

Marketing Research

Chapter 1 The Role of Marketing Research

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LEARNING OUTCOMES

After studying this chapter, you should

1. Understand how marketing research contributes to business success
2. Know how to define marketing research
3. Understand the difference between basic and applied marketing research
4. Understand how marketing research activities can be used to address decisions in each marketing mix dimension
5. Be able to integrate marketing research results into the strategic planning process

LEARNING OUTCOMES (cont'd)

After studying this chapter, you should

6. Know when marketing research should and should not be conducted
7. Appreciate the way that technology and internationalization is changing marketing research

The Nature of Marketing Research

- Understanding the Value Equation
 - Companies must produce bundles of benefits that consumers will view as valuable.
 - Key questions:
 - What do we sell?
 - How do consumers view our company?
 - What does our company/product mean?
 - What does our company/product mean?
 - Marketing research can help a company achieve the goal of creating valuable experiences for customers.

The Nature of Marketing Research

- Marketing research is one of the principal tools for answering questions because it:
 - Links the consumer, customer, and public to the market through information used to identify and define marketing
 - Generates, refines, and evaluates marketing actions
 - Monitors marketing performance
 - Underlines the understanding of marketing as a process

Marketing Research

- Marketing Research Defined
 - The systematic and objective process of generating information for aid in making marketing decisions
- The process includes:
 - Specifying what information is required
 - Designing the method for collecting information
 - Managing and implementing the collection of data
 - Analyzing the results
 - Communicating the findings and their implications

Applied and Basic Marketing Research

- Applied Research
 - Research conducted to address a specific marketing decision for a specific firm or organization.
- Basic Research
 - Research conducted without a specific decision in mind that usually does not address the needs of a specific organization.
 - Attempts to expand the limits of marketing knowledge in general
 - Is not aimed at solving a pragmatic problem.

