

# Marketing Research

## Chapter 7

### Secondary Data

### Research In a Digital Age

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# LEARNING OUTCOMES

*After studying this chapter, you should be able to*

1. Discuss the advantages and disadvantages of secondary data
2. Define types of secondary data analysis conducted by marketing managers
3. Identify various internal and proprietary sources of secondary data
4. Give examples of various external sources of secondary data
5. Describe the impact of single-source data and globalization on secondary data research

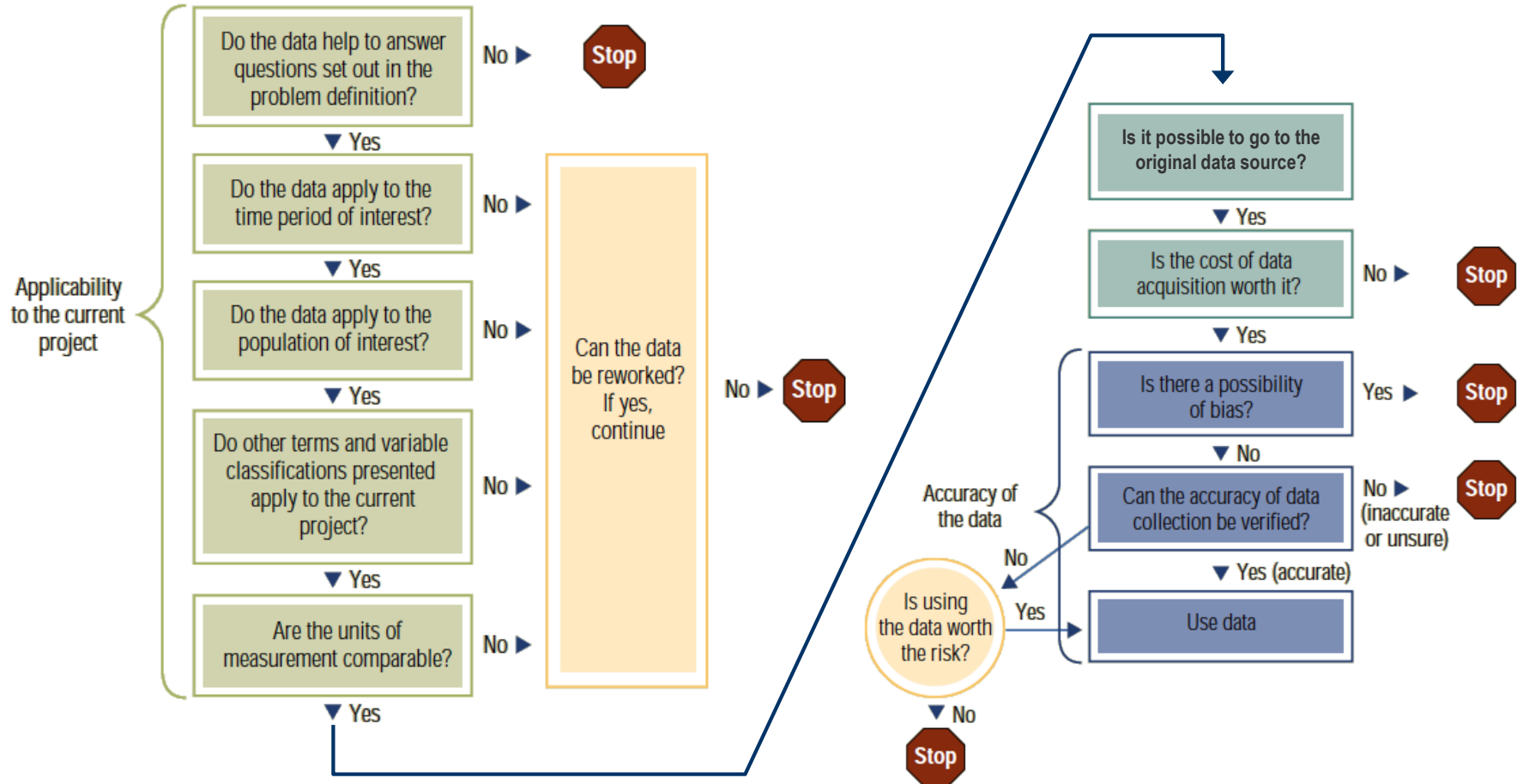
# Secondary Data Research

- Secondary Data Defined
  - Data gathered and recorded by someone else prior to and for a purpose other than the current project.
- Advantages
  - Historical—no waiting
  - Already assembled and can be obtained rapidly
  - Requires no access to subjects
  - Inexpensive—government data is often free
  - May provide information is not otherwise accessible

# Secondary Data Research (cont'd)

- Secondary Data Defined
  - Data gathered and recorded by someone else prior to and for a purpose other than the current project.
  
