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## *An Applied Orientation*

SEVENTH EDITION

Naresh K. Malhotra



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# MARKETING RESEARCH

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An Applied Orientation

**Naresh K. Malhotra**

*Georgia Institute of Technology*



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To the memory of my father,  
Mr. H. N. Malhotra  
and  
To my mother, Mrs. Satya Malhotra  
and

To my wife Veena and children Ruth and Paul

The love, encouragement, and support of my parents, wife,  
and children have been exemplary.

“The greatest of these is love.”

I Corinthians 13:13

“But God showed how much He loved us by having Christ die for us,  
even though we were sinful.”

Romans 5:8  
*The Holy Bible*

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# BRIEF CONTENTS

## **PART 1 Introduction and Early Phases of Marketing Research 27**

- Chapter 1** Introduction to Marketing Research 28
- Chapter 2** Defining the Marketing Research Problem and Developing an Approach 57

## **PART 2 Research Design Formulation 89**

- Chapter 3** Research Design 90
- Chapter 4** Exploratory Research Design: Secondary and Syndicated Data 118
- Chapter 5** Exploratory Research Design: Qualitative Research 150
- Chapter 6** Descriptive Research Design: Survey and Observation 190
- Chapter 7** Causal Research Design: Experimentation 234
- Chapter 8** Measurement and Scaling: Fundamentals and Comparative Scaling 266
- Chapter 9** Measurement and Scaling: Noncomparative Scaling Techniques 288
- Chapter 10** Questionnaire and Form Design 316
- Chapter 11** Sampling: Design and Procedures 353
- Chapter 12** Sampling: Final and Initial Sample Size Determination 387

## **PART 3 Data Collection, Preparation, Analysis, and Reporting 415**

- Chapter 13** Fieldwork 416
- Chapter 14** Data Preparation 433
- Chapter 15** Frequency Distribution, Cross-Tabulation, and Hypothesis Testing 463
- Chapter 16** Analysis of Variance and Covariance 508
- Chapter 17** Correlation and Regression 537
- Chapter 18** Discriminant and Logit Analysis 574
- Chapter 19** Factor Analysis 606
- Chapter 20** Cluster Analysis 632
- Chapter 21** Multidimensional Scaling and Conjoint Analysis 658
- Chapter 22** Structural Equation Modeling and Path Analysis 690
- Chapter 23** Report Preparation and Presentation 725

## **CASES**



### **Running Case with Real Data**

- Case 1.1** HP: Using Marketing Research to Gain a Competitive Edge 752

### **Comprehensive Critical Thinking Cases**

- Case 2.1** Baskin-Robbins: Can It Bask in the Good 'Ole Days? 757
- Case 2.2** Kid Stuff? Determining the Best Positioning Strategy for Akron Children's Hospital 760



**Data Analysis Cases with Real Data**

**Case 3.1** AT&T Wireless: Ma Bell Becomes Ma Again 762

**Case 3.2** IBM: A Top Provider of Computer Hardware, Software, and Services 766

**Case 3.3** Kimberly-Clark: Competing Through Innovation 774

**Comprehensive Cases with Real Data**

**Case 4.1** JPMorgan Chase: Chasing Growth Through Mergers and Acquisitions 781

**Case 4.2** Wendy's: History and Life After Dave Thomas 787

**Comprehensive Harvard Business School Cases**

**Case 5.1** The Harvard Graduate Student Housing Survey (9-505-059) 793

**Case 5.2** BizRate.Com (9-501-024) 793

**Case 5.3** Cola Wars Continue: Coke and Pepsi in the Twenty-First Century (9-702-442) 793

**Case 5.4** TiVo in 2002 (9-502-062) 793

**Case 5.5** Compaq Computer: Intel Inside? (9-599-061) 793

**Case 5.6** The New Beetle (9-501-023) 793



# CONTENTS

Foreword	19
Preface	21
Acknowledgments	24
About the Author	25
Commendation	26

## PART 1 Introduction and Early Phases of Marketing Research 27

---

<b>1</b>	<b>Introduction to Marketing Research</b>	<b>28</b>	<b>2</b>	<b>Defining the Marketing Research Problem and Developing an Approach</b>	<b>57</b>
	Objectives	28		Objectives	57
	Overview	29		Overview	58
	Definition of Marketing Research	31		Importance of Defining the Problem	59
	A Classification of Marketing Research	32		The Process of Defining the Problem and Developing an Approach	60
	The Marketing Research Process	34		Tasks Involved	60
	Step 1: Problem Definition	34		Discussions with Decision Makers	60
	Step 2: Development of an Approach to the Problem	34		Interviews with Industry Experts	63
	Step 3: Research Design Formulation	35		Secondary Data Analysis	64
	Step 4: Fieldwork or Data Collection	35		Qualitative Research	65
	Step 5: Data Preparation and Analysis	35		Environmental Context of the Problem	66
	Step 6: Report Preparation and Presentation	35		Past Information and Forecasts	66
	The Role of Marketing Research in Marketing Decision Making	36		Resources and Constraints	67
	Marketing Research and Competitive Intelligence	38		Objectives	68
	The Decision to Conduct Marketing Research	38		Buyer Behavior	68
	The Marketing Research Industry	39		Legal Environment	69
	Selecting a Research Supplier	41		Economic Environment	69
	Employability in Marketing Research	42		Marketing and Technological Skills	69
	The Department Store Patronage Project	44		Management Decision Problem and Marketing Research Problem	70
	International Marketing Research	44		Defining the Marketing Research Problem	71
	Marketing Research and Social Media	46		Components of the Approach	73
	Mobile Marketing Research	47		Objective/Theoretical Framework	73
	Ethics in Marketing Research	48		Analytical Model	74
	SPSS Windows and SAS Enterprise Guide	50		Research Questions	75
	HP Running Case 50 • Summary	51		Hypotheses	76
	Key Terms and Concepts 51 • Suggested Cases, HBS Cases, and Video Cases	51		Specification of Information Needed	78
	Live Research: Conducting a Marketing Research Project	52		International Marketing Research	79
	• Acronyms	52		Marketing Research and Social Media	80
	Exercises 52 • Internet and Computer Exercises	53		Approach to the Problem	81
	• Activities	53		Mobile Marketing Research	82
	▶ Video Case 1.1 Burke: Learning and Growing Through Marketing Research	54		Ethics in Marketing Research	82
				HP Running Case 83 • Summary	83
				Key Terms and Concepts 84 • Suggested Cases, HBS Cases, and Video Cases	84
				Live Research: Conducting a Marketing Research Project	85
				• Acronyms	85
				Exercises 85 • Internet and Computer Exercises	86
				• Activities	86
				▶ Video Case 2.1 Accenture: The Accent Is in the Name	87

**PART 2 Research Design Formulation 89**

<b>3</b>	<b>Research Design 90</b>
	Objectives 90
	Overview 91
	Research Design: Definition 92
	Research Design: Classification 92
	Exploratory Research 94
	Descriptive Research 96
	Cross-Sectional Designs 97
	Longitudinal Designs 98
	Relative Advantages and Disadvantages of Longitudinal and Cross-Sectional Designs 99
	Causal Research 101
	Relationships Among Exploratory, Descriptive, and Causal Research 103
	Potential Sources of Error 104
	Random Sampling Error 104
	Nonsampling Error 104
	Budgeting and Scheduling the Project 107
	Marketing Research Proposal 107
	International Marketing Research 108
	Marketing Research and Social Media 109
	Mobile Marketing Research 111
	Ethics in Marketing Research 111
	HP Running Case 112 • Summary 112
	Key Terms and Concepts 113 • Suggested Cases, HBS Cases and Video Cases 113
	Live Research: Conducting a Marketing Research Project 113 • Acronyms 114 • Exercises 114 • Internet and Computer Exercises 114 • Activities 114
	▶ Video Case 3.1 National Football League: The King of Professional Sports 116

<b>4</b>	<b>Exploratory Research Design: Secondary and Syndicated Data 118</b>
	Objectives 118
	Overview 119
	Primary Versus Secondary Data 120
	Advantages and Uses of Secondary Data 121
	Disadvantages of Secondary Data 121
	Criteria for Evaluating Secondary Data 121
	Specifications: Methodology Used to Collect the Data 122
	Error: Accuracy of the Data 123
	Currency: When the Data Were Collected 123
	Objective: The Purpose for Which the Data Were Collected 123
	Nature: The Content of the Data 123
	Dependability: How Dependable Are the Data? 124

Classification of Secondary Data 125
Internal Secondary Data 126
Customer Databases 126
Data Warehouse and Data Mining 126
CRM and Database Marketing 127
External Secondary Data 128
Business/Nongovernment Data 128
Government Sources 128
Syndicated Sources of Secondary Data 130
Syndicated Data from Households 131
Surveys 131
Purchase and Media Panels 134
Electronic Scanner Services 135
Syndicated Data from Institutions 137
Retailer and Wholesaler Audits 137
Industry Services 138
Combining Information from Different Sources: Single-Source Data 139
Big Data 140
International Marketing Research 140
Marketing Research and Social Media 142
Mobile Marketing Research 143
Ethics in Marketing Research 144
HP Running Case 144 • Summary 145
Key Terms and Concepts 145 • Suggested Cases, HBS Cases, and Video Cases 145
Live Research: Conducting a Marketing Research Project 146 • Acronyms 146
Exercises 146 • Internet and Computer Exercises 147 • Activities 147
▶ Video Case 4.1 The Mayo Clinic: Staying Healthy with Marketing Research 148

<b>5</b>	<b>Exploratory Research Design: Qualitative Research 150</b>
	Objectives 150
	Overview 151
	Primary Data: Qualitative Versus Quantitative Research 152
	Rationale for Using Qualitative Research 154
	A Classification of Qualitative Research Procedures 155
	Focus Group Interviews 155
	Characteristics 156
	Planning and Conducting Focus Groups 157
	Other Variations in Focus Groups 161
	Advantages of Focus Groups 162
	Disadvantages of Focus Groups 163
	Applications of Focus Groups 163
	Online Focus Group Interviews 164
	Advantages of Online Focus Groups 164

Disadvantages of Online Focus Groups	164
Uses of Online Focus Groups	165
<b>Depth Interviews</b>	<b>166</b>
Characteristics	166
Techniques	167
Advantages and Disadvantages of Depth Interviews	168
Applications of Depth Interviews	169
<b>Projective Techniques</b>	<b>170</b>
Association Techniques	170
Completion Techniques	171
Construction Techniques	173
Expressive Techniques	174
Advantages and Disadvantages of Projective Techniques	175
Applications of Projective Techniques	175
<b>Analysis of Qualitative Data</b>	<b>177</b>
Software Packages	178
<b>International Marketing Research</b>	<b>179</b>
<b>Marketing Research and Social Media</b>	<b>179</b>
Focus Groups	180
Depth Interviews	181
Projective Techniques	181
Limitations	181
<b>Mobile Marketing Research</b>	<b>182</b>
<b>Ethics in Marketing Research</b>	<b>183</b>
<b>HP Running Case</b>	<b>184 • Summary 184</b>
<b>Key Terms and Concepts</b>	<b>184 • Suggested Cases, HBS Cases, and Video Cases 185</b>
<b>Live Research: Conducting a Marketing Research Project</b>	<b>185 • Acronyms 185</b>
<b>Exercises</b>	<b>186 • Internet and Computer Exercises 186 • Activities 187</b>
▶ <b>Video Case 5.1 Nike: Associating Athletes, Performance, and the Brand</b>	<b>188</b>

## 6

### **Descriptive Research Design: Survey and Observation 190**

Objectives	190
Overview	191
Survey Methods	193
Survey Methods Classified by Mode of Administration	194
<b>Telephone Methods</b>	<b>194</b>
Traditional Telephone Interviews	194
Computer-Assisted Telephone Interviewing (CATI)	194
<b>Personal Methods</b>	<b>196</b>
Personal In-Home Interviews	196
Mall-Intercept Personal Interviews	196
Computer-Assisted Personal Interviewing (CAPI)	197
<b>Mail Methods</b>	<b>198</b>
Mail Interviews	198
Mail Panels	200

<b>Electronic Methods</b>	<b>200</b>
Email Interviews	200
Internet Interviews	200
<b>A Comparative Evaluation of Survey Methods</b>	<b>202</b>
Task Factors	204
Situational Factors	207
Respondent Factors	208
<b>Some Other Survey Methods</b>	<b>210</b>
<b>Selection of Survey Methods</b>	<b>210</b>
<b>Observation Methods</b>	<b>211</b>
Structured Versus Unstructured Observation	211
Disguised Versus Undisguised Observation	212
Natural Versus Contrived Observation	212
<b>Observation Methods Classified by Mode of Administration</b>	<b>212</b>
Personal Observation	212
Mechanical Observation	213
Audit	215
Content Analysis	215
Trace Analysis	217
<b>A Comparative Evaluation of Observation Methods</b>	<b>218</b>
<b>A Comparison of Survey and Observation Methods</b>	<b>219</b>
Relative Advantages of Observation	219
Relative Disadvantages of Observation	219
<b>Ethnographic Research</b>	<b>220</b>
<b>Other Methods</b>	<b>221</b>
<b>International Marketing Research</b>	<b>221</b>
Selection of Survey Methods	222
<b>Marketing Research and Social Media</b>	<b>223</b>
Surveys	223
Observation	225
<b>Mobile Marketing Research</b>	<b>226</b>
MMR and Survey Research	226
MMR and Observation Research	227
<b>Ethics in Marketing Research</b>	<b>228</b>
<b>HP Running Case</b>	<b>229 • Summary 229</b>
<b>Key Terms and Concepts</b>	<b>229 • Suggested Cases, HBS Cases, and Video Cases 230</b>
<b>Live Research: Conducting a Marketing Research Project</b>	<b>230 • Acronyms 230</b>
<b>Exercises</b>	<b>231 • Internet and Computer Exercises 231 • Activities 231</b>
▶ <b>Video Case 6.1 Starbucks: Staying Local While Going Global Through Marketing Research</b>	<b>232</b>

## 7

### **Causal Research Design: Experimentation 234**

Objectives	234
Overview	235
Concept of Causality	236

Conditions for Causality	236
Concomitant Variation	237
Time Order of Occurrence of Variables	238
Absence of Other Possible Causal Factors	238
Role of Evidence	238
Definitions and Concepts	239
Definition of Symbols	240
Validity in Experimentation	240
Internal Validity	241
External Validity	241
Extraneous Variables	241
History	241
Maturation	242
Testing Effects	242
Instrumentation	242
Statistical Regression	242
Selection Bias	243
Mortality	243
Controlling Extraneous Variables	243
Randomization	243
Matching	243
Statistical Control	244
Design Control	244
A Classification of Experimental Designs	244
Preexperimental Designs	245
One-Shot Case Study	245
One-Group Pretest-Posttest Design	246
Static Group Design	246
True Experimental Designs	247
Pretest-Posttest Control Group Design	247
Posttest-Only Control Group Design	247
Quasi-Experimental Designs	249
Time Series Design	249
Multiple Time Series Design	249
Statistical Designs	250
Randomized Block Design	250
Latin Square Design	252
Factorial Design	253
Laboratory Versus Field Experiments	254
Experimental Versus Nonexperimental Designs	255
Limitations of Experimentation	256
Time	256
Cost	256
Administration	256
Application: Test Marketing	256
International Marketing Research	256
Marketing Research and Social Media	258
Mobile Marketing Research	259
Ethics in Marketing Research	259
HP Running Case	260 • Summary 260
Key Terms and Concepts	261 • Suggested Cases, HBS Cases, and Video Cases 261

Live Research: Conducting a Marketing Research Project	262 • Acronyms 262 Exercises 262 • Internet and Computer Exercises 263 • Activities 263
▶ Video Case 7.1 Aflac: Marketing Research Quacks Like a Duck	264

## 8 Measurement and Scaling: Fundamentals and Comparative Scaling 266

Objectives	266
Overview	267
Measurement and Scaling	268
Scale Characteristics and Levels of Measurement	268
Description	268
Order	268
Distance	269
Origin	269
Primary Scales of Measurement	269
Nominal Scale	269
Ordinal Scale	271
Interval Scale	272
Ratio Scale	273
A Comparison of Scaling Techniques	274
Comparative Scaling Techniques	275
Paired Comparison Scaling	275
Rank Order Scaling	277
Constant Sum Scaling	278
Q-Sort and Other Procedures	279
International Marketing Research	280
Marketing Research and Social Media	281
Mobile Marketing Research	281
Ethics in Marketing Research	282
HP Running Case	283 • Summary 283
Key Terms and Concepts	283 • Suggested Cases, HBS Cases, and Video Cases 284
Live Research: Conducting a Marketing Research Project	284 • Acronyms 284 Exercises 285 • Internet and Computer Exercises 285 • Activities 285
▶ Video Case 8.1 Procter & Gamble: Using Marketing Research to Build Brands	286

## 9 Measurement and Scaling: Noncomparative Scaling Techniques 288

Objectives	288
Overview	289
Noncomparative Scaling Techniques	290
Continuous Rating Scale	290
Itemized Rating Scales	292
Likert Scale	292
Semantic Differential Scale	294
Stapel Scale	295

Noncomparative Itemized Rating Scale	
Decisions	296
Number of Scale Categories	296
Balanced Versus Unbalanced Scales	296
Odd or Even Number of Categories	297
Forced Versus Nonforced Scales	297
Nature and Degree of Verbal Description	297
Physical Form or Configuration	297
Multi-Item Scales	300
Scale Evaluation	301
Measurement Accuracy	301
Reliability	302
Validity	304
Relationship Between Reliability and Validity	305
Generalizability	305
Choosing a Scaling Technique	306
Mathematically Derived Scales	306
International Marketing Research	306
Marketing Research and Social Media	307
Mobile Marketing Research	308
Ethics in Marketing Research	309
HP Running Case	310 • Summary 310
Key Terms and Concepts	311 • Suggested Cases, HBS Cases, and Video Cases 311
Live Research: Conducting a Marketing Research Project	311 • Acronyms 312
Exercises	312 • Internet and Computer Exercises 312 • Activities 313
▶ Video Case 9.1 eGO: Reinventing Wheels	314

## 10 Questionnaire and Form Design 316

Objectives	316
Overview	317
Questionnaires and Observation Forms	318
Questionnaire Definition	319
Objectives of a Questionnaire	319
Questionnaire Design Process	319
Specify the Information Needed	320
Type of Interviewing Method	321
Individual Question Content	322
Is the Question Necessary?	322
Are Several Questions Needed Instead of One?	322
Overcoming Inability to Answer	323
Is the Respondent Informed?	323
Can the Respondent Remember?	324
Can the Respondent Articulate?	325
Overcoming Unwillingness to Answer	325
Effort Required of the Respondents	325
Context	325
Legitimate Purpose	325

Sensitive Information	326
Increasing the Willingness of Respondents	326
Choosing Question Structure	327
Unstructured Questions	327
Structured Questions	328
Choosing Question Wording	330
Define the Issue	330
Use Ordinary Words	330
Use Unambiguous Words	331
Avoid Leading or Biasing Questions	331
Avoid Implicit Alternatives	332
Avoid Implicit Assumptions	332
Avoid Generalizations and Estimates	332
Dual Statements: Positive and Negative	333
Determining the Order of Questions	333
Opening Questions	333
Type of Information	334
Difficult Questions	334
Effect on Subsequent Questions	334
Logical Order	335
Form and Layout	336
Reproduction of the Questionnaire	337
Pretesting	338
Computer and Internet Questionnaire Construction	340
Observational Forms	341
International Marketing Research	342
Marketing Research and Social Media	344
Mobile Marketing Research	344
MMR and Questionnaire Design	344
Ethics in Marketing Research	345
HP Running Case	346 • Summary 346
Key Terms and Concepts	347 • Suggested Cases, HBS Cases, and Video Cases 347
Live Research: Conducting a Marketing Research Project	348 • Acronyms 348
Exercises	348 • Internet and Computer Exercises 349 • Activities 350
▶ Video Case 10.1 Dunkin' Donuts: Dunking the Competition	351

## 11 Sampling: Design and Procedures 353

Objectives	353
Overview	354
Sample or Census	355
The Sampling Design Process	357
Define the Target Population	357
Determine the Sampling Frame	358
Select a Sampling Technique	358
Determine the Sample Size	359
Execute the Sampling Process	360

A Classification of Sampling Techniques	361
Nonprobability Sampling Techniques	362
Convenience Sampling	363
Judgmental Sampling	363
Quota Sampling	364
Snowball Sampling	365
Probability Sampling Techniques	366
Simple Random Sampling	367
Systematic Sampling	368
Stratified Sampling	369
Cluster Sampling	371
Other Probability Sampling Techniques	373
Choosing Nonprobability Versus Probability Sampling	375
Uses of Nonprobability and Probability Sampling	376
Internet Sampling	376
Issues in Online Sampling	376
Online Sampling Techniques	377
International Marketing Research	378
Marketing Research and Social Media	379
Mobile Marketing Research	380
Ethics in Marketing Research	381
HP Running Case	381 • Summary 382
Key Terms and Concepts	382 • Suggested Cases, HBS Cases, and Video Cases 382
Live Research: Conducting a Marketing Research Project	383 • Acronyms 383
Exercises	383 • Internet and Computer Exercises 384 • Activities 384
▶ Video Case 11.1 Nivea: Marketing Research Leads to Consistency in Marketing	385

<b>12 Sampling: Final and Initial Sample Size Determination</b>	387
Objectives	387
Overview	388
Definitions and Symbols	389
The Sampling Distribution	390
Statistical Approach to Determining Sample Size	391
The Confidence Interval Approach	392
Sample Size Determination: Means	393
Sample Size Determination: Proportions	395
Multiple Characteristics and Parameters	398
Other Probability Sampling Techniques	399
Adjusting the Statistically Determined Sample Size	399
Calculation of Response Rates	400
Nonresponse Issues in Sampling	401
Improving the Response Rates	401
Adjusting for Nonresponse	404
International Marketing Research	406
Marketing Research and Social Media	407
Mobile Marketing Research	407
Ethics in Marketing Research	408
HP Running Case	408 • Summary 409
Key Terms and Concepts	409 • Suggested Cases, HBS Cases, and Video Cases 409
Live Research: Conducting a Marketing Research Project	410 • Acronym 410
Exercises	410 • Internet and Computer Exercises 411 • Activities 411
Appendix 12A	411
▶ Video Case 12.1 Subaru: "Mr. Survey" Monitors Customer Satisfaction	413

## PART 3 Data Collection, Preparation, Analysis, and Reporting 415

<b>13 Fieldwork</b>	416
Objectives	416
Overview	417
The Nature of Fieldwork	418
Fieldwork/Data Collection Process	418
Selection of Fieldworkers	419
Training of Fieldworkers	420
Making the Initial Contact	420
Asking the Questions	420
Probing	420
Recording the Answers	421
Terminating the Interview	421
Supervision of Fieldworkers	423
Quality Control and Editing	423
Sampling Control	423
Control of Cheating	423
Central Office Control	423
Validation of Fieldwork	423
Evaluation of Fieldworkers	423
Cost and Time	424
Response Rates	424
Quality of Interviewing	424
Quality of Data	424
International Marketing Research	425
Marketing Research and Social Media	426
Mobile Marketing Research	427
Ethics in Marketing Research	428
HP Running Case	428 • Summary 429



Key Terms and Concepts 429 • Suggested Cases, HBS Cases, and Video Cases 429  
 Live Research: Conducting a Marketing Research Project 429 • Acronyms 430  
 Exercises 430 • Internet and Computer Exercises 430 • Activities 430  
 ► Video Case 13.1 Intel: Building Blocks Inside Out 431

# 14

## Data

### Preparation 433

Objectives 433

Overview 434

The Data-Preparation Process 435

Questionnaire Checking 436

Editing 436

Treatment of Unsatisfactory Responses 436

Coding 437

Coding Questions 437

Developing a Data File 438

Transcribing 442

Data Cleaning 444

Consistency Checks 444

Treatment of Missing Responses 444

Statistically Adjusting the Data 445

Weighting 445

Variable Respecification 446

Scale Transformation 447

Selecting a Data Analysis Strategy 448

A Classification of Statistical Techniques 449

International Marketing Research 450

Marketing Research and Social Media 452

Data Collection 452

Text Coding and Categorization 452

Text Mining and Visualization 452

Mobile Marketing Research 453

Ethics in Marketing Research 453

Statistical Software 454

SPSS and SAS Computerized Demonstration Movies 455

SPSS and SAS Screen Captures with Notes 455

SPSS Windows 455

Creating a Variable Called *Overall Evaluation* 456

Recoding to Create New Variable Called *Recoded Income* 456

SAS Enterprise Guide 456

Creating a Variable Called *Overall Evaluation* 457

Recoding to Create New Variable Called *Recoded Income* 457

HP Running Case 459 • Summary 460

Key Terms and Concepts 460 • Suggested Cases and Video Cases 460 • Live Research:

Conducting a Marketing Research Project 461  
 Acronyms 461 • Exercises 461  
 Internet and Computer Exercises 462  
 Activities 462

# 15

## Frequency Distribution, Cross-Tabulation, and Hypothesis Testing 463

Objectives 463

Overview 464

Frequency Distribution 465

Statistics Associated with Frequency

Distribution 468

Measures of Location 468

Measures of Variability 469

Measures of Shape 471

Introduction to Hypothesis Testing 472

A General Procedure for Hypothesis

Testing 472

Step 1: Formulate the Hypotheses 472

Step 2: Select an Appropriate Test 474

Step 3: Choose Level of Significance,  $\alpha$  474

Step 4: Collect Data and Calculate Test Statistic 475

Step 5: Determine the Probability (Critical Value) 475

Steps 6 and 7: Compare the Probability (Critical Value) and Make the Decision 475

Step 8: Marketing Research Conclusion 476

Cross-Tabulations 476

Two Variables 477

Three Variables 478

General Comments on Cross-Tabulation 481

Statistics Associated with Cross-Tabulation 481

Chi-Square 482

Phi Coefficient 483

Contingency Coefficient 484

Cramer's V 484

Lambda Coefficient 484

Other Statistics 485

Cross-Tabulation in Practice 485

Hypothesis Testing Related to Differences 486

Parametric Tests 486

One Sample 487

Two Independent Samples 488

Paired Samples 491

Nonparametric Tests 493

One Sample 493

Two Independent Samples 494

Paired Samples 495

Statistical Software 497

SPSS and SAS Computerized Demonstration Movies 498

SPSS and SAS Screen Captures with Notes 498



SPSS Windows 498  
 Frequency Distribution 498  
 Cross-Tabulation 499  
 Hypothesis Testing 499  
 SAS Enterprise Guide 500  
 Frequency Distribution 500  
 Cross-Tabulation 500  
 Hypothesis Testing 501  
 HP Running Case 503 • Summary 503  
 Key Terms and Concepts 504 • Suggested  
 Cases and Video Cases 504 • Live Research:  
 Conducting a Marketing Research Project 504  
 Acronyms 505 • Exercises 505  
 Internet and Computer Exercises 506  
 Activities 507

## 16 Analysis of Variance and Covariance 508

Objectives 508  
 Overview 509  
 Relationship Among Techniques 511  
 One-Way Analysis of Variance 511  
 Statistics Associated with One-Way Analysis of  
 Variance 512  
 Conducting One-Way Analysis of Variance 512  
 Identify the Dependent and Independent  
 Variables 513  
 Decompose the Total Variation 513  
 Measure the Effects 514  
 Test the Significance 515  
 Interpret the Results 515  
 Illustrative Data 515  
 Illustrative Applications of One-Way Analysis of  
 Variance 516  
 Assumptions in Analysis of Variance 519  
 N-Way Analysis of Variance 520  
 Illustrative Application of N-Way Analysis of  
 Variance 522  
 Analysis of Covariance 524  
 Issues in Interpretation 525  
 Interactions 525  
 Relative Importance of Factors 527  
 Multiple Comparisons 527  
 Repeated Measures ANOVA 528  
 Nonmetric Analysis of Variance 529  
 Multivariate Analysis of Variance 529  
 Statistical Software 530  
 SPSS and SAS Computerized Demonstration  
 Movies 530  
 SPSS and SAS Screen Captures with Notes 531  
 SPSS Windows 531  
 SAS Enterprise Guide 532  
 HP Running Case 533 • Summary 533

Key Terms and Concepts 534 • Suggested  
 Cases and Video Cases 534 • Live Research:  
 Conducting a Marketing Research Project 534  
 Acronyms 534 • Exercises 534  
 Internet and Computer Exercises 535  
 Activities 536

