



Chapter 1

Nature and Characteristics of Marketing Research

Business Research Methods

Verónica Rosendo Ríos

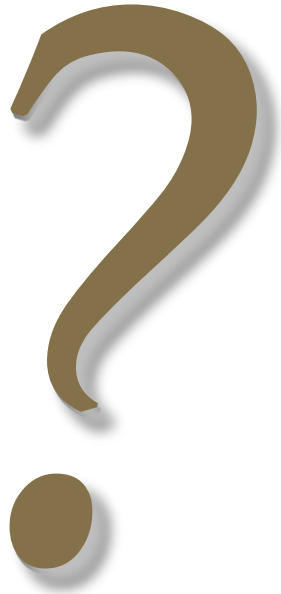
Enrique Pérez del Campo

Marketing Research

CHAPTER 1. Nature and Characteristics of Marketing Research

“The Secret of Success is to Know Something Nobody Else Knows”

ARISTOTLE ONASSIS



CHAPTER 1. Nature and Characteristics of Marketing Research

CONTENTS

- **WHAT IS MARKETING RESEARCH?**
 - The Need for Information: Environments Affecting Marketing
- **ORIGINS OF MARKETING RESEARCH**
- **TYPES OF BUSINESS RESEARCH**
 - APPLIED VS. BASIC BUSINESS RESEARCH
 - INDUSTRIAL VS CONSUMER BUSINESS RESEARCH
- **THE NEED FOR MARKETING RESEARCH**
- **MARKETING RESEARCH IN THE 21ST CENTURY**

CHAPTER 1. Nature and Characteristics of Marketing Research

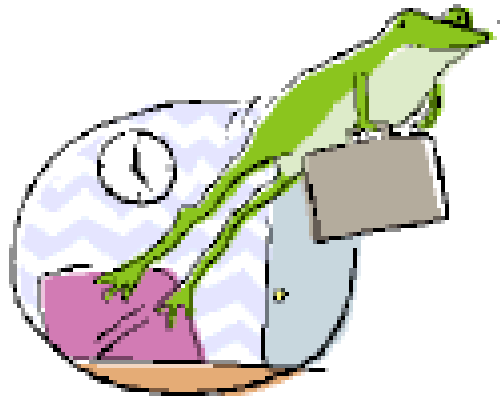
CHAPTER OBJECTIVES

After reading this chapter, you should be able to:

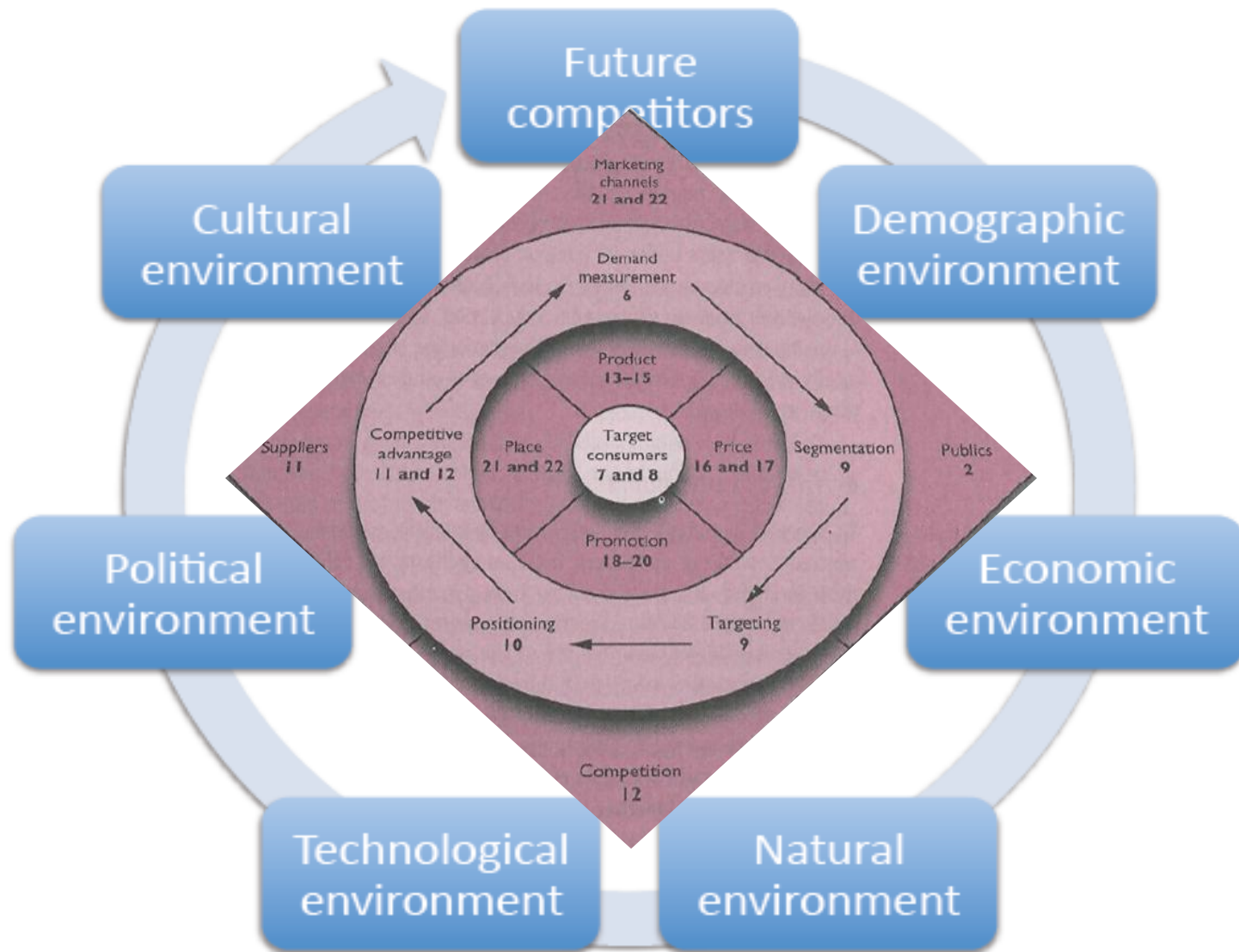
- ☆ Define *marketing research*.
- ☆ Understand the difference between *basic and applied* business research.
- ☆ Understand the difference between *industrial and consumer* business research.
- ☆ Know *when* business research *should and should not be conducted*
- ☆ Understand how research contributes to business success
- ☆ Appreciate the way in which technology and internationalization are changing business research

What is Marketing Research?