- Disadvantages
  - Uncertain accuracy
  - Data not consistent with needs
  - Inappropriate units of measurement
  - Time period inappropriate (outdated)

# EXHIBIT 7.1 Evaluating Secondary Data



Source: The idea for Exhibit 7.1 came from Robert W. Joselyn, *Designing the Marketing Research Project* (New York: Petrocelli/Charter, 1977).

# Secondary Data Research (cont'd)

- Data Conversion
  - The process of changing the original form of the data to a format suitable to achieve the research objective; also called data transformation.
- Cross-Checks
  - The comparison of data from one source with data from another source to determine the similarity of independent projects.

## EXHIBIT 7.2 Common Research Objectives for Secondary-Data Studies

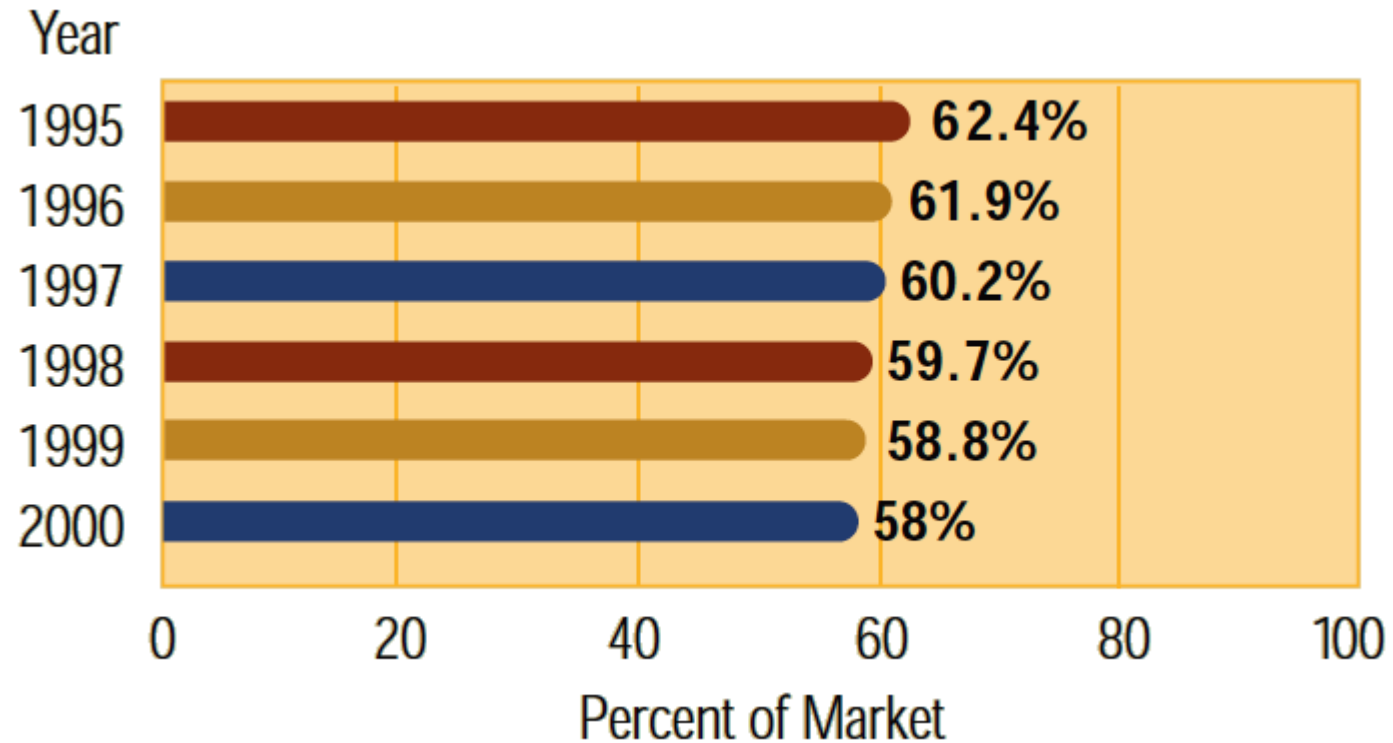
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<b>Broad Objective</b>	<b>Specific Research Example</b>
Fact-finding	Identifying consumption patterns Tracking trends
Model building	Estimating market potential Forecasting sales Selecting trade areas and sites
Database marketing	Enhancing customer databases Developing prospect lists

