

Marketing Research

Chapter 3 The Marketing Research Process

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LEARNING OUTCOMES

After studying this chapter, you should

1. Be able to define decision making and understand the role research plays in making decisions
2. Classify marketing research as either exploratory research, descriptive research, or causal research
3. List the major phases of the marketing research process and the steps within each
4. Understand the concepts of theory and hypothesis and the critical role they play in research
5. Be able to explain the difference between a research project and a research program

Introduction

- Key ways in which researchers contribute to decision making:
 1. Helping to better define the current situation
 2. Defining the firm—determining how consumers, competitors, and employees view the firm
 3. Providing ideas for product improvements or possible new product development
 4. Testing ideas that will assist in implementing the marketing mix strategy for the firm
 5. Examining how correct a certain marketing theory is in a given situation

Decision Making Terms

- Market Opportunity
 - A situation that makes some potential competitive advantage possible.
- Market Problem
 - A situation that makes some significant negative consequence more likely.
- Symptoms
 - Observable cues that serve as a signal of a problem because they are caused by that problem.

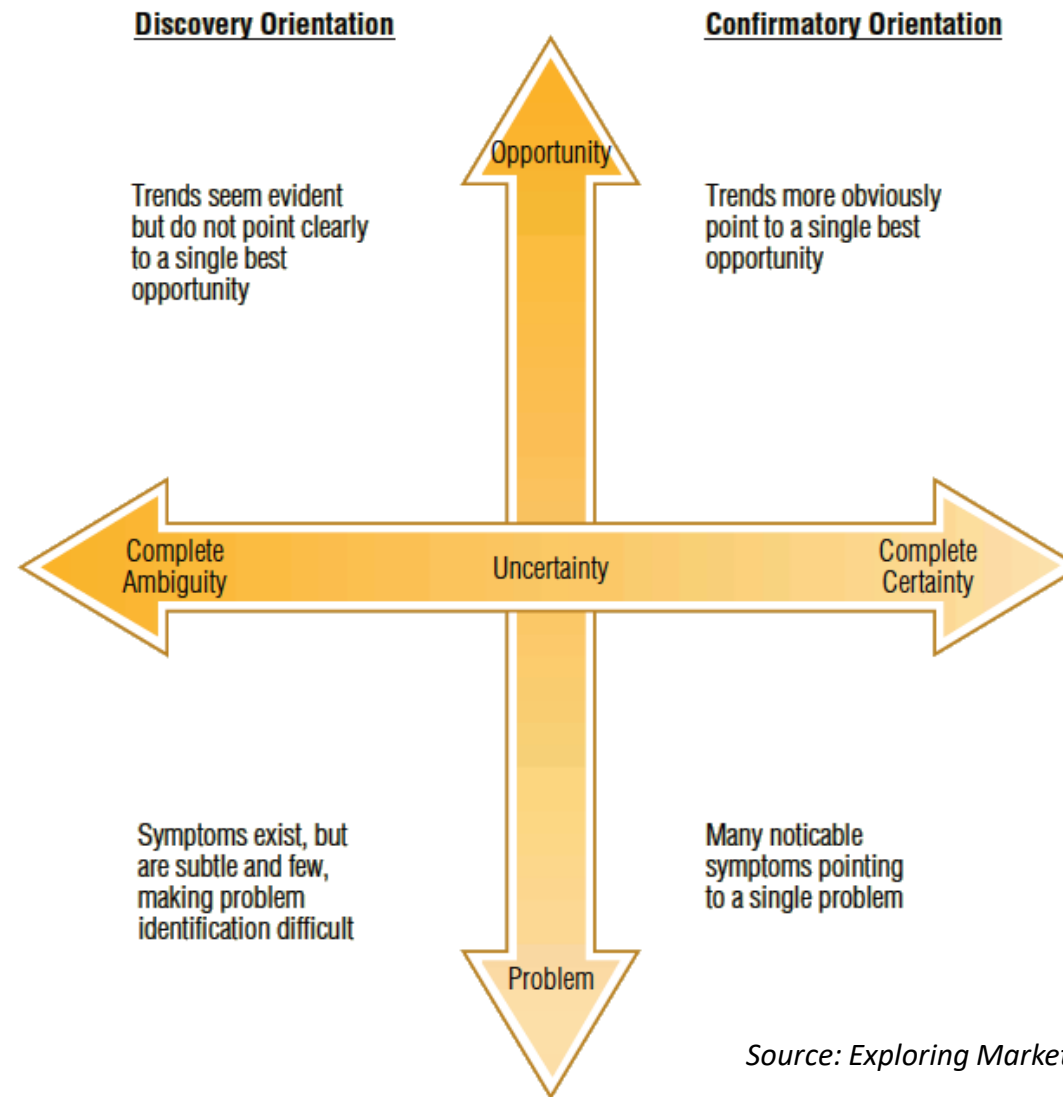
Decision Making

- Decision Making Defined
 - The process of developing and deciding among alternative ways of resolving a problem or choosing from among alternative opportunities.
- Research's Role in the Decision Making Process
 - Recognizing the nature of the problem or opportunity
 - Identifying how much information is currently available and how reliable it is