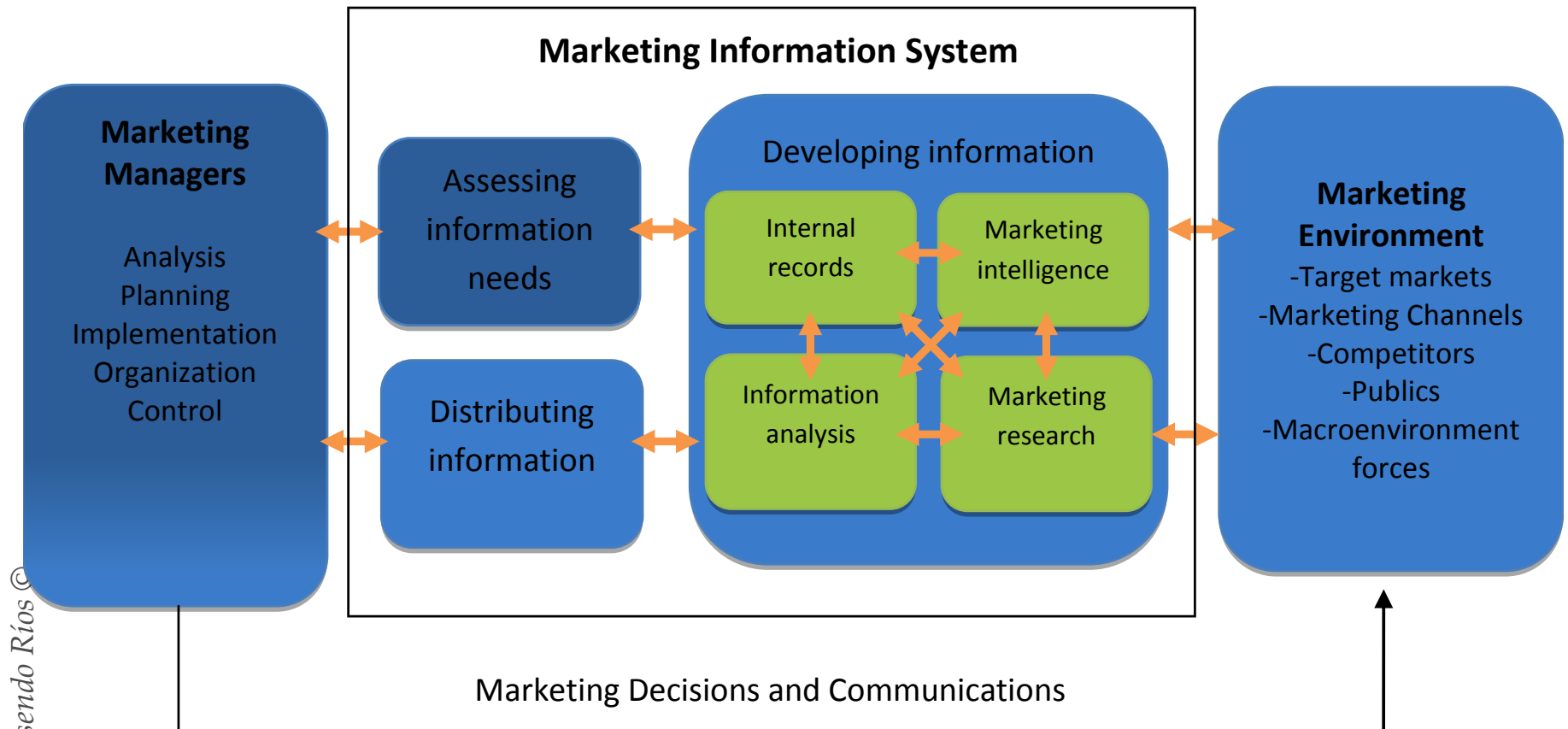
THE PARADOX OF THE BOILING FROG



The Need for Information: Environments Affecting Marketing



The Need for Information: Environments Affecting Marketing



Source: Adapted from Kotler et al. (2010)

- Marketing Research Defined:
 - “The **organization’s formal communication link with the environment**. Through marketing research, the organization gathers and interprets data from the environment for use in developing, implementing and monitoring the firm’s marketing plans”



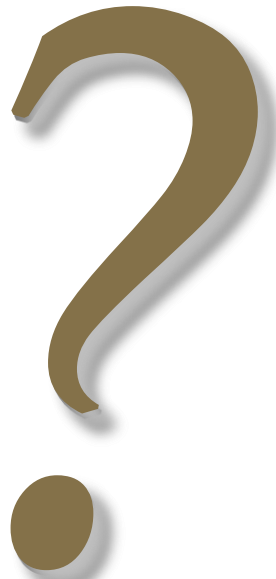
Source: Butler & Brown (2012)



CHAPTER 1. Nature and Characteristics of Marketing Research

“To manage a business is to manage its future; and to manage its future is to manage information”

MARION HARPER



- Marketing Research began to grow around the end of World War II, when firms found they could no longer sell all they could produce but instead had to gauge market needs and produce accordingly.
- Marketing research was called on to estimate these needs.
- As consumer began to have more choices in the marketplace, marketing began to assume a more dominant role.

- *A brief history of the marketing research industry:*
 - *Pre-Marketing Research Era: colonization to the Industrial Revolution*
 - *Early Development Era: Industrial Revolution to 1920*
 - *Questionnaire Era: 1920-1940*
 - *Quantitative Era: 1940 to 1960*
 - *Organizational Acceptance Era: 1960 to 1980*
 - *PC Technology Era: 1980 to 1990*
 - *Globalization-Online Era: since 1990*

TYPES OF BUSINESS RESEARCH:

APPLIED VS. BASIC BUSINESS RESEARCH

Based on the specificity of its PURPOSE:

- **Applied business research:**

Conducted to address a specific business decision for a specific firm or organization (why? to understand the market).

- **Basic business research:**

Research conducted without a specific decision in mind that usually does not address the needs of a specific organization. It attempts to expand the limits of knowledge in general and is not aimed at solving a particular pragmatic problem.

TYPES OF BUSINESS RESEARCH:

CONSUMER VS. INDUSTRIAL BUSINESS RESEARCH

- **Consumer research:**

Marketing research to understand consumer characteristics, attitudes, beliefs, opinions and behavior.

