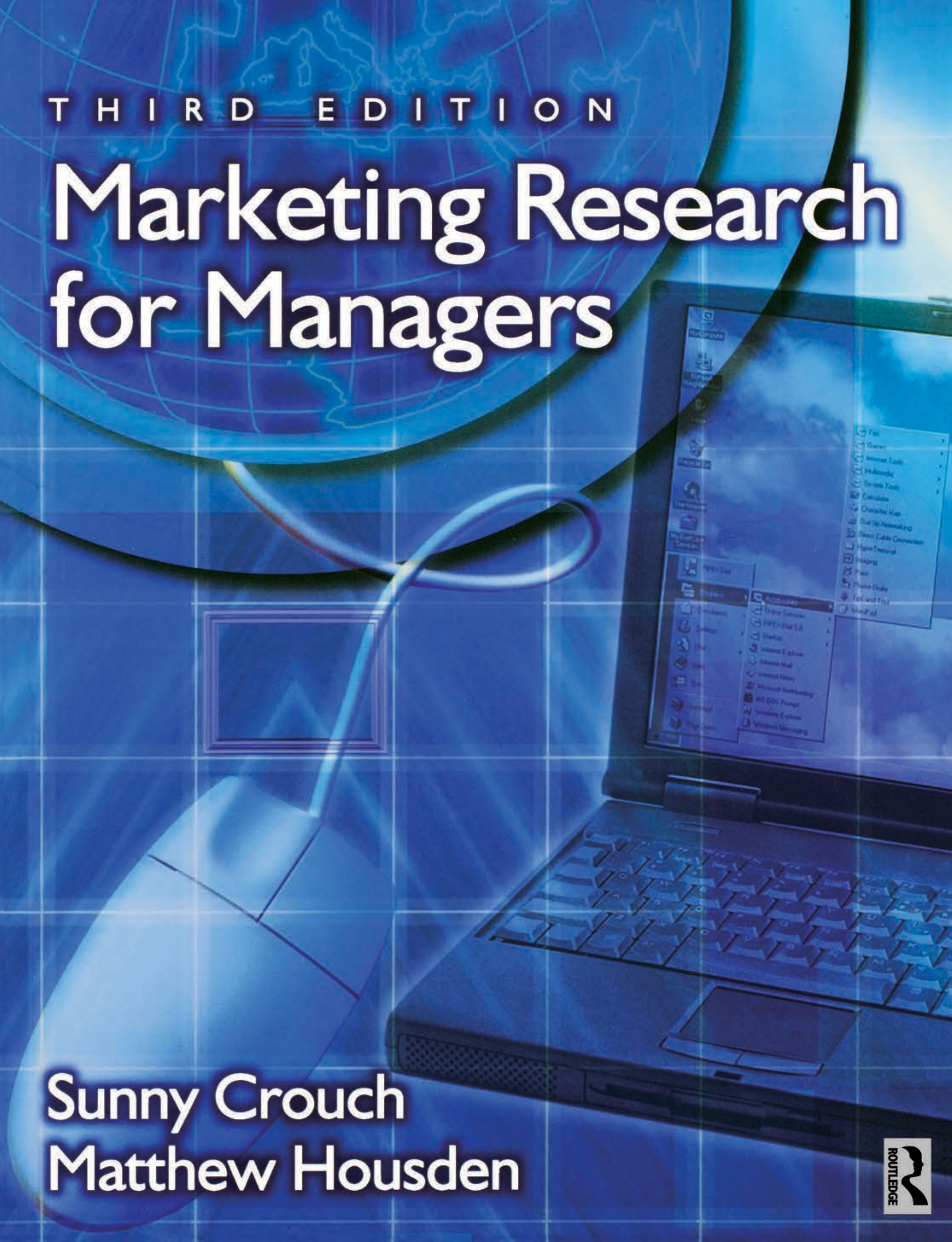

THIRD EDITION

Marketing Research for Managers

Sunny Crouch

Matthew Housden

Marketing Research for Managers

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Marketing Research for Managers

Third edition

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Foreword

Market researchers and managers using market research will be glad to see the publication of a second edition of Sunny Crouch's *Marketing Research for Managers*. This is a very useful handbook for those both with little and great experience in market research.

It is not a book for 'experts', it is a book for managers. Having said that, it runs the qualitative research spectrum from 'thematic apperception tests' to 'psychodrama', and quantitative research from sampling, through questionnaire construction and analysis to its use. This is a practical book, an easy read and very useful for any manager with responsibility for purchasing, conducting, using and getting good value from market research.

Think how much grief for research agencies would be saved by having clients who had read *Marketing Research for Managers*!