 - Determining what information is needed to better deal with the situation.

Conditions Affecting Decision Making

- Certainty
 - The decision maker has all information needed to make an optimal decision.
- Uncertainty
 - The manager grasps the general nature of desired objectives, but the information about alternatives is incomplete.
- Ambiguity
 - The nature of the problem itself is unclear such that objectives are vague and decision alternatives are difficult to define.

EXHIBIT 3.1 Describing Decision-Making Situations



Source: *Exploring Marketing Research 9th Edition* pp 51

Types of Marketing Research

- Marketing Research (Information)
 - Reduces uncertainty
 - Helps focus decision making
- Types of Research
 - Exploratory
 - Descriptive
 - Causal
- Uncertainty Influences the Type Of Research
 - Complete certainty = Causal or descriptive research
 - Absolute ambiguity = Exploratory research

Exploratory Research

- Exploratory Research
 - Conducted to clarify ambiguous situations or discover ideas that may be potential business opportunities.
 - Initial research conducted to clarify and define the nature of a problem
 - Does not provide conclusive evidence
 - Subsequent research expected
- Exploratory Research Methods
 - Secondary data
 - Experience survey
 - Pilot studies

Descriptive Research

- Descriptive Research Defined
 - Describes characteristics of objects, people, groups, organizations, or environments
 - Addresses who, what, when, where, and how questions
 - Some understanding of the nature of the problem exists
- Diagnostic Analysis
 - Seeks to diagnose reasons for market outcomes and focuses specifically on the beliefs and feelings consumers have about and toward competing products.
 - Does not provide direct evidence of causality
 - Surveys are typical diagnostic descriptive research tools.

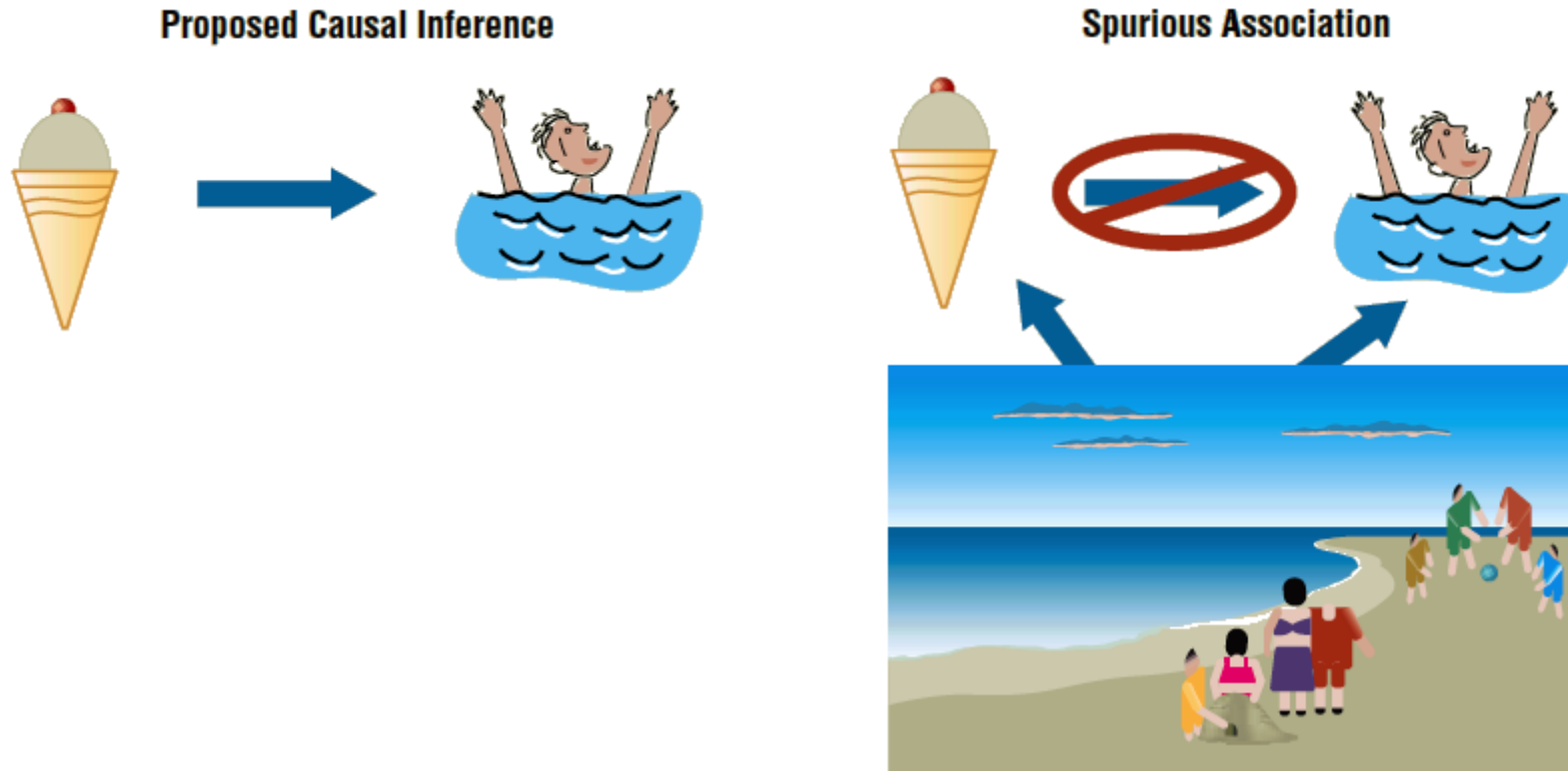
Descriptive Research (cont'd)