## 17 Correlation and Regression 537

Objectives 537  
 Overview 538  
 Product Moment Correlation 539  
 Partial Correlation 542  
 Nonmetric Correlation 544  
 Regression Analysis 545  
 Bivariate Regression 545  
 Statistics Associated with Bivariate Regression  
 Analysis 545  
 Conducting Bivariate Regression Analysis 546  
 Plot the Scatter Diagram 547  
 Formulate the Bivariate Regression Model 548  
 Estimate the Parameters 548  
 Estimate Standardized Regression Coefficient 549  
 Test for Significance 550  
 Determine the Strength and Significance of  
 Association 551  
 Check Prediction Accuracy 553  
 Assumptions 553  
 Multiple Regression 554  
 Statistics Associated with Multiple  
 Regression 555  
 Conducting Multiple Regression Analysis 555  
 Partial Regression Coefficients 555  
 Strength of Association 557  
 Significance Testing 558  
 Examination of Residuals 559  
 Stepwise Regression 561  
 Multicollinearity 563  
 Relative Importance of Predictors 563  
 Cross-Validation 564  
 Regression with Dummy Variables 564  
 Analysis of Variance and Covariance with  
 Regression 565  
 Statistical Software 566  
 SPSS and SAS Computerized Demonstration  
 Movies 566  
 SPSS and SAS Screen Captures with Notes 567  
 SPSS Windows 567  
 SAS Enterprise Guide 568  
 HP Running Case 569 • Summary 570  
 Key Terms and Concepts 570 • Suggested  
 Cases and Video Cases 570 • Live Research:  
 Conducting a Marketing Research Project 571

Acronyms 571 • Exercises 571  
 Internet and Computer Exercises 572  
 Activities 573

## 18 Discriminant and Logit Analysis 574

Objectives 574  
 Overview 575  
 Basic Concept of Discriminant Analysis 576  
 Relationship of Discriminant and Logit Analysis to ANOVA and Regression 576  
 Discriminant Analysis Model 577  
 Statistics Associated with Discriminant Analysis 577  
 Conducting Discriminant Analysis 579  
   Formulate the Problem 579  
   Estimate the Discriminant Function Coefficients 581  
   Determine the Significance of Discriminant Function 581  
   Interpret the Results 584  
   Assess Validity of Discriminant Analysis 586  
 Multiple Discriminant Analysis 588  
   Formulate the Problem 588  
   Estimate the Discriminant Function Coefficients 588  
   Determine the Significance of the Discriminant Function 588  
   Interpret the Results 588  
   Assess Validity of Discriminant Analysis 591  
 Stepwise Discriminant Analysis 594  
 The Logit Model 594  
 Conducting Binary Logit Analysis 595  
   Formulate the Problem 595  
   Estimating the Binary Logit Model 596  
   Model Fit 596  
   Significance Testing 596  
   Interpretation of the Coefficients and Validation 596  
   An Illustrative Application of Logistic Regression 597  
 Statistical Software 600  
   SPSS and SAS Computerized Demonstration Movies 600  
   SPSS and SAS Screen Captures with Notes 600  
 SPSS Windows 600  
   Discriminant Analysis 600  
   Logit Model 600  
 SAS Enterprise Guide 601  
   Discriminant Analysis 601  
   Logit Model 601  
 HP Running Case 602 • Summary 602  
 Key Terms and Concepts 603 • Suggested Cases and Video Cases 603 • Live Research: Conducting a Marketing Research Project 604

Acronyms 604 • Exercises 604  
 Internet and Computer Exercises 605  
 Activities 605

## 19 Factor Analysis 606

Objectives 606  
 Overview 607  
 Basic Concept 608  
 Factor Analysis Model 609  
 Statistics Associated with Factor Analysis 609  
 Conducting Factor Analysis 610  
   Formulate the Problem 611  
   Construct the Correlation Matrix 611  
   Determine the Method of Factor Analysis 615  
   Determine the Number of Factors 615  
   Rotate Factors 616  
   Interpret Factors 617  
   Calculate Factor Scores 618  
   Select Surrogate Variables 618  
   Determine the Model Fit 619  
 Applications of Common Factor Analysis 621  
 Statistical Software 626  
   SPSS and SAS Computerized Demonstration Movies 626  
   SPSS and SAS Screen Captures with Notes 626  
 SPSS Windows 626  
 SAS Enterprise Guide 626  
 HP Running Case 627 • Summary 628  
 Key Terms and Concepts 628 • Suggested Cases and Video Cases 628 • Live Research: Conducting a Marketing Research Project 629  
 Acronyms 629 • Exercises 629  
 Internet and Computer Exercises 630  
 Activities 631

## 20 Cluster Analysis 632

Objectives 632  
 Overview 633  
 Basic Concept 634  
 Statistics Associated with Cluster Analysis 635  
 Conducting Cluster Analysis 636  
   Formulate the Problem 636  
   Select a Distance or Similarity Measure 637  
   Select a Clustering Procedure 638  
   Decide on the Number of Clusters 642  
   Interpret and Profile the Clusters 644  
   Assess Reliability and Validity 645  
 Applications of Nonhierarchical Clustering 646  
 Applications of TwoStep Clustering 648  
 Clustering Variables 650

**Statistical Software 652**  
 SPSS and SAS Computerized Demonstration Movies 652  
 SPSS and SAS Screen Captures with Notes 652  
**SPSS Windows 652**  
**SAS Enterprise Guide 653**  
 HP Running Case 654 • Summary 654  
 Key Terms and Concepts 655 • Suggested Cases and Video Cases 655 • Live Research: Conducting a Marketing Research Project 655  
 Acronyms 656 • Exercises 656  
 Internet and Computer Exercises 656  
 Activities 657

## 21 **Multidimensional Scaling and Conjoint Analysis 658**

**Objectives 658**  
**Overview 659**  
**Basic Concepts in Multidimensional Scaling (MDS) 661**  
**Statistics and Terms Associated with MDS 661**  
**Conducting Multidimensional Scaling 662**  
 Formulate the Problem 662  
 Obtain Input Data 662  
 Select an MDS Procedure 664  
 Decide on the Number of Dimensions 665  
 Label the Dimensions and Interpret the Configuration 666  
 Assess Reliability and Validity 667  
**Assumptions and Limitations of MDS 668**  
**Scaling Preference Data 668**  
**Correspondence Analysis 670**  
**Relationship Among MDS, Factor Analysis, and Discriminant Analysis 671**  
**Basic Concepts in Conjoint Analysis 671**  
**Statistics and Terms Associated with Conjoint Analysis 672**  
**Conducting Conjoint Analysis 672**  
 Formulate the Problem 672  
 Construct the Stimuli 673  
 Decide on the Form of Input Data 675  
 Select a Conjoint Analysis Procedure 675  
 Interpret the Results 678  
 Assessing Reliability and Validity 678  
**Assumptions and Limitations of Conjoint Analysis 680**  
**Hybrid Conjoint Analysis 681**  
**Statistical Software 684**  
 SPSS and SAS Computerized Demonstration Movies 684  
 SPSS and SAS Screen Captures with Notes 684  
**SPSS Windows 684**  
**SAS Enterprise Guide 685**  
 HP Running Case 687 • Summary 687

Key Terms and Concepts 687 • Suggested Cases and Video Cases 688 • Live Research: Conducting a Marketing Research Project 688  
 Acronyms 688 • Exercises 688  
 Internet and Computer Exercises 689  
 Activities 689

## 22 **Structural Equation Modeling and Path Analysis 690**

**Objectives 690**  
**Overview 691**  
**Basic Concept 692**  
**Statistics Associated with SEM 693**  
**Foundations of SEM 694**  
 Theory, Model, and Path Diagram 694  
 Exogenous Versus Endogenous Constructs 695  
 Dependence and Correlational Relationships 696  
 Model Fit 696  
 Model Identification 696  
**Conducting SEM 697**  
**Define the Individual Constructs 697**  
**Specify the Measurement Model 697**  
 Sample Size Requirements 698  
**Assess Measurement Model Reliability and Validity 699**  
 Assess Measurement Model Fit 699  
 Assess Measurement Model Reliability and Validity 701  
 Lack of Validity: Diagnosing Problems 703  
**Specify the Structural Model 703**  
**Assess Structural Model Validity 704**  
 Assessing Fit 705  
 Comparison with Competing Models 705  
 Testing Hypothesized Relationships 705  
 Structural Model Diagnostics 705  
**Draw Conclusions and Make Recommendations 706**  
**Higher-Order Confirmatory Factor Analysis 706**  
**Relationship of SEM to Other Multivariate Techniques 707**  
**Application of SEM: First-Order Factor Model 708**  
 Define the Individual Constructs 708  
 Specify the Measurement Model 709  
 Assess Measurement Model Reliability and Validity 709  
 Specify the Structural Model 710  
 Assess Structural Model Validity 710  
 Conclusions and Recommendations 710  
**Application of SEM: Second-Order Factor Model 710**  
 Define the Individual Constructs 710  
 Specify the Measurement Model 712

## 23

Assess Measurement Model Reliability and Validity	712
Specify the Structural Model	714
Assess Structural Model Validity	714
Draw Conclusions and Make Recommendations	715
<b>Path Analysis</b>	<b>716</b>
Illustrative Example of Path Analysis	717
<b>Statistical Software</b>	<b>719</b>
Lisrel	719
SPSS and SAS Computerized Demonstration Movies	720
SPSS and SAS Screen Captures with Notes	720
<b>SPSS Windows</b>	<b>720</b>
<b>SAS Enterprise Guide</b>	<b>721</b>
HP Running Case	722 • Summary 722
Key Terms and Concepts	723 • Suggested Cases and Video Cases 723 • Live Research: Conducting a Marketing Research Project 723
Acronyms	723 • Exercises 724
Internet and Computer Exercises	724
Activities	724
<b>Report Preparation and Presentation</b>	<b>725</b>
Objectives	725
Overview	726
Importance of the Report and Presentation	727
The Report Preparation and Presentation Process	727
Report Preparation	728
Report Format	728
Title Page	729
Letter of Transmittal	729
Letter of Authorization	730
Table of Contents	730
Executive Summary	730
Problem Definition	730
Approach to the Problem	730
Research Design	730
Data Analysis	730
Results	730
Limitations and Caveats	731
Conclusions and Recommendations	731
Report Writing	731
Readers	731
Easy to Follow	732
Presentable and Professional Appearance	732
Objective	732

Reinforce Text with Tables and Graphs	732
Terse	732
<b>Guidelines for Tables</b>	<b>732</b>
Title and Number	732
Arrangement of Data Items	733
Basis of Measurement	733
Leaders, Rulings, and Spaces	733
Explanations and Comments: Headings, Stubs, and Footnotes	733
Sources of the Data	733
<b>Guidelines for Graphs</b>	<b>733</b>
Geographic and Other Maps	734
Round or Pie Charts	734
Line Charts	734
Pictographs	735
Histograms and Bar Charts	735
Schematic Figures and Flowcharts	735
<b>Data Visualization and Big Data</b>	<b>736</b>
Visualizing Big Data	736
SAS Visual Analytics	737
<b>Report Distribution</b>	<b>737</b>
<b>Oral Presentation</b>	<b>737</b>
<b>Reading the Research Report</b>	<b>738</b>
Address the Problem	738
Research Design	738
Execution of the Research Procedures	739
Numbers and Statistics	739
Interpretation and Conclusions	739
Generalizability	739
Disclosure	739
<b>Research Follow-Up</b>	<b>740</b>
Assisting the Client	740
Evaluation of the Research Project	740
<b>International Marketing Research</b>	<b>741</b>
<b>Marketing Research and Social Media</b>	<b>742</b>
<b>Mobile Marketing Research</b>	<b>743</b>
<b>Ethics in Marketing Research</b>	<b>743</b>
<b>Statistical Software</b>	<b>744</b>
<b>SPSS Windows</b>	<b>745</b>
<b>SAS Enterprise Guide</b>	<b>745</b>
HP Running Case	746 • Summary 746
Key Terms and Concepts	746 • Suggested Cases, HBS Cases, and Video Cases 746
Live Research: Conducting a Marketing Research Project	747 • Acronyms 747
Exercises	747 • Internet and Computer Exercises 748 • Activities 748
▶ Video Case 23.1 Marriott: Marketing Research Leads to Expanded Offerings	749

## CASES

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### **RUNNING CASE WITH REAL DATA**

**Case 1.1** HP: Using Marketing Research to Gain a Competitive Edge 752

### **COMPREHENSIVE CRITICAL THINKING CASES**

**Case 2.1** Baskin-Robbins: Can It Bask in the Good 'Ole Days? 757

**Case 2.2** Kid Stuff? Determining the Best Positioning Strategy for Akron Children's Hospital 760

### **DATA ANALYSIS CASES WITH REAL DATA**

**Case 3.1** AT&T Wireless: Ma Bell Becomes Ma Again 762

**Case 3.2** IBM: A Top Provider of Computer Hardware, Software, and Services 766

**Case 3.3** Kimberly-Clark: Competing Through Innovation 774

### **COMPREHENSIVE CASES WITH REAL DATA**

**Case 4.1** JPMorgan Chase: Chasing Growth Through Mergers and Acquisitions 781

**Case 4.2** Wendy's: History and Life After Dave Thomas 787

### **COMPREHENSIVE HARVARD BUSINESS SCHOOL CASES**

**Case 5.1** The Harvard Graduate Student Housing Survey (9-505-059) 793

**Case 5.2** BizRate.Com (9-501-024) 793

**Case 5.3** Cola Wars Continue: Coke and Pepsi in the Twenty-First Century (9-702-442) 793

**Case 5.4** TiVo in 2002 (9-502-062) 793

**Case 5.5** Compaq Computer: Intel Inside? (9-599-061) 793

**Case 5.6** The New Beetle (9-501-023) 793

Appendix: Statistical Tables 795

Notes 807

Glossary 850

Index 865

# FOREWORD



The world of business is moving more rapidly than ever, meaning the intelligent and thoughtful use of research is critical to keeping pace. Undoubtedly, the most successful people will have a broad base of education, high levels of communication skills, and creative approaches to the opportunities racing toward us. It is a significant achievement when a textbook such as Dr. Malhotra's allows the classroom to become a source of these skills and greatly enhance the employability of the students.

This text has already proven its worth as one of the most successful in the field, with well over 140 universities using it in the United States and eight foreign-language and several different English-language editions in print. It is unsurpassed in presenting the fundamentals that allow your students to become researchers and intelligent users of research. The real-life examples, titled Real Research, bring students closer to the world businesspeople face daily. At every step, they can relate to the ongoing Department Store Project, the HP running case, and the practical vignettes that bring the educational material to a realistic and practical level. These materials are complemented by Active Research, Experiential Research, and exercises that offer additional hands-on experience. There is pervasive emphasis on social media, mobile marketing research, ethics, and international marketing research. The text's grasp of the leading edge of research is evident in its integration of modern tools of research such as the Internet, computer analytic software, and the latest management practices. The demonstration movies, screen captures, and step-by-step instructions for running SPSS and SAS programs provide the most extensive help available for learning these statistical packages.

We at Burke, Inc. are pleased to be asked to contribute again to a new edition. We have shared our experiences as well as our philosophies, technical skill, and thoughts about the future of research. This seventh edition of *Marketing Research: An Applied Orientation* provides the foundation we believe every student should have. We are confident you will find its combination of theory, practice, and sound advice to be of great value to both you and your students.

Jeff Miller, Ph.D.

*President and CEO, Burke, Inc.*

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## Helping Teach Students Marketing Research

I wrote this book to provide an applied and practical marketing research text with comprehensive, balanced coverage of both qualitative and quantitative material. It takes the perspective of a marketing research user and reflects current trends in international marketing research, social media, mobile marketing research, ethics, and the integration of the Internet and computers. All chapters focus on the practice of marketing research by featuring a variety of marketing companies and marketing research organizations. Several features make the book distinctive.

It has a unique applied and managerial orientation, illustrating the interaction between marketing research decisions and marketing management decisions. It also emphasizes a hands-on, do-it-yourself approach, affording students several opportunities to experience these interactions through pedagogical tools such as Real Research, Active Research, Experiential Research, Project Research, Live Research, cases, video cases, and extensive review questions, Internet and computer exercises, role playing, field work, and group discussions. The data analysis chapters tightly integrate SPSS and SAS, illustrating each step in running these programs in detail and providing three distinct ways that students can learn the programs on their own: (1) step-by-step instructions in the book (2) screen captures with notes for each step, and (3) demonstration movies illustrating each step. This book provides marketing research students the most extensive help available to learn SPSS and SAS.

The response to the first six editions has been truly gratifying, with more than 144 universities adopting the book in the United States. The book has been translated into eight languages: Chinese, Russian, Spanish, Portuguese, French, Hungarian, Bahasa Indonesia, and Japanese. English-language editions include North American, International, European, Arab, and Indian, as well as texts for Australia and New Zealand. I want to express my sincere thanks and appreciation to all the professors and students who have contributed to the success of the book as adopters, users, reviewers, and providers of valuable feedback and encouragement. The seventh edition attempts to build on this success to make the book even more current, contemporary, illustrative, and sensitive to user needs.

## About the Seventh Edition

The book is organized into three parts, based on a six-step framework for conducting marketing research. Part I provides an introduction and discusses problem definition, the first and most important step. The second step in the marketing research process is understanding the nature and scope of research to develop an approach to the problem. Part II covers research design, the third step, and describes exploratory, descriptive, and causal research designs in detail. It identifies the types of information marketing research provides and the appropriate scales for obtaining it. We present several guidelines for designing questionnaires and explain the procedures, techniques, and statistical considerations in sampling.

Part III presents a practical and managerially oriented discussion of fieldwork, the fourth step in the marketing research process. It also covers data preparation and analysis, the fifth step. We discuss the basic and advanced statistical techniques in detail, with emphasis on procedures, interpretation of results, and managerial implications rather than on statistical elegance. We feature four statistical packages—SPSS, SAS, MINITAB, and Excel—but our focus is on SPSS and SAS.

Specifically, the seventh edition contains the following:

- 1. Integration of Social Media.** The seventh edition features an innovative and pervasive integration of social media. There is a separate section entitled “Marketing Research and Social Media” in each chapter, except the data analysis chapters. In addition, the use of social media is discussed in several other sections of the chapter, including end of chapter questions, HP running case, cases, and video cases. We focus on social media both as an application of marketing research and as a domain in which to conduct marketing research. While we do not expect social media research to replace traditional marketing research, we

predict that social media will become an increasingly important domain that complements traditional marketing research.

2. **Integration of Mobile Marketing Research.** The seventh edition features a pioneering and pervasive integration of mobile marketing research (MMR). There is a separate section entitled “Mobile Marketing Research” in each chapter, except the data analysis chapters. In addition, MMR is discussed in several other sections of the chapter, including end of chapter questions.
3. **Added Emphasis on SPSS and SAS.** Relevant chapters contain a special section on SPSS Windows along with another on SAS Enterprise Guide, that illustrate the relevant programs and the steps required to run them. The Companion Web site provides SPSS and SAS files for all input data sets featured in the data analysis chapters (Chapters 14 through 22), input data sets that appear in Internet and Computer Exercises, input data sets for cases (Cases 1.1, 3.1, 3.2, 3.3, 4.1, and 4.2), and the Wal-Mart project. The SAS steps that are illustrated apply to the SAS Enterprise Guide, the user interface for SAS OnDemand for Academics. The Companion Web site can be accessed at [www.pearsonglobaleditions.com](http://www.pearsonglobaleditions.com).
4. **Video Cases.** Each chapter of the book, except the data analysis chapters, is accompanied by a video and video case written from a marketing research perspective with marketing research questions. Videos are available at [www.pearsonglobaleditions.com](http://www.pearsonglobaleditions.com) and solutions appear in the *Instructor's Manual*.

## Instructor Teaching Resources

*Marketing Research* comes with the following teaching resources:

Supplements available to instructors at <a href="http://www.pearsonglobaleditions.com">www.pearsonglobaleditions.com</a>	Features of the Supplement
Instructor's Manual	<ul style="list-style-type: none"> <li>• Chapter-by-chapter summaries</li> <li>• Examples and activities not in the main book</li> <li>• Teaching outlines</li> <li>• Teaching tips</li> <li>• Solutions to all questions and problems in the book</li> </ul>
Test Bank	2,200 multiple-choice, true/false, short-answer, and graphing questions with these annotations: <ul style="list-style-type: none"> <li>• Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis)</li> <li>• Type (Multiple-choice, true/false, short-answer, essay)</li> <li>• Topic (The term or concept the question supports)</li> <li>• Learning outcome</li> <li>• AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)</li> <li>• Page number in the text</li> </ul>
Computerized TestGen	TestGen allows instructors to: <ul style="list-style-type: none"> <li>• Customize, save, and generate classroom tests</li> <li>• Edit, add, or delete questions from the Test Item Files</li> <li>• Analyze test results</li> <li>• Organize a database of tests and student results</li> </ul>
PowerPoints	PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to: <ul style="list-style-type: none"> <li>• Keyboard and Screen Reader access</li> <li>• Alternative text for images</li> <li>• High color contrast between background and foreground colors</li> </ul>

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**Supplements available to instructors  
on the Companion Web site****Features of the Supplement****Data Set and Files**

- Data for Case 1.1 HP; Case 3.1 AT&T; Case 3.2 IBM; Case 3.3 Kimberly-Clark; Case 4.1 JPMorgan Chase and Case 4.2 Wendy's given in the book (SPSS and SAS). The output files containing the answers to the data analysis questions are also provided.
- Data files for Wal-Mart running project and output files containing the answers to data analysis in the associated project activities.
- Data files for all the Internet and Computer Exercises (SPSS and SAS). The output files containing the answers to the data analysis questions are also provided.
- Data file for the data set(s) used in each data analysis chapter (SPSS and SAS). The output files containing the analysis are also provided.
- SPSS and SAS computerized demonstration movies
- SPSS and SAS screen captures with notes

*Marketing Research*, 7th Edition, Global Edition, is available as an eBook and can be purchased at most eBook retailers.

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Naresh K. Malhotra

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**Dr. Naresh K. Malhotra** is Senior Fellow, Georgia Tech CIBER and Regents' Professor Emeritus, Scheller College of Business, Georgia Institute of Technology. In 2010, he was selected as a Marketing Legend and his refereed journal articles were published in nine volumes by Sage with tributes by other leading scholars in the field. He is listed in Marquis *Who's Who in America* continuously since 51st Edition 1997, and in *Who's Who in the World* since 2000. In 2017, he received the Albert Nelson Marquis Lifetime Achievement Award from Marquis Who's Who. In 2015, he received the Lifetime Achievement Award from the Prestige Institute of Management, Gwalior, India. He received the prestigious Academy of Marketing Science CUTCO/Vector Distinguished Marketing Educator Award in 2005. In 2011, he received the Best Professor in Marketing Management, Asia Best B-School Award.

In an article by Wheatley and Wilson (1987 AMA Educators' Proceedings), Professor Malhotra was ranked number one in the country based on articles published in the *Journal of Marketing Research (JMR)* during 1980–1985. He holds the all-time record for the maximum number of publications in the *Journal of Health Care Marketing*. He is ranked number one based on publications in the *Journal of the Academy of Marketing Science (JAMS)* since its inception through volume 23 (1995). He is number one based on publications in *JAMS* during the ten-year period 1986–1995 (See Tables 6 and 7 of *JAMS*, 24(4) (Fall 1996):297). In an editorial by Schlegelmilch (*JIM*, 11(1), 2003), Malhotra was ranked number one based on publications in the *International Marketing Review (IMR)* from 1992 to 2002. He is ranked number one based on publications in the *International Marketing Review* since its inception (1983) to 2003 [Table V, *IMR*, 22(4) (2005): 396], and from 1983 to 2011 [Table VI, *IMR*, 30(1) (2013):14]. He is also ranked number one based on publications in the *International Marketing Review* from 1996 to 2006 based on a study by Xu et al. published in the *Asia Pacific Journal of Management* (2008) 25: 189–207. In a landmark study by Ford et al. (2010) examining publications in the top four marketing journals [*Journal of Marketing*, *Journal of Marketing Research (JMR)*, *Journal of Consumer Research*, and the *Journal of the Academy of Marketing Science (JAMS)*] over a 25-year period from 1977 to 2002, Professor Malhotra has three top-three rankings: ranked number three based on publications in all the four journals combined, ranked number three based on publications in *JMR*, and ranked number one based on publications in *JAMS*. He has published ten papers in *Journal of Marketing Research*.

He has published more than 140 papers in major refereed journals, including the *Journal of Marketing Research*, *Journal of Consumer Research*, *Marketing Science*, *Management Science*, *Journal of Marketing*, *Journal of Academy of Marketing Science*, *Organizational Research Methods*, *Journal of Retailing*, *Journal of Advertising*, *Journal of Health Care Marketing*, and leading journals in statistics, management science, information systems, and psychology. In addition, he has published numerous refereed articles in the proceedings of major national and international conferences. Several articles have received best paper research awards.

He is Chairman of the Emerging Markets Conference Board, and the Lead Program co-chair of the annual conferences organized by the Board. He was chairman, Academy of Marketing Science Foundation, 1996–1998, and was president, Academy of Marketing Science, 1994–1996, and Chairman, Board of Governors, 1990–1992. He is a Distinguished Fellow of the Academy and Fellow, Decision Sciences Institute. He is the founding editor-in-chief of *Review of Marketing Research*, served as an associate editor of *Decision Sciences* for 18 years and has served as section editor, Health Care Marketing Abstracts, *Journal of Health Care Marketing*. He serves on the editorial board of eight (8) journals.

Dr. Malhotra has consulted for business, non-profit and government organizations in the United States and abroad and has served as an expert witness in legal and regulatory proceedings. He has special expertise in survey design, data analysis and statistical methods. He is the winner of numerous awards and honors for research, teaching, and service to the profession, including the Academy of Marketing Science, Outstanding Marketing Teaching Excellence Award, 2003.

Dr. Malhotra is an ordained minister of the Gospel, a member and Deacon, First Baptist Church, Atlanta, and President of Global Evangelistic Ministries, Inc. ([www.globalevangelisticministries.net](http://www.globalevangelisticministries.net)). This ministry has documented in independent reports more than 1.7 million people praying to receive Jesus Christ as personal Savior and Lord. He has been married to Veena for more than 37 years and they have two grown children Ruth and Paul.

# COMMENDATION



In a world awash with cheap behavioral data, it is tempting to believe that answers to questions concerning consumer behavior can all be answered through the application of analytics. Additionally, the advent of inexpensive, automated survey research platforms beckons not just researchers, but everyone, to put surveys up online at the drop of a hat without really understanding the science behind them. Combine these with a belief in “good enough” and you have a recipe for disastrous and expensive mistakes. It is this, above all, that makes *Marketing Research: An Applied Orientation, Seventh Edition* such an important and essential companion to the researcher and marketer alike. Marketing Research is both science and art and this edition provides a secure grounding in the application of both in the pursuit of accurate and impactful insights that can drive business decisions.

Simon Chadwick, Managing Partner, Cambiar Consulting  
Chairman, Insights Association  
Editor-in-Chief, *Research World*

# INTRODUCTION AND EARLY PHASES OF MARKETING RESEARCH

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➔ In this part, we define and classify marketing research and set out a six-step marketing research process. We discuss the nature and scope of marketing research and explain its role in marketing decision making. We describe the marketing research industry and the many exciting career opportunities in this field. We discuss problem definition, the first and the most important step, in detail. Finally, we describe the development of an approach to the problem, the second step in the marketing research process, and discuss in detail the various components of the approach. The perspective given in these chapters should be useful to both marketing decision makers and researchers.

- 1 Introduction to Marketing Research 28
- 2 Defining the Marketing Research Problem and Developing an Approach 57



# 1

## Introduction to Marketing Research

“ The role of a marketing researcher must include consulting skills, technical proficiency, and business sense. The focus of the role is to provide information and insights to identify marketing problems and solutions in such a way that action can be taken. ”

*Jeff Miller, President and CEO, Burke, Inc.*



Courtesy of Jeff Miller

### Objectives

After reading this chapter,  
the student should be able to:

- 1.1 Define marketing research and distinguish between problem-identification research and problem-solving research.
- 1.2 Describe a framework for conducting marketing research as well as the six steps of the marketing research process.
- 1.3 Understand the nature and scope of marketing research and its role in designing and implementing successful marketing programs.
- 1.4 Explain how the decision to conduct marketing research is made.
- 1.5 Discuss the marketing research industry and the types of research suppliers, including internal, external, full-service, and limited-service suppliers.
- 1.6 Describe careers available in marketing research and the backgrounds and skills needed to succeed in them.
- 1.7 Acquire an appreciation of the international dimension and the complexity involved in international marketing research.
- 1.8 Describe the use of social media as a domain in which to conduct marketing research.
- 1.9 Discuss the developing field of mobile marketing research and its advantages and disadvantages.
- 1.10 Gain an understanding of the ethical aspects of marketing research and the responsibilities each of the marketing research stakeholders have to themselves, one another, and the research project.

## Overview

Marketing research comprises one of the most important and fascinating facets of marketing. In this chapter, we give a formal definition of marketing research and classify marketing research into two areas: problem-identification and problem-solving research. We provide several real-life examples to illustrate the basic concepts of marketing research. We describe the marketing research process and the six steps that are involved in conducting research and discuss the nature of marketing research, emphasizing its role of providing information for marketing decision making. Next, we provide an overview of marketing research suppliers who collectively constitute the marketing research industry, along with guidelines for selecting a supplier. The demand for well-executed

marketing research leads to many exciting career opportunities, which we describe.