Professor Robert M. Worcester
Chairman, MORI

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Preface

Preface to the second edition

Many books on marketing research are aimed at developing the technical expertise of the intending or actual research practitioner. This book is aimed at those who are intending or actual managers with a need to *use* research rather than practise it. It owes its existence to managers from many different areas of industry who attended courses on marketing research run by Sunny Crouch. They demonstrated the need for a book aimed squarely at the individual who wishes to use marketing research as an aid to better decision making. Their feedback suggested that the material was both relevant and useful.

These managers attended courses to learn more about marketing research because they believed, as we do, that the more a manager knows about this management tool, then the more effective he or she can be in using it. The book therefore aims to develop a better informed approach to the use of marketing research as an aid to decision making, by giving an insight into how marketing research is carried out. No previous knowledge of the subject by the reader is assumed, and the areas that normally receive a statistical treatment are explained here without the use of statistics.

Our warm good wishes to all readers for their success in improving their managerial ability through applying the techniques of marketing research described in the following pages.

Preface to the third edition

Since this book first appeared in 1984, the marketing research industry has undergone a transformation. The industry has consolidated and concentrated. The turnover of the leading research organizations mirrors that of the largest marketing services organizations. These organizations have internationalized, largely following their client base, so that in almost every country in the world there is access to professional, locally sensitive but internationally aware, research companies.

Progress in computing technology has changed the way the world does business. The cost of processing power and data storage has plummeted. The wholesale introduction of computers and their application in survey design, analysis and reporting has changed the skills required of the researcher. Surveys can be designed, administered, analysed and reported upon using integrated survey management systems that take some of the laborious data processing work out of marketing research.

In addition, the businesses served by marketing research have changed. In the second edition, in 1996, we talked for the first time about the move towards a global economy, and highlighted the skills required to administer pan-national research. We mentioned the word 'online' about five times! Today the global economy is bound together by the Internet and its graphical interface the World Wide Web. Online business, despite the hiccups of the dot-com boom and bust, is now a significant part of the global economy and marketing research has had to develop new techniques to deliver the same quality of intelligence to support the integration of online marketing within business strategy. This edition devotes a whole chapter to research in online businesses, in addition to numerous references throughout the text.

These developments have coincided with introduction of customer relationship management (CRM) systems and the use of databases to store data generated by these systems. The development of interactive relationships with prospects and customers means that organizations have access to more information than ever before. Tesco is now able to produce thousands of viable segmentation models from the vast amount of data that it captures on its customers. If a Clubcard user starts buying nappies, Tesco knows that the customer has undergone a profound, life-changing event. The volume of transactional data gathered by most customer-facing organizations is incredible. It has even been said that marketing research is under threat because of it. Of course, nothing is further from the truth. Data gathered in this way is incomplete, in that it does not record all customer transactions. These systems gather data only from a self-selecting sample. This data simply records what, in a self-selected situation, people have done: not why they behaved in the way they did, nor what the market as a whole may be doing. The transactional data gathered supports (and only in part) the tactical management of the business. It does not contribute fully to corporate strategy and the overall direction of the business.

The codes of conduct that have underpinned the marketing research industry become more and more important. People realize the value of their personal data and are becoming reluctant to give up this data unless they are reassured of the ethical position of the organizations they are talking to. Trust lies at the heart of any relationship and the giving up of personal data demands a great deal of trust on behalf of the respondent and equally a great deal of integrity on behalf of the recipient of this data. Since the second edition this has become enshrined in law as a result of the implementation of the 1998 Data Protection Act.

The knowledge economy cannot be based simply upon data. It must be based upon intelligent and methodologically sound data capture and analysis. These are the skills that marketing research is built upon and that *Marketing Research for Managers* introduces to its readers.

Sunny Crouch
Matthew Housden

Acknowledgements

We acknowledge the support of many readers of the first two editions of this book, whose requests have resulted in this third edition. In presenting the book, our thanks are due to all those who assisted in its preparation, and who will recognize their influence in these pages.

The authors continue to be indebted to Lionel Gordon and Nigel Spackman for their significant contributions to Chapters 9 and 11, respectively. Emma Adams and Simon Coles of the University of Greenwich were largely responsible for updating the secondary desk research section of Chapter 4, Mike Roe of Research International assisted with the International chapter, and Jane Robinson of MORI provided examples of agency questionnaires, checkbacks and other documentation. David Walker, Director of New Media Research at Research International, provided online examples. Thanks are due also to Joyce Moore and Margaret Khan for typing the original manuscript, and to James Burckhardt, now of VNU business publications, who helped with the online sections of the third edition. Combined with his work on the second edition he has made a significant contribution to the book.

Sunny Crouch, author of the first edition, is indebted to Matthew Housden, without whom neither the second nor third edition would have appeared.

We continue to acknowledge with gratitude the constant support and encouragement we received from our respective partners, Bill Crouch and Katherine Housden, and from our families.