- Descriptive Research Examples
 - The average Weight Watchers' customer
 - Is a female about 40 years old
 - Has a household income of about \$50,000
 - Has at least some college education
 - Is trying to juggle children and a job
 - The men's fragrance market
 - Is one-third the size of women's fragrance market
 - Is growing at a faster pace than women's market
 - Women purchase 80% of men's fragrances

Causal Research

- Causal Research Defined
 - Research conducted to identify cause and effect relationships (inferences).
- Identifying Causality
 - A causal relationship is impossible to prove.
 - Evidence of causality:
 - Temporal sequence—the appropriate causal order of events
 - Concomitant variation—two phenomena vary together
 - Nonspurious association—an absence of alternative plausible explanations

EXHIBIT 3.2 The Spurious Effect of Ice Cream



Degrees of Causality

- Absolute Causality
 - The cause is necessary and sufficient to bring about the effect.
- Conditional Causality
 - A cause is necessary but not sufficient to bring about an effect.
- Contributory Causality
 - A cause need be neither necessary nor sufficient to bring about an effect.

Experiments

- Experiment
 - A carefully controlled study in which the researcher manipulates a proposed cause and observes any corresponding change in the proposed effect.
- Experimental Variable
 - Represents the proposed cause and is controlled by the researcher by manipulating it.
- Manipulation
 - The researcher alters the level of the variable in specific increments.
- Test Market
 - An experiment that is conducted within actual market conditions.

EXHIBIT 3.3 Testing for Causes with an Experiment

WEE BOX SALES BY CONDITION

	HIGH PRICE	LOW PRICE
SPECIALTY DISTRIBUTION	<u>Peoria, Illinois:</u> Retail Price: \$200 Retail Store: Best Buy	<u>Des Moines, Iowa:</u> Retail Price: \$100 Retail Store: Best Buy
GENERAL DISTRIBUTION	<u>St. Louis, Missouri:</u> Retail Price \$200 Retail Store: Big Cheap-Mart	<u>Kansas City, Missouri:</u> Retail Price: \$100 Retail Store: Big Cheap-Mart

Assuming that Wee Box consumers are the same in each of these cities, the extent to which price and distribution cause sales can be examined by comparing the sales results in each of these 4 conditions.