- **Industrial research:**

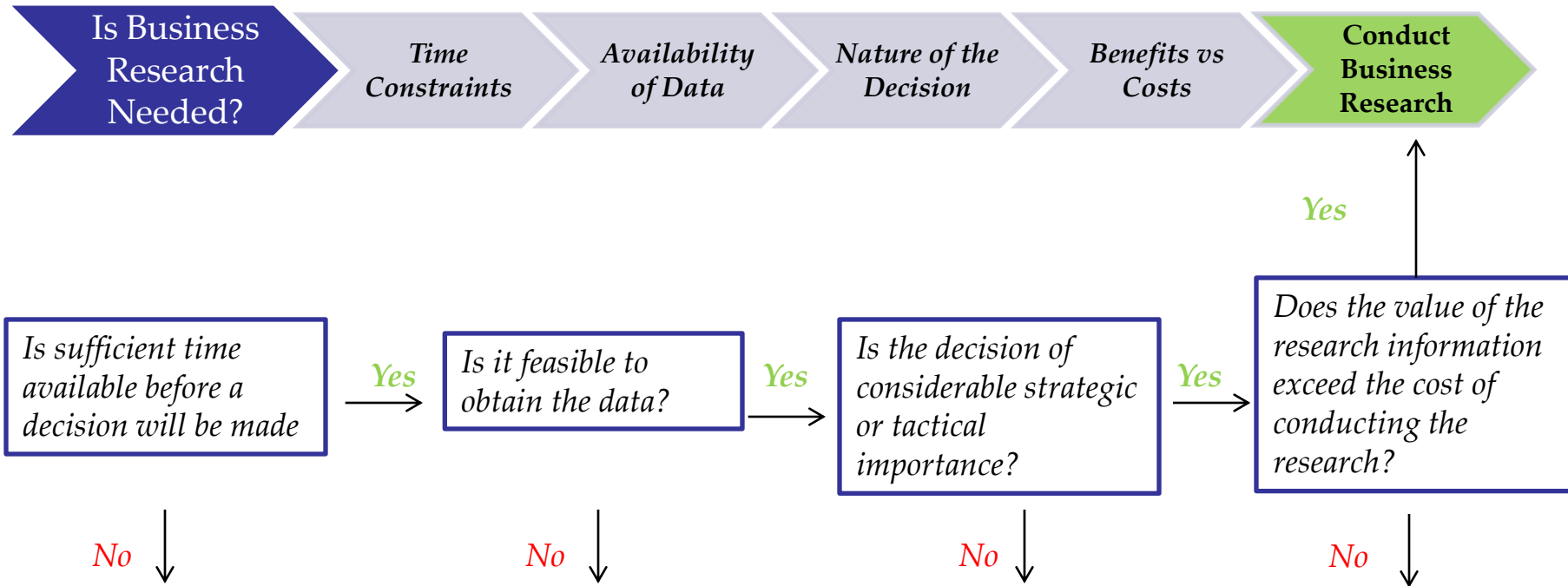
Not aimed at individual consumers but at interactions between firms and their representatives.

TYPES OF BUSINESS RESEARCH:

CONSUMER VS. INDUSTRIAL BUSINESS RESEARCH

	Consumer	Industrial
Population	Large. More than 115 million households in the United States alone	Small. Fairly limited in total population, and even more so if within a defined industry or category
Respondent accessibility	Fairly easy. Can interview at home, by telephone, mail, or via the web	Difficult. Usually only during working hours at plant, office, or on the road. Respondent is usually preoccupied with other priorities. Eased somewhat by mobile and web-based apps.
Respondent cooperation	Has become increasingly more difficult to obtain, given hectic lives and prohibitive time constraints.	A major concern. Due to the small population, the industrial respondent is being over-researched.
Sample size	Can usually be drawn as large as needed for a target level of statistical confidence	Usually much smaller than a consumer sample to achieve a similar statistical confidence, given the ratio of the sample to the total population.
Respondent definitions	Usually fairly simple. Those aware of a category or brand, users of a category or brand, demographic criteria, and the like.	Somewhat more difficult. The user and the purchasing decision-maker in most cases are not the same. The users are best able to evaluate products and services, but in many cases have little or no influence on the decision making process.
Interviews	Can be readily trained, as they are also consumers and tend to be somewhat familiar with the area under investigation for most categories.	Difficult to find good executive interviewers. A strong working knowledge of the product class or subject being surveyed is essential, as are exceptional interpersonal skills and professionalism.
Study costs	Key dictators of cost are sample size and incidence. Lower-incidence usage categories or demographic or behavioural screening criteria can raise costs considerably.	Relative to consumer research, the critical elements resulting in significantly higher per-interview costs are lower incidence levels, difficulties in locating the "right" respondent (that is, the purchase decision-maker), and securing cooperation (time and concentration effort) for the interview itself.