# Typical Objectives for Secondary-Data Research Designs

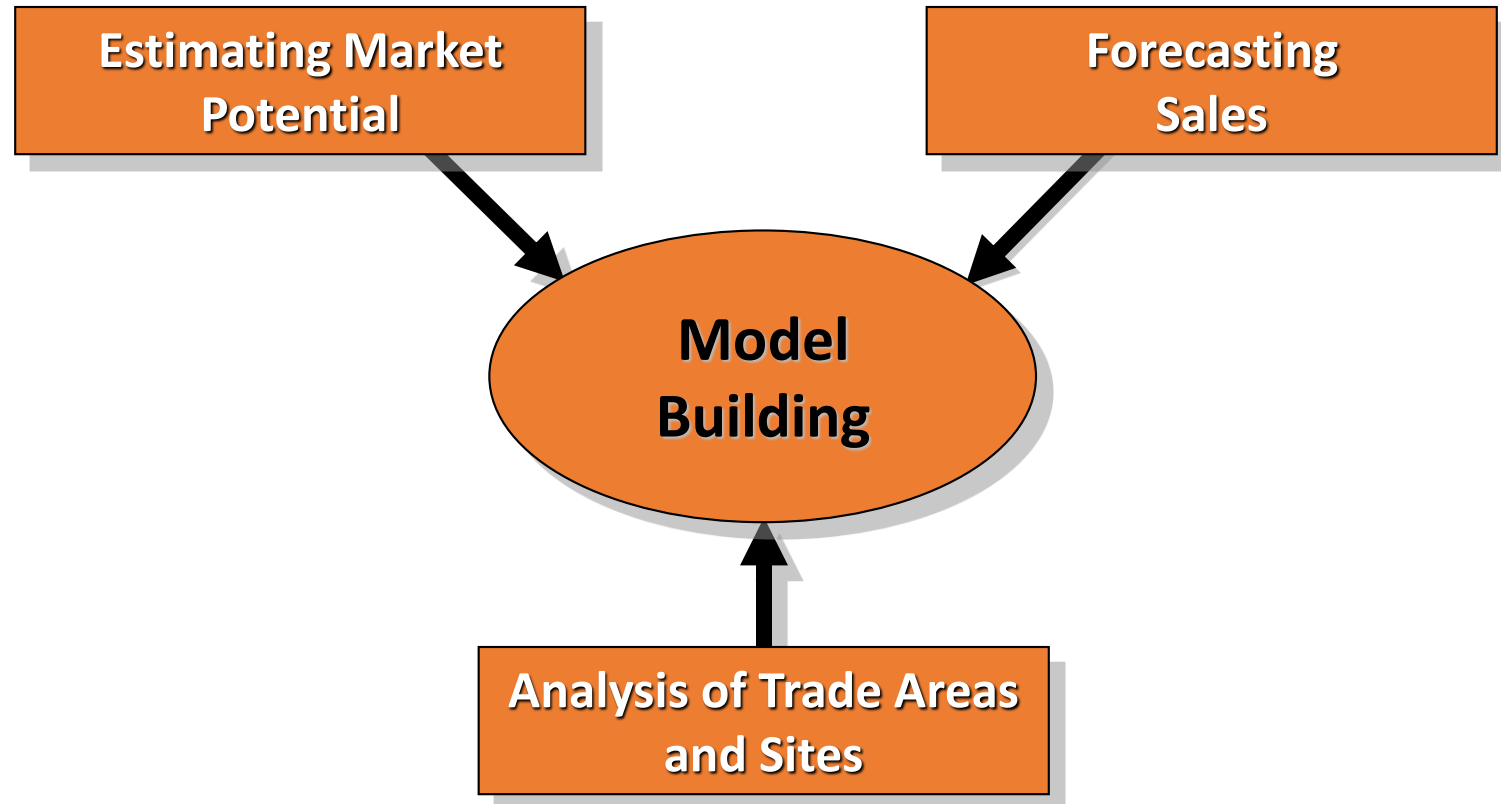
- Fact Finding
  - Identification of Consumer Behavior for a Product Category
  - Trend Analysis
    - Market tracking—the observation and analysis of trends in industry volume and brand share over time.
- Environmental Scanning
  - Information gathering and fact-finding that is designed to detect indications of environmental changes in their initial stages of development.