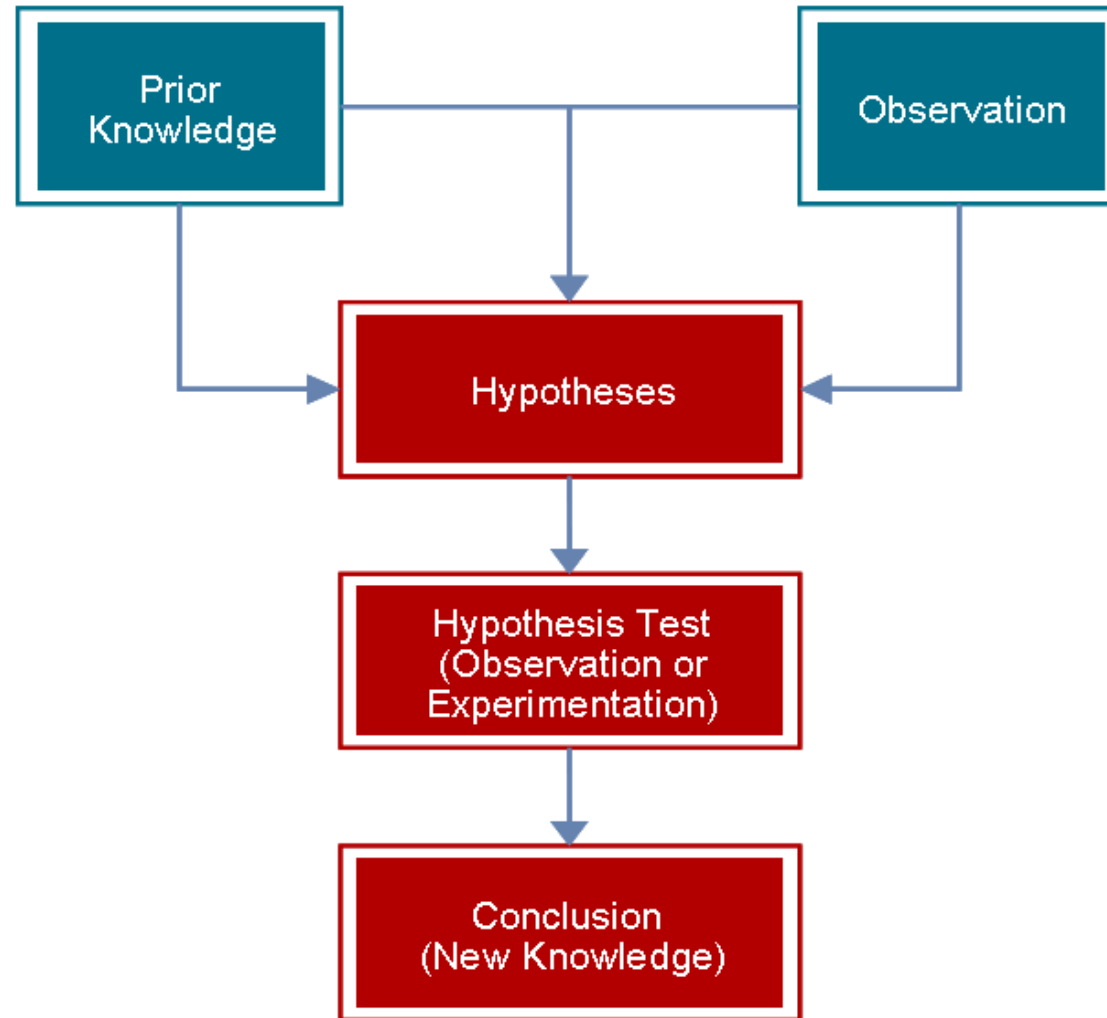
Marketing Research Examples

- Applied Research:
 - Should McDonald's add Italian pasta dinners to its menu?
- Basic Research:
 - Do consumers experience cognitive dissonance in low-involvement situations?

