

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Marketing Research – Lecture 7

LESSON 7

Secondary Data Research in a Digital Age

Learning Objective 7.1 – Secondary Data Research

Secondary data, collected and kept by someone else before (and for purposes unrelated to) the current project, is frequently the starting point of research studies. Secondary data are typically already compiled and historical. They don't need access to subjects or respondents.

Advantages

The main benefit of secondary data is their accessibility. Secondary data collection is almost always speedier and less expensive than primary data collection. This is especially true when researchers access digitally stored data via electronic retrieval. In many instances, secondary data collection is instantaneous. Utilizing secondary data eliminates many of the activities typically associated with collecting primary data, such as sampling and data processing. In situations where data cannot be obtained through primary data collection procedures, secondary data are indispensable. A manufacturer of agricultural implements, for instance, could not duplicate the information in the Census of Agriculture because a significant portion of that information (such as the amount of taxes paid) may not be accessible to private firms.

Disadvantages

Secondary data have the inherent disadvantage of not being designed specifically to satisfy the needs of researchers. Thus, researchers must consider the applicability of the data to their specific endeavor.

The most common reasons why secondary data do not sufficiently satisfy research requirements are (1) outdated information, (2) variation in definition of terms, (3) different units of measurement, and (4) lack of information to verify the accuracy of the data. Moreover, in our environment of rapid change, information swiftly becomes obsolete. Since the objective of the majority of studies is to foresee the future, secondary data must be timely in order to be useful.

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
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When secondary data are reported in a format that does not satisfy the requirements of the researcher, data conversion may be required. Data conversion (also known as data transformation) is the process of converting data from its original format to one that is more conducive to attaining a specified research objective. For instance, food sales can be reported in pounds, cases, or shekels. One can use an estimate of dollars per pound to convert dollar volume data to pounds or another appropriate unit of measure. The user has no control over the accuracy of secondary data, which is another disadvantage. Although timely and relevant secondary data may meet the requirements of the researcher, the data may be inaccurate. The research conducted by others may be biased to support the source's vested interests.

Learning Objective 7.2 – Typical Objectives for Secondary-Data Research Design

Using secondary data, it would be impossible to identify all marketing research purposes. Nevertheless, secondary research designs are beneficial for addressing a number of prevalent marketing issues.

Fact-Finding

Fact-finding is the simplest form of secondary-data inquiry. A restaurant serving brunch may wish to know which new products are most likely to attract customers.

These basic facts would be of interest to a researcher investigating the market for breakfasts to-go. Fact-finding can also serve more complex functions.

Identification of Consumer Behavior for a Product Category

A typical objective of secondary research may be to collect all available data on consumption patterns for a specific product category or to identify demographic trends that impact an industry.

Trend Analysis

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
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Marketers keep an eye on market and environmental trends. Tracking the market is the observation and analysis of volume and brand share fluctuations over time. In support of this endeavor, scanner research services and other organizations provide sales volume data. Almost every large company in the consumer goods industry investigates brand and product category sales volume using secondary data on a regular basis. This type of analysis typically compares the company's sales to those of its competitors or to its own sales during comparable time periods. It also entails industry comparisons between distinct regions.

Environmental Scanning

In many cases, the goal of fact-finding is as straightforward as studying the surroundings to spot trends. Environmental scanning comprises information collection and fact-finding intended to identify early warning signs of environmental changes.

"Electronic smart agents," specialized software that filters, sorts, and prioritizes data, are used by push technology to save information for later viewing. This service relieves the researcher of their search-related duties. The real benefit of push technology is that it allows researchers who are monitoring their environment to choose the news and information they want, have it promptly delivered to their computers, and view it at their convenience.

Model Building

Building models, the second general goal of secondary research, is more difficult than merely gathering facts. Defining relationships between two or more variables is a key component of model construction, which may also involve developing equations for prediction or description. However, models don't necessarily need to include intricate mathematics. In reality, decision-makers frequently favor understandable simple models over sophisticated ones that are challenging to grasp. For instance, market share is calculated by dividing firm sales by industry sales. While some people might not consider this straightforward calculation to be a model, it actually illustrates a fundamental relationship in mathematics.

Estimating Market Potential for Geographic Areas

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Secondary data is frequently used by marketers to determine market potential. In many instances, a trade group or another source may publish precise numbers. The researcher can nevertheless estimate market potential by changing secondary data from two or more sources if the needed information is not available. For instance, managers may come across secondary data on the market potential for a nation or other significant geographic region, but this data might not be divided into more specific geographic units, such as metropolitan areas, or in terms that are specific to the business, such as sales territory. In this kind of circumstance, researchers frequently need to develop projections for the study region.