THE NEED FOR MARKETING RESEARCH



☆ Communication Technologies:

- Virtually everyone is “connected”
 - Data collection
 - Data analysis

☆ Global Business Research

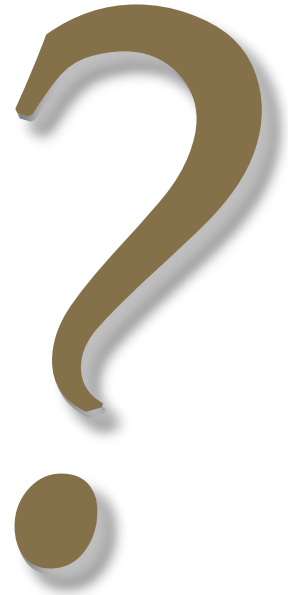
- Few –if any- geographic boundaries
 - Cross-validation (ham, milk, pills)

☆ Marketing Research Ethics



- Careful with:
 - Advocacy Research
 - Sugging

Discussion Question

- If you were the Financial Director or the CFO of a multinational company, what do you think you could use market research for?



Discussion Question



Direction For Decisions

[Home](#) [Contact Us](#) [Site Map](#)

[Why MSR?](#) [Capabilities](#) [Markets Served](#) [Client List](#) [About Us](#) [News & Press](#)

Markets Served

- ▶ Financial Services
- ▶ Health Care
- ▶ Retail
- ▶ Technology
- ▶ Business Associations
- ▶ Education
- ▶ Elder Services
- ▶ Food Industry & Agriculture
- ▶ Governmental Departments and Agencies
- ▶ Manufacturing and Wholesale
- ▶ Non Profit & Human Services
- ▶ Real Estate
- ▶ Tourism, Recreation & Transportation
- ▶ Political Campaigns

Marketing Research for Banks, Credit Unions and Financial Services Institutions




Although the current economic climate is presenting challenges for many large financial institutions, well-positioned regionally and community-based banks and credit unions are finding great opportunities to **grow core deposits, increase their share-of-wallet**, and actively **take market share** from the competition.

For over 30 years, Market Street Research has been helping banks, credit unions, and other financial institutions identify opportunities for growth and understand how to most effectively position themselves in the market so as to take full advantage of the opportunities surfaced through the research.

Market Street Research is adept at combining our clients' understanding of their organization, their customers, and their competitors with our expertise in designing and conducting top-quality marketing research. At Market Street Research, we are dedicated to producing only **actionable, reliable marketing research** that drives effective decision-making.

Our core belief is that marketing research should be **decision-oriented** and

Clients

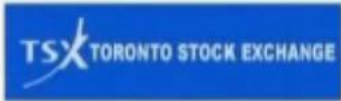


Discussion Question



Postbank:

<http://www.youtube.com/watch?v=uuKXmiDWVT0>



Toronto Stock Exchange:

<http://www.youtube.com/watch?v=-m6lw90MKL4>



Citigroup:

<http://www.youtube.com/watch?v=gVRLGOFBQhY&feature=relmfu>

<http://www.youtube.com/watch?v=VE4bcq8Plzk>

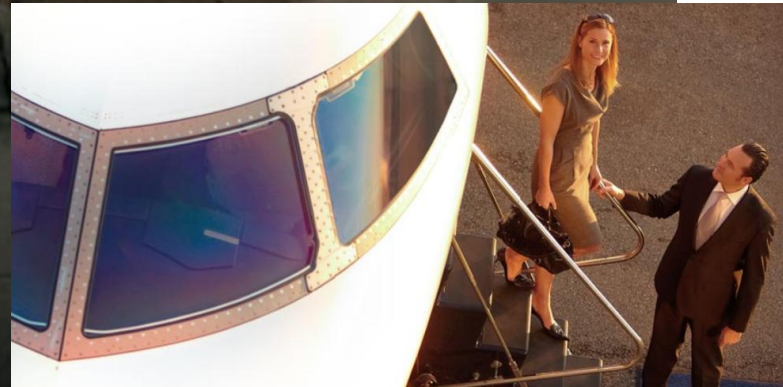


HSBC:

<http://www.youtube.com/watch?v=DsIOwPACyOw&feature=related>

DISCUSSION QUESTION

What do you think business class travellers prioritize?