We wish our readers well as they use *Marketing Research for Managers* and hope the book will continue to be helpful as an easy-to-read introduction to this fascinating subject.

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1.1 Introduction

Politicians look anxiously at the results of political polls, as they indicate the standing of the party in the country and the standing of its leader. They show what issues are most significant to the electorate and which seats are most likely to be marginal at the next election. Focus group politics has reached such an extent that politicians react to the results of polls by putting extra effort into areas of the country that are marginal, i.e. where additional effort to market the attractions of the party are more likely to pay off. When the polls say the leader is unpopular, pressure is put on the leader to change stance so as to become more popular; when negative reaction to a leader is strong and sustained, the party thinks of appointing a new one; which issues to push as the main planks of the party's electoral platform are also influenced or even determined by the polls. There is no point in strongly pursuing issues about which the electorate is unconcerned – that is not the most effective way to win votes.

In a rare display of humility one of the world's best known companies admitted to making a big mistake when it unveiled a secret weapon to take on the UK's supermarket chains. McDonald's, the hamburger chain that brought the world the Big Mac, thought it had another winner when it announced the new product to its expectant staff.

Enter the McPloughmans, a cheese, pickle and salad sandwich. A spokesman told the conference that the McPloughmans was designed to compete with supermarkets in the cold sandwich market. Instead of applauding this marketing innovation however, staff were unimpressed. Mr Preston admitted: 'If we had done our homework we would have found that our customers didn't want the product and our staff were embarrassed even to have to say McPloughmans let alone to have to sell it to our customers.'

In a masterly piece of understatement he added that if the company had carried out market research 'We would have found that this was not a highly desirable product.'

When it did a survey of customer attitudes it found even more shocks in store. 'Customers', he said 'told McDonald's they were loud, brash, American, successful, complacent, uncaring, insensitive, disciplinarian, insincere, suspicious and arrogant.' He said, 'We thought we knew about service. Get the order in the customer's hands in 60 seconds – that was service. Not according to our customers. They wanted warmth, helpfulness, time to think, friendliness and advice. What they told us we were giving was horrifying.

What we had failed to see was that our customers were now veterans in the quick service market and their expectations had gone through the roof.’ The McPloughmans market test was restricted to central London and short-lived. Only now, more than three years after the sandwich debacle and the first customer survey, has the company felt confident enough to reveal the episode.

The spokesman said the research had been a turning point for McDonald’s in the UK, which had led to a radical change in its business approach. Rather than relying on gut feeling that it knew what customers wanted, the company had developed a fact-based approach to planning.

Financial Times

Coke’s World Cup tactics

In the 1998 World Cup, Coke produced just one global ad called ‘For the fans’ by Wieden and Kennedy. Although it is using a re-edited version of that ad this time round, it is augmenting it with around 25 commercials specifically tailored to local markets.

‘We simply haven’t been this diverse before,’ says Nastia Orkina, who as group marketing services manager is responsible for co-ordinating Coca-Cola’s pan-European World Cup efforts. ‘Previously it’s been a big event advertisement and some vertical stuff. McCann–Erickson in the US would probably have done everything. But this time the national ads have been created after researching local attitudes to the World Cup around the world. . . .

Football fans have changed. Compared with just 12 years ago global audiences are far more sophisticated. They are far more likely to include women and children and fans are far more likely to have travelled abroad, appreciating the cross-cultural power of the tournament. Brand advertising must reflect this. . . .

Coca-Cola’s management also believes that local marketers, frustrated for so long by Atlanta’s “one-size-fits-all” outlook have been liberated by the approach and are becoming much more productive. . . .’

In a world of diversity, and increasing distrust of US cultural hegemony, one suspects the soft drinks giant has finally got its football strategy right.

And whoever brings home the Jules Rimet trophy, it is likely that a certain team in red and white will be celebrating.

Marketing Week

New Brand of the Year winner: Shell UK Oil Products

Fierce price competition between supermarkets and reducing marketing support from the major petroleum corporations have led many motorists to view petrol as a commodity.

In response, Shell made use of market research that identified several different customer segments to create Shell Optimax. Launched last year, it targeted real drivers willing to pay a premium for a fuel offering extra performance and engine protection.

With the technical task of product development, came the need to re-engage customers emotionally. Optimax was given a £5m budget, with the advertising's innovative fish theme rigorously adopted in all through the line communications.

By the end of 2002 Shell Optimax will have been rolled out to all 11,000 Shell service stations. It has met and exceeded all its targets, including winning new customers, upgrading existing customers, and improving margins. The payback period of 15 months was achieved in eight.

The Marketing Society Awards 2002

Customer Insight winner: Walkers Snack Products

Walkers' dilemma was how to meet a 7% sales growth target in a mature and static snacks market.