Several real-life examples, entitled “Real Research,” are given in each chapter to illustrate the various concepts. We examine a department store patronage project, which was an actual marketing research project conducted by the author, and use it as a running example throughout the book. The scope of this project has been expanded in the seventh edition to include questions, and we make available the relevant data for analysis. These “Project Research” sections appear in each chapter. Throughout this book, we also discuss applications to contemporary issues of importance in the current marketing and marketing research environment: international marketing

research, social media, mobile marketing research, and ethics. The extensive and pervasive emphasis on social media as a domain to conduct marketing research and the use of mobile marketing research are new to the seventh edition. Each chapter includes several Internet and hands-on applications of marketing research in the form of “Active Research” and “Experiential Research” illustrations with exercises, other emphases that pervade the entire book. For instructors wishing to implement a real-life marketing research project, we include a section titled “Live Research: Conducting a Marketing Research Project.” Perhaps there is no better way to present an overview than to give a few examples that provide a flavor of the varied nature of marketing research.

## Real Research

### EgyptAir: Taking Flight

EgyptAir Holding Company, a public sector company with 11 subsidiaries, commissioned a marketing research agency to conduct a marketing feasibility study of its current ticketing offices across the world and the market

potential to open new ticketing offices in proposed locations worldwide. The Company hoped to boost its marketing-based competitiveness as a member of Star Alliance by closing down present ticketing offices with



Ivan Cholakov/Shutterstock

limited economies of scale, augmenting present ticketing offices with high demand, opening new ticketing offices with high market potential, and avoiding opening new ticketing offices with low market potential.

The intent of the marketing effectiveness study is to help accomplish its strategic and core agenda for the next five years. The long-term marketing goal is for the company to build a unique business portfolio superior to its direct competitors under a specific environmental marketing context in terms of economic, political-legal, socio-cultural, demographic-firmographic, technological, and natural dimensions. The following consulting activities have been undertaken:

1. A marketing evaluation study based on benchmarks for existing ticketing offices in terms of sales turnover, marketing ROI, market share, brand equity, customers satisfaction, and market orientation
2. A market potential and initial demand and sales forecast for target ticketing office locations in terms of their size, existing patterns, emerging trends, time extrapolations, and growth drivers
3. An exploratory market survey of target markets to augment forecasted demand and sales through

competitive analysis and by examining customers' needs, buying behavior, profiles, and values

4. Deciding on the best strategic options for market penetration and development through effective targeting and positioning of its portfolio of destinations in terms of differentiation, cost leadership, and focus

This project relied on a hybrid methodology of exploratory, descriptive, normative, and causal designs. For data collection and interpretation, the methods included the quota sampling plan, theoretical analysis of relevant literature, analysis of secondary data, qualitative methods (in-depth interviews and focus groups), and multivariate data analysis.

The project has delivered the following outputs: (1) a future-oriented marketing effectiveness audit of existing ticketing offices; (2) an integrated market potential for the proposed ticketing offices locations; (3) an exploratory marketing survey report of target market segments for the proposed ticketing offices locations; (4) an initial action-oriented and benchmarked market penetration and development strategy for existing and proposed ticketing offices locations, and (5) benchmarks for monitoring and evaluating the strategic marketing performance of the proposed strategic marketing design over the next five years.

## Real Research

## Satmetrix Puts Customer Metrics in Real Time

Many of the nation's largest corporations are realizing that the information they can get from clients and customers through marketing research can best be used if it is provided each day. How about each minute? This is the basis upon which a company called Satmetrix ([www.satmetrix.com](http://www.satmetrix.com)), a customer feedback solution company, operates in real time. The Satmetrix Customer Relationship program is designed to maximize the impact of customer interactions by continuously gathering and transforming customer dialogues into potential actions that can be taken to increase sales and customer satisfaction. This program is focused on feeding the voice of the customers back into the organization. Not only can customers go online and submit complaints and suggestions to the company, but Satmetrix also hosts live chat sessions for users of certain products. All of this is done with the aim of capturing the true words and emotions of consumers and in turn using this information to improve or develop products and services. Satmetrix capitalizes on the need for "live" marketing research.

As of 2018, the Internet continues to revolutionize the marketing research process. With the use of online services, there is no need for extra data input that traditional research methods require. Satmetrix itself is not

the traditional full-service supplier of marketing research. As a standardized limited-service provider, the company does not get involved with every aspect of the research process. The approach, design, and data preparation are the same for each customer, and these are the parts of the research process with which the company is involved.

Satmetrix's service, however, aids clients in identifying any problems with products through customer feedback and with problem solving, especially if customers give suggestions. For example, network station NBC ([www.nbc.com](http://www.nbc.com)) takes advantage of Satmetrix services to obtain feedback from viewers. It helps the network to learn what viewers are looking for, their likes, and their dislikes. Ideally, the feedback is used and television shows are altered to more closely suit viewers' tastes and desires, thus leading to an increased number of people tuning in to watch the shows. As a result, in 2017, NBC claimed the number one spot in a wide range of show categories: Drama (*This Is Us*), Reality Show (*The Voice*), Primetime Show (*Sunday Night Football*), Late Night (*The Tonight Show Starring Jimmy Fallon*, *Late Night with Seth Meyers*, *Saturday Night Live*), and Broadcast News (*Nightly News with Lester Holt*, *Meet the Press*, *TODAY*).<sup>1</sup>

## Real Research

## Fast . . . Fruit?

Average consumers have become more concerned with health and nutrition. Obesity lawsuits have been filed against fast-food giants that have offered only fatty, greasy burgers and fries. As a result, many fast-food chains are now offering healthier alternatives, such as salads and fresh fruit, as well as decreasing serving sizes. It seems that this shift toward healthier fare is paying off for fast-food chains. According to the Quick-Track<sup>®</sup> research study conducted by Sandelman, a market research firm for foodservice companies, ([www.sandelman.com](http://www.sandelman.com)), Americans are satisfied with fast food.

The Quick-Track is a syndicated market research project conducted quarterly to track key consumer behavioral and attitudinal measures for all major fast-food and pizza chains in individual markets. In this study, each quarter 400 respondents are surveyed in each market via a combination of telephone (landline and mobile) and Internet interviews in more than 100 markets representing a wide range of demographics. Telephone respondents are selected via a computer-generated random sample of listed and unlisted telephone numbers, and online respondents are selected from a panel of more than 5 million Internet users.

In a recent project, respondents were asked their opinions of past visits to each fast-food restaurant chain within the last three months. They were asked to rate their opinions on the overall restaurant experience as well as on 12 specific attributes such as food, service, cleanliness, and value. The responses were scored on a scale with 1 = Poor and 5 = Excellent. To ensure reliability and representativeness of the population, only chains with a minimum of 150 responses were considered. The three most important attributes for respondents were cleanliness (77 percent rated it as extremely important), food taste and flavor (74 percent),

and order accuracy (66 percent). The availability of healthy and nutritious food is increasing in importance among respondents, with 40 percent rating it as extremely important. The overall increase in satisfaction with fast-food chains can be attributed to the chains' responsiveness to customer demands for food quality, taste, health, and nutrition.

One example of how fast-food chains respond to the consumer's desire for healthier tasty food offerings is to provide fresh fruit as a menu option. Wendy's, for example, is now offering fresh fruit bowls as an entrée or as a dessert. McDonald's is offering a fruit and walnut salad, and IHOP is selling fruit plate entrées. According to Wendy's, now's the time for fruit, because people are looking for different and new tastes and for healthier alternatives. These are not isolated examples in the food industry. According to marketing research firm NPD Group ([www.npd.com](http://www.npd.com)), fruit consumption in restaurants is on the increase.<sup>2</sup>



Kristoffer Tripplaar/Alamy Stock Photo

These examples illustrate the crucial role played by marketing research in designing and implementing successful marketing programs.<sup>3</sup> Note that marketing research is being used by all kinds of organizations, such as Boeing, NBC, and fast-food restaurants (McDonald's, Wendy's, IHOP). Furthermore, marketing research has become global (Harris Poll/Nielsen), real time (Satmetrix), and much more integrated with marketing and product development (McDonald's, Wendy's, IHOP). These examples illustrate only a few of the methods used to conduct marketing research: telephone, mobile, personal, and online surveys; focus groups; in-depth interviews; and the use of the Internet as a source of information. This book will introduce you to the full complement of marketing research techniques and illustrate their applications in formulating effective marketing strategies. Perhaps the role of marketing research can be better understood in light of its definition.

## Definition of Marketing Research

The American Marketing Association formally defines marketing research as the following:

Marketing research is the function that links the consumer, customer, and public to the marketer through information—information used to identify and define marketing



opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.<sup>4</sup>

As of 2017, the American Marketing Association's Web site ([www.ama.org](http://www.ama.org)) supplies marketing professionals with information on marketing careers, "Best Practices" articles, and industry trends. For the purpose of this book, which emphasizes the need for information for decision making, marketing research is defined as follows:

### marketing research

The systematic and objective identification, collection, analysis, dissemination, and use of information for the purpose of assisting management in decision making related to the identification and solution of problems (and opportunities) in marketing.

**Marketing research** is the systematic and objective identification, collection, analysis, dissemination, and use of information for the purpose of improving decision making related to the identification and solution of problems and opportunities in marketing.

Several aspects of this definition are noteworthy. First, marketing research is systematic. Thus, systematic planning is required at all stages of the marketing research process. The procedures followed at each stage are methodologically sound, well documented, and, as much as possible, planned. Marketing research uses the scientific method in that data are collected and analyzed to test prior notions or hypotheses.

Marketing research attempts to provide accurate information that reflects a true state of affairs. It is objective and should be conducted impartially. Although research is always influenced by the researcher's philosophy, it should be free from the personal or political biases of the researcher or the management. Research that is motivated by personal or political gain involves a breach of professional standards. Such research is deliberately biased so as to result in predetermined findings. The motto of every researcher should be, "Find it and tell it like it is."

Marketing research involves the identification, collection, analysis, dissemination, and use of information. Each phase of this process is important. We identify or define the marketing research problem or opportunity and then determine what information is needed to investigate it. Because every marketing opportunity translates into a research problem to be investigated, the terms "problem" and "opportunity" are used interchangeably here. Next, the relevant information sources are identified and a range of data collection methods varying in sophistication and complexity are evaluated for their usefulness. The data are collected using the most appropriate method; they are analyzed and interpreted, and inferences are drawn. Finally, the findings, implications, and recommendations are provided in a format that allows the information to be used for marketing decision making and to be acted upon directly. The next section elaborates on this definition by classifying different types of marketing research.<sup>5</sup>

## A Classification of Marketing Research

Our definition states that organizations engage in marketing research for two reasons: (1) to identify and (2) to solve marketing problems. This distinction serves as a basis for classifying marketing research into problem-identification research and problem-solving research, as shown in Figure 1.1.

### problem-identification research

Research that is undertaken to help identify problems that are not necessarily apparent on the surface and yet exist or are likely to arise in the future.

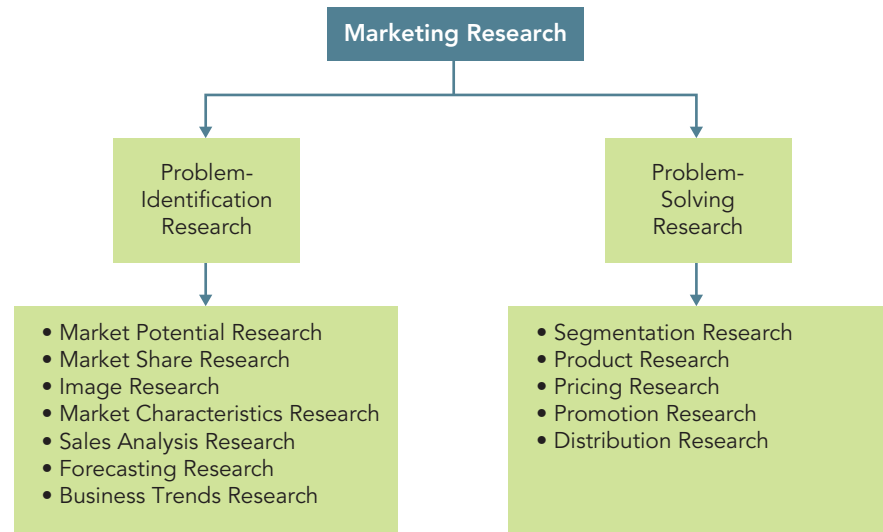
**Problem-identification research** is undertaken to help identify problems that are, perhaps, not apparent on the surface and yet exist or are likely to arise in the future. Examples of problem-identification research include market potential, market share, brand or company image, market characteristics, sales analysis, short-range forecasting, long-range forecasting, and business trends research. A survey of companies conducting marketing research indicated that 97 percent of those who responded were conducting market potential, market share, and market characteristics research. About 90 percent also reported that they were using other types of problem-identification research. Research of this type provides information about the marketing environment and helps diagnose a problem. For example, a declining market potential indicates that the firm is likely to have a problem achieving its growth targets. Similarly, a problem exists if the market potential is increasing but the firm is losing market share. The recognition of economic, social, or cultural trends, such as changes in consumer behavior, may point to underlying problems or opportunities.<sup>6</sup>

### problem-solving research

Research that is undertaken to help solve specific marketing problems.

Once a problem or opportunity has been identified, **problem-solving research** is undertaken to arrive at a solution. The findings of problem-solving research are used in making

**FIGURE 1.1**  
A Classification of  
Marketing Research



decisions that will solve specific marketing problems. Most companies conduct problem-solving research.<sup>7</sup> Table 1.1 shows the different types of issues that are addressed by problem-solving research, including segmentation, product, pricing, promotion, and distribution research.

Classifying marketing research into two main types is useful from a conceptual as well as a practical viewpoint. However, problem-identification research and problem-solving research go hand in hand, and a given marketing research project may combine both types of research. This was illustrated in the opening Boeing example. The consumer surveys identified potential demand for smaller planes (problem identification). Subsequent product research led to the introduction of the new versions of the Boeing 737 MAX, which cater to the 100- to 215-seat market (problem solving). Kellogg's provides another example.

**TABLE 1.1**

**Problem-Solving Research**

**Segmentation Research**

Determine basis of segmentation  
Establish market potential and responsiveness for various segments  
Select target markets and create lifestyle profiles, demography, media, and product image characteristics

**Product Research**

Test concept  
Optimal product design  
Package tests  
Product modification  
Brand positioning and repositioning  
Test marketing  
Control store tests

**Pricing Research**

Importance of price in brand selection  
Pricing policies  
Product line pricing  
Price elasticity of demand  
Response to price changes

**Promotional Research**

Optimal promotional budget  
Sales promotion relationship  
Optimal promotional mix  
Copy decisions  
Media decisions  
Creative advertising testing  
Claim substantiation  
Evaluation of advertising effectiveness

**Distribution Research**

Type of distribution  
Attitudes of channel members  
Intensity of wholesale and retail coverage  
Channel margins  
Location of retail and wholesale outlets

## Real Research

### Special K Nourish Nourishes Kellogg's Sales

Kellogg's ([www.kelloggs.com](http://www.kelloggs.com)), marketing its products in more than 180 countries as of 2017, experienced a slump in the market and faced the challenge of reviving low cereal sales. Through problem-identification research, Kellogg's was able to identify the problem and, through problem-solving research, develop several solutions to increase cereal sales.

Kellogg's performed several tasks to identify the problem. The researchers spoke to decision makers within the company, interviewed industry experts, conducted analysis of available data, analyzed social media data, performed qualitative research, and surveyed consumers about their perceptions and preferences for cereals. Several important issues or problems were identified by this research. Current products were being targeted to kids, bagels and muffins were winning as favored breakfast foods, and high prices were turning consumers to generic brands. Some other information also came to light during the research. Adults

wanted quick foods that required very little or no preparation. These issues helped Kellogg's identify the problem. It was not being creative in introducing new products to meet the needs of the adult market.

After defining the problem, Kellogg's went to work on solutions. It developed and tested several new flavors of cereals using mall intercept interviews with adult consumers. Based on the results, Kellogg's introduced new flavors that were more suited to the adult palate but were not the tasteless varieties of the past. For example, in 2016 it introduced Special K Nourish consisting of multigrain flakes made with quinoa, wholesome granola, sliced almonds, delicious apples, and raspberries. The new cereal and nut bar were supported by an ad campaign and major in-store promotions.

Through creative problem-identification research followed by problem-solving research, Kellogg's has not only seen an increase in sales but also has increased consumption of cereal at times other than just breakfast.<sup>8</sup>

## Active Research

### NFL Is Tickled Pink

Visit [www.nfl.com](http://www.nfl.com) and search the Internet, including social media and your library's online databases, to obtain information on women's attitudes toward the National Football League (NFL).

As the marketing director of the NFL, what marketing strategies would you formulate to target female fans? The NFL would like to appeal to more female fans. What kind of marketing research would you recommend?

Problem-identification research and problem-solving research not only go hand in hand, as shown by the Kellogg's example, but they also follow a common marketing research process.

## The Marketing Research Process

### marketing research process

A set of six steps defining the tasks to be accomplished in conducting a marketing research study. These include problem definition, development of an approach to the problem, research design formulation, fieldwork, data preparation and analysis, and report preparation and presentation.

We conceptualize the **marketing research process** as consisting of six steps. Each of these steps is discussed in detail in subsequent chapters; thus, the discussion here is brief.

### Step 1: Problem Definition

The first step in any marketing research project is to define the problem. In defining the problem, the researcher should take into account the purpose of the study, the relevant background information, the information needed, and how it will be used in decision making. Problem definition involves discussion with the decision makers, interviews with industry experts, analysis of secondary data, and, perhaps, some qualitative research, such as focus groups. Once the problem has been precisely defined, the research can be designed and conducted properly. (See Chapter 2.)

### Step 2: Development of an Approach to the Problem

Development of an approach to the problem includes formulating an objective or theoretical framework, analytical models, research questions, and hypotheses and identifying the



information needed. This process is guided by discussions with management and industry experts, analysis of secondary data, qualitative research, and pragmatic considerations. (See Chapter 2.)

### Step 3: Research Design Formulation

A research design is a framework or blueprint for conducting the marketing research project. It details the procedures necessary for obtaining the required information, and its purpose is to design a study that will test the hypotheses of interest, determine possible answers to the research questions, and provide the information needed for decision making. Conducting exploratory research, precisely defining the variables, and designing appropriate scales to measure them are also a part of the research design. The issue of how the data should be obtained from the respondents (for example, by conducting a survey or an experiment) must be addressed. It is also necessary to design a questionnaire and a sampling plan to select respondents for the study. More formally, formulating the research design involves the following steps:

1. Definition of the information needed
2. Secondary data analysis
3. Qualitative research
4. Methods of collecting quantitative data (survey, observation, and experimentation)
5. Measurement and scaling procedures
6. Questionnaire design
7. Sampling process and sample size
8. Plan of data analysis

These steps are discussed in detail in Chapters 3 through 12.

### Step 4: Fieldwork or Data Collection

Data collection involves a field force or staff that operates either in the field, as in the case of personal interviewing (in-home, mall intercept, or computer-assisted personal interviewing), from an office by phone (telephone, computer-assisted telephone interviewing, or mobile), through the mail (traditional mail and mail panel surveys with prerecruited households), or electronically (email or Internet). Proper selection, training, supervision, and evaluation of the field force help minimize data-collection errors. (See Chapter 13.)

### Step 5: Data Preparation and Analysis

Data preparation includes the editing, coding, transcription, and verification of data. Each questionnaire or observation form is inspected or edited and, if necessary, corrected. Number or letter codes are assigned to represent each response to each question in the questionnaire. The data from the questionnaires are transcribed or input directly into the computer. The data are analyzed to derive information related to the components of the marketing research problem and, thus, to provide input into the management decision problem. (See Chapters 14 through 22.)

### Step 6: Report Preparation and Presentation

The entire project should be documented in a written report that addresses the specific research questions identified; describes the approach, the research design, data collection, the data analysis procedures adopted, and presents the results and the major findings. The findings should be presented in a comprehensible format so that management can readily use them in the decision-making process. In addition, an oral presentation should be made to management using tables, figures, and graphs to enhance clarity and impact. (See Chapter 23.) The Internet is also being used to disseminate marketing research results and reports, which can be posted on the Web and made available to managers on a worldwide basis.

Although we have described the research process as a sequence of steps, it should be noted that these steps are interdependent and iterative. Thus, at each step, the researcher should not only look back at the previous steps but also look ahead to the following steps. As indicated by the Marriott example that follows, our description of the marketing research process is typical of the research being done by major corporations.

## Real Research

## Marketing Research at Marriott Corporation

Marriott International, Inc. ([www.marriott.com](http://www.marriott.com)) is a leading worldwide hospitality company. Its heritage can be traced to a root beer stand opened in Washington, D.C., in 1927 by J. Willard and Alice S. Marriott. As of 2017, Marriott International had nearly 4,500 properties in 87 countries and territories. Its brands include Marriott, Renaissance, Courtyard, Residence Inn, Fairfield Inn, Towneplace Suites, Springhill Suites, and Ritz-Carlton.

Marketing research at Marriott is done at the corporate level through the Corporate Marketing Services (CMS). Its goal is to provide Marriott managers with the information that they need to understand the market and the customer. CMS does many different types of research. It uses quantitative and qualitative research approaches such as telephone, Internet and mail surveys, focus groups, and customer intercepts to gain more information on market segmentation, product testing, price sensitivity of consumers, consumer satisfaction, and the like.

The process of research at Marriott is a simple stepwise progression. The first steps are to better define the problem to be addressed and the objectives of the client unit and to develop an approach to the problem. The next step is to design the study by formulating a formal research design. CMS must decide whether to

do its own research or to buy it from an outside organization and, in that case, decide whether to use multiple firms. Once a decision is made, the data are collected and analyzed. Then CMS presents the study findings to the client unit in a formal report. The final step in the research process is to conduct a constant dialogue between the client and CMS. During this stage, CMS may help explain the implications of the research findings, assist in decision making, or make suggestions for future research.<sup>9</sup>



David Zanzinger/Alamy Stock Photo

## The Role of Marketing Research in Marketing Decision Making

The nature and role of marketing research can be better understood in light of the basic marketing paradigm depicted in Figure 1.2.

The emphasis in marketing is on the identification and satisfaction of customer needs. In order to determine customer needs and to implement marketing strategies and programs aimed at satisfying those needs, marketing managers need information. They need information about customers, competitors, and other forces in the marketplace. In recent years, many factors have increased the need for more and better information. As firms have become national and international in scope, the need for information on larger and more distant markets has increased. As consumers become more affluent, informed, and sophisticated, marketing managers need better information on how they will respond to products and other marketing offerings. As competition becomes more intense, managers need information on the effectiveness of their marketing tools. As the environment changes more rapidly, marketing managers need more timely information.<sup>10</sup>

The task of marketing research is to assess the information needs and provide management with relevant, accurate, reliable, valid, current, and actionable information. Today's competitive marketing environment and the ever increasing costs attributed to poor decision making require marketing research to provide sound information. Sound decisions are not based on gut feeling, intuition, or even pure judgment. In the absence of sound information, an incorrect management decision may be made, as illustrated by the case of Johnson & Johnson baby aspirin.

**FIGURE 1.2**

The Role of Marketing Research



## Real Research

## J & J's Gentleness Could Not Handle Pain

Johnson & Johnson ([www.jnj.com](http://www.jnj.com)) is considered the world's most broadly based manufacturer of health care products with more than 250 operating companies in 60 countries as of 2018. Despite its success in the industry, Johnson & Johnson's attempt to use its company name on baby aspirin proved to be unsuccessful. Johnson & Johnson baby products are perceived as gentle, but

gentleness is not what people want in a baby aspirin. Although baby aspirin should be safe, gentleness per se is not a desirable feature. Rather, some people perceived that a gentle aspirin might not be effective enough. This is an example of what intuitively seemed to be a natural move but without proper marketing research turned out to be an incorrect decision.<sup>11</sup>

As indicated by the Johnson & Johnson example, marketing managers make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs. As shown in Figure 1.2, they make decisions about potential opportunities, target market selection, market segmentation, planning and implementing marketing programs, marketing performance, and control. These decisions are complicated by interactions among the controllable marketing variables of product, pricing, promotion, and distribution. Further complications are added by uncontrollable environmental factors such as general economic conditions, technology, public policies and laws, the political environment, competition, and social and cultural changes. Another factor in this mix is the complexity of the various customer groups: consumers, employees, shareholders, suppliers. Marketing research helps the marketing manager link the marketing variables with the environment and the customer groups. It helps remove some of the uncertainty by providing relevant information about the marketing variables, environment, and consumers. In the absence

of relevant information, consumers' response to marketing programs cannot be predicted reliably or accurately. Ongoing marketing research programs provide information on controllable and uncontrollable factors and consumers; this information enhances the effectiveness of decisions made by marketing managers.<sup>12</sup>

Traditionally, marketing researchers were responsible for assessing information needs and providing the relevant information, whereas marketing decisions were made by the managers. However, these roles are changing. Marketing researchers are becoming more involved in decision making, whereas marketing managers are becoming more involved with research. This trend can be attributed to better training of marketing managers, the Internet and other advances in technology, and a shift in the marketing research paradigm in which more and more marketing research is being undertaken on an ongoing basis rather than in response to specific marketing problems or opportunities.

In essence, marketing research must add value to marketing decision making and, indeed, to the entire organization. It should be emphasized that marketing managers do not work in isolation from other functions in the organization. Rather, the marketing orientation embodies a cross-functional perspective to meet consumer needs and attain long-term profitability. Therefore, marketing research should interface with the other functions in the organization such as manufacturing, research and development, finance, accounting, and other functional areas as may be relevant in a given project.

Marketing and marketing research are becoming more and more integrated.<sup>13</sup> Marketing research can greatly enhance the information available to management and improve decision making. The information obtained through marketing research becomes an integral part of the firm's marketing information system (MIS) and decision support system (DSS). Marketing research also plays a special role in obtaining competitive intelligence.

## Marketing Research and Competitive Intelligence

### competitive intelligence

The process of enhancing marketplace competitiveness through a greater understanding of a firm's competitors and the competitive environment.

**Competitive intelligence (CI)** may be defined as the process of enhancing marketplace competitiveness through a greater understanding of a firm's competitors and the competitive environment. This process is unequivocally ethical. It involves the legal collection and analysis of information regarding the capabilities, vulnerabilities, and intentions of business competitors, conducted by using information databases and other "open sources" and through ethical marketing research inquiry.

Although marketing research plays a central role in the collection, analysis, and dissemination of CI information, CI has evolved into a discipline of its own. Strategic and Competitive Intelligence Professionals (SCIP) consists of members conducting CI for large and small companies, providing management with early warning of changes in the competitive landscape. For more information on competitive intelligence, go to SCIP's Web page at [www.scip.org](http://www.scip.org).

## The Decision to Conduct Marketing Research

Marketing research can be beneficial in a variety of situations, but the decision to conduct research is not automatic. Rather, this decision should be guided by a number of considerations, including the costs versus the benefits, the resources available to conduct the research, the resources available to implement the research findings, and management's attitude toward research. Marketing research should be undertaken when the expected value of information it generates exceeds the costs of conducting the marketing research project. In general, the more important the decision confronting managers and the greater the uncertainty or risk facing them, the greater the value of information obtained. Formal procedures are available for quantifying the expected value as well as the costs of a marketing research project. Although in most instances the value of information exceeds the costs, there are instances when the reverse may be true. A pie manufacturer, for example, wanted to understand consumers' purchases of pies in convenience stores. I advised against a major marketing research project when we discovered that less than 1 percent of the sales came from convenience stores and that this situation was unlikely to change in the next five years.

Resources, especially time and money, are always limited. However, if either time or money is not available in adequate amounts to conduct a quality project, then that project probably should not be undertaken. It is better not to do a formal project than to undertake one in which the integrity of the research is compromised because of lack of resources, raising ethical issues.

Likewise, a firm may lack the resources to implement the recommendations arising from the findings of marketing research. In that case, spending the resources to conduct the research may not be warranted. If management does not have a positive attitude toward research, then it is likely that the project report will gather dust after the project is conducted. However, there may be exceptions to this guideline. I conducted a project for a retail chain with management that was hostile toward the project, but the research was commissioned and funded by the parent organization. Although the store management was opposed to the findings, which reflected negatively on the store chain, the parent company did implement my recommendations.