Business Class Success?

Background:

- A discounted round-trip coach ticket from Atlanta to Paris in peak season often costs just over \$1,000. That same business class ticket would often cost between \$5,000-10,000.
- Typically these flights take place in larger passenger aircrafts such as Boeing 747 or 777. A Boeing 777 can seat up to 450 passengers. However, by including three dozen business-class seats, the capacity drops to under 400 passengers.
- Research shows that business-class travelers prioritize: comfort of seat, ability to lie flat, quality of food, and convenience of boarding.

Business Class Success?

Maxjet & Eos:

In the past few years, a few start up airlines have been trying to capitalize on this concept by starting “discount” business-class only airlines.

- Maxjet estimated that consumers would exchange a little comfort for a reduction in price. They configured Boeing 747s, with 102 business seats that would not quite lie flat and no coach seat! Result: Business-class only airline with fares btw \$1,600-3,800. Eos configured Boeing 757s into 48-seat all-business-class planes.
- Both Maxjet and Eos received positive reviews and criticisms. Eg. Maxjet did not provide power outlets for laptops at their seats, and this was considered a “fatal error”

Business Class Success?

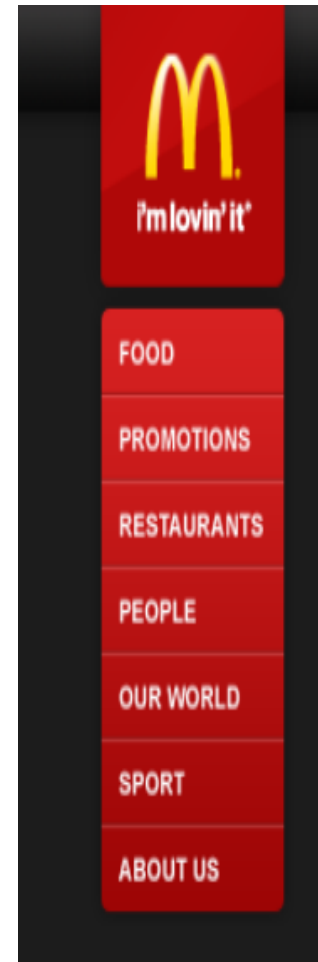
Maxjet & Eos:

- Despite the apparent appeal, both Maxjet (Dec 2007) and Eos (Apr 2008) declared bankruptcy.
- Could more effective business research have determined these were not feasible business ventures?
- Could Maxjet's fatal flaw have been identified?
- Sound business research may have enhanced the chance of success of these airlines.

Source: McCarnety, S. "Start-up Airlines Fly Only Business Class", The Wall Street Journal (Sept 20, 2005). Pitcock, T. "Getting There" Forbes 176 (Sept 2005), Robertson D. "Eos Bankruptcy Filing Signals End to Cheap Executive Travel", The Times (Apr 28, 2008).

Case Study: McDonald's –What are its challenges?

- Crossed the Atlantic in the mid-1970's
 - Consumers were attracted to its American origins and the novelty of fast food.
 - First UK Slogan "There is a difference at McDonald's you'll enjoy"
 - Used consumer research to:
 - Keep tabs on opinions as the market matured.
 - 15 years later (90's) consumer described McDonald's as:
 - Arrogant
 - Inflexible
- They softened their messaging strategy and began to depict McDonald's at the center of UK family life.
 - The company has enjoyed double-digit sales growth in recent years and more than 2.5 million people in the UK visit McDonald's each day.



