

Marketing Research
Chapter 1
The Role of Marketing Research
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

MARKETING RESEARCH – LECTURE 1

CHAPTER 1 – The Role of Marketing Research

LESSON 1

The Role of Marketing Research

Learning Objective 1.1 – The Nature of Marketing Research?

Business is really quite basic. Businesses must create products that consumers desire to purchase! This necessitates that consumers perceive the organization as offering important packages of perks. Several variables can alter this value, and successful businesses are those that comprehend the value equation. With this in mind, there are numerous essential questions whose solutions contribute to this comprehension.

1. What do you sell? This covers not just the readily apparent rewards, but also the deeper emotional ones, such as the comfort and relaxation of savoring a cup of excellent coffee in a good environment or the novelty of tasting a new jelly bean.
2. How do consumers perceive our business? Too frequently, businesses define themselves solely by the tangible thing they sell. A crucial consideration is with whom the customers will conduct business if they do not select your organization. How is Starbucks seen in comparison to its competitors? Who are the opponents? Is Starbucks in direct competition with Maxwell House, Seattle Drip, or something outside of the coffee industry, such as a local lounge? Are we perceived more or less favorably than our competitors?
3. What does our firm or product stand for? What do individuals know about the company and its products? Are they able to utilize them? Do they understand the variety of needs the organization can meet? What message do our packaging and advertising convey to consumers?

The answers to these questions require information. The objective of marketing research is to give information that facilitates the resolution of these difficulties, resulting in more informed and successful business decisions. With precise information, decisions can be made with less risk. It has been argued that "every business issue boils down to an information problem"; can the necessary information be provided? Hence, research is to provide accurate and trustworthy information that can enhance marketing strategy and management. The purpose of marketing research is to provide accurate

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information that reduces uncertainty in decision-making. Often, decisions are made with inadequate information for a variety of reasons, such as a lack of time to do research or the belief by management that sufficient information is already available. Without research, "seat-of-the-pants" decision making is analogous to placing a wager on a long shot horse because its name is intriguing. Infrequently, intuition without investigation leads to success, but in the long run it results in losses. Marketing research facilitates the move from intuitive information collection to methodical, objective analysis for decision makers.

Marketing Research Defined

Using the scientific method to discover the truth about marketing phenomena, marketing research applies the scientific method. This includes defining marketing possibilities and problems, producing and assessing marketing concepts, monitoring performance, and comprehending the marketing process. Marketing research extends beyond survey administration. This process involves the formulation of concepts and theories, problem definition, the search for and collection of information, the analysis of data, and the communication of the findings and their consequences. This concept implies that marketing research information is not acquired intuitively or at random. Research (research) literally means "to search again." The phrase denotes patient study and scientific investigation in which the researcher takes a second, more thorough look at the data to determine everything known about the topic. All conclusions ultimately relate back to marketing theory. With reference to the scientific method, the term also underlines that any knowledge generated must be accurate and objective. In order to identify the truth, the researcher must be objective and free of personal bias. Research is conducted not to validate previous notions, but to test them. If prejudice enters the research process, the research's value is significantly diminished.

Applied and Basic Marketing Research

The specificity of a study's objective is a helpful criterion for describing it. Applied marketing research addresses a specific marketing choice for a particular company or organization. Basic marketing research is undertaken without a specific choice in mind and typically does not address the requirements of a particular business. It seeks to broaden the boundaries of marketing knowledge in general and, as such, does not aim to solve a specific pragmatic problem. Basic research can be utilized to evaluate the validity of a general marketing theory (one that applies to all marketing) or to gain a deeper understanding of a market phenomenon.

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The Scientific Method

Whether fundamental or applied, every marketing research employs the scientific method. The scientific method is how scientists use information and evidence to arrive at objective conclusions about the actual world. In the social sciences, such as marketing, and the physical sciences, such as physics, the scientific process is identical. In this instance, it is how we comprehend marketing phenomenon. In the scientific method, there are numerous ways to generate ideas. When concepts can be articulated in words amenable to study, the hypothesis stage is reached. The next stage is to compare the hypothesis against empirical evidence (facts from observation or experimentation). The results either support or refute a particular hypothesis.