## EXHIBIT 7.3 Cola's Share of the Carbonated Soft-Drink Market



Source: Theresa Howard, "Coca-Cola Hopes Taking New Path Leads to Success," USA Today, March 6, 2001, p. 6b. From USA Today a division of Gannett Co., Inc. Reprinted with Permission.

# Model Building



## EXHIBIT 7.4 Market Potential for Beer in Four Countries

<b>Country</b>	<b>(1) Population Projection for 2010 (thousands)</b>	<b>(2) Annual per Capita Beer Consumption (liters)</b>	<b>(3) Market Potential Estimate (liters)</b>
Czech Republic	10,158	157	1,594,806
Germany	82,701	125	10,337,625
Japan	128,457	51	6,551,307
Spain	43,993	80	3,519,440

Source: Population data from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2004 Revision and World Urbanization Prospects; The 2003 Revision, <http://esa.un.org/unpp>, accessed February 9, 2006. Consumption data from "Spanish Beer Producers Face Flatter Times," <http://just-drinks.com>, March 1, 2005, downloaded from Business & Company Resource Center, <http://galenet.galegroup.com>; and "China Ranked Largest Beer Consumer in 2004," Kyodo News International, December 15, 2005, <http://galenet.galegroup.com>.

EXHIBIT 7.5

Sales Forecast Using Secondary Data and Moving Averages

Year	Average Ticket Price (\$)	Percentage Rate of Growth (Decline) from Previous Year	3-Year Moving Average Rate of Growth (Decline)
1994	10.45	—	—
1995	10.65	+1.9	—
1996	11.20	+5.1	—
1997	12.36	+10.4	+5.8
1998	13.59	+10.0	+8.5
1999	14.91	+9.7	+10.0
2000	16.67	+11.9	+10.5
2001	18.99	+13.9	+11.8
2002	18.30	+3.8	+9.9
2003	19.01	+3.4	+7.0
2004	19.82	+3.9	+3.7
2005	21.17	+6.3	+4.5

Forecast of average ticket price for 2006:  $\$21.17 + (\$21.17 \times .045) = \$22.12$