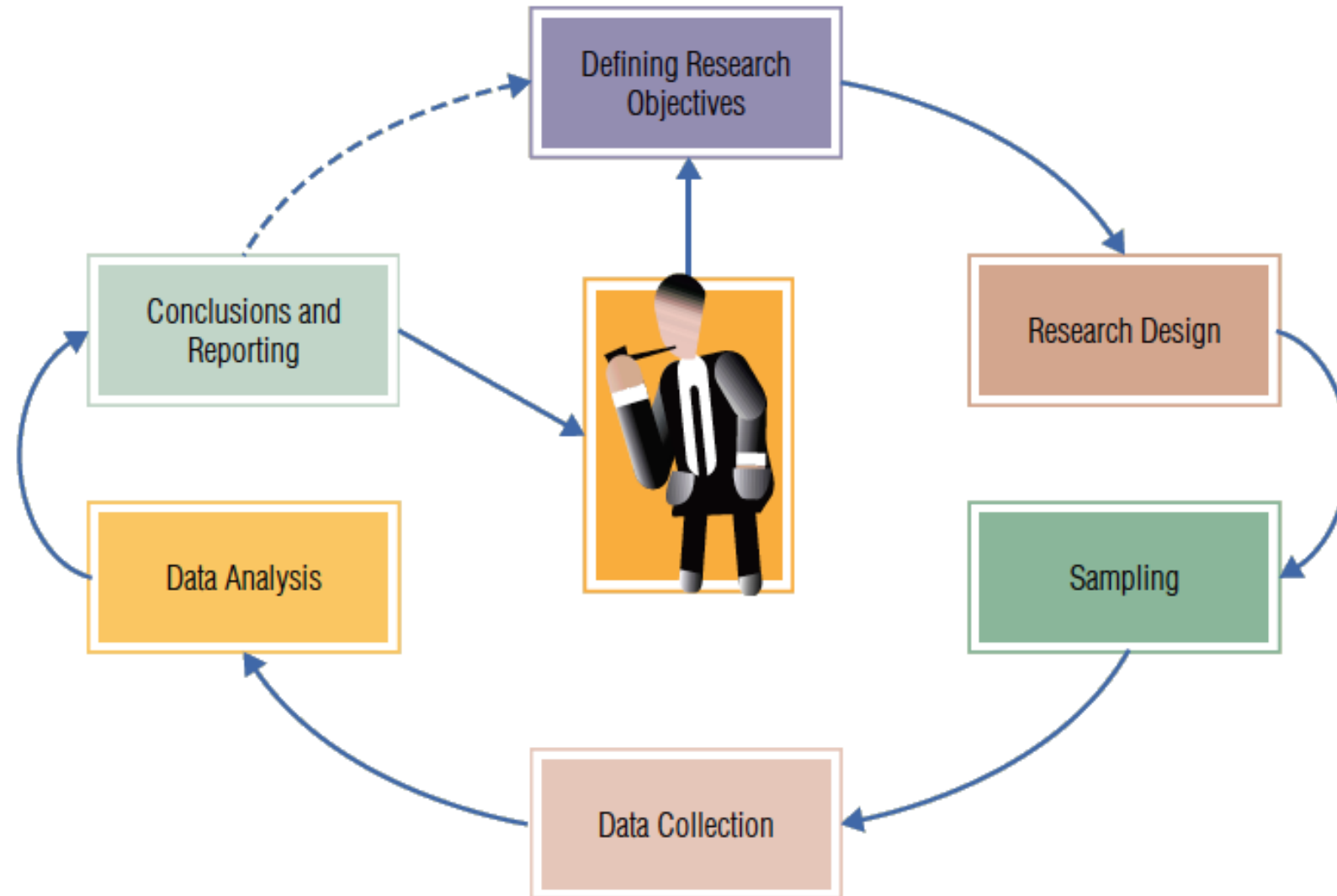
Uncertainty Influences the Type of Research Conducted

	Exploratory Research	Descriptive Research	Causal Research
Amount of Uncertainty Characterizing Decision Situation	Highly ambiguous	Partially defined	Clearly defined
Key Research Statement	Research question	Research question	Research hypothesis
When Conducted?	Early stage of decision making	Later stages of decision making	Later states of decision making
Usual Research Approach	Unstructured	Structured	Highly Structured
Examples	<p>“Our sales are declining for no apparent reason”</p> <p>“What kinds of new products are fast-food customers interested in?”</p>	<p>“What kind of people patronize our stores compared to our primary competitor?”</p> <p>“What product features are most important to our customers?”</p>	<p>“Will consumers buy more products in a blue package?”</p> <p>“Which of two advertising campaigns will be more effective?”</p>
Nature of Results	Discovery oriented, productive, but still speculative. Often in need of further research.	Can be confirmatory although more research is sometimes still needed. Results can be managerially actionable.	Confirmatory oriented. Fairly conclusive with managerially actionable results often obtained.