Other instances may argue against conducting a marketing research project. If the required information is already available within the organization, the decision for which the research is to be conducted has already been made, or the research is going to be used for gaining political ends, then the value of information generated is greatly reduced and the project is generally not warranted. However, if the decision is made to conduct marketing research, then management may also rely on the marketing research industry comprising suppliers and services to obtain the specific information needed.<sup>14</sup>

## The Marketing Research Industry

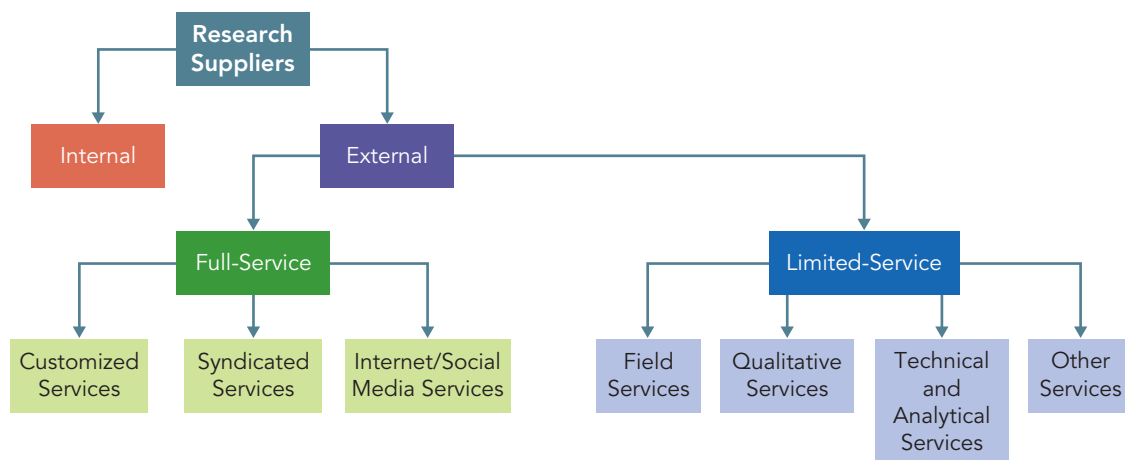
The marketing research industry consists of suppliers that provide marketing research services. Marketing research suppliers and services provide most of the information needed for making marketing decisions. Most of the big suppliers have several subsidiaries and divisions that encompass various areas of marketing research. Nevertheless, it is useful to classify marketing research suppliers and services. Broadly, research suppliers can be classified as internal or external (see Figure 1.3). An **internal supplier** is a marketing research department within the firm. Many firms, particularly the big ones, ranging from automobile companies (GM, Ford, Chrysler) to consumer products firms (Procter & Gamble, Colgate Palmolive, Coca-Cola) to banks (JP Morgan Chase, Bank of America), maintain in-house marketing research departments that are an integral part of the company. The marketing research department's place in the organizational structure may vary considerably. At one extreme, the research function may be centralized and located at the corporate headquarters. At the other extreme is a decentralized structure in which the marketing research function is organized along divisional lines. In a decentralized scheme, the company may be organized into divisions by products, customers, or geographical regions, with marketing research personnel assigned to the various divisions. These personnel generally report to a division manager rather than to a corporate-level executive. In addition, between these two extremes, there are different types of organizations. The best organization for a firm depends on its marketing research needs and the structure of marketing and other functions, although in recent years there has been a trend toward centralization and a trimming of the marketing research staff. Internal suppliers often rely on external suppliers to perform specific marketing research tasks.

### internal supplier

Marketing research departments located within a firm.

FIGURE 1.3

Marketing Research Suppliers and Services





**external suppliers**

Outside marketing research companies hired to supply marketing research data.

**marketing research industry**

The marketing research industry consists of external suppliers that provide marketing research services.

**External suppliers** are outside firms, which are generally independent of the client organization, hired to supply marketing research services. These external suppliers, which collectively comprise the **marketing research industry**, range from small operations (one or a few persons) to very large global corporations.<sup>15</sup> Table 1.2 lists the top 25 global research suppliers.<sup>16</sup> External suppliers can be classified as full-service or limited-service suppliers. **Full-service suppliers** offer the entire range of marketing research services, from problem definition, approach development, questionnaire design, sampling, data collection, data analysis, and interpretation, to report preparation and presentation. The services provided by these suppliers can be further broken down into customized services, syndicated services, and Internet/social media services (see Figure 1.3).

**TABLE 1.2****Top 25 Global Market Research Firms**

Global Rank		Organization	Parent Country	Total Number of Countries with Offices and Wholly-owned subsidiaries	2015	
2016	2015				Global Research Revenue (Millions of U.S. dollars)	Percent of Global Revenue from Outside Home Country
1	1	Nielsen Holdings N.V.	U.S.	106	\$6,172.0	41.6%
2	2	Kantar*	United Kingdom	100	\$3,710.0	79.7%
3	3	IMS Health Inc.	U.S.	105	\$2,921.0	61.4%
4	4	Ipsos SA***	France	87	\$1,980.9	93.1%
5	5	GfK SE***	Germany	74	\$1,712.6	75.3%
6	6	IRI	U.S.	9	\$981.0	38.3%
7	8	dunnhumby*	United Kingdom	29	\$970.5	61.7%
8	7	Westat	U.S.	6	\$509.6	3.6%
9	9	INTAGE Holdings Inc.**	Japan	8	\$375.7	8.2%
10	11	comScore	U.S.	24	\$368.8	27.3%
11	10	Wood MacKenzie* ***	United Kingdom	20	\$364.7	58.1%
12	12	The NPD Group	U.S.	15	\$307.7	24.9%
13	13	MACROMILL Inc.	Japan	13	\$296.0	30.7%
14	14	J.D. Power*	U.S.	9	\$273.5	33.8%
15	16	ICF International	U.S.	7	\$219.4	29.5%
16	17	Video Research Ltd.* **	Japan	3	\$182.2	0.0%
17	19	Decision Resources Group	U.S.	5	\$167.6	28.1%
18	18	MaritzCX	U.S.	5	\$151.6	26.5%
19	20	Abt SRBI	U.S.	3	\$124.4	4.1%
20	24	YouGov	United Kingdom	21	\$122.9	71.8%
21	21	ORC International	U.S.	8	\$122.3	31.8%
22	25	Lieberman Research Worldwide	U.S.	3	\$119.8	30.9%
23	–	Rentrak	U.S.	6	\$116.3	15.0%
24	23	Mediametrie* ***	France	1	\$104.9	10.1%
25	–	Cello Health*	United Kingdom	3	\$97.2	42.0%
					\$22,472.6	55.3%

\* Some or all figures are not made available by this company so instead are based upon estimations by the Report authors

\*\* Fiscal year ended March 2016. 2015 currency exchange rate from yen to U.S. dollars decreased percent growth rate.

\*\*\* 2015 currency exchange rate from euros to U.S. dollars decreased percent growth rate

Source: Data from The 2016 AMA Gold Global Top 25 Report, Marketing News (October 2016): 36.

**full-service suppliers**

Companies that offer the full range of marketing research activities.

**customized services**

Companies that tailor the research procedures to best meet the needs of each client.

**syndicated services**

Companies that collect and sell common pools of data designed to serve information needs shared by a number of clients on a subscription basis.

**Internet/social media services**

Companies that specialize in conducting marketing research on the Internet.

**limited-service suppliers**

Companies that specialize in one or a few phases of the marketing research project.

**field services**

Companies whose primary service offering is their expertise in collecting data for research projects.

**qualitative services**

Services related to facilities, recruitment, and other services for focus groups and other forms of qualitative research, such as one-on-one depth interviews.

**technical and analytical services**

Services related to design issues and computer analysis of quantitative data, such as those obtained in large surveys.

**Customized services** offer a wide variety of marketing research services customized to suit a client's specific needs. Each marketing research project is treated uniquely. Some marketing research firms that offer these services include Burke, Inc. ([www.burke.com](http://www.burke.com)) and MaritzCX ([www.maritzcx.com](http://www.maritzcx.com)). The survey conducted by Harris Poll for Boeing in the opening example constituted customized research. A special class of customized services focusing on mobile marketing research is discussed later in the chapter.

**Syndicated services** collect information of known commercial value that they provide to multiple clients on a subscription basis. Surveys, panels, scanners, and audits are the main means by which these data are collected. For example, Nielsen ([www.nielsen.com](http://www.nielsen.com)) provides information on audience size and demographic characteristics of households watching specific television programs. The company also provides scanner volume tracking data, such as those generated by electronic scanning at checkout counters in supermarkets. The NPD Group ([www.npd.com](http://www.npd.com)) maintains one of the largest consumer panels in the United States. Quick-Track, conducted by Sandelman & Associates in the "Fast . . . Fruit" opening example, is another illustration of a syndicated service. Syndicated services are discussed in more detail in Chapter 4.<sup>17</sup>

**Internet/social media services** are offered by several marketing research firms, including some that have specialized in conducting marketing research on the Internet. For example, Toluna ([www.toluna-group.com](http://www.toluna-group.com)) is a leading digital insights company that maintains the world's largest social voting community of 10 million members across 59 countries. The company's Toluna PanelPortal™ enables clients to develop their own customized panels. A special class of Internet services focuses on social media research, and these companies are discussed later in the chapter.

**Limited-service suppliers** specialize in one or a few phases of the marketing research project, as illustrated by the Satmetrix example in the chapter overview. Services offered by such suppliers are classified as field services, qualitative services, technical and analytical services, and other services. **Field services** collect data through mail, personal, telephone, mobile, or electronic interviews, and firms that specialize in interviewing are called *field service organizations*. These organizations may range from small proprietary organizations that operate locally to large multinational organizations. Some organizations maintain extensive interviewing facilities across the country for interviewing shoppers in malls. One firm that offers field services is Field Work ([www.fieldwork.com](http://www.fieldwork.com)).

**Qualitative services** provide facilities and recruitment of respondents for focus groups and other forms of qualitative research such as one-on-one depth interviews. Some firms may provide additional services such as moderators and prepare focus group reports. Examples of such firms include Jackson Associates ([www.jacksonassociates.com](http://www.jacksonassociates.com)) and First In Focus Research ([www.firstinfocus.com](http://www.firstinfocus.com)). **Technical and analytical services** are offered by firms that specialize in design issues and computer analysis of quantitative data, such as those obtained in large surveys. Firms such as SDR of Atlanta ([www.sdr-consulting.com](http://www.sdr-consulting.com)) offer sophisticated data analysis using advanced statistical techniques. Sawtooth Technologies ([www.sawtooth.com](http://www.sawtooth.com)) provides software for research data collection and analysis. Microcomputers and statistical software packages enable firms to perform data analysis in-house. However, the specialized data analysis expertise of outside suppliers is still in demand.

Other services include branded marketing research products and services developed to address specific types of marketing research problems. For example, Survey Sampling International ([www.surveysampling.com](http://www.surveysampling.com)) specializes in sampling design and distribution. Some firms focus on specialized services such as research in ethnic markets (Hispanic, African, multicultural). An example firm in this category is Multicultural Insights ([www.multicultural-insights.com](http://www.multicultural-insights.com)).

There are certain guidelines that should be followed when selecting a research supplier, whether it is a full-service or a limited-service supplier.

## Selecting a Research Supplier

A firm that cannot conduct an entire marketing research project in-house must select an external supplier for one or more phases of the project. The firm should compile a list of prospective suppliers from such sources as trade publications, professional directories, and word of mouth. When deciding on criteria for selecting an outside supplier, a firm should ask itself why it is



seeking outside marketing research support. For example, a small firm that needs one project investigated may find it economically efficient to employ an outside source. A firm may not have the technical expertise to undertake certain phases of a project, or political conflict-of-interest issues may determine that a project be conducted by an outside supplier.

When developing criteria for selecting outside suppliers, a firm should keep some basics in mind. What are the reputations of the suppliers? Do they complete projects on schedule? Are they known for maintaining ethical standards? Are they flexible? Are their research projects of high quality? What kind and how much experience do the suppliers have? Have the firms had experience with projects similar to this one? Do the suppliers' personnel have both technical and nontechnical expertise? In other words, in addition to technical skills, are the personnel assigned to the task sensitive to the client's needs, and do they share the client's research ideology? Do they have Professional Researcher Certification? Can they communicate well with the client? You can also find checklists for qualifying marketing research suppliers at the Web sites of prominent marketing research associations (e.g., [www.esomar.org](http://www.esomar.org)).

A competitive bidding process often is used in selecting external suppliers, particularly for large jobs. Often an organization commissioning research to external suppliers will issue a request for proposal (RFP), request for information (RFI), request for application (RFA), invitation to bid (ITB), or a similar call, inviting suppliers to submit bids. You can locate actual RFPs on the Internet by doing a Google advanced search using "RFP" and "Marketing Research." Awarding projects based on lowest price is not a good rule of thumb. The completeness of the research proposal and the criteria discussed earlier must all be factored into the hiring decision. Moreover, long-term contracts with research suppliers are preferable to selection on a project-by-project basis. Remember that the cheapest bid is not always the best one. Competitive bids should be obtained and compared based on quality as well as price. A good practice is to get a written bid or contract before beginning the project. Decisions about marketing research suppliers, just like other management decisions, should be based on sound information.

The Internet is very efficient for identifying marketing research firms that supply specific services. Using a search engine, such as Google, several research firms can be identified, and it is easy to find information on the suppliers at their Web sites. Many sites include information on company history, products, clients, and employees. For example, [www.greenbook.org](http://www.greenbook.org) lists thousands of market research companies, and specific firms can be conveniently located using their search procedures. Career opportunities are available with marketing research suppliers as well as with marketing and advertising firms.

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## Active Research

## Redesigning Google

*Visit [www.greenbook.org](http://www.greenbook.org) and identify all the marketing research firms in your local area that conduct Internet-based surveys.*

As the research director for Google, you need to select a marketing research firm that specializes in researching consumers shopping on the Internet. Make a list of five such firms. Which one will you select and why?

As the director of marketing, how would you use information on consumer shopping on the Internet in redesigning the Google Web site?

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## Employability in Marketing Research

Employment potential is bright and promising career opportunities are available with marketing research firms (e.g., the Nielsen Co., Burke, Inc., the Kantar Group). Equally appealing are careers in business and nonbusiness firms and agencies with in-house marketing research departments (e.g., Procter & Gamble, Coca-Cola, GM, the Federal Trade Commission, United States Census Bureau). Advertising agencies (e.g., BBDO International, J. Walter Thompson, Young & Rubicam) also conduct substantial marketing research and employ professionals in this field.

Some of the positions available in marketing research include vice president of marketing research, research director, assistant director of research, project manager, statistician/data processing specialist, senior analyst, analyst, junior analyst, fieldwork director, and operational supervisor<sup>18</sup>.

The most common entry-level position in marketing research for people with bachelor's degrees (e.g., BBA) is an operational supervisor. These people are responsible for supervising a well-defined set of operations, including fieldwork, data editing, and coding, and may be involved in programming and data analysis. In the marketing research industry, however, there is a growing preference for people with master's degrees. Those with MBA or equivalent degrees are likely to be employed as project managers. The project manager works with the account director in managing the day-to-day operations of a marketing research project. The typical entry-level position in a business firm would be junior research analyst (for BBAs) or research analyst (for MBAs). The junior analyst and the research analyst learn about the particular industry and receive training from a senior staff member, usually the marketing research manager. The junior analyst position includes a training program to prepare individuals for the responsibilities of a research analyst, including coordinating with the marketing department and sales force to develop goals for product exposure. The research analyst responsibilities include checking all data for accuracy, comparing and contrasting new research with established norms, and analyzing primary and secondary data for market forecasting.

As these job titles indicate, people with a variety of backgrounds and skills are needed in marketing research. Technical specialists such as statisticians obviously need strong backgrounds in statistics and data analysis. Other positions, such as research director, call for managing the work of others and require skills that are more general. For descriptions of other marketing research positions and current salaries, visit [www.marketresearchcareers.com](http://www.marketresearchcareers.com). Marketing research is a growing industry offering attractive employment opportunities.

To prepare for employment and a career in marketing research, you should:

- Take all the marketing courses you can.
- Take courses in statistics and quantitative methods. Knowledge of SPSS and SAS, as imparted in this book, is very valuable.
- Acquire Internet, social media, and computer skills, as emphasized in this book. Knowledge of programming languages is an added asset.
- Take courses in psychology and consumer behavior.
- Acquire effective written and verbal communication skills.
- Think creatively. Creativity and common sense command a premium in marketing research.

Marketing researchers should have a liberal education so that they can understand the problems confronting managers and address them from a broad perspective.<sup>19</sup> It is now a well-accepted paradigm that in order to be a good marketing researcher, you have to be a good marketing manager and vice versa.

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## Active Research

## Sony's Digital Quest

*Visit [www.sony.com](http://www.sony.com) and search the Internet, including social media and your library's online databases, to find information on the market for digital cameras.*

As the marketing manager for Sony digital cameras, your objective is to increase market share. What information would you find helpful in achieving this goal?

What kind of marketing research would you undertake to obtain the identified information? How would you hire a marketing research supplier to conduct this research?

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The marketing research process outlined earlier in this chapter was also adopted in the department store patronage project.

## The Department Store Patronage Project

A department store patronage project that I conducted is used as a running example throughout this text to illustrate concepts and data analysis procedures. The purpose of this project was to assess the relative strengths and weaknesses of a major department store relative to a group of direct and indirect competitors. This store will be referred to as Wal-Mart; the identity of the actual store has been disguised. The goal was to formulate marketing programs designed to boost the declining sales and profits of Wal-Mart. Ten major stores, including prestigious department stores (e.g., Saks Fifth Avenue, Neiman-Marcus), national chains (e.g., JCPenney), discount stores (e.g., Kmart), and some regional chains (e.g., Kohl's) were considered in this study. A questionnaire was designed and administered, using in-home personal interviews, to a convenience sample of 271 households drawn from a major metropolitan area. A six-point scale was used (subjects were asked to check a number from 1 to 6) whenever ratings were obtained. The following information was solicited:

1. Familiarity with the 10 department stores
2. Frequency with which household members shopped at each of the 10 stores
3. Relative importance attached to each of the eight factors selected as the choice criteria utilized in selecting a department store. These factors were quality of merchandise, variety and assortment of merchandise, returns and adjustment policy, service of store personnel, prices, convenience of location, layout of store, and credit and billing policies.
4. Evaluation of the 10 stores on each of the eight factors of the choice criteria
5. Preference ratings for each store
6. Rankings of the 10 stores (from most preferred to least preferred)
7. Degree of agreement with 21 lifestyle statements
8. Standard demographic characteristics (age, education, etc.)
9. Name, address, and telephone number

The study helped the sponsor to determine consumer perceptions of and preferences for the department stores. Areas of weakness were identified in terms of specific factors influencing the consumers' choice criteria and in terms of specific product categories. Appropriate marketing programs were designed to overcome these weaknesses. Finally, a positioning strategy was developed to attain a desirable store image.

This study is used as a running example throughout this book. Examples titled "Project Research" that illustrate the various concepts and provide opportunities for hands-on research are featured in each chapter. The data analysis chapters also provide you access to the actual data collected in this project.

### Project Research

## Marketing and Marketing Research at Wal-Mart

### Project Activities

Visit [www.walmart.com](http://www.walmart.com) and search the Internet to identify relevant information on Wal-Mart's marketing strategy. Answer the following questions.

1. What are the marketing opportunities and problems confronting Wal-Mart?
2. What role can marketing research play in helping Wal-Mart to address these marketing opportunities and problems?
3. What type of marketing research would be needed to help Wal-Mart decide whether it should aggressively expand in rural areas in the United States?

## International Marketing Research

The United States accounts for only about 40 percent of the marketing research expenditures worldwide. Most of the research in Europe is done in the United Kingdom, Germany, France, Italy, and Spain. Japan, China and Australia are the leader in the Asia-Pacific region, followed by Korea, and Taiwan. Brazil and Mexico lead the Central and South American markets in terms of marketing research expenditures.<sup>20</sup> With the globalization of markets, marketing research has

assumed a truly international character and this trend is likely to continue. Several U.S. firms conduct international marketing research, including Nielsen, IMS Health, IRI, and comScore (see Table 1.2). Foreign-based firms include Kantar (United Kingdom), Ipsos (France), and GfK (Germany).

Conducting international marketing research (research for truly international products), foreign research (research carried out in a country other than the country of the research-commissioning organization), or multinational research (research conducted in all or all important countries where the company is represented) is much more complex than domestic marketing research. All research of this kind, including cross-cultural research, will be discussed under the broad rubric of international marketing research. The opening Boeing example illustrated some of the complexities involved in conducting this type of research. The environment prevailing in the countries, cultural units, or international markets that are being researched influences the way the six steps of the marketing research process should be performed. These environmental factors and their impact on the marketing research process are discussed in detail in subsequent chapters.

Globalization of companies is the trend of today. Whether going online or setting up physical operations in a foreign country, research must be conducted so that relevant environmental factors are taken into consideration when going global. Many companies have faced global disaster because they did not take into account the differences between their country and the country where they wished to do business.

Companies that are basing their business on the Web can run into problems. Many times the content on the Web page may be interpreted in a way that was unintended, such as in the case of a car manufacturer in Mexico. The Web page showed a hiker standing next to a car. In Mexico, hikers are poor people and they do not own cars. You also want local content to accommodate multiple languages in areas such as India, where one region may have 20 different languages. Companies must consider these environmental factors in order to gain sales and customers in other countries.

Despite the complexity involved, international marketing research is expected to grow at a faster rate than domestic research. A major contributing factor is that markets for many products in the United States and other developed Western countries are approaching saturation. In contrast, the markets for these products in other countries are in the early stages of development, and marketing research can play a crucial role in penetrating the market, as illustrated by the success of McDonald's in India.

## Real Research

### McDonald's: Adapting to Local Culture with Its Global Image

In markets across the globe, McDonald's respects local cultures and has adapted its menu and dining experience to local preferences. Marketing research showed that, in India, food consumption is influenced by people's religious beliefs. Accordingly, McDonald's has dropped beef and pork from its menus to conform to the religious beliefs of Hindus and Muslims, who make up most of India's population. Instead, it has numerous vegetarian versions of some of its American classics, like the McVeggie burger and McSpicy Paneer, as well as chicken offerings. On the value menu, the McAloo Tikki burger, made from a potato-based patty, is a top seller, accounting for as much as 25 percent of McDonald's restaurants' total sales in India.

Marketing research also revealed that vegetarians in India are strict in observing food habits and practices. Therefore, McDonald's kitchens in this country are divided into separate sections for cooking vegetarian and

nonvegetarian food. In September 2012, the fast-food giant announced that the new restaurants in some pilgrimage areas in India would be vegetarian-only to cater to the preferences of the local customer base. In 2017, it rolled out a new breakfast menu in India, featuring local favorites "Masala Dosa Brioche" and "Masala Scrambled Eggs" alongside more familiar fare such as waffles, hotcakes, and hash browns.

In part, McDonald's success globally is attributed to its ability to adapt to local culture and preferences while retaining its global brand image, which is made possible by its reliance on marketing research. As of 2017, McDonald's is the world's leading global foodservice retailer with over 36,000 locations in over 100 countries. More than 80 percent of McDonald's restaurants worldwide are owned and operated by independent local business men and women.<sup>21</sup>

## Marketing Research and Social Media

Social media embody social computing tools commonly referred to as Web 2.0. These are Web applications that facilitate interactive information sharing, user-centered design, and collaboration on the World Wide Web. Examples of social media include social networking sites (e.g., Facebook), video sharing (e.g., YouTube), photo sharing (e.g., Flickr), music sharing (e.g., Last FM), bookmarking (e.g., Delicious), voice networking (e.g., Skype), wikis (e.g., Wikipedia), product and service reviews (e.g., TripAdvisor), virtual worlds (e.g., Second Life), multi-player games (e.g., Farmville), Web-based communities (e.g., Homeschool.com), blogs (e.g., Direct2Dell), and microblogs (e.g., Twitter). A Web 2.0 site allows its users to interact with other users or to change Web site content in contrast to noninteractive Web sites where users are limited to the passive viewing of information that is provided to them. Good social media networks use all the tools available: discussion, chat, webcast, photo, video, podcasts, animation, surveys, games, and virtual worlds. Because people interact in different ways, it is desirable to give them as many tools as possible. Moreover, the cost of providing all these tools has become reasonable.

All social media share certain common characteristics that make them very relevant as a domain for conducting marketing research. Social media are marked by user-generated content that blurs the distinction between professional and amateur content. Key social interactions develop around the user-generated content. Users are able to rate, rank, comment on, review, and respond to the new world of media, a factor that is driving the success of social media. People form online communities by combining one-to-one (e.g., email and instant messaging), one-to-many (Web pages and blogs), and many-to-many (wikis) communication modes.

Marketing researchers can make use of these new social networks, and the open source social computing tools from which they are built, to extend the boundaries of research offerings. These social communities open up new avenues for understanding, explaining, influencing, and predicting the behaviors of consumers in the marketplace. Thus, they can be used in a variety of marketing research applications including segmentation, idea generation, concept testing, product development, brand launches, pricing, and integrated marketing communications.

Social media are not without limitations. While the standard for objectivity is high for journalists, expectations about objectivity among bloggers and other social media users are lower. Social media users may not be representative of the target population in many marketing research applications. As a source of samples, social media suffer from at least two biases: first, from self-selection in that the respondents can self-select themselves into the sample and, second, from advocacy. Yet, as long as these limitations are understood, insights from social media analysis can uncover useful information that can inform marketing decisions. In this book, we advocate the use of social media as an additional domain in which to conduct marketing research to supplement and complement, but not to replace, the traditional ways in which research is conducted.

A handful of marketing research firms have emerged that specialize in social media conversation mining services. They listen in on online conversations, report on activity, and assess influence. These services charge from a few hundred to a few thousand dollars per month and differ in the features they offer. The services of several social media research firms are discussed throughout the book. Here, we illustrate how one firm, Starbucks, is using social media to obtain information and connect with consumers in its target market.

### Real Research

### Starbucks: The Star of Social Media

Starbucks has a blog, My Starbucks Idea (MSI) ([mystarbucksidea.force.com](http://mystarbucksidea.force.com)), where it not only connects with customers but also co-creates the company's future with them. Customers can share ideas, vote on ideas others have suggested, discuss ideas with other customers, and view the ideas Starbucks has announced. Starbucks'

Idea Partners from different departments within the company take part in answering queries and providing insights to discussions. Starbucks can then get ideas and feedback on how to improve its products to satisfy the needs of customers. The brand takes suggestions posted on the site seriously and publishes implemented suggestions for all to



see. It encourages feedback from customers by providing online incentives in the form of virtual vouchers or purchase points. This enables the brand to interact with its loyal customers. Starbucks also includes qualitative and quantitative types of survey questions in the form of polls along the sidelines of the blog to solicit marketing research data. My Starbucks Idea is having a significant impact: On average, one in three suggestions is implemented. All suggestions are acknowledged and commented on within an hour of uploading; an average of four suggestions is made every hour.

Starbucks' Facebook page ([www.facebook.com/starbucks](http://www.facebook.com/starbucks)) has more than 36 million fans, and the number is still growing. The company uses this site to promote new products and gain the feedback of customers. It also organizes events and uses Facebook's technology to invite customers to attend its events. It has a collection of photos from its products and events, among many others uploaded by fans. Starbucks updates its Facebook page approximately once every two days, and every update sees thousands of users responding to it. The company actively comments on or replies to its followers' posts or photo tags of them, increasing its presence on social media. Starbucks also uses its Facebook page to develop a target market's profile.

Starbucks also uses Twitter ([www.twitter.com/starbucks](http://www.twitter.com/starbucks)) to promote products and connect with customers. The firm uses Twitter to update customers about new products and services with short messages. Tools like retweets allow users to spread messages originally tweeted by Starbucks to others. Starbucks' Twitter account often directs followers to MSI for polls, surveys, or opinions casting.

Starbucks also uses many other forms of social media. Among the examples of how social media have helped Starbucks to improve its service are the recurring requests for free wireless and the final move made by Starbucks to offer free unlimited wireless to all customers. Likewise, when several members of the MSI community posted ideas requesting that fresh fruit be served at Starbucks, in response Starbucks began producing a new drink with a fruity touch, alongside its new iced coffee beverage, to help beat the summer heat. From the tropics of the Bahamas to the Forbidden City in Beijing, social media have helped Starbucks serve its corporate logo alongside freshly brewed coffees while meeting the needs of customers. As of 2018, the brand is represented in more than 70 countries and continues to grow.<sup>22</sup>

## Mobile Marketing Research

By mobile marketing research (MMR) we mean marketing research, such as a survey, that is conducted or administered to potential respondents on their mobile devices. The rapid development and increasing use of mobile devices such as smartphones, phablets, tablets, and the Internet of Things (IoT) are creating great opportunities for marketing research. With mobile use claiming 8 of every 10 minutes people spend on social media, MMR holds great promise. The mobile user base is huge and is only expected to continue growing. In the United States, nearly 60 percent of the people use cell phones as their primary means of communication. Globally, there are over 2 billion smartphone users who spend the majority of their time in apps.<sup>23</sup> Mobile Internet usage has eclipsed desktop. MMR can be conducted via international survey platforms such as Conconfirm ([www.conconfirm.com](http://www.conconfirm.com)), through the mobile services of access panels such as Research Now ([www.researchnow.com](http://www.researchnow.com)), or through a specialist provider such as MobileMeasure ([mobile-measure.com](http://mobile-measure.com)) or Locately ([locately.com](http://locately.com)).