## EXHIBIT 7.6 Secondary Data for Calculating an Index of Retail Saturation

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1. Population	261,785
2. Annual per capita shoe sales	\$54.43
3. Local market potential (line 1 × line 2)	\$14,249,000
4. Square feet of retail space used to sell shoes	94,000 sq. ft.
5. Index of retail saturation (line 3/line 4)	152

$$\text{Index of retail saturation} = \frac{\text{Local market potential (demand)}}{\text{Local market retailing space}}$$

$$\text{Index of retail saturation} = \frac{\$14,249,000}{94,000} = 152$$

# Data Mining

- Data Mining
  - The use of powerful computers to dig through volumes of data to discover patterns about an organization's customers and products; applies to many different forms of analysis.
- Neural Network
  - A form of artificial intelligence in which a computer is programmed to mimic the way that human brains process information.

# Data Mining (cont'd)

- Market-Basket Analysis
  - 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.
- Customer Discovery
  - Involves mining data to look for patterns identifying who is likely to be a valuable customer.

# Database Marketing and Customer Relationship Management

- Database Marketing
  - The use of customer relationship management (CRM) databases to promote one-to-one relationships with customers and create precisely targeted promotions.
  - The practice of maintaining a customer database of:
    - Names and addresses
    - Past purchases
    - Responses to past efforts
    - Data from numerous other outside sources

# Sources of Secondary Data

- Sources of Internal and Proprietary Data
  - Internal and proprietary data is more descriptive:
    - Accounting information
    - Sales information and backorders
    - Customer complaints, service records, warranty card returns, and other records.
    - Intranets

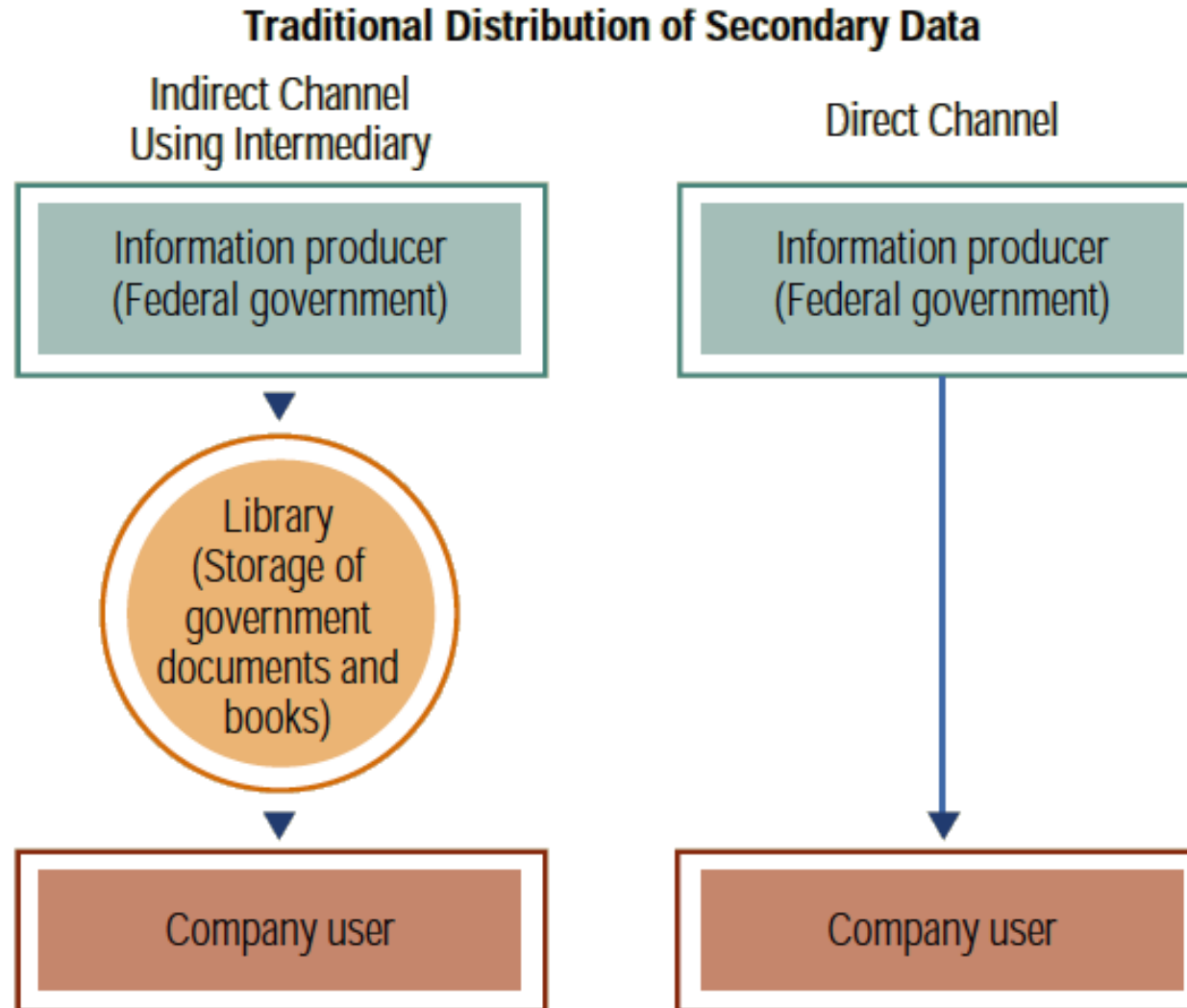
# External Data: The Distribution System