Stages in the Research Process

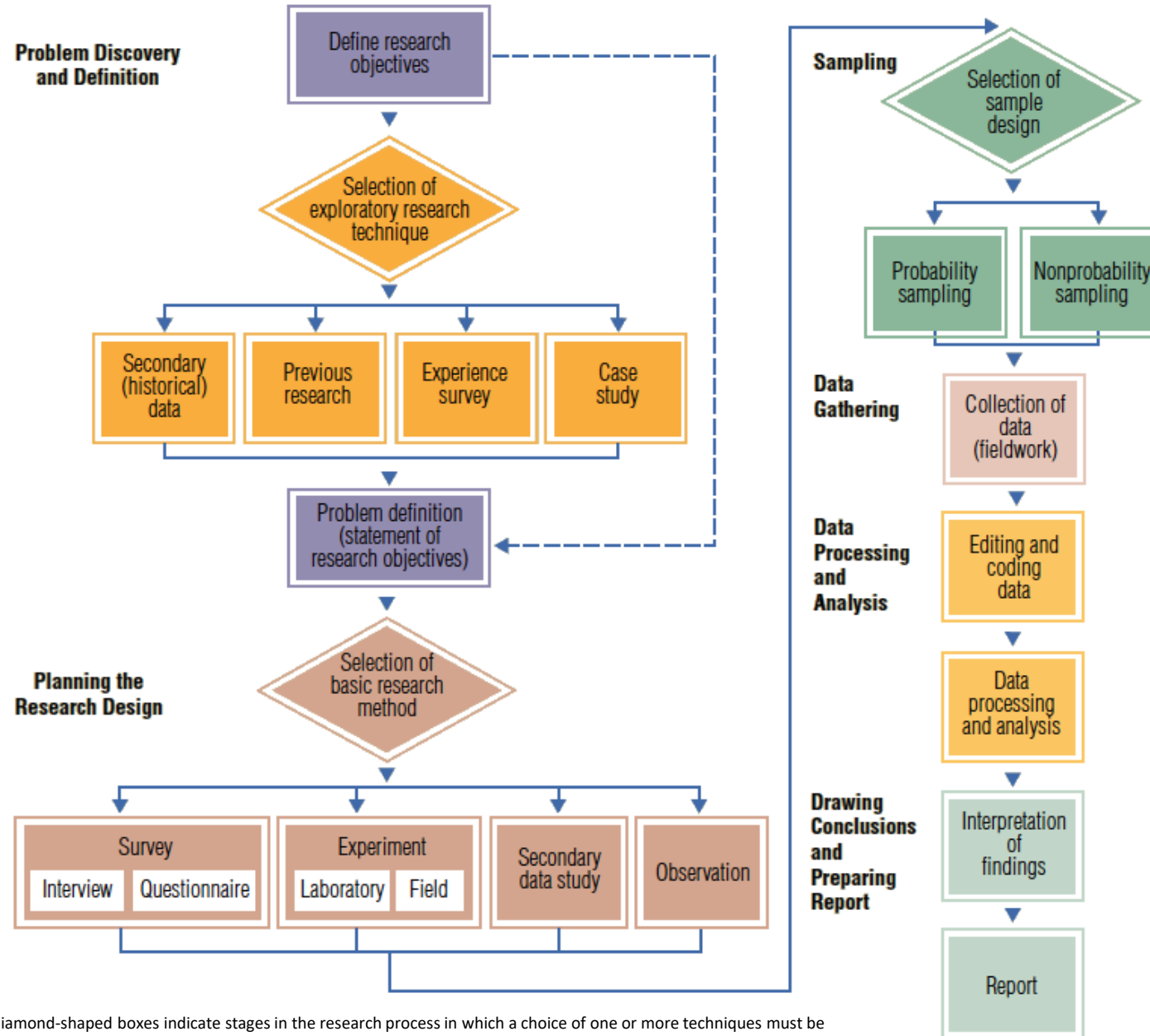
- Process Stages:
 1. Defining the research objectives
 2. Planning a research design
 3. Planning a sample
 4. Collecting the data
 5. Analyzing the data
 6. Formulating the conclusions and preparing the report
- Forward linkage: earlier stages influence later stages.
- Backward linkage: later steps influence earlier stages of the research process.