There are many advantages to conducting marketing research by reaching consumers via their mobile devices. Mobile marketing research can execute the principles of traditional research with reach, scale, and affordability. MMR has the potential to reach a broader audience, get faster results, lower costs, and elicit higher-quality responses. Respondents can answer at their convenience. They are more engaged because surveys are short and the interface is easy to use. Global Positioning System (GPS) and other location technologies can deliver surveys to the target audience based on their current or past locations. Thus, feedback can be obtained from shoppers while they are inside the stores (or at other moments of discovery), minimizing the time between experience and feedback and improving the quality of responses. MMR is appealing in many developing economies, where the mobile phone is often the most frequently used information gathering, computing, and communication device for consumers and businesses.

MMR also has several disadvantages. Surveys must be kept short, succinct, and simple. The norm is to ask no more than 15 questions with the entire process taking less than 15 minutes; some advocate surveys should take less than three minutes. Many surveys are not suitable for distribution or viewing on mobile devices. There can be issues with the survey design itself and

the ability to keep the respondent engaged on the mobile screen. The questions that can be asked are definitely more limited than those suitable on Web sites accessed by personal computer or other modes of survey administration. Another serious limitation is the use of video in mobile research due to bad streaming and rendering. Sample representativeness may be another serious issue. In surveys aimed at the general population, those people who do not own a mobile phone or device cannot become part of the sample. MMR is also faced with other difficulties. On one hand, there are high costs for incentives and an intensive recruitment of respondents. On the other hand, respondents have to pay the costs for Internet usage via mobile phone or device. Additionally, there are also technical difficulties that may occur, such as incompatible software and the low transmission rate of data. Although restrictions concerning the use of mobile phone numbers and issues surrounding data protection and lack of anonymity are limiting the use of MMR, most of these limitations have lessened due to advances in technology and more and more people using mobile phones. Our perspective in this book is that MMR is unlikely to replace traditional marketing research methods but in many projects could be used to complement and enhance the findings obtained by traditional techniques.<sup>24</sup>

## Real Research

### Mobile Platform Helps L'Oréal Launch New Product

L'Oréal was introducing a new product formulation in a unique packaging and wanted to know how well consumers understood its use and application. MobileMeasure (mobile-measure.com) used its mobile survey platform to collect information on consumers' behavior in the privacy of their homes over a period of four days. Media recordings of actual product usage by consumers and other data were obtained in a noninvasive manner. As part of the mobile survey, respondents were required to upload photos and videos capturing their use of the new product. Respondents were also required to make diary entries during the product placement period. L'Oréal was able to see real usage by consumers of its products and get feedback in the consumers' own words. The company obtained rich qualitative feedback in addition to the quantitative survey findings. Based on the results of this study, L'Oréal was able to successfully launch the new product.<sup>25</sup>



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## Ethics in Marketing Research

Several aspects of marketing research have strong ethical implications. As explained earlier, marketing research is generally conducted by commercial (i.e., for-profit) firms that are either independent research organizations (external suppliers) or departments within corporations (internal suppliers). Most marketing research is conducted for clients representing commercial firms. The profit motive may occasionally cause researchers or clients to compromise the objectivity or professionalism associated with the marketing research process.

Marketing research has often been described as having four stakeholders: (1) the marketing researcher, (2) the client, (3) the respondent, and (4) the public. These stakeholders have certain responsibilities to one another and to the research project. Ethical issues arise when the interests of these stakeholders are in conflict and when one or more of the stakeholders are lacking in their responsibilities.<sup>26</sup> For example, if the researcher does not follow appropriate marketing research procedures, or if the client misrepresents the findings in the company's advertising, ethical norms



**TABLE 1.3****An Overview of Ethical Issues in Marketing Research****I. Problem Definition**

- Using surveys as a guise for selling or fundraising
- Personal agendas of the researcher or client
- Conducting unnecessary research

**II. Developing an Approach**

- Using findings and models developed for specific clients or projects for other projects
- Soliciting proposals to gain research expertise without pay

**III. Research Design**

- Formulating a research design more suited to the researcher's rather than the client's needs
- Using secondary data that are not applicable or have been gathered through questionable means
- Disguising the purpose of the research
- Soliciting unfair concessions from the researcher
- Not maintaining anonymity of respondents
- Disrespecting privacy of respondents
- Misleading respondents
- Disguising observation of respondents
- Embarrassing or putting stress on respondents
- Using measurement scales of questionable reliability and validity
- Designing overly long questionnaires, overly sensitive questions, piggybacking
- Using inappropriate sampling procedures and sample size

**IV. Fieldwork**

- Increasing (dis)comfort level of respondents
- Following (un)acceptable fieldwork procedures

**V. Data Preparation and Analysis**

- Identifying and discarding unsatisfactory respondents
- Using statistical techniques when the underlying assumptions are violated
- Interpreting the results and making incorrect conclusions and recommendations

**VI. Report Preparation and Presentation**

- Incomplete reporting
- Biased reporting
- Inaccurate reporting

are violated. Ethical issues can arise at each step of the marketing research process and Table 1.3 gives an overview. These issues are discussed in detail in the subsequent chapters. Ethical issues are best resolved by the stakeholders behaving honorably. Codes of conduct, such as the American Marketing Association code of ethics, are available to guide behavior and help resolve ethical dilemmas. We give the URLs of important marketing research associations, and you are encouraged to review their codes of conduct.

## Experiential Research

## Marketing Research Associations Online

### Domestic

AAPOR: American Association for Public Opinion Research ([www.aapor.org](http://www.aapor.org))

AMA: American Marketing Association ([www.ama.org](http://www.ama.org))

ARF: The Advertising Research Foundation ([thearf.org](http://thearf.org))

IA: Insights Association ([www.insightsassociation.org](http://www.insightsassociation.org))

MMRA: Mobile Marketing Research Association ([www.mmra-global.org](http://www.mmra-global.org))

QRCA: Qualitative Research Consultants Association ([www.qrca.org](http://www.qrca.org))

### International

ESOMAR: European Society for Opinion and Marketing Research ([www.esomar.org](http://www.esomar.org))

MRS: The Market Research Society (U.K.) ([www.mrs.org.uk](http://www.mrs.org.uk))

AMSRS: The Australian Market & Social Research Society ([www.amsrs.com.au](http://www.amsrs.com.au))

MRIA: The Marketing Research and Intelligence Association (Canada) ([mria-arim.ca](http://mria-arim.ca))

Compare the ethical guidelines for conducting marketing research posted at the following Web sites: AAPOR: American Association for Public Opinion Research ([www.aapor.org](http://www.aapor.org)), IA: Insights Association ([www.insightsassociation.org](http://www.insightsassociation.org)), and ESOMAR: European Society for Opinion and Marketing Research ([www.esomar.org](http://www.esomar.org)).

Which organization has the most stringent set of guidelines?

Which organization's ethical guidelines are the most complete?

What is missing from the guidelines of all three organizations?

The Internet can be useful to marketing researchers in many ways. A variety of marketing research information related to the client company, its competitors, the industry, and relevant marketing, economic, governmental, and environmental information can be obtained by conducting a search using popular search engines (e.g., Google, [www.google.com](http://www.google.com)). KnowThis ([www.knowthis.com](http://www.knowthis.com)) is a specialty search engine for a virtual marketing library. Important sources of marketing research information on the Internet include bulletin boards, newsgroups, and blogs. A newsgroup is an Internet site (e.g., [groups.google.com](http://groups.google.com)) where people can read and post messages pertaining to a particular topic. Blogs or Web logs can be used to obtain information on a variety of topics and to recruit respondents for surveys. Although you can find blogs on most search engines, special engines such as Blog Search Engine ([www.blogsearchengine.com](http://www.blogsearchengine.com)) have been designed for blog searches.

The Internet is quickly becoming a useful tool in the identification, collection, analysis, and dissemination of information related to marketing research. Throughout this book, we show how the six steps of the marketing research process are facilitated by the use of the Internet.

### SPSS Windows and SAS Enterprise Guide



In this book, we feature SPSS ([www.ibm.com/analytics/us/en/technology/spss](http://www.ibm.com/analytics/us/en/technology/spss)) and SAS ([www.sas.com](http://www.sas.com)) as integrated statistical packages for data analysis. Data analysis is also illustrated with two other software packages: MINITAB ([www.minitab.com](http://www.minitab.com)) and EXCEL ([www.microsoft.com](http://www.microsoft.com)).

Help for running the SPSS and SAS programs used in the data analysis chapters (Chapters 14 to 22) is provided in three ways: (1) Detailed step-by-step instructions are given in each of these chapters, (2) you can download (from the Web site for this book) computerized demonstration movies illustrating these step-by-step instructions, and (3) you can download screen captures with notes illustrating these step-by-step instructions. Thus, this book provides the most comprehensive instructions for running SPSS and SAS available anywhere.

### HP Running Case

Review the HP case, Case 1.1, and questionnaire given toward the end of the book. Answer the following questions.

1. Discuss the role that marketing research can play in helping HP maintain and build on its leadership position in the personal computer market.
2. What problem-identification research should HP undertake?
3. What problem-solving research should HP undertake?
4. Would you like to pursue a marketing research career with HP? Explain.
5. How can HP use social media to obtain marketing research information?

## Summary

Marketing research involves the identification, collection, analysis, dissemination, and use of information. It is a systematic and objective process designed to identify and solve marketing problems. Thus, marketing research can be classified as problem-identification research and problem-solving research. The marketing research process consists of six steps that must be followed systematically. The role of marketing research is to assess information needs and provide relevant information in order to improve marketing decision making. However, the decision to undertake marketing research is not an automatic one but must be carefully considered.

Marketing research may be conducted internally or may be purchased from external suppliers, referred to as the marketing research industry. Full-service suppliers provide the entire range of marketing research services from problem definition to report preparation and presentation. The services provided by these suppliers can be classified as customized, syndicated, or Internet/social media services.

Limited-service suppliers specialize in one or a few phases of the marketing research project. Services offered by these suppliers can be classified as field services, qualitative services, technical and analytical services, and other services.

Due to the need for marketing research, attractive career opportunities are available with marketing research firms, business and nonbusiness firms, agencies with marketing research departments, and advertising agencies. International marketing research is much more complex than domestic research as the researcher must consider the environment prevailing in the international markets that are being researched. Social media and the Internet can be used at every step of the marketing research process. Mobile marketing research has gained legitimacy and its use is likely to keep growing. The ethical issues in marketing research involve four stakeholders: (1) the marketing researcher, (2) the client, (3) the respondent, and (4) the public. SPSS Windows and SAS Enterprise Guide are integrative statistical packages that can greatly facilitate data analysis.

## Key Terms and Concepts

marketing research, 32	external suppliers, 40	Internet services, 41
problem-identification research, 32	marketing research industry, 40	limited-service suppliers, 41
problem-solving research, 32	full-service suppliers, 41	field services, 41
marketing research process, 34	customized services, 41	qualitative services, 41
competitive intelligence, 38	syndicated services, 41	technical and analytical services, 41
internal supplier, 39		

## Suggested Cases, HBS Cases, and Video Cases

### Running Case with Real Data

- 1.1 HP Inc.

### Comprehensive Critical Thinking Cases

- 2.1 Baskin-Robbins    2.2 Akron Children's Hospital

### Comprehensive Cases with Real Data

- 4.1 JPMorgan Chase    4.2 Wendy's

### Comprehensive Harvard Business School Cases

- 5.1 The Harvard Graduate Student Housing Survey (9-505-059)  
 5.2 BizRate.Com (9-501-024)  
 5.3 Cola Wars Continue: Coke and Pepsi in the Twenty-First Century (9-702-442)  
 5.4 TiVo in 2002 (9-502-062)  
 5.5 Compaq Computer: Intel Inside? (9-599-061)  
 5.6 The New Beetle (9-501-023)

**Video Cases**

1.1 Burke	2.1 Accenture	3.1 NFL	8.1 P&G	10.1 Dunkin' Donuts
11.1 Nivea	12.1 Subaru	13.1 Intel	23.1 Marriott	

**Live Research: Conducting a Marketing Research Project**

1. Compile background information on the client organization.
2. Discuss the marketing organization and operations of the client.
3. Explain how the project results will help the client make specific marketing decisions.
4. Organize the class. This may require forming project teams. The entire class could be working on the same project with each team working on all aspects of the project or assign each team a specific responsibility, for example, a specific component of the problem or a specific aspect of the project (e.g., collection and analysis of secondary data). Each student should participate in primary data collection. Alternatively, the class could be working on multiple projects with specific teams assigned to a specific project. The approach is flexible and can handle a variety of organizations and formats.
5. Develop a project schedule clearly specifying the deadlines for the different steps.
6. Explain how the teams will be evaluated.
7. Select one or two students to be project coordinators.

**Acronyms**

The role and salient characteristics of marketing research may be described by the acronym

**Research:**

**R** ecognition of information needs  
**E** ffective decision making  
**S** ystematic and objective  
**E** xclude/disseminate information  
**A** nalysis of information  
**R** ecommendations for action  
**C** ollection of information  
**H** elpful to managers

**Exercises****Questions**

1. How is accuracy attained in market research?
2. How do controllable and uncontrollable variables impact market research?
3. Define marketing research.
4. Suggest three different types of product research used to identify or find a solution to a problem.
5. Describe the steps in the marketing research process.
6. How should the decision to conduct research be made?
7. What are the differences between full-service and limited service market research suppliers?
8. What are customized services?
9. What is the main difference between a full-service and a limited-service supplier?
10. What are technical and analytical services?
11. List five guidelines for selecting an external marketing research supplier.
12. Why might a market research supervisor's role be more "hands on" than a market research manager's role?

13. What are the limitations of using social media for conducting marketing research?
14. Discuss the scope, advantages, and limitations of mobile marketing research.
15. Discuss three ethical issues in marketing research that relate to (1) the client, (2) the supplier, and (3) the respondent.

**Problems**

1. Browse the Internet and identify five distinct types of problem-solving research that fall into the categories of product research and promotional research.
2. Describe one kind of market research that would be useful to each of the following types of organization:
  - a. A local clothes store catering mainly to students and under-25s
  - b. An ATM business looking for new sites for its machines
  - c. A real estate company focusing on business premises sales and rentals
  - d. A pop-up restaurant seeking ideal locations for its services
  - e. A private art and culture museum

## Internet and Computer Exercises

1. Visit the Web sites of the top three marketing research firms in Table 1.2. Write a report on the services offered by these firms. Use the framework of Figure 1.3. What statements can you make about the structure of the marketing research industry?
2. Telefonica is a Spanish telecommunications company with operations in Argentina, Brazil, Central America, Chile, Colombia, Ecuador, Germany, Ireland, Mexico, Peru, Spain, the United Kingdom, and Venezuela. It has global revenue of \$82,979 million. Visit Telefonica's Web site ([www.telefonica.com](http://www.telefonica.com)) and write a report about the retailing and marketing activities of the business.
3. Visit the Web sites of two or three local or regional recruitment agencies. What is the employment potential for market researchers?
4. Register with Marketing Week ([www.marketingweek.com](http://www.marketingweek.com)) and click on "Disciplines" in the link bar. When the page opens, select "Market Research." What are the headline trends at the moment, and how do you think they are impacting market research? What do the trends and ideas being used tell you about the future of market research?

## Activities

### Role Playing

1. You are the CEO of a start-up in the food-and-beverage industry. You want to recruit a newly qualified market researcher to help support your marketing efforts with more directed marketing messages to potential customers. Conduct the interview with a fellow student playing the role of an applicant for this position. Does this applicant have the necessary background and skills? Reverse the roles and repeat the exercise.
2. You are a project director working for a major research supplier. You have just received a telephone call from an irate respondent who believes that an interviewer has violated her privacy by calling at an inconvenient time. The respondent expresses several ethical concerns. Ask a fellow student to play the role of this respondent. Address the respondent's concerns and pacify her.

### Fieldwork

1. Investigate likely sources of information on the vacancies, current and upcoming, in your region of the world. Where are they advertised? Are they online, in industry magazines, or in the general press?

2. Interview someone who works for a marketing research supplier. What is this person's opinion about career opportunities in marketing research? Write a report of your interview.
3. Interview someone who works in the marketing research department of a major corporation. What is this person's opinion about career opportunities available in marketing research? Write a report of your interview.

**Note:** The interviews in Fieldwork exercises 2 and 3 can be conducted in person, by telephone, or online.

### Group Discussion

In small groups of four or five, discuss the following issues.

1. What type of institutional structure is best for a marketing research department in a large business firm?
2. What is the ideal educational background for someone seeking a career in marketing research? Is it possible to acquire such a background?
3. Can ethical standards be enforced in marketing research? If so, how?

# Burke: Learning and Growing Through Marketing Research



Alberta Burke, who previously worked in P&G's marketing department, founded Burke, Inc., in 1931. At that time, there were few formalized marketing research companies, not only in the United States but also in the world. As of 2018, Burke, based in Cincinnati, Ohio, is a marketing research and decision-support company that helps its clients to understand their business practices and make them more efficient. Burke's employee owners add value to research and consulting assignments by applying superior thinking to help clients solve business problems. Burke is 100 percent employee owned. This video case traces the evolution of marketing research and how Burke implements the various phases of the marketing research process.

## The Evolution of Marketing Research

The first recorded marketing research took place more than a century ago, in 1895 or 1896. By telegram, a professor sent questions to advertising agencies about the future of advertising. He got back about 10 responses and wrote a paper describing what was happening. In the first years, most of the marketing research done was a spin-off of the Bureau of Census data, and the analysis was basically limited to counting.

The next wave of marketing research came in the early 1930s, often done by ladies in white gloves who knocked on doors and asked about cake mixes. The primary methodology was door-to-door surveys; the telephone was not a very widely utilized service at that time.

Then came World War II, which saw the introduction of the psychological side of marketing research. Through the 1950s and 1960s, television became an integral part of life, and with that came television advertising. Testing of television commercials became the hot area of marketing research in the 1960s and 1970s. Another fundamental change at that time was the marketing research industry made a shift from just generating and testing new ideas and sharing them with clients to working more with clients on how to use those ideas to make decisions.

In the 1980s and 1990s, Burke moved a notch higher by developing processes to provide further added value. It

began working with customers to identify the basic decision that needed to be made and then determine what information would be required to make that decision. The marketing research industry started developing processes that generated information to be used as input into management decision making.

The marketing research industry has come a long way from the telegrams of 1895. As of 2018, the industry is trying to find creative ways to research consumers using methods such as telephone interviews, mall intercepts, Web interviews, mobile phone surveys, and multimode methods. As Debbi Wyrick, a senior account executive at Burke, notes, when people can respond in more than one way—responding in the way that is most efficient for them—it increases the chance of getting a response.

To stay on the cutting edge, Burke conducts meta-research (research about how to do research). Recently, Burke was concerned as to whether the length of an online survey has an adverse impact on the completion rate. In an effort to find out, Burke fielded two Internet surveys. One was brief (10 questions taking an average of 5 minutes to complete), and the other was longer (20 questions taking about 20 minutes to complete). The completion rate for the short survey was 35 percent, whereas it was only 10 percent for the longer survey. Burke now designs shorter Internet surveys so as to reduce the proportion of people who drop off without completing the survey.

## How Burke Implements the Marketing Research Process

We briefly describe Burke's approach to defining the marketing research problem, developing an approach, research design, data collection and analysis, and report preparation and presentation.

### Define the Marketing Research Problem and Develop an Approach

The simplest way to find out when a company needs help is when it has to make a decision. Any time there is a go or no go, a yes or no, or a decision to be made, Burke asks what information can help reduce the risk associated with the decision. Burke then talks with the company to develop the information that might help to reduce that risk.



The first step is to define the marketing research problem, and a lot of discovery takes place at this stage. The account executive will sit down with a client and try to determine whether what the client believes is the problem really is the problem, or whether Burke needs to change or broaden the scope of the problem. Discussions with the key decision makers might reveal that the company has been focusing on too narrow an issue or that it has been focusing on the wrong problem altogether.

Burke believes that defining the marketing research problem is critical to a successful research project. The company finds out what the symptoms are and works with the client to identify the underlying causes. Considerable effort is devoted to examining the background or the environmental context of the problem. In at least half the cases, when they go through the process of exploring the problem, the problem will change. It will gain a new scope or direction. This process results in a precise definition of the marketing research problem, including an identification of its specific components.

Once the problem has been defined, Burke develops a suitable approach. The problem definition is refined to generate more specific research questions and sometimes hypotheses. Because of its vast experience, Burke has developed a variety of analytical models that are customized to the identified problem. This process also results in the identification of information that will help the client solve its problem.

### Research Design Formulation

In formulating the research design, Burke places special emphasis on qualitative research, survey methods, questionnaire design, and sampling design.

**QUALITATIVE RESEARCH** One of the pitfalls that Burke encounters comes with qualitative research. Qualitative research is immediate. The information generated tends to be extremely rich and in the customer's words. Burke gets to see what kinds of answers are being given and what kinds of questions and concerns customers or potential customers might have. However, one of the dangers to avoid is thinking that all customers or potential customers might view products or service offerings in the same manner, that is, generalizing the findings of qualitative research to the larger population. Burke also conducts focus groups online.

**SURVEY METHODS** Burke uses a variety of methods, including telephone, mall intercept, mail, mobile, and Internet or Web-based surveys. Burke carefully selects the method that is best suited to the problem. Burke predicts that telephone surveys will decrease while Internet surveys will increase. If Burke is trying to interview customers around the globe, it sends an email invitation to

respondents to complete the survey via the Web. Burke likes the Internet's ability to show pictures of a particular product or concept to the survey respondents.

**QUESTIONNAIRE DESIGN** In designing the questionnaire, Burke pays particular attention to the content and wording of the questions. Some questions are well defined and can be easily framed; for other issues, the exact questions to ask might not be clear. The simpler the question and the more clear it is who the target respondents are, the better the information generated.

**SAMPLING DESIGN** Burke's sampling department consults with the senior account management team and account executives to determine the proper sample to use. The sampling frame is defined in terms of the respondents who can answer the questions that need to be addressed. The target population is defined by the marketing research problem and the research questions. Burke often buys the sampling lists from outside firms that specialize in this area. Burke is concerned about using a representative sample so that the results can be generalized to the target population (e.g., all the target consumers as opposed to only the consumers included in the sample).

### Data Collection and Analysis

Once the information has been collected, it will reside either in a computer-related format or a paper format that is entered into a computer format. The results are tabulated and analyzed via computers. Through the "Digital Dashboard" product, Burke not only has the ability to disseminate the results to clients when the project is finished but also to show them the data as they are being collected. Burke breaks down the data analysis by relevant groups. You might see information by total respondents as well as information broken out by gender or business size. Essentially, Burke looks at different breaks in the data to try to understand what is happening if there are differences based on different criteria and, if so, how to make decisions based on that information. In addition, Burke categorizes the data into usable units such as time, frequency, or location instead of the vague responses that respondents sometimes give.

### Report Preparation and Presentation

Clients need information much faster than they have in the past because decisions need to be made much more quickly. Organizing large meetings to present data analysis results is no longer practical in many situations. Most of the time, Burke reports and delivers data over the Web. The report documents the entire research process. It discusses the management decision problem, the marketing research problem, the approach and research design, the

information obtained to help management make the decision, and the recommendations.

The report-writing process starts from the first conversation with the client, and it is written as the research proceeds, not simply when the project is almost done. The report focuses on improving management's decision making. Burke's goal is to help clients have better decision-making abilities so that the clients are more valuable to their respective companies. Burke emphasizes this focus by reminding clients, "Here are the management decision and marketing research problems we agreed upon. Here's the information we gathered. Here's the decision it points to." Burke might even add, "This is what we recommend you do."

Burke believes that a successful research project often leads to a subsequent research project; in this way the research process is circular. It does not typically have a finite beginning and end. Once you solve a problem, there is always another one to work on.

## Conclusion

The field of marketing research has evolved in sophistication, scope, and importance over the years. Advances in technology have improved processes and methodologies, providing higher value-added services. Burke has a strong identity and a long, rich legacy in market research—since

1931—and hence it is an apt representative of the marketing research industry. This case also demonstrates key aspects of the marketing research process, from problem definition to collecting data to analyzing data and presenting the macro-analysis report. Burke is continually undertaking efforts to improve the marketing research process, which is what helps Burke and its clients learn and grow.

## Questions

1. Describe the evolution of marketing research. How has the role of marketing research changed as the field has evolved?
2. What is Burke's view of the role of marketing research?
3. Visit [www.burke.com](http://www.burke.com) and write a report about the various marketing research services offered.
4. What is Burke's view of the importance of defining the marketing research problem?
5. What is Burke's view of the marketing research process? How does it compare with the one given in Chapter 1?
6. If Burke were to offer you a position as an account executive with the responsibility of providing marketing research services to P&G, would you accept this position? Why or why not?

## References

See [www.burke.com](http://www.burke.com), accessed February 15, 2017.

# 2

## Defining the Marketing Research Problem and Developing an Approach

“ It’s difficult to execute successfully if you don’t know what success looks like. Defining the marketing research problem is critical and often deceptively difficult. Take time to get it right or pay the price later! ”

*Dan Womack, Senior Manager, Head of Insights,  
Aflac Worldwide Headquarters*



Courtesy of Dan Womack

### Objectives

After reading this chapter,  
the student should be able to:

- 2.1 Understand the importance of and the process used for defining the marketing research problem.
- 2.2 Describe the tasks involved in problem definition, including discussions with decision makers, interviews with industry experts, secondary data analysis, and qualitative research.
- 2.3 Discuss the environmental factors affecting the definition of the research problem: past information and forecasts, resources and constraints, objectives of the decision maker, buyer behavior, legal environment, economic environment, and marketing and technological skills of the firm.
- 2.4 Clarify the distinction between the management decision problem and the marketing research problem.
- 2.5 Explain the structure of a well-defined marketing research problem, including the broad statement and the specific components.
- 2.6 Discuss in detail the various components of the approach: objective/theoretical framework, analytical models, research questions, hypotheses, and specification of information needed.
- 2.7 Acquire an appreciation of the complexity involved and gain an understanding of the procedures for defining the problem and developing an approach in international marketing research.

- 2.8 Describe how social media can be used to identify and define the marketing research problem and aid in developing an approach.
- 2.9 Discuss the use of mobile marketing research in problem definition and approach development.
- 2.10 Understand the ethical issues and conflicts that arise in defining the problem and developing the approach.

## Overview

This chapter covers the first two of the six steps of the marketing research process described in Chapter 1: defining the marketing research problem and developing an approach to the problem. Defining the problem is the most important step, because only when a problem has been clearly and accurately identified can a research project be conducted properly. Defining the marketing research problem sets the course of the entire project. In this chapter, we

allow the reader to appreciate the complexities involved in defining a problem by identifying the factors to be considered and the tasks involved. Additionally, we provide guidelines for appropriately defining the marketing research problem and avoiding common types of errors. We also discuss in detail the components of an approach to the problem: objective/theoretical framework, analytical models, research questions, hypotheses, and specification of the

information needed. The special considerations involved in defining the problem and developing an approach in international marketing research as well as using social media and mobile marketing research are discussed. Several ethical issues that arise at this stage of the marketing research process are considered.

We introduce our discussion with an example from Harley-Davidson, which needed specific information about its customers.

## Real Research

### Harley Goes Whole Hog

The motorcycle manufacturer Harley-Davidson ([www.harleydavidson.com](http://www.harleydavidson.com)) made such an important comeback in the early 2000s that there was a long waiting list to get a bike. In 2015, Harley-Davidson's revenues were \$6 billion with a market share of about 50 percent in the heavyweight category. Although distributors urged Harley-Davidson to build more motorcycles, the company was skeptical about investing in new production facilities.

The years of declining sales taught top management to be more risk averse than risk prone. Harley-Davidson was now performing well again, and investing in new facilities meant taking risks. Would the demand follow in the long run or would customers stop wanting Harleys when the next fad came along? The decrease in motorcycle quality linked to Harley's fast growth had caused the company's bad years. Top management was afraid that the decision to



J. IRWIN/ClassicStock/Alamy Stock Photo

invest was too early. On the other hand, investing would help Harley-Davidson expand and possibly become the clear market leader in the heavyweight segment. Discussions with industry experts indicated that brand image and loyalty were major factors influencing first-time sales as well as repeat sales of motorcycles. Secondary data revealed that the vast majority of motorcycle owners also owned automobiles such as cars, SUVs, and trucks. Focus groups with motorcycle owners further indicated that motorcycles were not used primarily as a means of basic transportation but as a means of recreation. The focus groups also highlighted the role of brand image and loyalty in motorcycle purchase and ownership.

Forecasts called for an increase in consumer spending on recreation and entertainment well into the year 2020. Empowered by the Internet, consumers in the twenty-first century had become increasingly sophisticated and value conscious. Yet brand image and brand loyalty played a significant role in buyer behavior with well-known brands continuing to command a premium. Clearly, Harley-Davidson had the necessary resources and marketing and technological skills to achieve its objective of being the dominant motorcycle brand on a global basis.

