senior analyst decides upon the appropriate techniques to be used, the final execution of the project and analysis of the findings. The analyst must pinpoint the issues and develop the necessary research plan. In order to effectively develop and implement the research plan, the analyst must possess the necessary marketing research know-how and up-to-date skills. Finally, the senior analyst must have managerial skills as he or she has to coordinate the entire research crew such as junior analysts, statisticians, and interviewers. The person's interpersonal skills are important since the senior analyst has to deal with superiors and juniors who may not have the necessary research skills.

- Interviewer: Some of the key attributes that an interviewer must possess are:
 - a pleasing appearance
 - characteristics such as tact, patience and persuasiveness
 - honesty

A pleasing appearance is important. The interviewer must possess tact, patience and be persuasive as respondents are frequently antagonistic towards interviewers. The interviewer must be able to win over the respondent. Honesty is a most vital attribute. It is possible for the interviewer to fake interviews which would result in inaccurate data. Data collection is a key to success of the research effort and if the data is inaccurate, the results will have little meaning.

- Research director: Some of the key attributes that a research director must possess are:
 - managerial skill
 - technical competence
 - creativity

Managerial skill is an essential attribute for a research director as he or she must effectively supervise the analysts and their respective research programs. In addition, the director has to deal with colleagues and clients who may have little knowledge of the research process and view the research personnel as "blind people groping in the dark." Technical competence is also a necessary attribute because the research director must be able to assess the quality of research studies from the initial to the final phases. Finally, creativity is necessary so that the research director can initiate and pursue new areas for research and can develop imaginative ways by which to address decision problems.