Learning Objective 1.2 – The Marketing Concept

A product-oriented company prioritizes decision-making in a manner that emphasizes the product's technical superiority. Therefore, the involvement of technicians and specialists in the sector is crucial for making crucial judgments. A company can be production-focused. When a company is production-oriented, it prioritizes the efficiency and efficacy of its production processes when making choices. As the company attempts to reduce expenses, the participation of engineers and accountants becomes essential. Typically, production-oriented businesses are very large, mass-manufacturing enterprises. In both of these perspectives, marketing research may play a secondary role.

When a company adopts the concept of marketing, it develops a marketing orientation. It requires management to

1. Be customer-oriented—meaning that all firm decisions are made with a conscious awareness of their effect on the consumer
2. Emphasize long-run profitability rather than short-term profits or sales volume
3. Adopt a cross-functional perspective, meaning that marketing is integrated across other business functions.

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Customer Orientation

According to the marketing concept, the consumer is at the heart of the operation, serving as the pivot around which the firm pivots to strike a balance between the best interests of all parties involved. In accordance with this idea, the company designs products and services with the needs of consumers in mind. Several marketing theorists and marketing managers feel that a company's raison d'être is the production of value for consumers.

Long-Run Profitability

Consumer focus does not include submitting to consumers' every desire. The marketing concept presupposes the continued existence of the company. Starbucks would likely be much more popular if the average price of a cup of coffee was thirty cents as opposed to three dollars. Yet, the production expenses of the coffee and the personnel costs connected with maintaining the Starbucks environment far exceed this amount. Hence, Starbucks would have likely failed if it had sought to meet the demand for low costs. In contrast to a focus on production, Starbucks has arguably the greatest cost profile among national coffee chains. The second part of the marketing philosophy argues against volume without profit or sales volume for volume's sake. Sometimes, the sale that is not made is the wisest decision for both the customer and the company in the long term. A seller of parts, for instance, may be able to mislead a customer regarding the relative quality of the parts he or she supplies in order to make a quick sale. But, if the parts break sooner than anticipated, it is likely that the consumer will not do business with this company again. If the supplier's salesperson had been forthright and suggested another source, he or she might have another chance to do business with the company.

A Cross-Functional Effort

Marketing personnel do not work in a vacuum, isolated from other company activities. The actions of people in areas such as production, credit, and research and development may affect an organization's marketing efforts. Similarly, the work of marketers will affect activities in other departments. Problems are almost certain to arise from lack of an integrated, company-wide effort. The marketing concept stresses a cross-functional perspective to achieve consumer orientation and long-term profitability.

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Keeping Customers and Building Relationships

Marketers frequently emphasize customer acquisition, but customer retention is equally crucial. Effective marketers cultivate long-lasting relationships with their customers. The term relationship marketing conveys the notion that a primary objective of marketing is to foster long-term, mutually beneficial relationships with customers. Effective marketing emphasizes managing the relationships that will result in additional exchanges after an initial transaction. Successful marketers regard the completion of a transaction as the beginning of their organization's relationship with a customer. When they need to purchase the same product in the future, satisfied customers will return to a company that treated them well. If they need a related product, satisfied customers know where to look first. Total quality management is a business philosophy that shares many similarities with marketing. It expresses the belief that the management process must prioritize integrating customer-driven quality throughout the entire organization.

Learning Objective 1.3 – The Managerial Value of Marketing Research for Strategic Decision Making

The most important managerial benefit of marketing research is that it reduces uncertainty and helps decisions on marketing strategies and tactics to meet an organization's strategic objectives. There are four steps in developing and implementing a marketing strategy:

1. Identifying and evaluating market opportunities
2. Analyzing market segments and selecting target markets
3. Planning and implementing a marketing mix that will provide value to customers and meet organizational objectives
4. Analyzing firm performance

Identifying and Evaluating Opportunities

Marketing research is capable of analyzing the competitive environment for indicators of business opportunities. A simple description of some social or economic activity, such as patterns in consumer purchase behavior, can assist managers in recognizing problems and identifying possibilities to enhance marketing efforts. In some instances, this research might inspire a company to meet consumer desires in a way that benefits both the customers and the company. Occasionally, analyzing prospects may include

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humdrum tasks such as monitoring weather trends. Customers have a bodily desire to maintain a certain level of comfort.