An extensive segmentation study established that the 'snacking occasion' was the biggest factor in determining what was bought. The biggest was in-home evening snacking where Walkers was underrepresented.

Doritos Dippas was an existing product that had enjoyed only modest success, but seemed to fit this brief perfectly. It was different from daytime snacks, a bit of a treat and adult oriented.

Qualitative research then identified the most motivating positioning as a 'chill out' snack to share with friends after a hard day's work. So was born 'Friendchips'.

Advertising ran from April 26 to May 26. In the immediate aftermath sales of Dippas Big Bags rose 76% year on year. Thanks to the halo effect, total sales of Doritos rose 13.2%, contributing almost 40% of the required uplift in sales across all brands.

The strategy was copied in other markets, including Belgium, Holland and Spain.

The Marketing Society Awards 2002

Shoppers shun shoddy websites

Badly designed websites are damaging the prospects of firms doing business via the web.

Research carried out by Abbey National has revealed that when people have one bad experience online they tend to regard all websites the same way.

It suggests that websites that take too long to load, are hard to navigate, bombard consumers with pop-up adverts and force them to register to get access to services could be stunting the growth of e-commerce in the UK.

Instead customers prefer websites that have a consistent look, are easy to navigate and do not try to cram too much information on one page.

Website woe

A seven month research project by Abbey National and market analysis firm Taylor Nelson Sofres has revealed that companies have only 20 seconds to grab the attention of web shoppers.

During that 20 seconds, consumers must be able to see a page that has almost loaded, that is relevant to their needs and looks easy to navigate. If it does none of these consumers will look elsewhere. . . .

Internal research by Abbey National has shown that web customers are 57% more profitable than the average customer and have 50% more products such as loans, than those who avoid the Internet. Now 20% of the Abbey National's personal loan business comes via the web.

'It's got real critical mass and has a real impact on the cost of the cost base of the whole organisation', . . . Abbey National has rebuilt its website around many of the principles revealed in the research project.

http://news.bbc.co.uk/hi/english/sci/tech/newsid_1842000/1842142.stm

Victor won't believe it – how young Meldrews are now

Britain's 'grumpy old sods' have got younger, according to a poll of social attitudes which nails the middle-aged as the nation's new champion grumps and complainers.

Years of relentless grind in the country with Europe's longest working hours has soured the 35–54-year-olds into 'premature pensioners', claims the MORI Social Research Institute, which labels them as 'consistently cross and fed up'.

Christening them the 'Meldrews', after Victor in the television series *One Foot in the Grave*, MORI says that the middle-aged have learned to grumble early partly because their seniors are enjoying a relatively good life. Over-55s are generally looking forward to decent pensions, while the middle-aged fear that theirs will be worth less than they had been led to believe.

Rising house prices are also seen as ruling out hopes of a comfortable retirement move, while the media's traditional portrayal of the world as completely disastrous is now accessible and round the clock.

'The 35s–54s are of prime working age in the most over-worked nation in Europe, bearing the brunt of commuting on ever more congested roads or using public transport that is still a byword for failure', says the report. 'There is rising dissatisfaction, made worse by the feeling that things used to be more challenging and interesting when they were younger.'

Some of those in the category are already adopting Meldrew as their icon, including the Rev Chris Morris of Rawdon, Leeds, whose parish magazine describes his 'holiday in hell among fractious, nasty and downright vulgar' younger revellers at Disneyland Paris. 'As I walked round in my Victor Meldrew T-shirt, featuring a mugshot of Victor with the caption Miserable Sod, I was astounded at the rudeness of the crowds.'

The survey finds the Meldrews are undeferential and unwilling to trust 'those in charge'.

The institute's director, Ben Page, said: 'What's interesting about this group is that they seemed to be more rebellious when they were growing up. They witnessed social change in the 1970s and 80s. They are the age group who were most likely to see strikes and demonstrations as signs of a healthy social system. They're not staid, they're just disillusioned about a lot of things.'

The survey's data may be weakened, however, by another characteristic of Meldrews – a dislike of being asked questions by nosey, and probably younger, opinion pollsters. This may account for such bleak responses from former youthful radicals as 95% believing that the NHS will not improve and 90% saying the same about education (compared with 72% of under-34s and 71% of over-55s on both subjects).

Martin Wainwright, 2002, *The Guardian*

1.2 Who needs marketing research?

What these stories have in common is that they illustrate the value of good, up-to-date and detailed market information in making marketing decisions vital to the success of an organization. This holds equally true whether the 'marketing' is concerned with national or local government, fast-moving or durable consumer goods, retail outlets, industrial organizations, dot-com businesses, services or charities and other non-profit-making bodies.