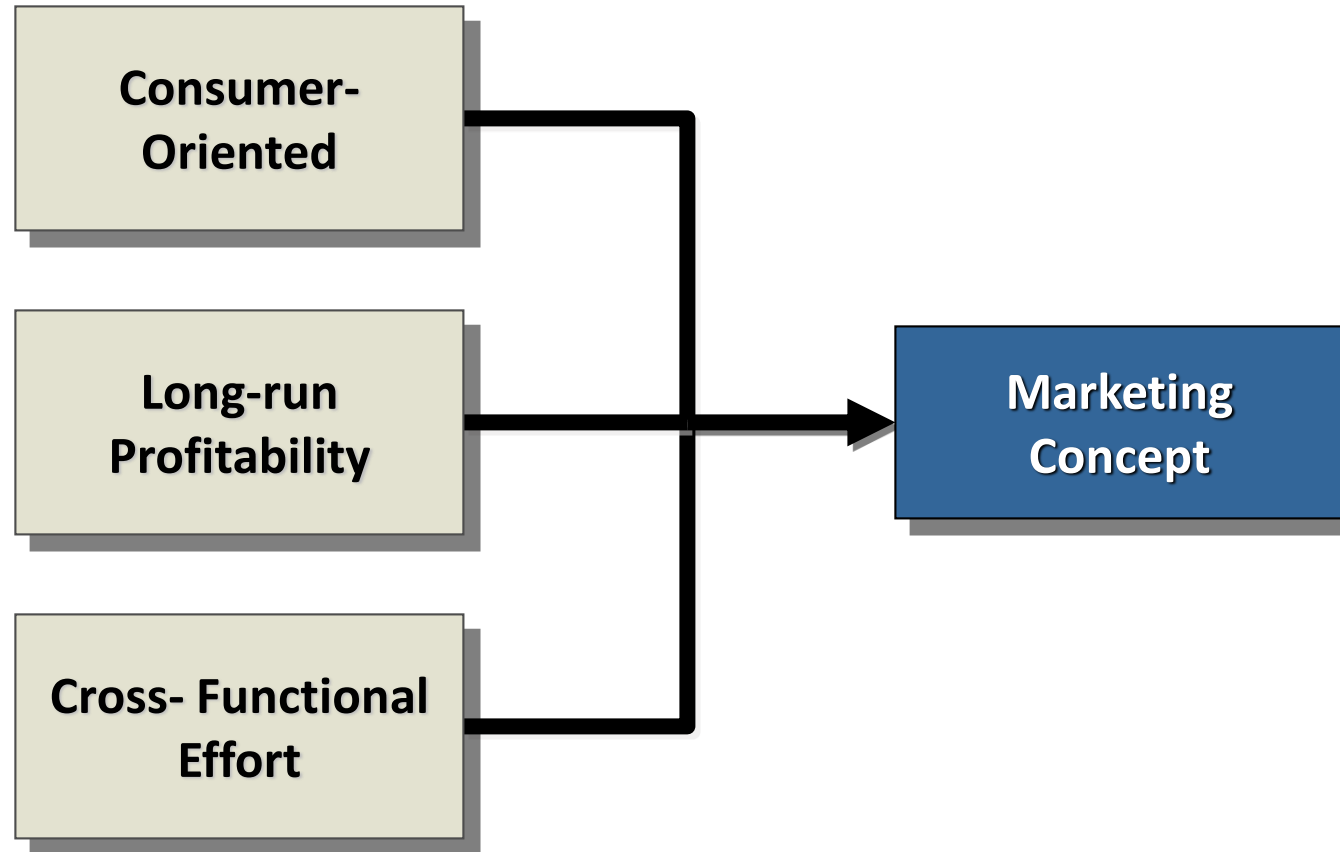
The Scientific Method

- Scientific Method
 - The way researchers go about using knowledge and evidence to reach objective conclusions about the real world.
 - The analysis and interpretation of empirical evidence (facts from observation or experimentation) to confirm or disprove prior conceptions

EXHIBIT 1.1 A Summary of the Scientific Method



Adopting the Marketing Concept



The Marketing Concept

- Marketing Concept
 - A central idea of marketing that involves focusing on how the firm provides value to customers more than on the physical product or production process
 - Customer-oriented—decisions are made with a conscious awareness of their effect on the consumer.
 - Emphasis on long-run profitability rather than short-term profits or sales volume.
 - Cross-functional perspective—marketing is integrated across other business functions.

Business Orientations

- **Product-oriented Firm**
 - A firm that prioritizes decision making in a way that emphasizes technical superiority in the product
- **Production-oriented Firm**
 - A firm that prioritizes efficiency and effectiveness of the production processes in making decisions

Product-Oriented Firm

Prioritizes decision making that emphasizes the physical product design, trendiness or technical superiority

Example

The fashion industry makes clothes in styles and sizes that few can adopt.

Little consumer research

Production-Oriented Firm

Prioritizes efficiency and effectiveness of the production processes in making decisions

Example

U.S. auto industry's assembly-line process is intent on reducing costs of production as low as possible.

Little consumer research

Marketing-Oriented Firm

Focuses on how the firm provides value to customers

Example

Well known hotel chains are designed to address the needs of travelers, particularly business travelers.