Forecasting Sales

Marketing executives require future-related data. They must be aware of the company's projected sales for the upcoming year and the years to come. Predicting sales totals for a given time frame is the technique of sales forecasting. Particularly for goods in established, stable markets, accurate sales estimates typically result from secondary data analysis that spots trends and extrapolates past performance into the future. To project sales, marketing researchers frequently use internal corporate sales data. A simple model would increase the previous sales volume by the anticipated growth rate.

Moving average forecasting works best in an environment that is stable and competitive. Other sales forecasting methods are better suited to scenarios that are more dynamic.

More complex statistical trend analysis using secondary data is possible than this straightforward example. Many statistical methods use secondary data to create forecasting models. Instead than emphasizing statistical analysis, this chapter focuses on secondary data research.

Analysis of Trade Areas and Sites

To choose the ideal locations for retail or wholesale operations, marketing managers look at trade areas and employ site analysis tools. Managers can make these site selection judgments with the use of secondary data study. To choose locations for retail outlets, several businesses—particularly franchisers—have created customized computer software based on analytic models. To conduct the analysis using the computer software, the researcher needs gather the necessary secondary data.

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Data Mining

Decision support systems used by large organizations frequently house millions or even billions of data records.

The underlying significance of the data is made clearer by data mining. The process of sifting through vast amounts of data to find patterns regarding a company's clients and goods is known as data mining. It is a general phrase that covers a wide range of analytical techniques.

Client discovery, a data-mining application of interest to marketers, entails data mining to look for patterns identifying who is likely to be a worthwhile client.

An analysis of purchase sequences can be done when a business knows who the consumer is who consistently buys from the same business. One often used use among direct marketers, such as catalog sellers, is the detection of sequence patterns via data mining. Each customer's information, including the product sets they purchase in each purchase order, is stored by a catalog merchant.

Database Marketing and Customer Relationship Management

A CRM keeps track of customer databases that include information like names, addresses, phone numbers, prior transactions, reactions to previous promotional offers, and other pertinent information including financial and demographic details. Database marketing is the process of using CRM databases to create personalized connections and narrowly targeted marketing campaigns with specific clients. For instance, the CRM of a fruit catalog company has a database of former clients that includes the purchases they made over the Christmas season. Customers receive last year's gift list from the business each year in order to enable them send the identical gifts to their friends and family.

Learning Objective 7.3 – Sources of Secondary Data

This difference appears oversimplified in the context of contemporary information technology. Unquestionably, some accounting records are internal records kept by the company. They are off limits

Marketing Research

Chapter 7

Secondary Data Research in a Digital Age

Lecturer: Michaella DeLeon Castillo, DBA - Philippines

to researchers from other organizations. It is obvious that a book written by the federal government and kept at a public library is not related to the business. But in today's age of electronic data exchange, the information included in a book released by the federal government may also be acquired from an online information vendor for immediate access and afterwards saved in a business's decision support system. Data that was created, recorded, or generated by the organization should be included in the definition of internal data. Maybe a better term to use is internal and proprietary data.

Sources of Internal and Proprietary Data

Most businesses regularly collect, document, and preserve internal data to aid in problem solving. The accounting system of a company typically contains a plethora of data. Routine records, such sales invoices, enable external financial reporting, which can serve as a source of information for additional research. The researcher could be able to use the decision support system to perform more in-depth analysis if the data are correctly coded into a modular database in the accounting system. One may identify information about orders received, back orders, and unfulfilled orders; one can also break down sales information by account, product, and region; one can forecast sales using historical data. Customer complaints, service records, warranty card returns, and other records are additional beneficial sources of internal data.

External Data: The Distribution System

External data are those produced or kept by a body other than the researcher's own company. Information is created or produced by the government, publications like newspapers and journals, trade associations, and other organizations. Historically, this data has been made available in published form, possibly via a public library, industry association, or governmental body.

Information as a Product and Its Distribution Channels

Due to the fact that secondary data have value, they can be purchased and sold like any other product. In the same way that bottles of perfume or wrenches for electricians may be distributed in a variety of ways, secondary data also circulate through numerous channels of distribution. Numerous consumers, such as

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Fortune 500 companies, purchase documents and census data from the government directly. However, many small businesses obtain census data from a library or another information intermediary or provider.