'Marketing' is defined by the Chartered Institute of Marketing as, 'the management process for identifying, anticipating and satisfying customer requirements profitably'. This definition identifies the crucial part marketing research has to play in designing and implementing an effective marketing strategy. Marketing research provides the mechanism for identifying and anticipating customer requirements and for measuring whether customers are satisfied by these product offerings. For non-profit-making organizations the concept of 'profitability', used in the definition, may be translated to 'using resources optimally, i.e. gaining maximum customer satisfaction through the most effective deployment of resources'. The American Marketing Association replaces 'profitably' with the phrase 'to create mutually satisfactory exchanges'. It is in this sense that marketing and marketing research have just as important a contribution to make in the public sector and in non-profit-making organizations as in the private sector.

That customer requirements must be paramount in the thinking of any organization providing goods or services is illustrated by the anecdotes with which this chapter begins and by the demise or declining profitability of companies whose goods do not meet current market requirements. There was no better illustration of this than the failure of dot-com businesses, which failed to ask the simplest question required for success in business: 'where is the customer in all this?'

The problem for many organizations has been their lack of a mechanism for detecting change in the marketplace. Markets have become more competitive and the pace of technology has accelerated change. Gordon Moore at Intel Corporation has speculated that the processing power of computers doubles every 18 months. Organizations can no longer afford to rely simply on making a good product for it to be successful in the long term. It now has to meet a real market need in a very precise way and perhaps for a shorter period than in the past. This book is about the mechanisms available to managers to make organizations more responsive to their markets. This is the province of marketing research and hence the title of this book. It is properly termed 'marketing research' rather than the more colloquial 'market research' because it is research applied not only to measuring and identifying markets and market characteristics, but also to measuring the effectiveness of marketing decision making. Research can be applied in deciding which products or services to offer, what their characteristics should be, the price at which they should be sold, the distribution channels through which the product should be sold, and the selling and advertising messages that are likely to have greatest appeal. Others would argue that there is a separate type of research called 'social research' which is used by those in local and national government in making decisions about the provision of social services. A further debate is concerned with whether research in industrial and service markets differs from research in consumer markets.

This book takes the view that the techniques developed for marketing research in the cause of more effective marketing of fast-moving consumer goods have proved themselves equally effective in contributing to decision making about resource allocation and market response in all consumer markets, in political and social policy decision making, in industrially based markets and in service-based markets. The techniques introduced here are generally applicable in all of those areas, although there may be differences of detail and emphasis in their application.

1.3 Who should read this book?

The belief that the research techniques dealt with in this book can, and indeed should, be used by anyone with responsibility for resource allocation, whether they are in product-based, service-based or public-sector-based organizations, accounts for the fact that its main emphasis is to offer an outline of the process and techniques of research, which the reader can apply to his or her own management situation. The aim is to aid managers in generating reliable research-based information, to enable them to judge the reliability of research produced for them, and to give them a basis for knowing when and when not to use research.

It is assumed that the managers who will find the book most useful are those who wish to use marketing research as one of the tools of a manager's trade and not those whose major responsibility is for the design or conduct of research. For this reason, the emphasis is on the manager's role in commissioning and controlling, rather than conducting, research.

Nevertheless, the manager who must do his or her own research should find considerable guidance to help in that task. It is not suggested that reading this book is all the preparation necessary for carrying out a 'do-it-yourself' research project. In fact, the reaction of most managers learning something about marketing research for the first time is, 'I didn't realize this was such a technical area!' That is not to say, of course, that the manager who is interested will never be able to carry out all or some of the parts of a research project, but simply that the aims of this book are to offer an introduction to and an appreciation of the subject. For the majority of managers this is all they require. Those who wish to take their interest further after reading the book should consider following the suggestions given at the end of the book in Chapter 17, Where do you go from here?

Although this book is aimed primarily at the practising manager with a need to use marketing research, it provides worthwhile reading for those studying business subjects. It is particularly appropriate as background reading on marketing research for those studying general management, or specific areas of it such as marketing or finance. Students following business or management courses will also find the book useful as an introduction to their studies. These include:

- MBA or Masters Degrees in business and marketing
- undergraduate degrees
- HNDs or HNCs
- BTEC awards
- NVQs in business-related areas
- professional courses and the Certificate in E-marketing, Certificate in CRM, Certificate in Direct Marketing and the Interactive and Direct Marketing Diploma run by the Institute of Direct Marketing
- Certificate, Advanced Certificate or Diploma and professional courses of the Chartered Institute of Marketing
- courses run by the Market Research Society, including the Diploma of the Market Research Society and the Certificate in Market Research
- Communications, Advertising and Marketing (CAM) Foundation courses.