Much consumer research

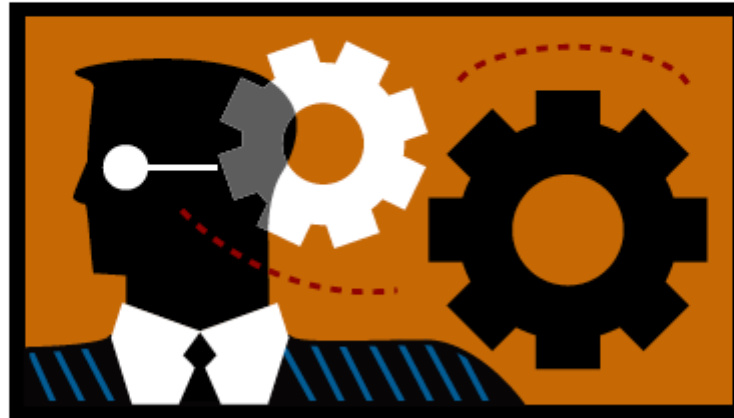
EXHIBIT 1.3 Long-Run Profitability

Goods

Gas
Corn
Tools

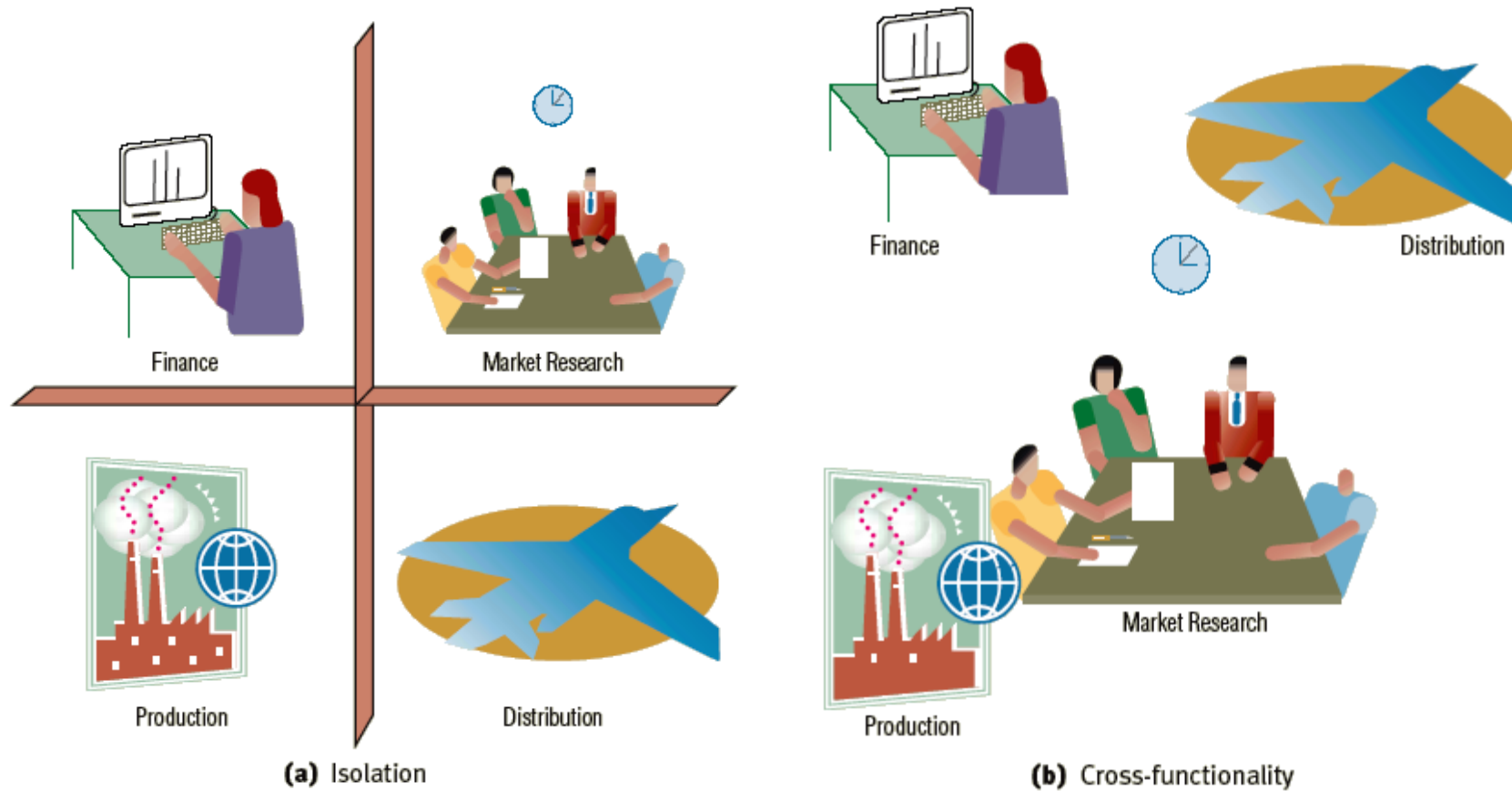
Services

Day Care
Spas
Internet Service
Provider



Must Meet Customers' Desires, Beliefs,
Attitudes

EXHIBIT 1.4 Isolation versus Cross-functionality of Marketing in a Firm



Keeping Customers and Building Relationships

- Relationship Marketing
 - The idea that a major goal of marketing is to build long-term relationships with the customers contributing to their success.
 - A sale not as the end of a process but is the start of the organization's relationship with a customer—marketers want customers for life.
 - Managing the relationships that will bring about additional exchanges—satisfied customers will return to a company that has treated them well.