Libraries

Historically, the enormous information repositories of libraries have served as a conduit between users and producers of secondary data. The library staff interacts directly with information creators, such as the federal government, as well as intermediary information distributors, such as abstracting and indexing services. The user only needs to locate the relevant secondary data on library shelving. For perusing and research, libraries provide collections of books, periodicals, and newspapers, among other materials. In addition, they stock numerous bibliographies, abstracts, guides, directories, and indexes and provide access to fundamental databases.

The Internet

Today, many secondary data sources are readily accessible via the Internet. Its creation has given the acquisition of secondary data a global dimension.

Vendors

In addition to libraries, the information age presents a variety of data-accessing channels. Numerous external producers make secondary data accessible either directly from the organizations that generate the data or via intermediaries, who are frequently referred to as vendors. Currently, vendors such as Factiva enable administrators to access tens of thousands of external databases through desktop computers and telecommunications systems.

Producers

Classifying external secondary data based on the nature of the information producer yields five fundamental sources: book and periodical publishers, government sources, media sources, trade association sources, and commercial sources. The subsequent section discusses each secondary data source type.

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Books and Periodicals

Some researchers consider library books and periodicals to be the quintessential secondary source of information. A researcher who discovers relevant books is obviously off to a solid start. Professional publications, such as the Journal of Marketing, Journal of Marketing Research, Journal of the Academy of Marketing Science, The Journal of Business Research, Journal of Advertising Research, American Demographics, and The Public Opinion Quarterly, as well as commercial business publications, such as The Wall Street Journal, Fortune, and BusinessWeek, contain a wealth of useful information.

Government Sources

Government agencies produce an abundance of data. The majority of data published by the federal government can be relied upon for precision and thoroughness of research. It summarizes data from hundreds of other government publications and functions as a handy reference for more specific statistical information.

Media Sources

The broadcast and print media provide information on a wide variety of topics. CNN Financial News and BusinessWeek are valuable sources of economic and industry-specific information. The media frequently commissions research studies on diverse aspects of American life, such as financial affairs, and provides complimentary copies of survey reports to potential advertisers. Profiles of magazine readers and audiences for broadcast media are typically included in media packages and advertisements.

Trade Association Sources

Trade associations, such as the Food Marketing Institute and the American Petroleum Institute, service the industry's informational needs. The trade association accumulates information on a variety of topics of particular interest to businesses, including market size and market trends. Association members have access to information that is especially pertinent to their industry-related inquiries.

Commercial Sources

Numerous businesses specialize in the sale or publication of information. Numerous of these organizations provide information in the form of printed materials, CD-ROMs, and Internet databases. The discussion of several of these companies that follows is a sample of the diverse data that is available.

Marketing Research

Chapter 7

Secondary Data Research in a Digital Age

Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Demographic and Census Updates

Numerous companies, including CACI Marketing Systems and Urban Information Systems, provide computerized U.S. census files and updates of these data broken down by small geographic areas, such as zip codes. Numerous of these research providers offer comprehensive data on minority consumers and other market segments.

Research on Consumer Attitudes and Public Opinion Numerous research firms provide specialized syndicated services that disseminate the results of attitude studies and opinion polls.

Consumption and Purchase Behavior Data

National Eating Trends (NET) is the most comprehensive database on consumption patterns and trends for over 4,000 food and beverage items. This is a syndicated source of information regarding the types of meals individuals consume and when and how they consume them. The data, known as diary panel data, are derived from meal records and diaries maintained by a group of households that agreed to record their consumption behavior over an extended period of time.

Advertising Research

A number of companies sell readership and audience data to advertisers. W. R. Simmons and Associates measures magazine audiences; Arbitron measures radio audiences; ACNielsen Media Measurement estimates television audience ratings. By specializing in the continuous collection and sale of audience data, these commercial sources provide a valuable service to their subscribers.

Learning Objective 7.4 – Single-Source Data-Integrated Information

ACNielsen Company provides information from both its television metering and scanning operations. The integration of these two categories of data assists marketers in determining the effect of television advertising on retail sales. Additionally, data users find that merging two or more distinct categories of data into a single database offers numerous benefits. PRIZM by Claritas Corporation, CACI, Cluster Plus by SMI, Mediamark Research Inc., and numerous other syndicated databases report product purchase behavior, media consumption, demographic characteristics, lifestyle variables, and business activity by geographic area such as zip code. Although these data are commonly referred to as geodemographic, they

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

encompass such a wide range of phenomena that no single term is adequate. The unit of analysis for these data is a tiny geographic area.