1.4 What does the book cover?

Marketing research involves the analysis of marketing problems and techniques for the collection and interpretation of data to assist in developing the most appropriate solutions to them. It is concerned with identifying and anticipating customer requirements and measuring satisfaction with the products and services made available. It also produces data used in assessing and controlling the performance of an organization.

This book aims to assist managers in any organization to become more informed and therefore more effective research users. It introduces marketing research by explaining:

- What marketing research is (Chapter 1)
- Why an organization needs it (Chapter 2)
- What research can be carried out within an organization (Chapter 3)
- What research data is already available (Chapter 4)

- How research surveys are carried out (Chapters 5–10)
- How research services are bought (Chapter 11)
- How research is used (Chapters 12–16)
- How to build on this introduction (Chapter 17).

Four features of the text will be particularly useful for new users of research. First, Chapter 4, on 'off-the-peg' research, guides the reader to sources of readily available information, both online and offline. Two sources not readily identifiable by the new user are listed: syndicated research services and omnibus surveys. These listings form a helpful ready reference for those unfamiliar with the research industry. Second, another highly practical feature of the book is the Research Users' Guides and their accompanying Notes, which form the basis of Chapter 16. The objective here is for the new research user, having read the book, to be able to consult the Guides and say, 'With this problem, I have these research possibilities for finding an answer'. Third, the book reviews two major changes in business. With the increasing internationalization of business, Chapter 15 looks at international marketing research and each chapter, where appropriate, illustrates the overseas' dimension of the area under discussion. Fourth, Chapter 14 looks at marketing research and the Internet, and the role of web-based research and database systems is incorporated where relevant throughout the text.

Any technical terms not already covered in the text are explained in the accompanying notes and all research suggestions are referenced to sections of the text where explanations appear. Because this is an introductory text, it makes no assumptions of background knowledge. Chapter 7, which deals with sampling, and Chapter 10, which deals with statistical analysis of data, deliberately avoid the use of statistical formulae. The aim is to give the research user an understanding of what statistical approaches can do to data, and why they are useful and sometimes essential. Research users do not need to be statistically competent themselves, but they should appreciate the contribution that statisticians can make in the design and analysis of research surveys. It is not the aim of this book to teach basic statistics, so those wishing to carry out the statistical manipulations described will need to have, or to acquire, the appropriate statistical expertise. Chapter 17 suggests some books to assist in this. It also suggests other ways in which those wishing to develop further their interest and expertise in marketing research after reading this introductory text, can do so.

1.5 Using this book

Each chapter is prefaced by a detailed list of contents and ends with a summary. The summary should be consulted for an overview of chapter content and the chapter contents pages will identify where particular topics are dealt with. This format will help those who wish to consult the book on particular topics. For those who want to introduce themselves to marketing research by reading the book right through, it will probably be helpful to read the summary of each chapter before reading the chapter. This will prepare the reader with a framework for what is to be found in the chapter and learning will be further reinforced when the summary is read again at the conclusion of the chapter.

Throughout the book, the word ‘product’ can be taken as meaning ‘product or service’. Services are amenable to research in the same way that products are and can be considered the ‘products’ of the companies that provide them. Finally, readers are asked to take the words ‘him’ and ‘he’ also to mean ‘her’ and ‘she’ and vice versa throughout.

2 Getting started

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2.1 Introduction

All kinds of organizations use, and need to use, marketing research techniques. The traditional and still the biggest users are the large, fast-moving consumer goods companies. Increasingly, marketing research is being applied by smaller organizations, by manufacturers of consumer-durable products and by suppliers of services. In recent years it has been applied by non-profit-making organizations such as charities, churches, official bodies and government departments at both local and national levels. Despite diversity in the aims and objectives of these widely differing organizations, what they have in common is the need to make decisions about the allocation of resources so as to be as effective and efficient as possible in achieving their goals. Resource allocation decisions can be improved by the acquisition of accurate, relevant and timely data and it is this which market research seeks to produce.

Getting started as a research user begins by answering three questions:

1. What does the organization need research for?
2. What types of research data are there?
3. How can the organization obtain the research it needs?

2.2 What does the organization need research for?

Being able to define precisely what marketing research can and should be doing for the organization is the first step in achieving it. One way of doing this is to reflect on the organization as a whole and decide what are its most pressing problems. The answers below were given by delegates to the Chartered Institute of Marketing's introductory course on market research:

From an insurance company: 'We are a relatively small company in a growing but fiercely competitive business. We need research information to decide how to increase business from our existing customers and attract business from new customers.'

From a whisky manufacturer: 'Whisky sales generally are in decline. We need research to evaluate the potential of new whisky-based drink products. We also need research to select the most effective packaging to maximize product sales in an increasingly self-service market.'

From an integrated communications agency: 'Our clients look to us for advice on internet advertising strategy. How can research help in providing more effective online advertising?'