Total Quality Management

- Total Quality Management
 - A business philosophy that has much in common with the marketing concept.
 - Focuses on integrating customer-driven quality throughout the organization by evaluating itself through the eyes of the customer.
 - Stresses continuous improvement—quality improvement is every employee's job

Marketing Research: A Means for Implementing the Marketing Concept

- Marketing research can help:
 - maximize customer satisfaction with purchase
 - identity after-sale services
 - prevent commercialization of products that are not consumer-oriented
 - identify optimal pricing to maximize profitability
 - increase sales efficiency through effective use of market data.

The Managerial Value of Marketing Research for Strategic Decision Making

- Developing and implementing a marketing strategy involves four stages:
 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

- Monitoring the competitive environment for signals indicating a business opportunity:
 - Helps managers recognize problems and identify opportunities for enriching marketing efforts
 - Motivates a firm to take action to address consumer desires in a way that is beneficial to both the customers and to the firm.
 - Identifies changes in customer needs, uses, and demand for products.

Analyzing and Selecting Target Markets

- Geo-Demographics
 - Refers to information describing the demographic profile of consumers in a particular geographic region.
 - Jobs.
 - Once the company knows the geo-demographics of a market segment, it can effectively communicate with those customers by choosing media that reach that particular profile.
 - Example: *Architectural Digest* magazine

Planning and Implementing a Marketing Mix

- Marketing research can be used to support specific decisions about aspects of the marketing mix.
- It is essential that an overall research plan involve all elements of marketing strategy.