Learning Objective 7.5 – Sources of Global Research

In tandem with the globalization of business, the secondary data industry has expanded. Japan's foremost provider of secondary research data to government and industry, the Japan Management Association Research Institute, has an office in San Diego. The Institute's mission is to assist U.S. companies in accessing its vast database of information about Japan in order to develop and plan their businesses there. The San Diego office provides translators and functions as a liaison between Japanese researchers and American clients. The limitations of secondary data compiled outside of the United States are identical to those of domestic secondary data. However, international researchers should be wary of common pitfalls associated with foreign data and cross-cultural research. In the first place, data may be unavailable in certain countries. Second, the veracity of certain data may be questioned. This is especially probable with official statistics that may be altered for political reasons by foreign governments. Even though economic terminology may be standardized, many economic concepts are defined and recorded differently across countries, despite the standardization of economic terminology. Different nations may, for instance, measure disposable personal income in radically different methods. International researchers must investigate the comparability of data across nations with extra care.

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Marketing Research

Chapter 7

Secondary Data Research in a Digital Age

Lecturer: Michaella DeLeon Castillo, DBA - Philippines

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Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Progress Check:

Requirements:

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



4. For (40 points)

Questions

1. Discuss the advantages and disadvantages of secondary data
2. Define types of secondary data analysis conducted by marketing managers
3. Give examples of various external sources of secondary data

Answer

1. Secondary data are data that have been collected and recorded by a third party for a purpose other than the current researchers. The primary benefit of secondary data is that they are almost always less costly to acquire than primary data. Generally, they can be obtained quickly and may provide the

Marketing Research
Chapter 7
Secondary Data Research in a Digital Age
Lecturer: Michaella DeLeon Castillo, DBA - Philippines

researcher with information not otherwise accessible. Secondary data have the disadvantage that they were not collected with the researcher's requirements in mind. The researcher must assess the accuracy, bias, and validity of secondary data. One method for achieving this is to cross-reference various available sources.

2. Secondary research designs address numerous prevalent marketing issues. There are three broad categories of secondary research objectives: information gathering, model development, and database marketing. A typical fact-finding investigation may endeavor to collect all available data on consumption patterns for a specific product category or to identify business trends that affect an industry. Model construction is more difficult because it requires defining the relationships between two or more variables. The practice of database marketing, which entails maintaining customer databases with customers' names, addresses, phone numbers, past purchases, responses to past promotional offers, and other pertinent data such as demographic and financial information, is supported by marketing research efforts to an increasing degree.

3. External data are those that are generated or recorded by a third party. Information is created or produced by the government, newspaper and journal publishers, trade associations, and other organizations. This information has traditionally been disseminated in printed form, either directly from producer to researcher or indirectly via intermediaries such as public libraries. Modern computerized data archives, electronic data interchange, and the Internet have altered the distribution of external data, rendering it nearly as accessible as internal data. Push technology is an Internet information technology that delivers content automatically to the desktop of a researcher or manager. This service aids in monitoring the environment.

Marketing Research

Chapter 7

Secondary Data Research in a Digital Age

Lecturer: Michaella DeLeon Castillo, DBA - Philippines

Quiz

Identification

1. Data that have been previously collected for some purpose other than the one at hand
2. The process of changing the original form of the data to a format suitable to achieve the research objective; also called data transformation.
3. The comparison of data from one source with data from another source to determine the similarity of independent projects.
4. The observation and analysis of trends in industry volume and brand share over time.
5. The use of secondary data to help specify relationships between two or more variables; can involve the development of descriptive or predictive
6. Techniques that use secondary data to select the best location for retail or wholesale operations.
7. A calculation that describes the relationship between retail demand and supply
8. The use of powerful computers to dig through volumes of data to discover patterns about an organization's customers and products; applies to
9. A form of artificial intelligence in which a computer is programmed to mimic the way that human brains process information.
10. A form of data mining that analyzes anonymous point-of sale transaction databases to identify coinciding purchases or relationships between products purchased and other retail shopping information

Answer

1. Secondary data
2. Data conversion
3. Cross-checks
4. Market tracking
5. Model building
6. Site analysis techniques

Marketing Research

Chapter 7

Secondary Data Research in a Digital Age

Lecturer: Michaella DeLeon Castillo, DBA - Philippines

7. Index of retail saturation
8. Data mining
9. Neutral network
10. Market-basket Analysis