From a carpet manufacturer: 'The floor-coverings market is in decline and over-supplied. We know that design is an important factor in the market. We need research to help us maintain and improve market share by identifying appealing designs and appropriate target markets for them.'

From a business-to-business IT supplier: 'We are now able to develop an enhanced range of systems integration products. We need research to discover whether a viable market exists for these possible products, who our potential customers might be and whether they know our name and would buy from us.'

From a dot-com business: 'We have never done market research and have no way of evaluating the performance of our site in the market as a whole. Our cash is running out. We need to return to our backers with a solid business plan. We need research to establish our market size and share and the potential in our customer base. What customers should we be attracting and what products will they require and how can we generate revenue from our site?'

Another approach to defining why a particular organization needs marketing research is to consider the range of uses to which it is already put by other organizations. Six main areas are listed here.

2.2.1 Corporate planning

Research is used in corporate planning in order to make decisions about what goals the organization as a whole should have in both the short and long term:

- forecasting the size of future demand and trends for the organization's products
- identifying markets to be served
- assessing the strengths and weaknesses of the organization both absolutely and relative to its competitors
- measuring dissatisfaction and needs in relevant market segments
- industry/market structure and composition
- competitors
- market share and profitability analysis
- highlighting significant marketing problems
- stimulating research for new or exploitation of existing products and markets by planned policies
- evaluating corporate identity and image
- selecting companies for acquisition or divestment.

2.2.2 Market planning

Research is used in market planning to keep the firm in touch with its markets and customers:

- identifying, measuring and describing key market segments' behaviour and attitudes

- assessing relative profitability of markets over time
- analysis and interpretation of general market data
- placing individual customer transactions, perhaps recorded on a database, in the broader market context
- analysing business potential of new market areas
- identifying and evaluating markets for products and new products for markets
- measuring consumer preferences
- identifying changes in competitive activity
- sales forecasting.

2.2.3 Product planning (including packaging and service levels)

Research is used in making and adapting products to fulfil customer wants more accurately and profitably:

- generating and screening new product ideas and modifications
- concept testing
- product testing and retesting for acceptance and improvement
- testing formulation and presentation preferences
- packaging tests
- product name tests
- test marketing
- comparative testing against competitive products
- product elimination or product line simplification
- evaluating perceived service quality.

2.2.4 Promotional planning

Research is concerned with the selection and effectiveness of persuasive communications. Three main areas are identified below.

Communications planning

- developing sustainable brand positioning
- message design and content
- development of the creative proposition
- developing effective multimedia communications strategies
- pre-testing ads
- post-testing ads, e.g. awareness, comprehension, recall, attitude shifts, brand-switching effects
- advertising weight-of-expenditure tests
- media planning: evaluation, selection and scheduling
- advertising effectiveness
- public relations and publicity effects on awareness/attitude
- sponsorship effectiveness
- exhibition effectiveness research

- direct marketing effectiveness research
- assessing the impact of integration
- developing the optimum communications mix.

Sales force planning

- determining sales areas
- testing alternative selling techniques and messages
- setting sales targets
- evaluating sales performance
- evaluating sales compensation system
- making selling operations more productive.

2.2.5 Distribution planning

Research is concerned with the formulation and effectiveness of distribution policy:

- channel selection
- distribution cost analysis
- wholesaler/retailer margin
- incentive policy
- dealer sales levels
- distribution achievement
- penetration levels
- stock checks
- inventory policy.

2.2.6 Price planning

Research may be used as one of the inputs to price selection.

Analysis of what problems the organization has and the uses to which research can be put will establish whether there is a need for research. The next step is to know what types of research information can be acquired.

2.3 What types of research data are there?

The collection of research data may be a *continuous* or an occasional (*ad hoc*) activity of the organization. Usually there is a requirement for both approaches since they serve different purposes. Some information is already available and simply needs organizing if it exists within the organization (*internal*), or tracking down if it is available from elsewhere (*external*). These activities form the basis of *desk* or *secondary research*. Other data needs collecting and organizing before being usable and this is known as *field* or *primary research*. In many markets (mainly for consumers) standardized services carry out primary research on a regular basis and the user simply buys the information produced or the service offered. The term *'off-the-peg'* is used to describe this type of research. Most organizations will also have a need for data more specifically geared to particular problems and this is when *'made-to-measure'* research is required.

These six types of research are introduced briefly in this section and discussed more fully in later chapters.

2.3.1 Continuous research

Any type of research may be organized so as to produce a continuous stream of data. The advantage of doing this is that it indicates trends and measures performance over time. This is particularly valuable in enabling an organization to spot changes in the market before they present themselves as serious problems. Continuous research forms an important element in any management information system and will probably include desk research and off-the-peg services. It is essential for the organization which aspires to being proactive (making things happen) rather than reactive (responding to things that have already happened).