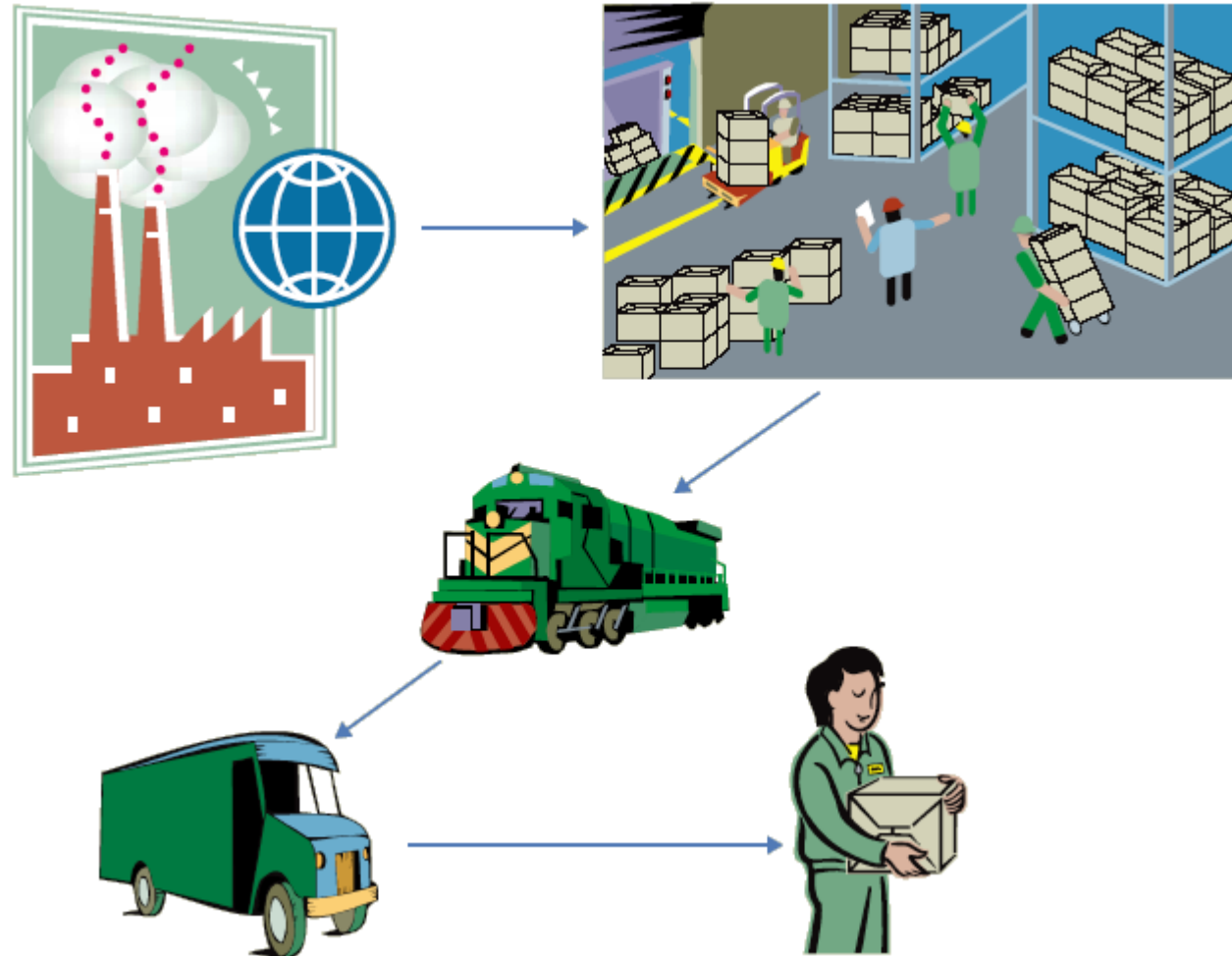
Types of Marketing Mix Research

- Product Research
 - All applications of marketing research that seek to develop product attributes that will add value for consumers.
 - Concept testing
 - Brand-name evaluation
 - Package testing
- Pricing Research
 - Involves finding the amount of monetary sacrifice that best represents the value customers perceive in a product after considering various market constraints.

Types of Marketing Mix Research (cont'd)

- Distribution Research
 - Studies aimed at selecting retail sites or warehouse locations in support of the distribution channel.
 - Marketing Channel
 - A network of interdependent institutions that perform the logistics necessary for consumption to occur.
 - Supply Chain
 - Another term for a channel of distribution, meaning the link between suppliers and customers.

EXHIBIT 1.5 Distribution Channels



Types of Marketing Mix Research (cont'd)

- Promotion Research
 - Investigates the effectiveness of advertising, premiums, coupons, sampling, discounts, public relations, and other sales promotions.
 - **Media research** helps businesses make decisions about which media alternatives are best suited to convey the intended message.
 - **Promotion**—the communication function of the firm responsible for informing and persuading buyers.

The Integrated Marketing Mix

- Integrated Marketing Communication Concept
 - All promotional efforts (advertising, public relations, personal selling, event marketing, and so forth) are coordinated to communicate a consistent image.
- Integrated Marketing Mix
 - Research studies often investigate the effects of various combinations of marketing mix elements on important outcomes like sales and image.

Analyzing Marketing Performance

- Total Value Management
 - Trying to manage and monitor the entire process by which consumers receive benefits from a company.
- Performance Monitoring Research
 - Research that regularly, sometimes routinely, provides feedback for evaluation and control of marketing activity.
 - “What went right/wrong and why?”
- Marketing Metrics
 - Quantitative ways of monitoring and measuring marketing performance.

When is Marketing Research Needed?