- External Data Defined
  - Data created, recorded, or generated by an entity other than the researcher's organization.
    - Government—census and statistical abstract
    - Trade associations
    - Media—newspapers and journals

# External Data: The Distribution System (cont'd)

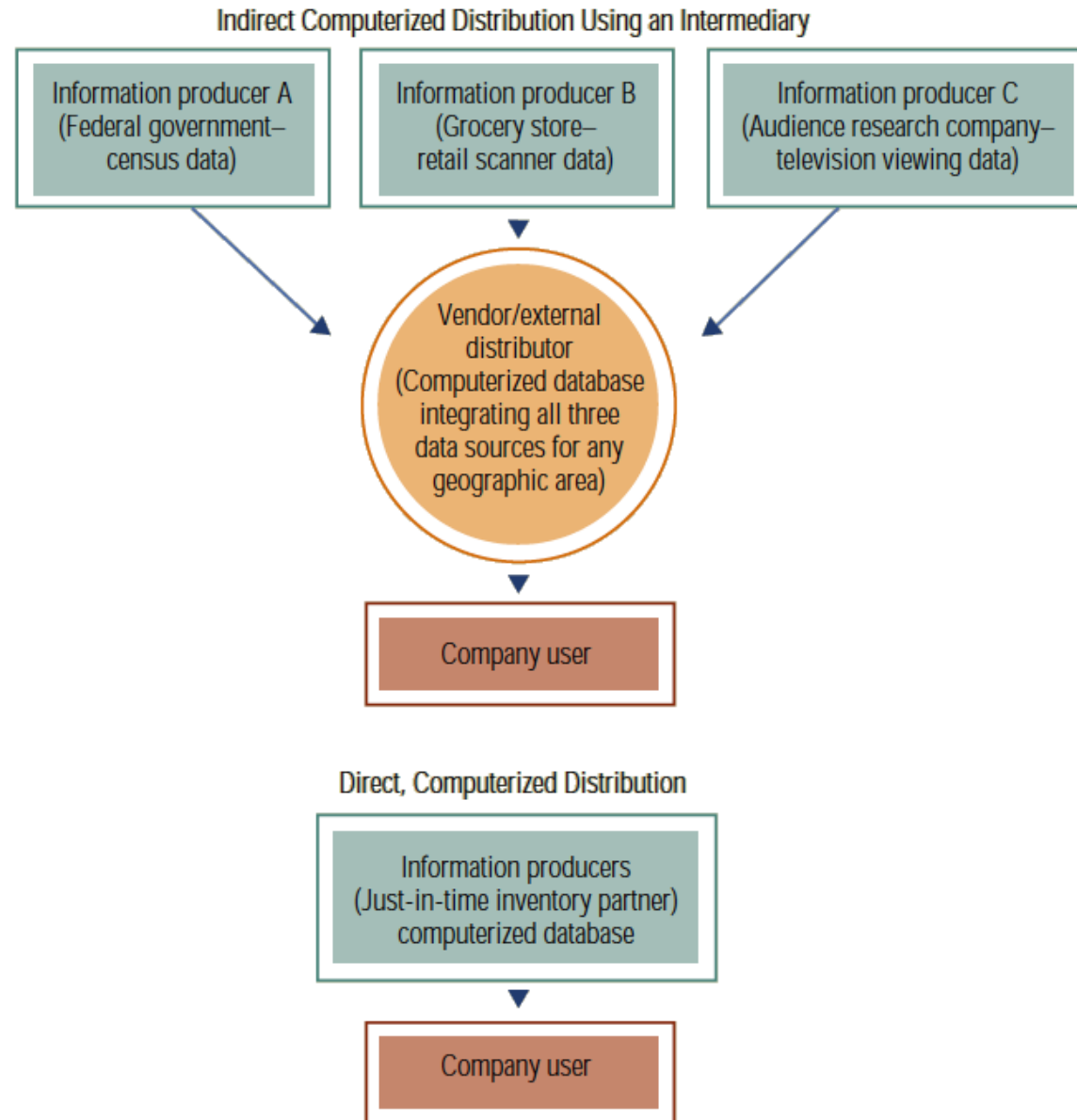
- Other external data sources
  - Libraries
  - The Internet
  - Vendors
  - Producers: Books and periodicals, government, media, trade associations, and commercial sources.