2.3.2 Ad hoc research

One-off research studies meet those information needs that cannot be identified in advance. A new opportunity may suddenly arise or some specific problem may need to be explored. Any type of research data may be used in an ad hoc study, but it is most likely to include made-to-measure research surveys.

2.3.3 Desk research

Desk research is so called because it refers to that type of research data that can be acquired and worked upon mainly by sitting at a desk. That is to say, it is research data that already exists, having been produced for some other purpose and by some other person or body. It is commonly referred to as secondary research because the user is the secondary user of the data and this term reflects the fact that it may not precisely meet the user's need or be sufficiently recent to be wholly useful. Desk research makes a good starting point for any research programme because it is generally quick and cheap to acquire and can be readily assimilated. Whilst a scan of appropriate desk research sources may not produce an answer to the problem, it is extremely useful as a familiarization process and in generating ideas that will help to formulate and refine any subsequent collation of primary data. The range of electronic services that have been developed, including the Internet, extends the ability of the desk researcher to assess a wide range of material.

Internal desk research

This represents the most sensible starting point for any organization and should come before going to great lengths of resource expenditure in acquiring data from outside. Much useful information is generated within all organizations simply in the course of their normal operations. A simple analysis of accounting data should indicate what is being sold, in what sizes, at what prices and to whom in terms of geographical area, type of customer and so on. The key to making use of internal desk research sources is to organize the collection of data in such a way that it is not only useful but also usable. The acquisition, organization and use of internal desk research sources are explored more fully in Chapter 3.

External desk research

The Government is a major producer of all kinds of external research data. Useful external research data is also available from trade organizations, trade publications, banks and many official bodies. The acquisition and use of external desk research data are discussed in Chapter 4.

Both internal and external desk research have limitations for decision makers. Internal desk research by definition is data confined to the organization's own activities. External desk research is characteristically of too general a nature to be applicable to any specific problem. Field research can overcome both of these limitations.

2.3.4 Field research

Field research is so called because it is concerned with the generation and collection of original data from the field of operation or intended operation for the organization. The organization determines exactly what information is necessary and from whom it needs the information and then sets about acquiring it. The data is thus specific to the purpose for which it has been acquired, and this is often called primary research for this reason. There are two kinds of primary research: off-the-peg services and made-to-measure research.

Off-the-peg research services

A considerable amount of original research data is continually being generated by research organizations. Either the data itself or the system for collecting it may be bought off-the-peg. The two types of service referred to are *syndicated research* and *omnibus research*.

Syndicated research

This is research that is of value to a number of organizations, but would be too expensive for any of them to collect individually. The data is therefore collected by a research agency and sold to all the organizations who have a use for it. This system means that effectively the organizations are sharing the costs of generating the kind of original data they require.

Omnibus research

When regular surveys of defined populations are being undertaken, the agency doing the fieldwork may make the service available as an 'omnibus' for other organizations to climb aboard. They may each add a few questions to a questionnaire. Those questions and the answers to them will be entirely confidential to the paying client, but the respondents will find themselves answering a large number of questions about a possibly diverse range of subjects. Omnibus research represents an extremely cost-effective half-way house between carrying out a complete survey and buying the data already available from external desk research or syndicated services. It gives the advantage of being able to specify the questions without having to bear all the costs of fieldwork.

Acquisition of both types of off-the-peg research service is discussed in Chapter 4.

Made-to-measure research surveys

This is the type of research that most often comes to mind when managers think of using research. The organization wishing to acquire information decides what it wants to know and usually briefs a research agency to acquire the information for it. The research agency will design an appropriate questionnaire, organize a team of professional interviewers to collect answers to the questions, process the data when the questionnaires are returned to the office and produce a report for the original client. The whole survey and its findings are guaranteed confidential to the organization that pays for them. This is the most expensive type of research data but should also be the most useful, since, like other custom-built items, it is designed and produced to meet exactly the requirements of the buyer. The design of made-to-measure research surveys is discussed in Chapter 5. Technical aspects of data collection, sampling questionnaire design, fieldwork, and data analysis and interpretation are discussed in Chapters 6–10, respectively.

2.4 How can the organization obtain the research it needs?

2.4.1 Getting started

In getting started as a research user, a logical progression would be to begin with internal and external desk research. Any appropriate syndicated services should be considered for purchase, or a few basic market data questions included on an omnibus survey. These research activities are likely to be followed by made-to-measure field research. This order of research progression reflects the order in which data are most readily acquired. It demands an increasing level of commitment in terms of cost and personnel involved in acquiring the data, and an increasing level of research knowledge in both acquiring and using the data. The quality of information