This process and the findings that emerged helped to define the management decision problem and the marketing research problem. The management decision problem was: Should Harley-Davidson invest in producing more motorcycles? The marketing research problem was to determine if customers would be loyal buyers of Harley-Davidson in the long term. Specifically, the research had to address the following questions:

1. Who are the customers? What are their demographic and psychographic characteristics?
2. Can different types of customers be distinguished? Is it possible to segment the market in a meaningful way?
3. How do customers feel regarding their Harleys? Are all customers motivated by the same appeal?

4. Are the customers loyal to Harley-Davidson? What is the extent of brand loyalty?

One of the research questions (RQs) examined and its associated hypotheses (Hs) follow:

RQ: Can motorcycle buyers be segmented based on psychographic characteristics?

H1: There are distinct segments of motorcycle buyers.

H2: Each segment is motivated to own a Harley for a different reason.

H3: Brand loyalty is high among Harley-Davidson customers in all segments.

This research was guided by the theory that brand loyalty is the result of positive beliefs, attitude, affect, and experience with the brand. Both qualitative research and quantitative research were conducted. First, focus groups of current owners, would-be owners, and owners of other brands were conducted to understand their feelings about Harley-Davidson. Then 16,000 surveys were mailed to develop the psychological, sociological, and demographic profiles of customers and their subjective appraisals of Harley.

Some of the major findings follow:

- Seven categories of customers could be distinguished: (1) the adventure-loving traditionalist, (2) the sensitive pragmatist, (3) the stylish status seeker, (4) the laid-back camper, (5) the classy capitalist, (6) the cool-headed loner, and (7) the cocky misfit. Thus, H1 was supported.
- All customers, however, had the same desire to own a Harley: It was a symbol of independence, freedom, and power. This uniformity across segments was surprising, contradicting H2.
- All customers were long-term loyal customers of Harley-Davidson, supporting H3.

Based on these findings, the decision was made to invest and in this way to increase the number of Harleys built in the future.<sup>1</sup>

This example shows the importance of correctly defining the marketing research problem and developing an appropriate approach.

## Importance of Defining the Problem

Although each step in a marketing research project is important, problem definition is the most important step. As mentioned in Chapter 1, for the purpose of marketing research, problems and opportunities are treated interchangeably. **Problem definition** involves stating the general problem and identifying the specific components of the marketing research problem. Only when the marketing research problem has been clearly defined can research be designed and conducted properly. Of all the tasks in a marketing research project, none is more vital to the ultimate fulfillment of a client's needs than a proper definition of the research problem. All the effort, time, and money spent from this point on will be wasted if the problem is misunderstood or ill defined.<sup>2</sup> As stated by Peter Drucker, the truly serious mistakes are made not as a result of wrong answers but because of asking the wrong questions. This point is worth remembering, because inadequate problem definition is a leading cause of the failure of marketing research projects. Further, better

### problem definition

A broad statement of the general problem and identification of the specific components of the marketing research problem.



communication and more involvement in problem definition are the most frequently mentioned ways of improving the usefulness of research. These results lead to the conclusion that the importance of clearly identifying and defining the marketing research problem cannot be overstated. I cite an episode from personal experience to illustrate this point.

## Real Research

## Chain Restaurant Study

One day, I received a telephone call from a research analyst who introduced himself as one of our alumni. He was working for a restaurant chain in town and wanted help in analyzing the data he had collected while conducting a marketing research study. When we met, he presented me with a copy of the questionnaire and asked how he should analyze the data. My first question to him was, "What is the problem being addressed?" When he looked perplexed, I explained that data analysis was not an independent exercise. Rather, the goal of data analysis is to provide

information related to the problem components. I was surprised to learn that he did not have a clear understanding of the marketing research problem and that a written definition of the problem did not exist. Therefore, before proceeding any further, I had to define the marketing research problem. Once that was done, I found that much of the data collected were not relevant to the problem. In this sense, the whole study was a waste of resources. A new study had to be designed and implemented to address the problem identified.

Further insights on the difficulty involved in appropriately defining the problem are provided by the problem definition process.<sup>3</sup>

## The Process of Defining the Problem and Developing an Approach

The problem definition and approach development process is shown in Figure 2.1. The tasks involved in problem definition consist of discussions with the decision makers, interviews with industry experts and other knowledgeable individuals, analysis of secondary data, and sometimes qualitative research. These tasks help the researcher to understand the background of the problem by analyzing the environmental context. Certain essential environmental factors bearing on the problem should be evaluated. Understanding the environmental context facilitates the identification of the management decision problem. Then the management decision problem is translated into a marketing research problem. Based on the definition of the marketing research problem, an appropriate approach is developed. The components of the approach consist of an objective/theoretical framework, analytical models, research questions, hypotheses, and specification of the information needed. Further explanation of the problem definition process begins with a discussion of the tasks involved.

## Tasks Involved

### Discussions with Decision Makers

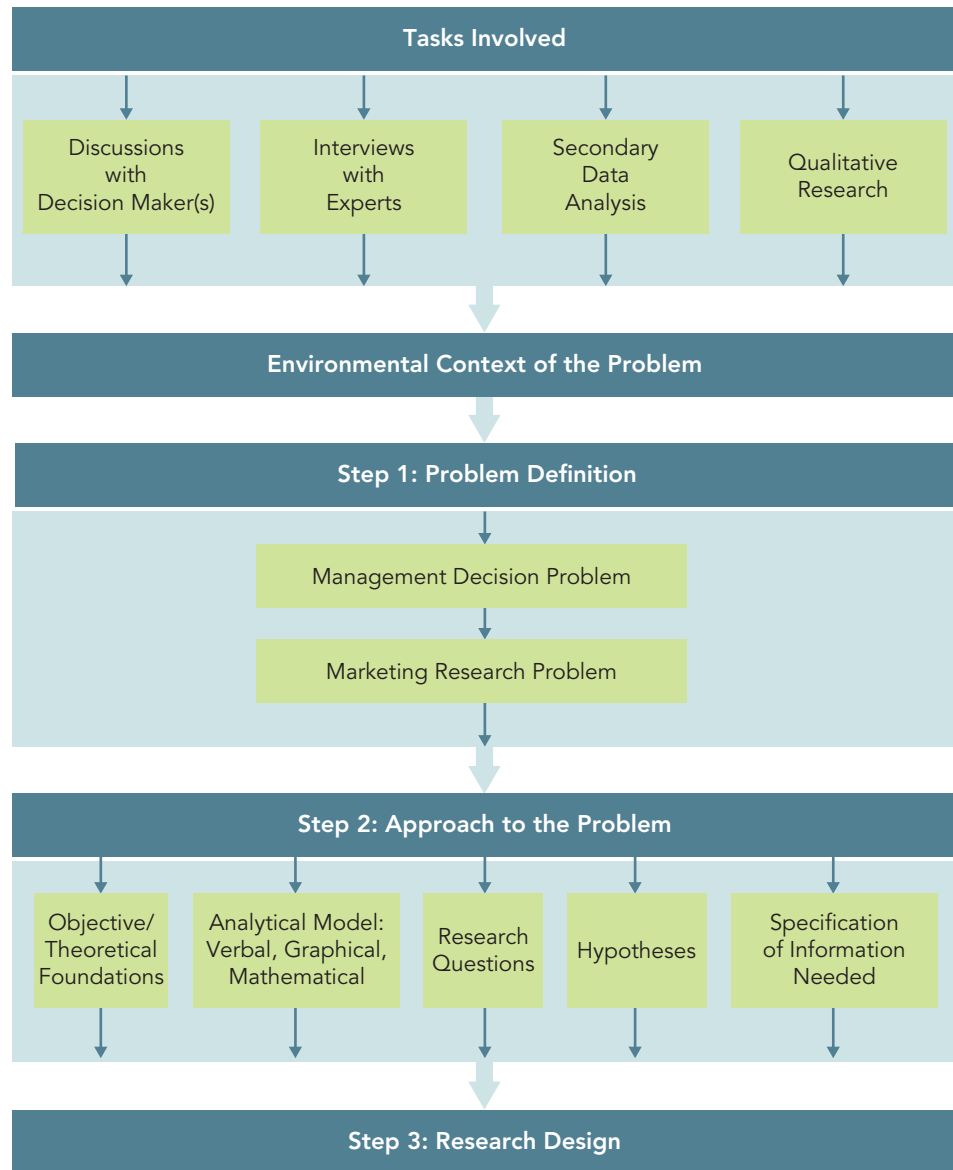
Discussions with decision makers (DM) are extremely important. The decision makers need to understand the capabilities and limitations of research.<sup>4</sup> Research provides information relevant to management decisions, but it cannot provide solutions because solutions require managerial judgment. Conversely, the researcher needs to understand the nature of the decision that managers face and what they hope to learn from the research.

To identify the management problem, the researcher must possess considerable skill in interacting with the DM. Several factors may complicate this interaction. Access to the DM may be difficult, and some organizations have complicated protocols for access to top executives. The organizational status of the researcher or the research department may make it difficult to reach the key DM in the early stages of the project. Finally, there may be more than one key DM and



**FIGURE 2.1**

The Process of  
Defining the Problem  
and Developing an  
Approach



meeting with them collectively or individually may be difficult. Despite these problems, it is necessary that the researcher interact directly with the key decision makers.<sup>5</sup>

The **problem audit** provides a useful framework for interacting with the DM and identifying the underlying causes of the problem. The problem audit, like any other type of audit, is a comprehensive examination of a marketing problem with the purpose of understanding its origin and nature.<sup>6</sup> The problem audit involves discussions with the DM on the following issues that are illustrated with a problem facing McDonald's:

#### problem audit

A comprehensive examination of a marketing problem to understand its origin and nature.

1. The events that led to the decision that action is needed, or the history of the problem: McDonald's, a long-time leader in the fast-food industry, was losing market share in 2013 and 2014 to competitors such as Burger King, Wendy's, and Subway in some of the key markets. This problem came into sharper focus as these competitors launched new products and aggressive promotional campaigns, while the recent campaigns of McDonald's were not as successful.
2. The alternative courses of action available to the DM: The set of alternatives may be incomplete at this stage, and qualitative research may be needed to identify the more innovative courses of action. The alternatives available to the management of McDonald's included introducing new sandwiches and menu items, reducing prices, opening more restaurants, launching special promotions, and increasing advertising.

3. The criteria that will be used to evaluate the alternative courses of action: For example, new product offerings might be evaluated on the basis of sales, market share, profitability, return on investment, and so forth. McDonald's will evaluate the alternatives based on contributions to market share and profits.
4. The potential actions that are likely to be suggested based on the research findings: The research findings will likely call for a strategic marketing response by McDonald's.
5. The information that is needed to answer the decision makers' questions: The information needed includes a comparison of McDonald's and its major competitors on all the elements of the marketing mix (product, pricing, promotion, and distribution) in order to determine relative strengths and weaknesses.
6. The manner in which the DM will use each item of information in making the decision: The key decision makers will devise a strategy for McDonald's based on the research findings and their intuition and judgment.
7. The corporate culture as it relates to decision making:<sup>7</sup> In some firms, the decision-making process is dominant; in others, the personality of the DM is more important. Awareness of corporate culture may be one of the most important factors that distinguish researchers who affect strategic marketing decisions from those who do not. The corporate culture at McDonald's calls for a committee approach in which critical decisions are made by key decision makers.

It is important to perform a problem audit because the DM, in most cases, has only a vague idea of what the problem is. For example, the DM may know that the firm is losing market share but may not know why, because decision makers tend to focus on symptoms rather than on causes. Inability to meet sales forecasts, loss of market share, and decline in profits are all symptoms. The researcher should treat the underlying causes, not merely address the symptoms. For example, loss of market share may be caused by a superior promotion by the competition, inadequate distribution of the company's products, or any number of other factors. Only when the underlying causes are identified can the problem be successfully addressed, as exemplified by the effort of store brand jeans.

## Real Research

## Look Who's Picking Levi's Pocket

For years, teenagers have considered store label jeans "uncool." Although the lower price tag of store brand jeans, such as JCPenney's Arizona brand jeans or the Gap's in-house brand, has long appealed to value-conscious parents, teenagers have preferred big brand names such as Levi's, Lee, and Wrangler. The big-name brands have historically dominated the \$14 billion industry as a result. Through marketing research problem audits, the private labels determined that the real cause for their low market share was lack of image. Therefore, the marketing research problem was defined as enhancing their image in the eyes of the target market—the lucrative teenage segment.

Arizona jeans and Gap's in-house brands have led the charge among the "generics" in changing their image. These store brand jeans, along with other store label jeans, now target the teenage market with "cutting-edge" advertising. Their advertisements feature rock bands such as Aerosmith along with high-tech imagery to attract teenagers. The brands also promote their trendy Web sites—areas where their target market should go and visit to be "cool."

Gap jeans have also scored big. The chain's strategy has been to distance their store brand jeans from the store itself. Teenagers think of the Gap as a place where older people or their parents shop, thus making it "uncool." Gap's marketing campaign now aims to separate their store name and image from their jeans that are aimed at teens. This is the opposite of a more typical or traditional brand name leveraging strategy. The results, according to the research services firm Kantar TNS ([www.tnsglobal.com](http://www.tnsglobal.com)), are that teens are not putting it together that this is the house brand.

The results for the store brand jeans have been quite successful. According to the marketing research firm NPD Group, private label jeans' market share has risen from 2005 to 2015. Levi's, the market leader, has seen its market share drop over the same time period, and this drop is also indicative for the big brand names nationwide. These impressive results are encouraging other stores to consider introducing their own label jeans to capture a portion of the teenage market.<sup>8</sup>

As in the case of the private label jeans, a problem audit, which involves extensive interaction between the DM and the researcher, can greatly facilitate problem definition by determining the underlying causes. The interaction between the researcher and the DM is facilitated when one or more people in the client organization serve as a liaison and form a team with the marketing researcher. In order to be fruitful, the interaction between the DM and the researcher should be characterized by the seven Cs:

1. *Communication.* Free exchange of ideas between the DM and researcher is essential.
2. *Cooperation.* Marketing research is a team project in which both parties (DM and researcher) must cooperate.
3. *Confidence.* The interaction between the DM and the researcher should be guided by mutual trust.
4. *Candor.* There should not be any hidden agendas, and an attitude of openness should prevail.
5. *Closeness.* Feelings of warmth and closeness should characterize the relationship between the DM and the researcher.
6. *Continuity.* The DM and the researcher must interact continually rather than sporadically.
7. *Creativity.* The interaction between the DM and the researcher should be creative rather than formulaic.

## Active Research

### Sprite: The Third Largest Soft Drink Brand

Visit [www.cocacola.com](http://www.cocacola.com) and [www.sprite.com](http://www.sprite.com) and obtain as much information about the marketing program of Sprite as you can from the Internet, including social media and your library's online databases. Write a brief report.

As the brand manager for Sprite, the third largest soft drink brand, you are concerned about improving the performance of the brand. Identify possible symptoms that indicate to you that the performance of Sprite is below expectations.

You are conducting marketing research for Sprite to help improve the performance of the brand. Identify possible underlying causes that might be contributing to the lack of performance.

### Interviews with Industry Experts

In addition to discussions with the DM, interviews with industry experts, individuals knowledgeable about the firm and the industry, may help formulate the marketing research problem.<sup>9</sup> These experts may be found both inside and outside the firm. If the notion of experts is broadened to include people very knowledgeable about the general topic being investigated, then these interviews are also referred to as an **experience survey** or the **key-informant technique**. Another variation of this in a technological context is the **lead-user survey** that involves obtaining information from the lead users of the technology. Typically, expert information is obtained by unstructured personal interviews, without administering a formal questionnaire. It is helpful, however, to prepare a list of topics to be covered during the interview. The order in which these topics are covered and the questions to ask should not be predetermined but decided as the interview progresses to allow greater flexibility in capturing the insights of the experts. The purpose of interviewing experts is to help define the marketing research problem rather than to develop a conclusive solution. Unfortunately, two potential difficulties may arise when seeking advice from experts:

1. Some individuals who claim to be knowledgeable and are eager to participate may not really possess expertise.
2. It may be difficult to locate and obtain help from experts who are outside the client organization.

#### experience survey

An interview with people very knowledgeable about the general topic being investigated.

#### key-informant technique

Another name for conducting an experience survey (i.e., an interview with people very knowledgeable about the general topic being investigated).

#### lead-user survey

Interview with lead users of the technology.

**secondary data**

Data collected for some purpose other than the problem at hand.

For these reasons, interviews with experts are more useful in conducting marketing research for industrial firms and for products of a technical nature, where it is relatively easy to identify and approach the experts. This method is also helpful in situations when little information is available from other sources, as in the case of radically new products. The Internet can be searched to find industry experts outside of the client's organization. By going to industry sites and newsgroups (e.g., [groups.google.com](http://groups.google.com)), you can find access to many knowledgeable industry experts. You could also do searches on the topic at hand and follow up on any postings or FAQs. Experts can provide valuable insights in modifying or repositioning existing products, as illustrated by the repositioning of Diet Cherry Coke.

**Real Research****Cherry Picking: The Repositioning of Diet Cherry Coke**

As of 2018, Coca-Cola ([www.cocacola.com](http://www.cocacola.com)) was still the world's leading manufacturer, marketer, and distributor of nonalcoholic beverages to more than 200 countries, with more than 2,800 beverage products. Sales of Diet Cherry Coke had been languishing, however, down from more than 8 million cases sold in the peak years. Coke system bottlers had begun to cut back distribution of Diet Cherry Coke. Faced with this issue, Coca-Cola had to determine the cause of such a decline in sales. When industry experts were consulted, the real problem was identified: Diet Cherry Coke was not positioned correctly. These experts emphasized that brand image was a key factor influencing soft drink sales, and Diet Cherry Coke was perceived as conventional and old-fashioned, an image inconsistent with that of Cherry Coke. Hence, the marketing research problem was identified as

measuring the image and positioning of Diet Cherry Coke. The research undertaken confirmed the diagnosis of the industry experts and provided several useful insights.

Based on the research results, the product was repositioned to align it more closely to the image of Cherry Coke. The aim was to target younger drinkers. The packaging was remade to be more consistent with the Cherry Coke packaging. Bolder, edgy graphics were used to appeal to the youth segment. Finally, Diet Cherry Coke was placed with Cherry Coke in a teen-targeted promotional giveaway. Positioning Diet Cherry Coke as a youthful soft drink and targeting the teenage segment led to a turnaround and increased sales. Sales have shown an upward trajectory thanks to the industry experts who helped identify the real problem.<sup>10</sup>

The Diet Cherry Coke example points to the key role of industry experts. However, information obtained from the decision makers and the industry experts should be supplemented with the available secondary data.

**Active Research****Wal-Mart: The Largest Retailer in the World!**

*Visit [www.walmart.com](http://www.walmart.com) and search the Internet, including social media and your library's online databases, to identify the challenges and opportunities facing Wal-Mart, the largest retailer in the world.*

Visit [www.groups.google.com](http://www.groups.google.com) and survey the postings in retailing newsgroups to identify an expert in retailing. Interview this expert (via telephone or online) to identify the challenges and opportunities facing Wal-Mart.

As the CEO of Wal-Mart, what marketing strategies would you formulate to overcome these challenges and capitalize on the opportunities?

**primary data**

Data originated by the researcher specifically to address the research problem.

**Secondary Data Analysis**

**Secondary data** are data collected for some purpose other than the problem at hand. **Primary data**, on the other hand, are originated by the researcher for the specific purpose of addressing the research problem. Secondary data include information made available by business and government sources, commercial marketing research firms, and computerized databases. Secondary

data are an economical and quick source of background information. Analysis of available secondary data is an essential step in the problem definition process: Primary data should not be collected until the relevant secondary data have been fully analyzed. Given the tremendous importance of secondary data, this topic will be discussed in detail in Chapter 4, which also further discusses the differences between secondary and primary data.

It is often helpful to supplement secondary data analysis with qualitative research.

## Qualitative Research

Information obtained from the decision makers, industry experts, and secondary data may not be sufficient to define the research problem. Sometimes qualitative research must be undertaken to gain an understanding of the problem and its underlying factors. **Qualitative research** is unstructured, exploratory in nature, based on small samples, and may utilize popular qualitative techniques such as focus groups (group interviews), word association (asking respondents to indicate their first responses to stimulus words), and depth interviews (one-on-one interviews that probe the respondents' thoughts in detail). These techniques are described in detail in Chapter 5. Other exploratory research techniques, such as pilot surveys and case studies, may also be undertaken to gain insights into the phenomenon of interest. **Pilot surveys** tend to be less structured than large-scale surveys in that they generally contain more open-ended questions and the sample size is much smaller. **Case studies** involve an intensive examination of a few selected cases of the phenomenon of interest. The cases could be consumers, stores, firms, or a variety of other units such as markets, Web sites, and so on. The data are obtained from the company, external secondary sources, and by conducting lengthy unstructured interviews with people knowledgeable about the phenomenon of interest. In the department store patronage project, valuable insights into factors affecting store patronage were obtained in a case study comparing the chain's five best stores with the five worst stores. Exploratory research is discussed in more detail in Chapter 3, and qualitative research techniques are discussed in detail in Chapter 5.

Although research undertaken at this stage may not be conducted in a formal way, it can provide valuable insights into the problem, as illustrated by Harley-Davidson in the opening example. Industry experts indicated the importance of brand loyalty, which also emerged as a major factor in focus groups. Secondary data revealed that most motorcycle owners also owned automobiles such as cars, SUVs, and trucks. Focus groups further indicated that motorcycles were used primarily as a means of recreation, and all these factors were useful in defining the problem as determining if customers would be loyal buyers of Harley-Davidson in the long term. Procter & Gamble (P&G) provides another illustration of the role of qualitative research in defining the marketing research problem.

### qualitative research

An unstructured, exploratory research methodology based on small samples intended to provide insight and understanding of the problem setting.

### pilot surveys

Surveys that tend to be less structured than large-scale surveys in that they generally contain more open-ended questions and the sample size is much smaller.

### case studies

Studies that involve an intensive examination of a few selected cases of the phenomenon of interest. Cases could be customers, stores, or other units.

## Real Research

### P&G's Peep into Privacy

P&G, the maker of Tide laundry detergent, Pampers diapers, and Crest toothpaste, is sending video crews and cameras into about 80 households around the world, hoping to capture, on tape, life's daily routines and procedures in all their boring glory. P&G thinks the exercise will yield a mountain of priceless insights into consumer behavior that more traditional methods—focus groups, interviews, home visits—may have missed. People tend to have selective memories when talking to a market researcher. They might say, for example, that they brush their teeth every morning or indulge in just a few potato chips when in fact they often forget to brush and eat the whole bag.

Videotaping, P&G hopes, will help it get at the whole truth. Initially, the study followed families in the United

Kingdom, Italy, Germany, and China. After a subject family agrees to participate, one or two ethnographer-filmmakers arrive at the home when the alarm clock rings in the morning and stay until bedtime, usually for a four-day stretch. To be as unobtrusive as possible, the crew might at certain times leave the camera alone in a room with the subjects or let them film themselves. There are ground rules. If friends come over, the subjects must inform them that they are being filmed. The subjects and filmmakers agree on boundaries ahead of time: Most bedroom and bathroom activities are not taped.

Of course, P&G is acting on the information obtained by such research to come up with innovative products that cater to market needs. For example, some of the

movies at customers' homes revealed that one of the biggest challenges faced by working mothers is their hectic mornings. In between getting the kids off to school and juggling a host of other duties, they still want to make sure they leave the house looking their best. So P&G defined the marketing research problem as determining

the potential for multipurpose products that could help this segment of customers by making their makeup routine easier. Subsequent research led to the launch of multipurpose products such as a CoverGirl cosmetic that is a moisturizer, foundation, and sunscreen all rolled into one.<sup>11</sup>

The insights gained from qualitative research, along with discussions with decision makers, interviews with industry experts, and secondary data analysis, help the researcher to understand the environmental context of the problem.

## Environmental Context of the Problem

To understand the background of a marketing research problem, the researcher must understand the client's firm and industry. In particular, the researcher should analyze the factors that have an impact on the definition of the marketing research problem. These factors, encompassing the **environmental context of the problem**, include past information and forecasts pertaining to the industry and the firm, resources and constraints of the firm, objectives of the decision maker, buyer behavior, legal environment, economic environment, and marketing and technological skills of the firm, as shown in Figure 2.2. Each of these factors is discussed briefly.<sup>12</sup>

### environmental context of the problem

The set of factors having an impact on the definition of the marketing research problem, including past information and forecasts, resources and constraints of the firm, objectives of the decision maker, buyer behavior, legal environment, economic environment, and marketing and technological skills of the firm.

### Past Information and Forecasts

Past information and forecasts of trends with respect to sales, market share, profitability, technology, population, demographics, and lifestyle can help the researcher understand the underlying marketing research problem. Where appropriate, this kind of analysis should be carried out at the industry and firm levels. For example, if a firm's sales have decreased but industry sales have increased, the problems will be very different than if the industry sales have also decreased. In the former case, the problems are likely to be specific to the firm.<sup>13</sup>

Past information and forecasts can be valuable in uncovering potential opportunities and problems, as the fast-food industry has discovered. The following example shows how marketers can exploit potential opportunities by correctly assessing potential demand.

**FIGURE 2.2**

Factors to Be Considered in the Environmental Context of the Problem





## Real Research

### Smarte Carte Becomes Smart with Marketing Research

Smarte Carte, Inc. ([www.smartecarte.com](http://www.smartecarte.com)), with its headquarters in St. Paul, Minnesota, is the leader in baggage cart, locker, and stroller services at more than 1,000 airports, train stations, bus terminals, shopping centers, and entertainment facilities around the world. Having recently developed a new locker using “smart” technology, the company wanted to know which markets would be ideal for this new product and sought the help of Emerge Marketing ([www.emergemarketing.com](http://www.emergemarketing.com)).

Expanding into new markets requires knowledge of each market’s size and growth potential, barriers to entry, and competitors. Using qualitative research (like focus groups and depth interviews) and secondary data (like Census Bureau information and Nielsen ratings), Emerge Marketing developed baseline information for a number of possible market segments. Based on the key requirements identified for each market, it was found that the new locker

technology would be a good fit for amusement parks, ski areas, and water parks. The study had revealed that the features offered by the new product best suited the needs of these market segments. Moreover, the competitive picture was most favorable in these segments. Thus, the problem definition was narrowed to determining the demand potential for the new technology in these three segments (amusement parks, ski areas, and water parks). Further research was then conducted to quantify the market in terms of potential sales in these segments so that Smarte Carte could develop products, manufacturing capabilities, and budgets accordingly. Based on the study, Smarte Carte fine-tuned the product for these three markets. For example, keyless electronic storage lockers were developed with the water parks in mind. Visitors could lock their valuables in this locker and then enjoy their rides without having to worry about the safety of their locker keys.<sup>14</sup>

## Active Research

### Lunch on the Go Crowd

*From secondary sources obtain data on the sales of restaurants for the past year and sales forecasts for the next two to five years.*

How would you obtain this information using the Internet, including social media and your library’s online databases?

You are the marketing manager for Houston’s restaurants. You come across information stating that more and more people are having lunch on the go and that this trend is expected to continue for the next five years. What kind of problems and opportunities does this information suggest?

This example illustrates the usefulness of past information and forecasts, which can be especially valuable if resources are limited and there are other constraints on the organization.

### Resources and Constraints

To formulate a marketing research problem of appropriate scope, it is necessary to take into account both the resources available, such as money and research skills, and the constraints on the organization, such as cost and time. Proposing a large-scale project that would cost \$100,000 when only \$40,000 has been budgeted obviously will not meet management approval. In many instances, the scope of the marketing research problem may have to be reduced to accommodate budget constraints. This might be done, as in the department store patronage project, by confining the investigation to major geographical markets rather than conducting the project on a national basis.

It is often possible to extend the scope of a project appreciably with only a marginal increase in costs. This can considerably enhance the usefulness of the project, thereby increasing the probability that management will approve it. Time constraints can be important when decisions must be made quickly.<sup>15</sup> A project for Fisher-Price, a major toy manufacturer, involving mall

intercept interviews in six major cities (Chicago, Fresno, Kansas City, New York, Philadelphia, and San Diego) had to be completed in six weeks. Why the rush? The results had to be presented at an upcoming board meeting where a major (go/no go) decision was to be made about a new product introduction.<sup>16</sup>

Other constraints, such as those imposed by the client firm's personnel, organizational structure and culture, or decision-making styles, should be identified to determine the scope of the research project. However, constraints should not be allowed to diminish the value of the research to the decision maker or compromise the integrity of the research process. If a research project is worth doing, it is worth doing well. In instances where the resources are too limited to allow a high-quality project, the firm should be advised not to undertake formal marketing research. For this reason, it becomes necessary to identify resources and constraints, a task that can be better understood when examined in the light of the objectives of the organization and the decision maker.