EXHIBIT 3.5 Stages of the Research Process



Source: *Exploring Marketing Research 9th Edition pp 60*

EXHIBIT 3.6
Flowchart of
the Marketing
Research
Process



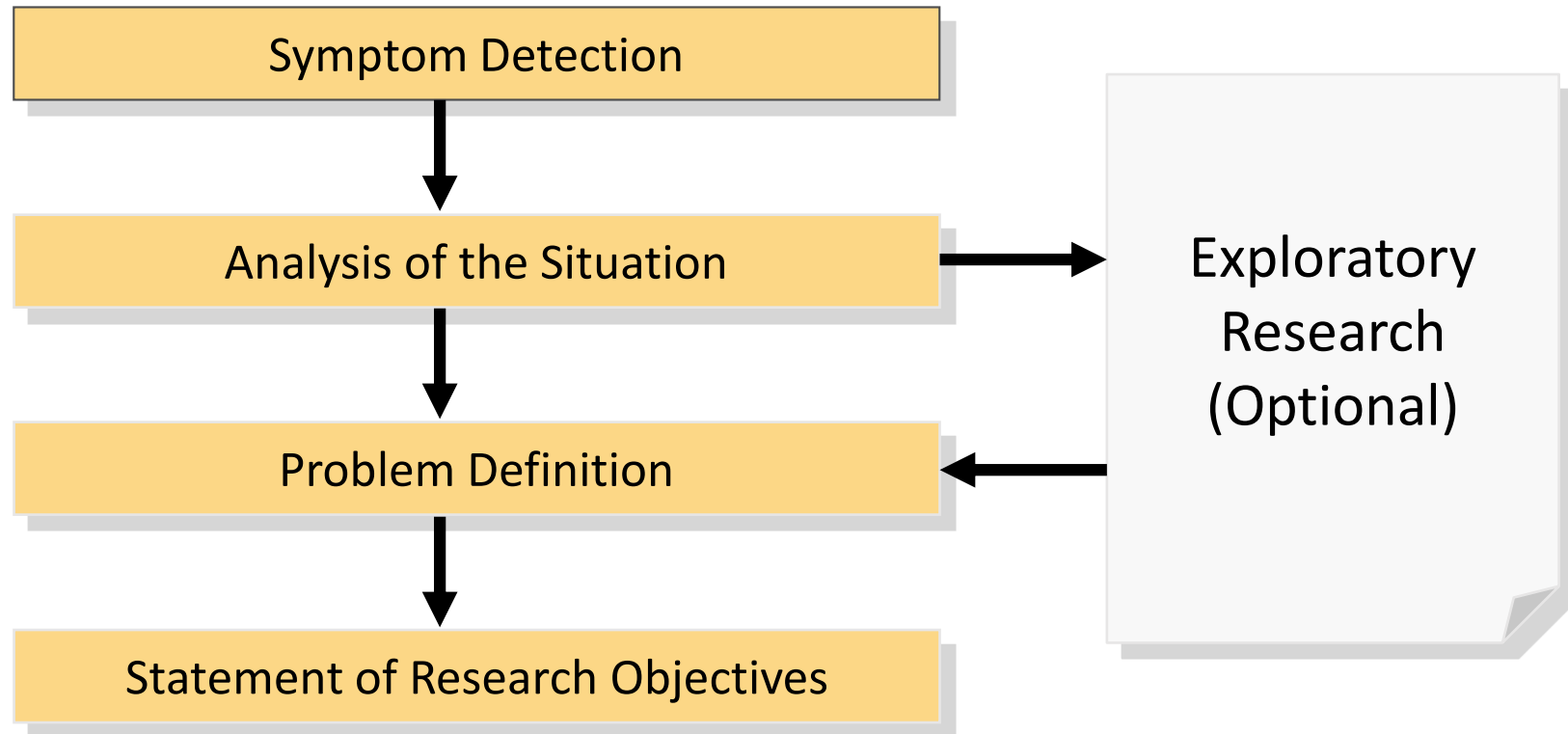
Note: Diamond-shaped boxes indicate stages in the research process in which a choice of one or more techniques must be made. The dotted line indicates an alternative path that skips exploratory research.