PRODUCT RESEARCH

There are numerous types of product research, including evaluation and development of new products and adaptation of existing product lines. Concept testing exposes potential clients to a novel product concept in order to evaluate its acceptability and viability. Product testing exposes the strengths and limitations of a product prototype or determines whether a finished product performs better than competing brands or as expected. Brand evaluation studies determine whether a product's name is appropriate. Testing a package evaluates its size, color, shape, usability, and other characteristics. Product research comprises all marketing research applications that strive to establish consumer-value-adding product features.

PRICING RESEARCH

Price research is inherently concerned with consumer perceptions of quality. A significant amount of research examines consumer reactions to low costs and demonstrates that, in many circumstances, prices might be too low. In other words, sales can drop rather than increase when prices are reduced.

DISTRIBUTION RESEARCH

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PROMOTION RESEARCH

Promotion is the firm's communication function tasked with informing and convincing buyers. Research on promotion examines the efficacy of advertising, prizes, coupons, sampling, discounts, public relations, and other sales promotions. Nonetheless, companies devote the most time, money, and effort to advertising research.

THE INTEGRATED MARKETING MIX

Today's marketing progressively emphasizes the notion that promotional selections cannot be undertaken in isolation. Instead, the notion of integrated marketing communication is used, which means that all promotional efforts (advertising, public relations, personal selling, event marketing, etc.) should be coordinated to convey a unified message. Similarly, marketing organizations understand that the pieces of the marketing mix must work cohesively.

Analyzing Marketing Performance

This part of marketing research is crucial for effective total value management, which aims to manage the entire process through which a consumer receives advantages from a company. Performance monitoring research refers to research that consistently, if not constantly, provides input for marketing activity evaluation and control.

Learning Objective 1.4 – When is Marketing Research needed?

The need to make knowledgeable, well-informed judgments is the driving force behind marketing research. Not all decisions necessitate marketing research. Hence, when confronted with a crucial decision, a marketing manager must determine whether or not to perform marketing research. The necessity of marketing research is determined by (1) time restrictions, (2) the availability of data, (3) the nature of the choice to be taken, and (4) the cost-effectiveness of the research information.

Time Constraints

Systematic inquiry requires time. In many circumstances, management thinks that an immediate decision must be made, with no time for investigation. Occasionally, decisions are made without sufficient knowledge or a comprehensive understanding of market conditions.

Availability of Data

This necessitates the collection of data from the relevant source. If a prospective data source exists, managers will want to know the cost of obtaining the data. This particular research project should not be done if the data cannot be gathered or cannot be obtained in a timely manner. Many African governments, for instance, have never undertaken a population census.

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Nature of the Decision

Depending on the nature of the managerial choice to be taken, marketing research will be of varying utility. A typical tactical decision that does not necessitate a major investment may not appear to deserve a significant marketing research spend.

Benefits versus Costs

There are expenses and rewards associated with performing marketing research. Previously, we explored several managerial benefits of marketing research. Obviously, undertaking research to get these advantages demands financial investment. In any decision-making circumstance, managers must identify various courses of action and then evaluate the value and cost of each option. Marketing research might be viewed as an alternative investment. Managers should ask three questions when considering whether to make a choice without conducting research or to postpone the decision in order to perform research.

1. Will the payoff or rate of return be worth the investment?
2. Will the information gained by marketing research improve the quality of the marketing decision enough to warrant the expenditure?
3. Is the proposed research expenditure the best use of the available funds?

Learning Objective 1.5 – Marketing Research in the Twenty-First Century

Marketing research, like all other company activities, is constantly evolving. Developments in communication technologies and the tendency toward an increasingly globalized marketplace have played a significant role in a number of these alterations.

Communication Technologies

Nowadays, we can communicate information virtually immediately from almost anyplace in the globe to almost anywhere else in the world. Internet connections are now wireless, so users can access the Internet without being attached to a wall. Modern mobile phones and handheld data devices can be used not just for conversation, but also as a means of communication that might include market research information. In many instances, technology has made data storage and collection less expensive than in the past. Electronic communications are typically less expensive than traditional mail and certainly less expensive than an in-person interview, and cost around the same regardless of the respondent's distance

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from the researcher. Hence, the phrases "time is collapsing" and "distance is receding" convey the revolutionary change in the speed and reach of contemporary communication systems. The evolution of computer technology has facilitated the collection and processing of data.