## Objectives

### objectives

Goals of the organization and of the decision maker that must be considered in order to conduct successful marketing research.

Decisions are made to accomplish **objectives**. The formulation of the management decision problem must be based on a clear understanding of two types of objectives: (1) the organizational objectives (the goals of the organization), and (2) the personal objectives of the decision maker. For the project to be successful, it must serve the objectives of the organization and the decision maker. This, however, is not an easy task.

The decision maker rarely formulates personal or organizational objectives accurately. Rather, it is likely that these objectives will be stated in terms that have no operational significance, such as "to improve corporate image." Direct questioning of the decision maker is unlikely to reveal all of the relevant objectives. The researcher needs skill to extract these objectives. An effective technique is to confront the decision makers with each of the possible solutions to a problem and ask whether they would follow that course of action. If a "no" answer is received, use further probing to uncover objectives that are not served by the course of action.

## Buyer Behavior

### buyer behavior

A body of knowledge that tries to understand and predict consumers' reactions based on individuals' specific characteristics.

**Buyer behavior** is a central component of the environmental context. In most marketing decisions, the problem can ultimately be traced to predicting the response of buyers to specific actions by the marketer. An understanding of the underlying buyer behavior can provide valuable insights into the problem. The buyer behavior factors that should be considered include the following:

1. Number and geographical location of the buyers and nonbuyers
2. Demographic and psychological characteristics
3. Product consumption habits and the consumption of related product categories
4. Media, including social media, consumption behavior and response to promotions
5. Price sensitivity
6. Patronage of retail outlets
7. Buyer preferences

The following example shows how an understanding of relevant buyer behavior helps in identifying the causes underlying a problem.

## Real Research

### "Milk Life": Mom Knows Best

After two decades, the Milk Processor Education Program, the national marketing arm for the dairy industry, retired the famous "Got Milk?" campaign in 2014 and replaced it with "Milk Life" (milklife.com). The "Got Milk?" campaign had featured celebrities donning milk moustaches in support of drinking dairy. Despite the campaign's ubiquity in

the 1990s and 2000s, milk consumption in the United States has continued to fall. The new campaign, "Milk Life," eschews the celebs for images of ordinary people doing everyday activities.

The decision to make this change was guided by marketing research. Secondary data showed that between

1977–1978 and 2007–2008, the number of children who did not drink milk on a given day rose from 12 percent to 24 percent. Thirty years ago, 21 percent of adults reported drinking milk at dinner time; in 2008 it had fallen to 9 percent. Furthermore, qualitative research aimed at understanding buyer behavior was conducted. This research revealed how people used milk, what made them want it, with what foods they used it, and how they felt when they were deprived of it. The findings revealed that milk is not a very high-interest item in people's lives. Rather, it is a staple. It was found that 88 percent of milk is consumed at home and that milk was not the central drink of the average person, but it was used in combination with certain

foods such as cereal, cakes, pastries, and so forth. Thus, the marketing research problem was framed in terms of determining consumers' perceptions and consumption of milk. When subsequent research confirmed the staple nature of milk, the new "Milk Life" campaign emphasized that milk is a nutrient powerhouse with 8 grams of natural, high-quality protein and eight other essential nutrients in every 8-ounce glass. It is a perfect beverage to pair with breakfast and beyond. It capitalized on the age-old adage that Mom knows best. When moms drink milk, their kids are also more likely to drink milk. It is hoped that moms giving milk to kids will help establish healthy diet patterns from an early age.<sup>17</sup>

The decline in milk consumption could be attributed to changes in the sociocultural environment, which include demographic trends and consumer tastes. In addition, the legal environment and the economic environment can have an impact on the behavior of consumers and the definition of the marketing research problem.

### Legal Environment

#### legal environment

The set of regulatory policies and norms within which organizations must operate.

The **legal environment** includes public policies, laws, government agencies, and pressure groups that influence and regulate various organizations and individuals in society. Important areas of law include patents, trademarks, royalties, trade agreements, taxes, and tariffs. Federal laws have an impact on each element of the marketing mix. In addition, laws have been passed to regulate specific industries. The legal environment can have an important bearing on the definition of the marketing research problem, as can the economic environment.

### Economic Environment

#### economic environment

Income, prices, savings, credit, and general economic conditions.

Along with the legal environment, another important component of the environmental context is the **economic environment**, which is comprised of purchasing power, gross income, disposable income, discretionary income, prices, savings, credit availability, and general economic conditions. The general state of the economy (rapid growth, slow growth, recession, or stagflation) influences the willingness of consumers and businesses to take on credit and spend on big-ticket items. Thus, the economic environment can have important implications for marketing research problems.

### Marketing and Technological Skills

A company's expertise with each element of the marketing mix, as well as its general level of marketing and technological skills, affects the nature and scope of the marketing research project. For example, the introduction of a new product that requires sophisticated technology may not be a viable course if the firm lacks the skills to manufacture or market it.

A firm's marketing and technological skills greatly influence the marketing programs and strategies that can be implemented. At a broader level, other elements of the technological environment should be considered. Technological advances, such as the continuing development of computers, have had a dramatic impact on marketing research. To illustrate, computerized check-out lanes allow supermarkets to monitor daily consumer demand for products and make the scanner data available to the researcher. It is possible to obtain precise information on retail sales, not only of the firm's brands but also of competing brands. The speed and accuracy of data collection enable the researcher to investigate intricate problems such as the daily changes in market share during a promotion.

Many of the factors to be considered in the environmental context of the problem can be researched via the Internet. Past information and forecasts of trends can be found by searching for the appropriate information with search engines. For client-specific information, the user can

go to the company home page and get the information from there. Broadridge ([www.broadridge.com](http://www.broadridge.com)) is an effective way to research a company and find information on financial reports, company news, corporate profiles, or annual reports. Finally, you can go to sites such as Google Finance, Yahoo! Finance or [www.quicken.com](http://www.quicken.com) to find analysts' views of the company. Firms such as Dun & Bradstreet ([www.dnb.com](http://www.dnb.com)) create company databases that can be accessed through a subscription or reports that can be purchased on a one-time basis.

After gaining an adequate understanding of the environmental context of the problem, the researcher can define the management decision problem and the marketing research problem. This process was illustrated in the opening Harley-Davidson example. Forecasts called for an increase in consumer spending on recreation and entertainment well into the year 2020. Empowered by the Internet, consumers in the twenty-first century became increasingly sophisticated and value conscious. Yet brand image and brand loyalty played a significant role in buyer behavior with well-known brands continuing to command a premium. Clearly, Harley-Davidson had the necessary resources and marketing and technological skills to achieve its objective of being the dominant motorcycle brand on a global basis. The management decision problem was: Should Harley-Davidson invest to produce more motorcycles? The marketing research problem was to determine if the customers would be loyal buyers of Harley-Davidson in the long term. The following section provides further understanding of the management decision problem and the marketing research problem.

## Management Decision Problem and Marketing Research Problem

### management decision problem

The problem confronting the decision maker. It asks what the decision maker needs to do.

### marketing research problem

A problem that entails determining what information is needed and how it can be obtained in the most feasible way.

The **management decision problem** asks what the decision maker needs to do, whereas the **marketing research problem** asks what information is needed and how it can best be obtained (Table 2.1). Research can provide the necessary information to make a sound decision.<sup>18</sup> The management decision problem is action oriented. It is concerned with the possible actions the decision maker can take. How should the loss of market share be arrested? Should the market be segmented differently? Should a new product be introduced? Should the promotional budget be increased? In contrast, the marketing research problem is information oriented. It involves determining what information is needed and how that information can be obtained effectively and efficiently. Whereas the management decision problem focuses on symptoms, the marketing research problem focuses on underlying causes.

Consider, for example, the loss of market share for a particular product line. The decision maker's decision problem is how to recover this loss. Alternative courses of action include modifying existing products, introducing new products, changing other elements in the marketing mix, and segmenting the market. Suppose the decision maker and the researcher believe that the problem is caused by inappropriate segmentation of the market and want research to provide information on this issue. The research problem would then become the identification and evaluation of an alternative basis for segmenting the market. Note that this process is interactive. The following department store patronage project example illustrates further the distinction between the management decision problem and the marketing research problem as well as the interactive nature of the problem definition process between the decision maker (DM) and the researcher (R).

**TABLE 2.1**

**Management Decision Problems Versus the Marketing Research Problem**

Management Decision Problem	Marketing Research Problem
Asks what the decision maker needs to do	Asks what information is needed and how it should be obtained
Action oriented	Information oriented
Focuses on symptoms	Focuses on the underlying causes

## Project Research

## Defining the Problem

DM: We have seen a decline in the patronage of our store.

R: How do you know that?

DM: Well, it is reflected in our sales and market share.

R: Why do you think your patronage has declined?

DM: I wish I knew!

R: What about competition?

DM: I suspect we are better than competition on some factors and worse on others.

R: How do the customers view your store?

DM: I think most of them view it positively, although we may have a weak area or two.

After a series of dialogues with the DM and other key managers, analysis of secondary data, and qualitative research, the problem was identified as follows:

### Management Decision Problem

What should be done to improve the patronage of Wal-Mart?

### Marketing Research Problem

Determine the relative strengths and weaknesses of Wal-Mart vis-à-vis other major competitors with respect to factors that influence store patronage.

The following examples further distinguish between the management decision problem and the marketing research problem:

#### MANAGEMENT DECISION PROBLEM

Should a new product be introduced?

Should the advertising campaign be changed?

Should the price of the brand be increased?

#### MARKETING RESEARCH PROBLEM

To determine consumer preferences and purchase intentions for the proposed new product

To determine the effectiveness of the current advertising campaign

To determine the price elasticity of demand and the impact on sales and profits of various levels of price changes

While distinct, the marketing research problem has to be closely linked to the management decision problem. This distinction and linkage between the management decision problem and the marketing research problem helps us in understanding how the marketing research problem should be defined.

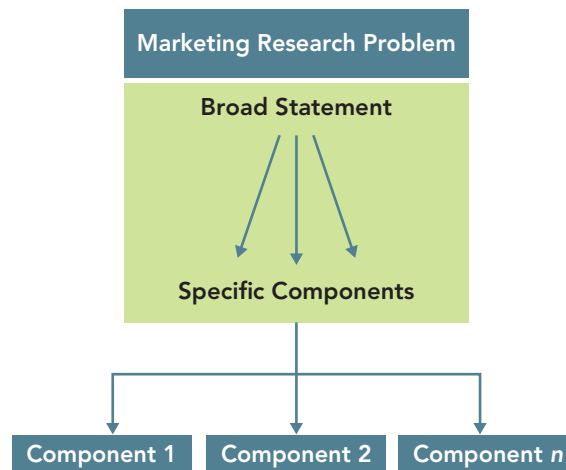
## Defining the Marketing Research Problem

The general rule to follow in defining the marketing research problem is that the definition should (1) allow the researcher to obtain all the information needed to address the management decision problem and (2) guide the researcher in proceeding with the project. Researchers make two common errors in problem definition. The first arises when the research problem is defined too broadly. A broad definition does not provide clear guidelines for the subsequent steps involved in the project. Some examples of overly broad marketing research problem definitions are (1) develop a marketing strategy for the brand, (2) improve the competitive position of the firm, or (3) improve the company's image. These are not specific enough to suggest an approach to the problem or a research design.

The second type of error is just the opposite: The marketing research problem is defined too narrowly. A narrow focus may preclude consideration of some courses of action, particularly those that are innovative and may not be obvious. It may also prevent the researcher from addressing important components of the management decision problem. For example, in a project conducted for a major consumer products firm, the management decision problem was how to respond to a price cut initiated by a competitor. The alternative courses of action initially identified by the firm's research staff were (1) decrease the price of the firm's brand to match the competitor's price cut; (2) maintain price but increase advertising heavily; (3) decrease the price somewhat, without matching the competitor's price, and moderately increase advertising. None of these alternatives seemed promising. When outside marketing research experts were brought

FIGURE 2.3

Proper Definition  
of the Marketing  
Research Problem



#### broad statement

The initial statement of the marketing research problem that provides an appropriate perspective on the problem.

#### specific components

The second part of the marketing research problem definition. The specific components focus on the key aspects of the problem and provide clear guidelines on how to proceed further.

in, the problem was redefined as improving the market share and profitability of the product line. Qualitative research indicated that in blind tests consumers could not differentiate products offered under different brand names. Furthermore, consumers relied on price as an indicator of product quality. These findings led to a creative alternative: Increase the price of the existing brand and introduce two new brands—one priced to match the competitor and the other priced to undercut it. This strategy was implemented, leading to an increase in market share and profitability.

The likelihood of committing either type of error in problem definition can be reduced by stating the marketing research problem in broad, general terms and identifying its specific components (see Figure 2.3). The **broad statement** provides perspective on the problem and acts as a safeguard against committing the second type of error. The **specific components** focus on the key aspects of the problem and provide clear guidelines on how to proceed further, thereby reducing the likelihood of the first type of error. Examples of appropriate marketing research problem definitions follow.

## Project Research

## Problem Definition

In the department store patronage project, the marketing research problem is to determine the relative strengths and weaknesses of Wal-Mart, vis-à-vis other major competitors, with respect to factors that influence store patronage. Specifically, research should provide information on the following questions.

1. What criteria do households use when selecting department stores?
2. How do households evaluate Wal-Mart and competing stores in terms of the choice criteria identified in question 1?

3. Which stores are patronized when shopping for specific product categories?
4. What is the market share of Wal-Mart and its competitors for specific product categories?
5. What is the demographic and psychographic profile of the customers of Wal-Mart? Does it differ from the profile of customers of competing stores?
6. Can store patronage and preference be explained in terms of store evaluations and customer characteristics?

## Real Research

## Major League Baseball Majors in Research

Major League Baseball (MLB, [www.mlb.com](http://www.mlb.com)) wanted to evaluate the effect of the size and frequency of its nonprice promotions for MLB games. The management decision

problem was: Should MLB teams continue with nonprice promotions? The broad marketing research problem was defined as determining the impact of nonprice promotions





McClatchy-Tribune/Tribune Content Agency LLC/Alamy Stock Photo

on attendance at MLB games. Specifically, this research should answer the following questions.

1. What is the overall effect of nonprice promotions on attendance?
2. What is the marginal impact on attendance of additional promotional days?
3. Are nonprice promotions effective in building long-term loyalty?
4. What are the demographic and psychographic characteristics of people who respond to nonprice promotions?

Analysis of a data set containing 1,500 observations revealed that nonprice promotion increases single game

attendance by about 14 percent. Additionally, increasing the number of promotions has a negative effect on the marginal impact of each promotion. The loss from this “watering down” effect, however, is outweighed by the gain from having an extra promotion day. Promotion most influences occasional attendees but does not engender long-term loyalty.

Based on these findings, strategic decisions were taken to improve overall revenue by continuing the nonprice promotions, especially during the off-season and games for which sales projections were not impressive. The research results also led to the decision to spread out promotions to reduce the watering-down effect. A correct definition of the problem led to useful findings that when implemented resulted in increased revenues.<sup>19</sup>

In the MLB example, the broad statement of the problem focused on gathering information about the effect of nonprice promotions, and the specific components identified the particular items of information that should be obtained. This was also true in the opening Harley-Davidson example, where a broad statement of the marketing research problem was followed by four specific components. Problem definition in the department store patronage project followed a similar pattern.

Once the marketing research problem has been broadly stated and its specific components identified, the researcher is in a position to develop a suitable approach.

## Components of the Approach

In the process of developing an approach, we must not lose sight of the goal—the outputs. The outputs of the approach development process should include the following components: objective/theoretical framework, analytical models, research questions, hypotheses, and specification of information needed (see Figure 2.1). Each of these components is discussed in the following sections.

### Objective/Theoretical Framework

In general, research should be based on objective evidence and supported by theory. A **theory** is a conceptual scheme based on foundational statements called *axioms*, which are assumed to be

#### theory

A conceptual scheme based on foundational statements, or axioms, that are assumed to be true.

**objective evidence**

Unbiased evidence that is supported by empirical findings.

true. **Objective evidence** (evidence that is unbiased and supported by empirical findings) is gathered by compiling relevant findings from secondary sources. Likewise, an appropriate theory to guide the research might be identified by reviewing academic literature contained in books, journals, and monographs. The researcher should rely on theory to determine which variables should be investigated. Furthermore, theoretical considerations provide information on how the variables should be operationalized and measured, as well as how the research design and sample should be selected. A theory also serves as a foundation on which the researcher can organize and interpret the findings. “Nothing is so practical as a good theory.”<sup>20</sup>

Theory also plays a vital role in influencing the research procedures adopted in basic research. However, applying a theory to a marketing research problem requires creativity on the part of the researcher. A theory may not specify adequately how its abstract constructs (variables) can be embodied in a real-world phenomenon. Moreover, theories are incomplete. They deal with only a subset of variables that exist in the real world. Hence, the researcher must also identify and examine other, nontheoretical, variables.<sup>21</sup>

The department store patronage project illustrates how theory can be used to develop an approach. Review of the retailing literature revealed that the modeling of store patronage in terms of choice criteria had received considerable support.<sup>22</sup> Furthermore, as many as 42 choice criteria had been identified in the literature, and guidelines on operationalizing these variables were provided. This provided an initial pool from which the final eight characteristics included in the questionnaire were selected. Theoretical considerations also suggested that store behavior could be examined via a survey of respondents familiar with department store shopping. The theoretical framework also serves as a foundation for developing an appropriate analytical model.

**analytical model**

An explicit specification of a set of variables and their interrelationships designed to represent some real system or process in whole or in part.

**verbal models**

Analytical models that provide a written representation of the relationships between variables.

**graphical models**

Analytical models that provide a visual picture of the relationships between variables.

**mathematical models**

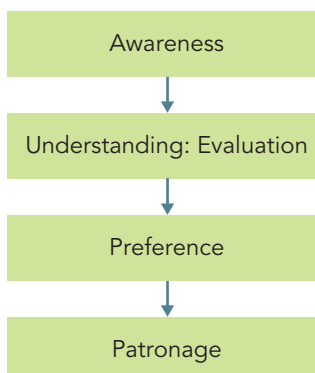
Analytical models that explicitly describe the relationships between variables, usually in equation form.

**Analytical Model**

An **analytical model** is a set of variables and their interrelationships designed to represent, in whole or in part, some real system or process. Models can have many different forms. The most common are verbal, graphical, and mathematical structures. In **verbal models**, the variables and their relationships are stated in prose form. Such models may be mere restatements of the main tenets of a theory. **Graphical models** are visual. They are used to isolate variables and to suggest directions of relationships but are not designed to provide numerical results. They are logical preliminary steps to developing mathematical models. **Mathematical models** explicitly specify the relationships among variables, usually in equation form. These models can be used as guides for formulating the research design and have the advantage of being amenable to manipulation.<sup>23</sup> The different models are illustrated in the context of the department store patronage project.

**Project Research****Model Building****Verbal Model**

A consumer first becomes aware of a department store. That person then gains an understanding of the store by evaluating the store in terms of the factors comprising the choice criteria. Based on the evaluation, the consumer forms a degree of preference for the store. If preference is strong enough, the consumer will patronize the store.

**Graphical Model**

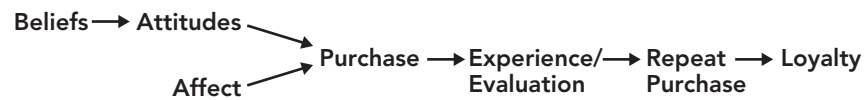
### Mathematical Model

$$y = a_0 + \sum_{i=1}^n a_i x_i$$

where

$y$  = degree of preference  
 $a_0, a_i$  = model parameters to be estimated statistically  
 $x_i$  = store patronage factors that constitute the choice criteria

As can be seen from this example, the verbal, graphical, and mathematical models depict the same phenomenon or theoretical framework in different ways. The phenomenon of store patronage stated verbally is represented for clarity through a figure (graphical model) and is put in equation form (mathematical model) for ease of statistical estimation and testing. Graphical models are particularly helpful in conceptualizing an approach to the problem. In the opening Harley-Davidson example, the underlying theory was that brand loyalty is the result of positive beliefs, attitude, affect, and experience with the brand. This theory may be represented by the following graphical model.



The verbal, graphical, and mathematical models complement each other and help the researcher identify relevant research questions and hypotheses.

### Research Questions

#### research questions

Refined statements of the specific components of the problem.

**Research questions** are refined statements of the specific components of the problem. Although the components of the problem define the problem in specific terms, further detail may be needed to develop an approach. Each component of the problem may have to be broken down into sub-components or research questions. Research questions ask what specific information is required with respect to the problem components. If the research questions are answered by the research, then the information obtained should aid the decision maker. The formulation of the research questions should be guided not only by the problem definition but also by the theoretical framework and the analytical model adopted. For a given problem component, there are likely to be several research questions, as in the case of the department store patronage project.

## Project Research

## Research Questions

The fifth component of the research problem was the psychological profile of Wal-Mart's customers. In the context of psychological characteristics, several research questions were asked about the customers of Wal-Mart.

- Do they exhibit store loyalty?
- Are they heavy users of credit?
- Are they more conscious of personal appearance as compared to customers of competing stores?
- Do they combine shopping with eating out?

The research questions were then further refined by precisely defining the variables and determining how they

were to be operationalized. To illustrate, how should the use of Wal-Mart credit be measured? It could be measured in any of the following ways.

1. Whether the customer holds a Wal-Mart credit card
2. Whether the customer uses the Wal-Mart credit card
3. The number of times the Wal-Mart credit card is used in a specified time period
4. The dollar amount charged to the Wal-Mart credit card during a specified time period

The theoretical framework and the analytical model play a significant role in the operationalization and measurement of variables specified by the research questions. Whereas in the department store patronage project, the literature reviewed did not provide any definitive measure of store credit, the mathematical model could incorporate any of the alternative measures. Thus, it was decided to include all four measures of store credit in the study. Research questions may be further refined into one or more hypotheses.

## Hypotheses

### hypothesis

An unproven statement or proposition about a factor or phenomenon that is of interest to the researcher.

A **hypothesis** is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher. It may, for example, be a tentative statement about relationships between two or more variables as stipulated by the theoretical framework or the analytical model. Often a hypothesis is a possible answer to the research question. Hypotheses go beyond research questions because they are statements of relationships or propositions rather than merely questions to which answers are sought. Whereas research questions are interrogative, hypotheses are declarative and can be tested empirically (see Chapter 15). An important role of a hypothesis is to suggest variables to be included in the research design. The relationship among the marketing research problem, research questions, and hypotheses, along with the influence of the objective/theoretical framework and analytical models, is described in Figure 2.4 and illustrated by the following example from the department store patronage project.<sup>24</sup>

### Project Research

### Hypotheses

The following hypotheses (H) were formulated in relation to the research question on store loyalty:<sup>25</sup>

- H1: Customers who are store loyal are less knowledgeable about the shopping environment.
- H2: Store-loyal customers are more risk averse than are nonloyal customers.

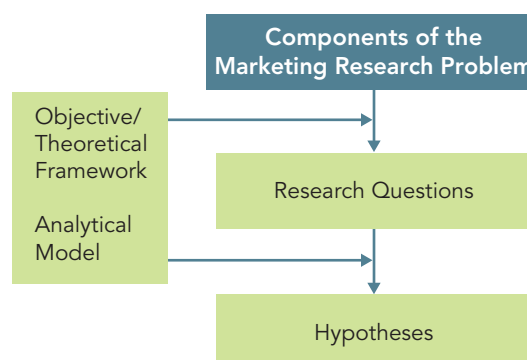
These hypotheses guided the research by ensuring that variables measuring knowledge of the shopping environment and propensity to take risks were included in the research design.

Unfortunately, it may not be possible to formulate hypotheses in all situations. Sometimes sufficient information is not available to develop hypotheses. At other times, the most reasonable statement of a hypothesis may be a trivial restatement of the research question (RQ). For example:

RQ: Do customers of Wal-Mart exhibit store loyalty?

H: Customers of Wal-Mart are loyal.

**FIGURE 2.4**  
Development of  
Research Questions  
and Hypotheses



Hypotheses are an important part of the approach to the problem. When stated in operational terms, as H1 and H2 in the department store example, they provide guidelines on what, and how, data are to be collected and analyzed. When operational hypotheses are stated using symbolic notation, they are commonly referred to as *statistical hypotheses*. A research question may have more than one hypothesis associated with it, as in the Harley-Davidson example and the one that follows.

## Real Research

## The Taste of Comfort

In the midst of an insecure global environment in 2017, nothing was more comforting than trusted, familiar foods and treats. Do certain foods provide comfort under different situations in people's lives? For instance, does chicken soup make people feel better on a rainy day or when they have a cold, partially because they may have eaten chicken soup during the same situations when they were growing up? Marketing research was conducted to investigate comfort foods. The specific research questions and the associated hypotheses follow:

- RQ1: What foods are considered to be comfort foods?  
 H1: Potato chips are considered comfort food.  
 H2: Ice cream is considered comfort food.  
 RQ2: When do people eat comfort foods?  
 H3: People eat comfort foods when they are in a good mood.  
 H4: People eat comfort foods when they are in a bad mood.  
 RQ3: How do people become attached to comfort foods?  
 H5: People are attached to comfort foods that are consistent with their personality.  
 H6: People are attached to comfort foods because of past associations.

In-depth telephone interviews were conducted with 411 people across the United States. The purpose was to find out what people's favorite comfort foods were and how these products became comfort foods. From the qualitative answers, a 20-minute quantitative phone survey was developed for a larger sample size of 1,005.

The results showed that America's favorite comfort food is potato chips, followed by ice cream, cookies, and candy. Thus, both H1 and H2 were supported. Many respondents also considered natural, homemade, or even "healthy" foods such as meats, soups, and vegetables comfort foods. The psychological comfort of these foods may provide a powerful impact on people's food choices just as the taste does for snack foods.

People are also more likely to eat comfort foods when they are in good moods than sad: jubilant (86 percent), celebrating (74 percent), got the blues (39 percent), the blahs (52 percent), and lonely (39 percent). Thus, H3 had stronger support than H4, although both were supported.

The results also showed that past associations with products and personality identification are the two main reasons why foods become comfort foods, thus supporting H5 and H6. Foods often remind people of specific events during their lives, which is why they eat them for comfort. Some foods also help people form their identities because the products are consistent with their personality. For instance, meat and potatoes are staples for the macho, all-American male, which may explain why many males do not want to try healthier soy products.

The more marketers know about the psychology behind foods, at both the associative and personality levels, the better they will be at establishing new brands, as well as packaging and advertising existing brands that are already considered comfort foods and have their own brand personalities. For example, Frito-Lay's LAY'S® Kettle Cooked 40% Less Fat brand of low-fat potato chips has been very successful. Frito-Lay combined the fact that chips are fun to eat with the wave of health-conscious people in the United States. The fun product continues to be comforting while reducing people's guilt by its low fat content.<sup>26</sup>



Ian Dagnall/Alamy Stock Photo



## Experiential Research

### Marketing Research Begins at Home (or Near the Campus)

Visit a local business located near your campus. Interview the business owner or manager and identify some of the marketing challenges facing this business. Also interview an expert in this industry. Search and analyze secondary data pertaining to this business and the industry and identify the environmental context of the problem.

1. Define the management decision problem.
2. Define the marketing research problem.
3. Develop a graphical model explaining the consumer choice process leading to the patronage of this business or its competitors.
4. Develop an appropriate research question and hypothesis.

### Specification of Information Needed

By focusing on each component of the problem and the analytical framework and models, research questions, and hypotheses, the researcher can determine what information should be obtained in the marketing research project. It is helpful to carry out this exercise for each component of the problem and make a list specifying all the information that should be collected. Let us consider the department store patronage project and focus on the components of the problem identified earlier in this chapter to determine the information that should be obtained from the respondents selected for the survey.

## Project Research

### Specification of Information Needed

#### Component 1

This component involves the criteria households use to select a department store. Based on the process outlined earlier in this chapter, the researcher identified the following factors as part of the choice criteria: quality of merchandise, variety and assortment of merchandise, returns and adjustment policy, service of store personnel, prices, convenience of location, layout of store, and credit and billing policies. The respondents should be asked to rate the importance of each factor as it influences their store selection.

#### Component 2

This component is concerned with competition. The researcher identified nine department stores as competitors of Wal-Mart based on discussions with management. The respondents should be asked to evaluate Wal-Mart and its nine competitors on the eight choice criteria factors.

#### Component 3

Specific product categories are the focus of this component. Sixteen different product categories were selected, including women's dresses, women's sportswear, lingerie and body fashion, junior merchandise, men's apparel, cosmetics, jewelry, shoes, sheets and towels, furniture and bedding, and draperies. The respondents should be asked whether they shop at each of the 10 stores for each of the 16 product categories.

#### Component 4

No additional information needs to be obtained from the respondents.