Source: *Exploring Marketing Research 9th Edition pp 61*

Defining the Research Objectives

- Research Objectives
 - The goals to be achieved by conducting research.
- Deliverables
 - The consulting term used to describe research objectives to a research client.
- Understanding the Problem
 - Clarify the problem, opportunity, or monitor operations
 - Define the managerial decision situation

Defining Problem Results in Clear-Cut Research Objectives



Exploratory Research Techniques

- Previous Research
 - Historical data and literature reviews
- Pilot Studies
 - A small-scale research project that collects data from respondents similar to those to be used in the full study.
- Pretest
 - A small-scale study in which the results are only preliminary and intended only to assist in design of a subsequent study.
- Focus Group
 - A small group discussion about some research topic led by a moderator who guides discussion among the participants.

Stating Research Objectives

- Theory
 - A formal, logical explanation of some events that includes predictions of how things relate to one another.
- Hypothesis
 - A statement that can be refuted by empirical data
- Empirical Testing
 - Something has been examined against reality using data.

EXHIBIT 3.7 Example Decision Statements, Research Objectives, and Research Hypotheses

Decision Statement:	Research Objectives:	Hypotheses:
<p>What should be the retail price for product X?</p>	<p>Forecast sales for product X at three different prices.</p>	<p>Sales will be higher at \$5.00 than at \$4.00 or at \$6.99.</p>
<p>What things should we invest in to improve our service quality?</p>	<p>Identify the top factors that contribute to customers' service quality perceptions.</p>	<p>Cleanliness is related positively to customers' service quality perceptions.</p>
<p>Should we invest in a training program to reduce role conflict among our employees?</p>	<p>Determine how much role conflict influences employee job satisfaction.</p>	<p>Crowding is related negatively to customers' service quality perceptions.</p> <p>Role conflict is related positively to job satisfaction.</p>

Planning the Research Design

- Research Design
 - A master plan that specifies the methods and procedures for collecting and analyzing the needed information.
 - Framework:
 - Objectives of the study
 - Sources of information
 - Design technique (survey or experiment)
 - Sampling methodology
 - Schedule and cost of the research

Selection of the Basic Research Method

- Survey
 - A research technique in which a sample is interviewed in some form or the behavior of respondents is observed and described.
 - Written
 - Telephone
 - Observation

Sampling

- Sampling
 - Involves any procedure that draws conclusions based on measurements of a portion of the population.
- Sampling Decisions
 - Who to sample?—target population
 - What size should the sample be?
 - How to select the sampling units?
 - Random sample
 - Cluster-sample

Gathering Data

- Unobtrusive Methods
 - Methods in which research respondents do not have to be disturbed for data to be gathered.

Processing and Analyzing Data

- Editing Data
 - Editing involves checking the data collection forms for omissions, legibility, and consistency in classification
- Coding Data
 - Applying rules for interpreting, categorizing, recording, and transferring the data to the data storage media are called codes.
- Data Analysis
 - The application of reasoning to understand the data that have been gathered.

Drawing Conclusions and Preparing a Report

- Steps in Communicating the Research Findings
 - Interpreting the research results
 - Describing the implications
 - Drawing the appropriate conclusions for managerial decisions.
- Reporting Requirements
 - Conclusions fulfill the deliverables promised in the research proposal.
 - A clearly-written, understandable summary of the research findings

The Research Program Strategy

- Research Project
 - A single study that addresses one or a small number of research objectives.
 - Uses specific techniques for solving one-dimensional problems, such as identifying market segments, selecting the best packaging design, or test-marketing a new product.
- Research Program
 - Numerous related studies that come together to address multiple, related research objectives.
 - Because research is a continuous process, management should view marketing research at a strategic planning level.

Key Terms and Concepts

- Market opportunity
- Market problem
- Symptoms
- Decision making
- Exploratory research
- Descriptive research
- Diagnostic analysis
- Causal research
- Causal inference
- Temporal sequence
- Concomitant variation
- Nonspurious association
- Absolute causality
- Conditional causality
- Contributory causality
- Experiment
- Experimental variable
- Manipulation
- Test market
- Forward linkage
- Backward linkage
- Research objectives
- Deliverables
- Literature review

Key Terms and Concepts (cont'd)

- Pilot study
- Pretest
- Focus group
- Theory
- Hypothesis
- Empirical testing
- Empirical testing
- Research design
- Survey
- Sampling
- Unobtrusive method
- Data analysis
- Research project
- Research program

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Thank you