Global Marketing Research

As more and more businesses take advantage of marketplaces with few or no geographical limits, marketing research has become increasingly global. Several businesses conduct substantial foreign market research. Upjohn carries out marketing research in 160 countries. ACNielsen International, renowned for its television ratings, is the largest market research firm in the world. Two-thirds of its revenue originates from international markets. Starbucks is currently available in practically every developed nation on earth.

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Progress Check:

Requirements:

1. Due Date : _____
2. Essay format, minimum of 20 words and maximum of 100 words.
3. Format



4. Rubrics (40 points)

Criteria	Below Expectations	Proficient	Exemplary
Reasoning and Analysis	Weak reasons and/or irrelevant or confusing reasons given that don't support the answers; incomplete answers.	Reasons support answers with some / an important reason(s) overlooked; general examination and assessment.	Clear and accurate answers; insightful, specific.
Focus on Topic	Some of the documentation relates to the assigned topic; misuses or uses	The answers are not as detailed and/or concise as needed; and/or use limited course vocabulary.	Answers address the questions clearly and fully, showing higher level analysis and synthesis of concepts and uses course vocabulary.

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	limited course vocabulary.		
Accuracy of Facts and Citations	No direct quotes or "work consulted" used or referred to in the paper. Incorrect facts and / or citations.	All facts are accurate and relate back to the answer, yet there was a disproportionate amount of opinion based statements then facts. Provided 2-5 citations throughout paper using the text, interview and or other related documentation.	All facts are accurate and relate back to the answer. Provided 2-5 citations throughout paper using the text, interview and or other related documentation.
APA	No works cited.	Works cited is not formatted in the correct APA style.	Works cited is formatted in the correct APA style.
Mechanics/ Organization	Numerous errors, paper hard to read; questions are not stated before answers; format details are not adhered to.	Enough errors to distract the reader; organization problems; questions not stated before answers; and / or format difficult to navigate.	Use of correct grammar, spelling, and punctuation; well organized; one idea follows another in a logical sequence with clear transitions; questions stated before answers; format easy to navigate.
Timeliness	On time	late	No points

Questions

1. Explain why marketing research is essential to business success.
2. Define marketing research.
3. Identify the difference between applied and basic research.

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Answer

1. Despite the fact that many business decisions are made "by the seat of the trousers" or based on a manager's intuition, this style of decision-making entails a high degree of risk. A corporation can make a more educated decision by conducting research and accumulating knowledge on consumers, rivals, and the market before reaching a conclusion. The outcome is less risky choice making. Marketing research is the corporate intelligence gathering role. The intelligence consists of knowledge about customers, competitors, economic trends, employees, and other variables that influence marketing success. This intelligence helps with judgments ranging from long-term planning to tactical decisions made in the immediate future.
2. Marketing research is the application of the scientific method to the investigation of marketing phenomena in quest of truth. Research must be conducted methodically, not randomly. To avoid the distorting effects of personal prejudice, it must be objective. The rigor of marketing research might be compromised by the budget and time restrictions associated with a particular business decision.
3. The objective of applied marketing research is to facilitate managerial decision-making. Pure or fundamental research aims to expand knowledge of theories and concepts. Both are essential. This material focuses more commonly on applied research.

Quiz 1

True or False

1. Marketing can help a company achieve the goal of creating valuable experiences for customers.
2. The marketing orientation is a central idea in modern marketing thinking that focuses more on how the firm provides value to customers than on the physical product or production process.
3. The marketing concept is the corporate culture existing for firms adopting the marketing concept. It emphasizes customer orientation, long-term profitability over short-term profits, and a cross-functional perspective
4. The notion that quality improvement is every employee's job must be integrated throughout the organization so that marketing and production will be in harmony.

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5. Marketing research decrease sales efficiency through effective use of market data.
6. Marketing ideas can be used to support specific decisions about aspects of the marketing mix.
7. Marketing research is the intelligence-gathering function in business.
8. Marketing research's function is to supply information that helps answer questions, thereby leading to more informed and more successful business decision making.
9. The techniques of basic and applied research differ largely in degree rather than in substance
10. Marketing research is the intelligence-gathering function in business.

Answer

1. F
2. F
3. F
4. T
5. F
6. F
7. T
8. T
9. T
10. T