#### Component 5

Information on the standard demographic characteristics should be obtained from the respondents. Based on the process outlined earlier in this chapter, the researcher identified the following psychographic characteristics as relevant: store loyalty, credit use, appearance consciousness, and combining shopping with eating. Information on these variables should also be obtained from the respondents.

#### Component 6

No additional information needs to be obtained from the respondents.

#### Project Activities

Review the discussion of the Wal-Mart project given in this chapter.

1. Do you think that the marketing research problem is appropriately defined, given the management decision problem facing Wal-Mart? Why or why not?
2. Develop an alternative graphical model of how consumers select a department store.
3. Develop two research questions and two hypotheses corresponding to components 1 to 4 and 6 of the marketing research problem.



## International Marketing Research

The precise definition of the marketing research problem is more difficult in international marketing research than in domestic marketing research. Unfamiliarity with the environmental factors of the country where the research is being conducted can greatly increase the difficulty of understanding the problem's environmental context and uncovering its causes.

### Real Research

### Kraft Heinz Ketchup Could Not Catch Up in Brazil

In 2017, the Kraft Heinz Company ([www.kraftheinzcompany.com](http://www.kraftheinzcompany.com)) was selling products in more than 200 countries and sales were topping \$27 billion with approximately 60 percent of revenue coming from overseas. Despite good track records inland and overseas, Kraft Heinz failed in Brazil, the host of 2016 Olympics, a market that seemed to be South America's biggest and most promising. Kraft Heinz entered into a joint venture with Citrosuco Paulista, a giant orange juice exporter, because of the future possibility of buying the profitable company. Yet the sales of its products, including ketchup, did not take off. Where was the problem? A problem audit revealed that the company lacked a strong local distribution system. Kraft Heinz lost control of the distribution because it worked on consignment.

Distribution could not reach 25 percent penetration. The other related problem was that Kraft Heinz concentrated on neighborhood shops because this strategy was successful in Mexico. However, the problem audit revealed that 75 percent of the grocery shopping in São Paulo is done in supermarkets and not the smaller shops. Although Mexico and Brazil may appear to have similar cultural and demographic characteristics, consumer behavior can vary greatly. A close and intensive look at the Brazilian food distribution system and the behavior of consumers could have averted this failure. Kraft Heinz, however, is looking more closely at Asia, especially China, where the company markets baby food and where about 20 million babies are born every year.<sup>27</sup>

#### self-reference criterion

The unconscious reference to one's own cultural values.

As the Kraft Heinz example illustrates, many international marketing efforts fail, not because research was not conducted, but because the relevant environmental factors were not taken into account. Generally, this leads to a definition of the problem that is too narrow. Consider, for example, the consumption of soft drinks. In many Asian countries such as India, water is consumed with meals, and soft drinks are generally served to guests and on special occasions. Therefore, the management decision problem of increasing the market share of a soft drink brand would translate to a different marketing research problem in India than in the United States. Before defining the problem, the researcher must isolate and examine the impact of the **self-reference criterion** (SRC), or the unconscious reference to one's own cultural values. The following steps help researchers account for environmental and cultural differences when defining the problem in an international marketing context:<sup>28</sup>

- Step 1.** Define the marketing research problem in terms of domestic environmental and cultural factors. This involves an identification of relevant American (domestic country) traits, economics, values, needs, or habits.
- Step 2.** Define the marketing research problem in terms of foreign environmental and cultural factors. Make no judgments. This involves an identification of the related traits, economics, values, needs, or habits in the proposed market culture. This task requires input from researchers familiar with the foreign environment.
- Step 3.** Isolate the self-reference criterion (SRC) influence on the problem and examine it carefully to see how it complicates the problem. Examine the differences between steps 1 and 2. The SRC can be seen to account for these differences.
- Step 4.** Redefine the problem without the SRC influence and address it for the foreign market situation. If the differences in step 3 are significant, the impact of the SRC should be carefully considered.

Consider the broad problem of the Coca-Cola Company trying to increase its penetration of the soft drink market in India. In step 1, the problem of increasing the market penetration in the United States would be considered. In the United States, virtually all households consume soft drinks, and the problem would be to increase the soft drink consumption of existing consumers.

Furthermore, soft drinks are regularly consumed with meals and as thirst quenchers. Therefore, the problem of increasing market penetration would involve getting the consumers to consume more soft drinks with meals and at other times. In India, on the other hand (step 2), a much smaller percentage of households consume soft drinks, and soft drinks are not consumed with meals. Thus, in step 3, the SRC can be identified as the American notion that soft drinks are an all-purpose, all-meal beverage. In step 4, the problem in the Indian context can be defined as how to get a greater percentage of the Indian consumers to consume soft drinks (Coca-Cola products) and how to get them to consume soft drinks (Coca-Cola products) more often for personal consumption.

While developing theoretical frameworks, models, research questions, and hypotheses, remember that differences in the environmental factors, especially the sociocultural environment, may lead to differences in the formation of perceptions, attitudes, preferences, and choice behavior. For example, orientation toward time varies considerably across cultures. In Asia, Latin America, and the Middle East, people are not as time conscious as Westerners. This influences their perceptions of and preferences for convenience foods such as frozen foods and prepared dinners. In developing an approach to the problem, the researcher should consider the equivalence of consumption and purchase behavior and the underlying factors that influence them. This is critical to the identification of the correct research questions, hypotheses, and information needed.

## Real Research

### Surf Superconcentrate Faces a Super Washout in Japan

As of 2017, Unilever ([www.unilever.com](http://www.unilever.com)) sold consumer products in 150 countries. As much as 58 percent of its business came from emerging markets. Unilever attempted to break into the Japanese detergent market with Surf Superconcentrate. It achieved 14.5 percent of the market share initially during test marketing, which fell down to a shocking 2.8 percent when the product was introduced nationally. Where did they go wrong? Surf was designed to have a distinctive premeasured packet as in tea-bag-like sachets, joined in pairs because convenience was an important attribute to Japanese consumers. It also had a “fresh smell” appeal. However, Japanese consumers noticed that the detergents did not dissolve in the wash, partly because of weather conditions and because of the popularity of low-agitation washing machines. Surf was not designed to work in the new washing machines. Unilever

also found that the “fresh smell” positioning of new Surf had little relevance because most consumers hung their wash out in the fresh air. The research approach was certainly not without flaw as Unilever failed to identify critical attributes that are relevant in the Japanese detergent market. Furthermore, it identified factors such as “fresh smell” that had no relevance in the Japanese context. Appropriate qualitative research such as focus groups and depth interviews across samples from the target market could have revealed the correct characteristics or factors leading to a suitable research design.

Despite weak performance in the Japanese market, Surf continued to perform well in several markets including India through 2018. Surf, launched in 1952, is the third-biggest-selling product in the washing detergent market behind Unilever’s Persil and Procter & Gamble’s Ariel.<sup>29</sup>

## Marketing Research and Social Media

Social media can be used to aid in all the tasks that need to be performed in order to define the problem. If the decision maker maintains a blog or has a Facebook page, these sources provide additional information in understanding the decision maker and his or her objectives. It is also possible to identify industry experts and an analysis of their social media sites can provide insights into their thinking as it relates to the problem at hand. Social media are a natural source of qualitative secondary data and qualitative research, as discussed further in Chapters 4, 5, and 6.

Social media can also help in gaining an understanding of the environmental context of the problem. Research approaches built around social computing technologies and open source thinking enable us to get a rich understanding of the environmental factors in general and consumer behavior in particular. We can analyze the interrelated parts of consumers’ various behaviors within their social networks. We can begin to look at the way consumers interact with each other over time. Moreover, we can study the environmental context within which they interact

and how environmental changes cause their behavior to change. An adaptive systems approach to understanding consumer behavior has utility, and the new Web 2.0 tools give us the means both to analyze organically arising social networks and to create specific social networks to understand consumers.

In defining the marketing research problem, analysis of social media content can provide a good idea of the broad scope of the problem and aid in identifying the specific components. For example, analysis of blogs and Facebook postings revealed to Hewlett-Packard (HP) that many customers who purchased its computers were having issues with service support. Hence, evaluation of HP and competitors on service support was identified as an important component of the problem. Subsequent research, indeed, confirmed this initial discovery leading HP to revamp its service function.

### Approach to the Problem

An analysis of social media data can also be useful in developing an approach to the problem. With the use of relevant media such as blogs, Facebook, and Twitter, researchers can update consumers on the research that has been ongoing and the actions that have been taken. As such, the use of these media can then further be extended to incorporate feedback from consumers as to whether the researchers are on the right track because the analytical models developed and the research questions as posed by the firm were consistent with and based upon consumer thinking and insights. For instance, Sun Microsystems maintains a blog with its clientele and supporters to understand how its marketing efforts can be suited to its best customers. Researchers can then assess the appropriateness of their models and determine whether they are asking the right research questions. Furthermore, marketing researchers can choose to openly discuss their derived hypothesis for feedback among closed social media consumer panels. As illustrated by the opening Harley-Davidson vignette, the process of specifying information needed requires the marketing researcher to address multiple consumer segments simultaneously. This process can be aided with social media tools because they allow researchers to customize their interaction with each group of consumers by selectively choosing the platform on which to interact. For example, through the Facebook “fan” pages of a certain brand, marketers are able to solicit opinions from different demographics by filtering user profile data as registered online. Thus, the use of social media facilitates problem definition and the development of an approach, as illustrated by the case of Dell.

## Real Research

### From Dell Hell to Tell Dell Through Social Media

In June 2005, Dell saw erosion in its profits and drop in share price because of public outrage of Dell products’ poor functionality and safety features, from faulty network cards to battery explosions. Popular blogger, Jeff Jarvis, coined the term “Dell Hell” as consumers regarded the consumption of Dell products as a hellish experience. However, these were but the tip of the iceberg, the symptoms of the underlying problems faced by Dell. Therefore, it was crucial for Dell to identify the problem and develop a research approach.

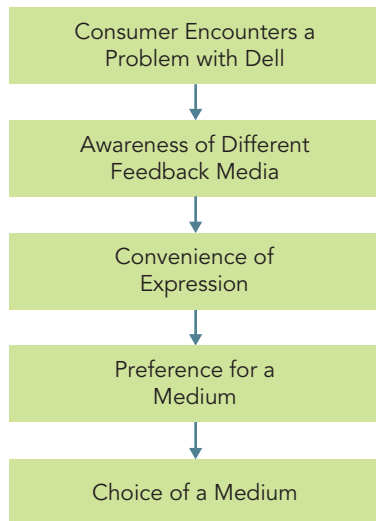
As negative comments and posts online proliferated, Dell analyzed the secondary data available on social media sites. The analysis of social media data indicated that the underlying problems faced were (1) the poor components of Dell laptops (product fault) and (2) Dell’s poor support and response to consumers’ complaints. As product fault was more of a technical problem, marketing researchers decided to focus on the other problem of Dell. The management decision problem was what should Dell do to address

consumers’ complaints? The broad marketing research problem was to determine the effectiveness of traditional media and social media as platforms for supporting and responding to consumers’ complaints. The specific components of the problem were to determine the following:

1. The effectiveness of the current system in addressing consumers’ complaints
2. Whether social media would be an effective support system where consumers’ complaints could be addressed
3. Whether there were any other consumer needs that social media could meet

Analysis of social media, along with secondary data from traditional sources, helped Dell to formulate the following analytical model explaining consumers’ choice of a preferred medium to address their complaints.

Based on the graphical model, specific research questions and hypotheses were formulated. When the results



of this research favored the use of social media, Dell set up the Online Tech support team to offer assistance to Dell consumers through social media. In July 2006, Direct2Dell blog was set up to listen and connect with Dell consumers. Direct2Dell became a moderated medium for Dell to be directly connected to consumers to hear their complaints and provide feedback and support to consumers in the fastest, quickest way.

With the success of Direct2Dell in gathering feedback and controlling negative comments, IdeaStorm ([www.ideastorm.com](http://www.ideastorm.com)) was created in February 2007 as a social media platform that involves consumers in generating ideas and suggestions. By 2008, Dell had emerged from the public outrage of 2005 through the use of social media tools as marketing research tools, successfully controlling and reducing unfavorable comments online from 49 percent to 20 percent. In early 2008, Dell stated that as many as 27 product and process innovations had been developed as a direct result of ideas submitted on IdeaStorm by consumers. For example, Dell's offering of the Linux operating system on its desktop computers was motivated by several suggestions posted on IdeaStorm. By 2017, the Dell community had contributed over 25,000 ideas through IdeaStorm, and over 550 ideas had been implemented.<sup>30</sup>



Agencia Fotograficzna Carol Alamy Stock Photo

## Mobile Marketing Research

Mobile marketing research (MMR) can be useful in defining the problem as well as in developing an approach to the problem. The mobile phone has become a significant means of communication, particularly in a business setting, in most countries of the world. Thus, the researcher can use mobile communication to interact with the decision maker(s) and with the industry experts. The use of MMR to analyze secondary data will be discussed in Chapter 4 and to conduct qualitative research in Chapter 5. Thus, MMR can be useful in performing all the four tasks needed to define the management decision problem and the marketing research problem as well as to develop an approach to the problem.

## Ethics in Marketing Research

Ethical issues arise if the process of defining the problem and developing an approach is compromised by the personal agendas of the client (DM) or the researcher. This process is adversely affected when the DM has hidden objectives such as gaining a promotion or justifying a decision that has been already made. The DM has the obligation to be candid and disclose to the researcher all the relevant information that will enable a proper definition of the marketing research problem. Likewise, the researcher is ethically bound to define the problem so as to further the best interests of the client rather than the interests of the research firm. At times, this may mean making the interests of the research firm subservient to those of the client, leading to an ethical dilemma.

### Real Research

A marketing research firm is hired by a major consumer electronics company (e.g., Philips) to conduct a large-scale segmentation study with the objective of improving

### Ethical or More Profitable?

market share. The researcher, after following the process outlined in this chapter, determines that the problem is not market segmentation but distribution. The company

appears to be lacking an effective distribution system, which is limiting market share. However, the distribution problem requires a much simpler approach that will greatly reduce the cost of the project and the research firm's profits. What should the researcher do? Should the research firm conduct the research the client wants rather than the research the client needs? Ethical guidelines

indicate that the research firm has an obligation to disclose the actual problem to the client. If, after the distribution problem has been discussed, the client still desires the segmentation research, the research firm should feel free to conduct the study. The reason is that the researcher cannot know for certain the motivations underlying the client's behavior.<sup>31</sup>

Several ethical issues are also pertinent in developing an approach. When a client solicits proposals, not with the intent of subcontracting the research, but with the intent of gaining the expertise of research firms without pay, an ethical breach has occurred. If the client rejects the proposal of a research firm, then the approach specified in that proposal should not be implemented by the client, unless the client has paid for the development of the proposal. Likewise, the research firm has the ethical obligation to develop an appropriate approach. If the approach is going to make use of models developed in another context, then this should be communicated to the client. For example, if the researcher is going to use a customer satisfaction model developed previously for an insurance company in a customer satisfaction study for a bank, then this information should be disclosed. Proprietary models and approaches developed by a research firm are the property of that firm and should not be reused by the client in subsequent studies without the permission of the research firm.

Such ethical situations would be satisfactorily resolved if both the client and the researcher adhered to the seven Cs: communication, cooperation, confidence, candor, closeness, continuity, and creativity, as discussed earlier. This would lead to a relationship of mutual trust that would check any unethical tendencies.

## HP Running Case

Review the HP case, Case 1.1, and the questionnaire provided toward the end of the book.

1. Conduct an Internet search on HP and briefly describe the environmental context of the problem surrounding the company.
2. Define the management decision problem facing HP as it seeks to maintain and build on its leadership position in the personal computer market.
3. Define an appropriate marketing research problem that corresponds to your definition of the management decision problem.
4. Present a graphical model describing consumers' selection of a personal computer brand.
5. Describe three research questions, with one or more hypotheses associated with each question.

## Summary

Defining the marketing research problem is the most important step in a research project. It is a difficult step, because frequently management has not determined the actual problem or has only a vague notion about it. The researcher's role is to help management identify and isolate the problem.

The tasks involved in formulating the marketing research problem include discussions with management, including the key decision makers, interviews with industry experts, analysis of secondary data, and qualitative research. These tasks should lead to an understanding of the environmental context of the problem. The environmental context of the problem should be analyzed and certain essential factors evaluated. These factors include past information and forecasts about the industry and the firm, objectives of the decision maker and the firm, buyer behavior, resources and

constraints of the firm, the legal and economic environment, and marketing and technological skills of the firm.

Analysis of the environmental context should assist in the identification of the management decision problem, which should then be translated into a marketing research problem. The management decision problem asks what the decision maker needs to do, whereas the marketing research problem asks what information is needed and how it can be obtained effectively and efficiently. The researcher should avoid defining the marketing research problem either too broadly or too narrowly. An appropriate way of defining the marketing research problem is to make a broad statement of the problem and then identify its specific components.

Developing an approach to the problem is the second step in the marketing research process. The components of



an approach consist of an objective/theoretical framework, analytical models, research questions, hypotheses, and specification of information needed. It is necessary that the approach developed be based on objective or empirical evidence and be grounded in theory. The relevant variables and their interrelationships may be neatly summarized via an analytical model. The most common kinds of model structures are verbal, graphical, and mathematical. The research questions are refined statements of the specific components of the problem that ask what specific information is required with respect to the problem components. Research questions may be further refined into hypotheses. Finally, given the problem definition, research questions, and hypotheses, the information needed should be specified.

When defining the problem in international marketing research, the researcher must isolate and examine the impact of the self-reference criterion (SRC), or the unconscious reference to one's own cultural values. Likewise, when developing an approach, the differences in the environment prevailing in the domestic market and the foreign markets should be carefully considered. Analysis of social media content can facilitate problem definition and the development of an approach. Mobile marketing research (MMR) can be useful in defining the problem as well as in developing an approach to the problem by facilitating the tasks that need to be performed. Several ethical issues that have an impact on the client and the researcher can arise at this stage but can be resolved by adhering to the seven Cs: communication, cooperation, confidence, candor, closeness, continuity, and creativity.

## Key Terms and Concepts

problem definition, 59	environmental context of the	theory, 73
problem audit, 61	problem, 66	objective evidence, 74
experience survey, 63	objectives, 68	analytical model, 74
key-informant technique, 63	buyer behavior, 68	verbal models, 74
lead-user survey, 63	legal environment, 69	graphical models, 74
secondary data, 64	economic environment, 69	mathematical models, 74
primary data, 64	management decision problem, 70	research questions, 75
qualitative research, 65	marketing research problem, 70	hypothesis, 76
pilot surveys, 65	broad statement, 72	self-reference criterion, 79
case studies, 65	specific components, 72	

## Suggested Cases, HBS Cases, and Video Cases

### Running Case with Real Data

#### 1.1 HP

### Comprehensive Critical Thinking Cases

#### 2.1 Baskin-Robbins    2.2 Akron Children's Hospital

### Comprehensive Cases with Real Data

#### 4.1 JPMorgan Chase    4.2 Wendy's

### Comprehensive Harvard Business School Cases

- 5.1 The Harvard Graduate Student Housing Survey (9-505-059)
- 5.2 BizRate.Com (9-501-024)
- 5.3 Cola Wars Continue: Coke and Pepsi in the Twenty-First Century (9-702-442)
- 5.4 TiVo in 2002 (9-502-062)
- 5.5 Compaq Computer: Intel Inside? (9-599-061)
- 5.6 The New Beetle (9-501-023)

### Video Cases

- |               |            |                     |            |
|---------------|------------|---------------------|------------|
| 2.1 Accenture | 3.1 NFL    | 4.1 Mayo Clinic     | 5.1 Nike   |
| 8.1 P&G       | 9.1 eGO    | 10.1 Dunkin' Donuts | 11.1 Nivea |
| 12.1 Subaru   | 13.1 Intel | 23.1 Marriott       |            |



## Live Research: Conducting a Marketing Research Project

1. Invite the client to discuss the project with the class.
2. Have the class (or different teams) analyze the environmental context of the problem: past information and forecasts, resources and constraints, objectives, buyer behavior, legal environment, economic environment, and marketing and technological skills.
3. Jointly with the client, make a presentation about the management decision problem and the marketing research problem.
4. Ask the class or specific teams to develop an approach (analytical framework and models, research questions, hypotheses, and identification of the information needed).

## Acronyms

The factors to be considered while analyzing the environmental context of the problem may be summed up by the acronym

### Problem:

**P** ast information and forecasts  
**R** esources and constraints  
**O** bjectives of the decision maker  
**B** uyer behavior  
**L** egal environment  
**E** conomic environment  
**M** arketing and technological skills

## Exercises

### Questions

1. What is the first step in conducting a marketing research project?
2. Why is it important to understand buyer behavior in market research problems?
3. Why could management decision problems be action-orientated?
4. What is the role of the researcher in the problem definition process?
5. What are the seven Cs?
6. What is the difference between a symptom and a problem? How can a skillful researcher differentiate between the two and identify a true problem?
7. What would a market researcher investigate to determine whether a product's price can be increased without adverse effects?
8. What are the common types of errors encountered in defining a marketing research problem? What can be done to reduce the incidence of such errors?
9. How are the research questions related to components of the problem?
10. What are the differences between research questions and hypotheses?
11. What are the ideal characteristics of objective evidence collected by a market researcher?
12. A verbal model is a type of analytical model. How is it expressed?
13. What are the characteristics of a good research question?
14. Describe the role of social media analysis in defining the problem and developing an approach to the problem.
15. How can a market researcher make valuable use of social media content?
16. How can social media be used to help develop an approach to a problem?

### Problems

1. State the research problems for each of the following management decision problems.
  - a. Sales leads have fallen in targeted email marketing campaigns.
  - b. Legislative changes have resulted in the reduction of certain product ingredients. Consequently, the product will need a new launch campaign.
  - c. Competitors have slashed prices and have captured market share from the business.
  - d. Sales employees in a store have been less effective in stimulating sales during the past three months.
  - e. Sales of products at the end of aisles in a food supermarket have dropped by 20 percent.
2. State the management decision problems that might be addressed through the following market research exercises.
  - a. Evaluate the effectiveness of campaigns in which leaflets are left at household doors.
  - b. Evaluate whether introducing double sales-employee staffing would positively or negatively affect sales over weekends.
  - c. Evaluate the potential demand if metropolitan branches of a university located in the capital were to be opened.
  - d. Evaluate the impact on product sales if the decision were made to change the packaging to wholly recyclable materials.
  - e. Evaluate the different sales and marketing channels used to determine which provides the business with the greatest revenue streams.
3. Identify five symptoms facing marketing decision makers and a plausible cause for each one.
4. For the first component of the department store patronage project, identify the relevant research questions and develop suitable hypotheses. (Hint: Closely follow the example given in this chapter for the fifth component of the department store patronage project.)
5. Suppose that you are undertaking a project for Samsung. Identify from secondary sources the attributes or factors that consumers might consider when buying a new smart phone.

## Internet and Computer Exercises

1. As a consultant to easyJet Europe, you are working on a market research project for them. They are investigating the possibilities of launching a service in South America.
  - a. Using online databases and other sources in your library, compile a list of all the potential competitors and recent news stories on their services.
  - b. Visit the Web sites of the competitors and compare the information available.
  - c. Based on the research you have carried out, write a report on the low-cost airline market in South America.
2. Select any firm. Using secondary sources, obtain information on the annual sales of the firm and the industry for the last 10 years. Use a spreadsheet package, such as Excel, or any micro-computer or mainframe statistical package to develop a graphical model relating the firm's sales to the industry sales. What inferences can you draw from this graph?
3. Visit the Web sites of competing sneaker brands (e.g., Nike, Reebok, Asics). From an analysis of information available at these sites, determine the factors of the choice criteria used by consumers in selecting a sneaker brand.
4. You are a consultant for a company that offers business advice and support for overseas organizations based in Indonesia. It is the broader environmental context factors that are important. Identify reliable sources to help compile a weekly briefing email to subscribing businesses.

## Activities

### Role Playing

1. Ask a fellow student to play the role of decision maker (DM) for a local soft drink firm contemplating the introduction of a lemon-lime soft drink. This product would be positioned as a "change of pace" soft drink to be consumed by all soft drink users, including heavy cola drinkers. You act the role of a researcher. Hold discussions with the DM and identify the management decision problem. Translate the management problem into a written statement of the research problem. Does the DM agree with your definition? Develop an approach to the research problem that you have identified.
2. You are the marketing director for a low-cost airline in Southeast Asia. What would be your set of objectives for the business over the next three to five years? How could these objectives be monitored and appraised?

### Fieldwork

1. Set up an appointment and visit a bookstore, a restaurant, or any business located on or near the university campus. Hold discussions with the decision maker. Can you identify a marketing research problem that could be fruitfully addressed?

2. Consider the field trip described in question 1. For the problem you have defined, develop an analytical model, research question, and the appropriate hypotheses. Discuss these with the decision maker you visited earlier.

### Group Discussion

1. Form a small group of five or six people to discuss the following statement: "Correct identification and appropriate definition of the marketing research problem are more crucial to the success of a marketing research project than sophisticated research techniques." Did your group arrive at a consensus?
2. We are all aware that the Coca-Cola Company changed its flagship brand of 99 years to New Coke and subsequently returned to the old favorite, Coca-Cola Classic. Working in a group of four, read as much material as you can on this "marketing bungle." Identify the decision problem the Coke management faced. As a team of researchers, define the marketing research problem and its specific components.
3. Form a different group of five or six to discuss the following: "Theoretical research and applied research should not be mixed. Hence, it is wrong to insist that the approach to an applied marketing research problem be grounded in theory."

# Accenture: The Accent Is in the Name



As of 2018, Accenture ([www.accenture.com](http://www.accenture.com)) is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology, and operations and one of the largest computer services and software companies on the *Fortune* Global 500 list. It has more than 375,000 employees and reported revenues of \$34.8 billion for 2016. Through its network of businesses, the company enhances its consulting, technology, and outsourcing expertise through alliances, affiliated companies, venture capital, and other capabilities. Accenture delivers innovations that help clients across all industries quickly realize their visions. With more than 110 offices in about 50 countries, Accenture can quickly mobilize its broad and deep global resources to accelerate results for clients. The company has extensive experience in 18 industry groups in key business areas, including customer relationship management, supply chain management, business strategy, technology, and outsourcing. Accenture's clients include 89 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500.

Accenture was originally named Andersen Consulting and was created in 1989 as a part of Arthur Andersen. In 2000, Andersen Consulting won the right to divorce itself from Arthur Andersen after the parent company broke contractual agreements, moving into areas of service where Andersen Consulting was already an established leader. However, it then had to change its name. This was an extremely significant event, because Andersen Consulting had built up considerable brand equity in its name, partly by spending approximately \$7 billion over 10 years on building the name. In addition, the new name would need to be trademarked in 47 countries. Thus, the name change became a top priority, and the company focused much of its time and effort on this task.

The first task was to pick a new name. The company challenged its employees to come up with suggestions for a new name by creating an internal contest, which resulted in a list of more than 2,500 entries. After extensive marketing research on various names, which included surveys of target customers, it decided to go with the name Accenture. Marketing research revealed that the "Acc" in the name connotes accomplishment and accessibility, and the name sounds like "adventure." The company settled on this

name because it believed this name conveyed the message that the company was focused on the future. It also spent a considerable amount of time creating a new logo. The final version of the logo was the company's name accented with a greater than (>) symbol placed above the letter t, which it believed stressed its focus on the future.

Another task, which occurred simultaneously, was to get the word out and prepare the target market for the brand change. The company began running ads notifying everyone that its name would change at the beginning of 2001. Accenture has a well-defined group of companies that comprises the target market, and it had to focus its efforts on this group. A teaser advertisement created by Young & Rubicam with the old signature torn through at the corner of the ad and typing in "Renamed. Redefined. Reborn. 01.01.01" set the stage for the change. Marketing research revealed that 01.01.01, the launch date of the new brand, had a resonance with the computer industry, because 0 and 1 are the two digits of the binary world of computers.

Finally, on January 1, 2001, the company announced its new name to the world. The initial campaign illustrated the change by the slogan, "Renamed. Redefined. Reborn." Accenture used this opportunity not only to present the new name but also to sell its services and help people understand what it had to offer. In the end, Accenture spent a total of \$175 million to rebrand itself, but it did not stop there. In February, it began a new campaign titled, "Now it gets interesting." This campaign took the perspective that despite all the incredible changes that have occurred recently due to technology, even more challenges lie ahead. The commercials showed how Accenture could help clients capitalize on these challenges. The success of this campaign was evidenced by the increased traffic on the company's Web site. This is very important to Accenture, because it believes that if it can get somebody to visit its site, it has a better opportunity to tell the whole story. Next came the "I Am Your Idea" theme. This campaign was followed by "High Performance. Delivered," which was still running in 2017.

Accenture has been successful in transferring the brand equity to its new name. Marketing research revealed that it has approximately 50 percent awareness with the public, which is essentially the same number it had under the old name. Accenture's marketing goes far beyond the name because it is constantly challenged as the product it offers changes.