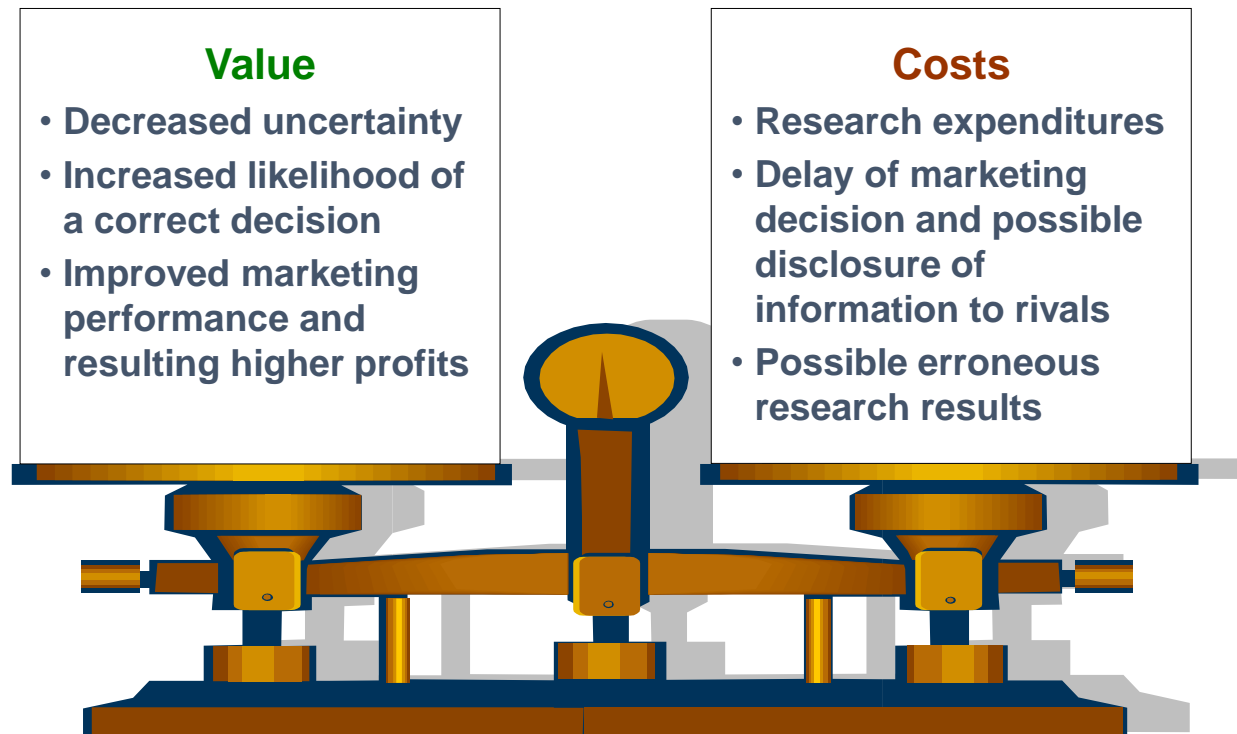
- The determination of the need for marketing research centers on:
 1. Time constraints
 2. The availability of data
 3. The nature of the decision to be made
 4. Benefits versus costs (the value of the research information in relation to costs).
 - a. Will the payoff or rate of return be worth the investment?
 - b. Will the information improve the quality of the marketing decision enough to warrant the expenditure?
 - c. Is the expenditure the best use of the available funds?

EXHIBIT 1.6 Determining When to Conduct Marketing Research

Time Constraints	Availability of Data	Nature of the Decision	Benefits versus Costs	
Is sufficient time available before a decision will be made? No ↓	Can the decision be made with what is already known? No ↓	Is the decision of considerable strategic or tactical importance? No ↓	Does the value of the research information exceed the cost of conducting research? No ↓	Conduct Marketing Research Yes →
Do Not Conduct Marketing Research				

Value versus Costs

- Potential Value of a Marketing Research Effort Should Exceed Its Estimated Costs



Marketing Research in the 21st Century

- Communication Technologies
 - Increasing globalization
 - Always “connected”—time, place, and distance are irrelevant.
 - Decreases in information acquisition, storage, access, and transmission costs
- Global Marketing Research
 - Business research is increasingly global.
 - Market knowledge is essential:
 - General information about a country’s economic conditions and political climate
 - Cross-validation of cultural and consumer factors
 - Market and competitive conditions—demand estimation

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Thank you very much