## EXHIBIT 7.7 Information as a Product and Its Distribution Channels



**EXHIBIT 7.7**  
Information as a Product and Its  
Distribution Channels (cont'd)

## Modern Distribution of Secondary Data



**EXHIBIT 7.8****Selected Internet Sites for Secondary Data**

<b>Name</b>	<b>Description</b>	<b>URL</b>
Yahoo!	Portal that serves as a gateway to all kinds of sites on the Web.	<a href="http://www.yahoo.com">http://www.yahoo.com</a>
CEOexpress	The 80/20 rule applied to the Internet. A series of links designed by a busy executive for busy executives.	<a href="http://www.ceoexpress.com">http://www.ceoexpress.com</a>
The New York Public Library Home Page	Library resources and links available online.	<a href="http://www.nypl.org">http://www.nypl.org</a>
Census Bureau	Demographic information from the U.S. Census Bureau.	<a href="http://www.census.gov">http://www.census.gov</a>
<i>Statistical Abstract of the United States</i>	Highlights from the primary reference book for government statistics.	<a href="http://www.census.gov/statab/www">http://www.census.gov/statab/www</a>
STAT-USA/Internet	A comprehensive source of U.S. government information that focuses on economic, financial, and trade data.	<a href="http://www.stat-usa.gov/">http://www.stat-usa.gov/</a>
<i>Advertising Age</i> magazine	Provides content on marketing media, advertising, and public relations.	<a href="http://www.adage.com">http://www.adage.com</a>

**EXHIBIT 7.8****Selected Internet Sites for Secondary Data (cont'd)**

<b>Name</b>	<b>Description</b>	<b>URL</b>
<b>Inc.com</b>	<i>Inc.</i> magazine's resources for growing a small business.	<a href="http://www.inc.com">http://www.inc.com</a>
<b><i>The Wall Street Journal Online</i></b>	Provides a continually updated view of business news around the world.	<a href="http://online.wsj.com">http://online.wsj.com</a>
<b><i>CNN Money</i></b>	Provides business news, information on managing a business and managing money, and other business data.	<a href="http://money.cnn.com">http://money.cnn.com</a>
<b>NAICS—North American Industry Classification System</b>	Describes the new classification system that replaced the SIC system.	<a href="http://www.census.gov/epcd/www/naics.html">http://www.census.gov/epcd/www/naics.html</a>
<b>MapQuest</b>	Allows users to enter an address and zip code and see a map.	<a href="http://www.mapquest.com">http://www.mapquest.com</a>
<b>Brint.com: The BizTech Network</b>	Business and technology portal and global network for e-business, information, technology, and knowledge management.	<a href="http://www.brint.com">http://www.brint.com</a>

# Race and Ethnicity

- Bureau of Census Race and Origin Categories
  - Mandated by the Office of Management and Budget
    - White, Black, American Indian and Alaska Native, Asian and Pacific Islander) and two ethnicity categories (Hispanic, non-Hispanic).
    - Classifications are not scientific, but are designed for consistency in federal record keeping and data presentation.

# Commercial Sources

- Market Share Data Companies
  - Provide information about sales volume and brand share over time.
- Demographic and Census Updates
  - Many organizations supply census updates, in easy-to-use or custom formats.
- Consumer Attitude and Public Opinion Research
  - Specialized syndicated services that report findings from attitude research and opinion polls.

# Data Sources

- Single-Source Data-Integrated Information
  - Diverse types of data offered from a single source.
    - Television viewing and scanner purchase data collected from such devices as Prizim and ClusterPlus.

# Data Sources (cont'd)

- Sources for Global Research
  - Global secondary data
    - Typical limitations of secondary data
    - Additional pitfalls
      - Unavailable in some countries
      - Questionable accuracy (political influences)
      - Lack of standardized research terminology

## EXHIBIT 7.9 Examples of Single-Source Databases

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**CACI Marketing Systems**  
<http://www.caci.com>

Provides industry-specific marketing services, such as customer profiling and segmentation, custom target analysis, demographic data reports and maps, and site evaluation and selection. CACI offers demographics and data on businesses, lifestyles, consumer spending, purchase potential, shopping centers, traffic volumes, and other statistics.

**PRIZM by Claritas Corporation**  
<http://www.claritas.com>

PRIZM which stands for Potential Rating Index for Zip Markets, is based on the “birds-of-a-feather” assumption that people live near others who are like themselves. PRIZM combines census data, consumer surveys about shopping and lifestyle, and purchase data to identify market segments. Colorful names such as Young Suburbia, Shot Guns, and Pickups describe 40 segments that can be identified by zip code. Claritas also has a lifestyle census in the United Kingdom (<http://www.claritas.co.uk>).

**MRI Cable Report—Mediamark Research Inc.**  
<http://www.mediamark.com>

Integrates information on cable television viewing with demographic and product usage information.

## EXHIBIT 7.10 Examples of Information Contained in the NTDB

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- **Agricultural commodity production and trade**
- **Basic export information**
- **Calendars of trade fairs and exhibitions**
- **Capital markets and export financing**
- **Country reports on economic and social policies and trade practices**
- **Energy production, supply, and inventories**
- **Exchange rates**
- **Export licensing information**
- **Guides to doing business in foreign countries**
- **International trade terms directory**
- **How-to guides**
- **International trade regulations/agreements**
- **International trade agreements**
- **Labor, employment, and productivity**
- **Maritime and shipping information**
- **Market research reports**
- **Overseas contacts**
- **Overseas and domestic industry information**
- **Price indexes**
- **Small business information**
- **State exports**
- **State trade contacts**
- **Trade opportunities**
- **U.S. export regulations**
- **U.S. import and export statistics by country and commodity**
- **U.S. international transactions**
- **World Fact Book**
- **World minerals production**

# Key Terms and Concepts

- secondary data
- data conversion
- cross-checks
- market tracking
- environmental scanning
- push technology
- model building
- site analysis techniques
- index of retail saturation
- data mining
- neural network
- database marketing
- internal and proprietary data
- external data
- single-source data

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**Thank you**