CHAPTER 1. Nature and Characteristics of Marketing Research

REFERENCES

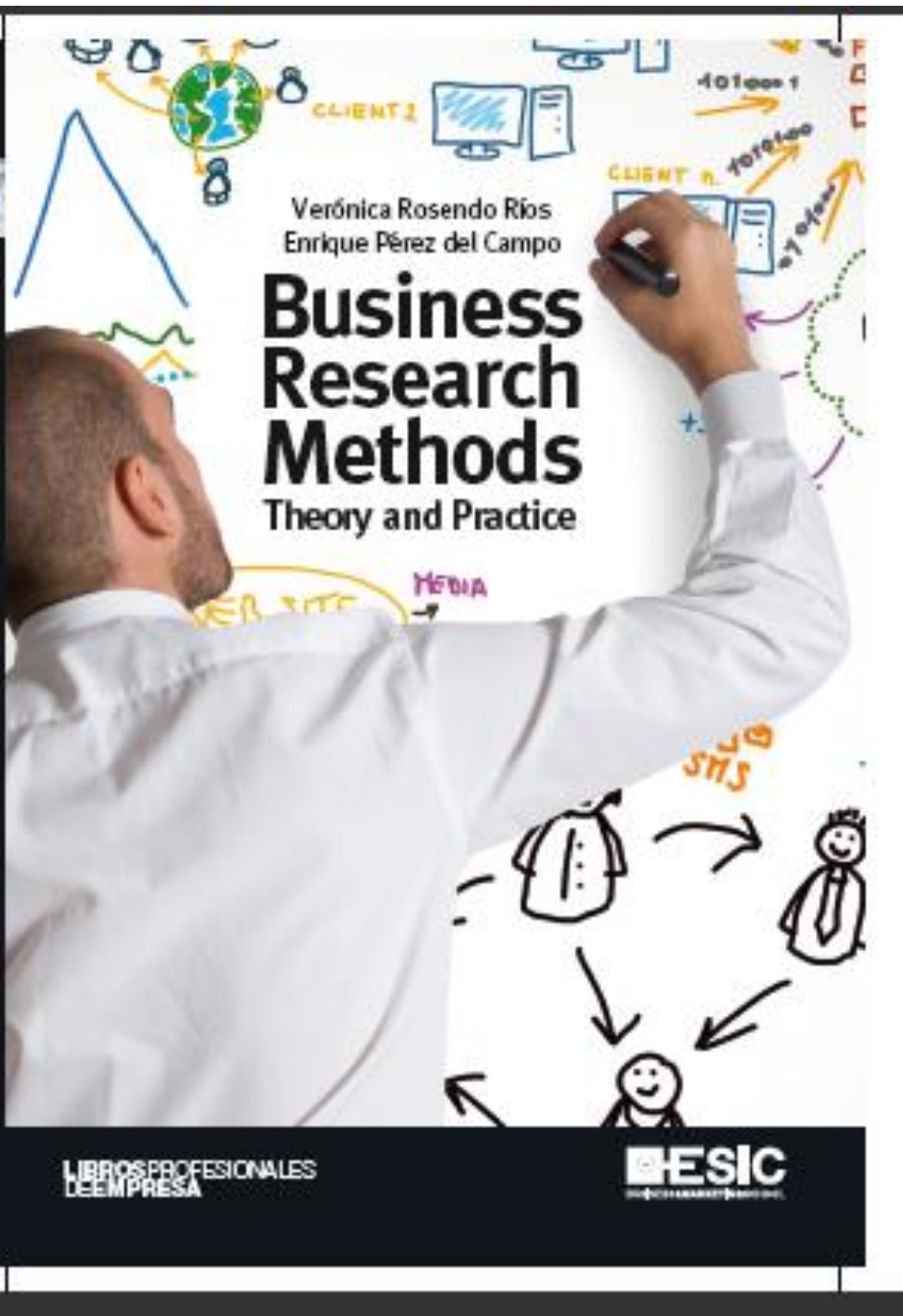
- Brown, T.J., Suter, T. (2012). *MR*. South Western, Cenage Learning. USA.
- Hair, J.; Bush, R. & Ortinau, D. (2006). *Marketing research. Within a changing environment*. Revised International Edition (3rd Ed.). McGraw Hill, New York, USA.
- Malhotra, N.K. (1996) *Marketing Research. An Applied Orientation*. 2nd Edn. Prentice-Hall International. USA
- Rosendo-Rios, V., de Esteban, J., Antonovica, A. (2012). *MR: Development of Theoretical Concepts for Market Research I and II*. South Western, Cenage Learning. USA
- Zikmund, W. G., Babin, B.J., Carr, J.C., Griffin, M.(2013) *Business Research Methods*. 9th Edition. South Western, Cenage Learning. USA

CHAPTER 1. Nature and Characteristics of Marketing Research

CHAPTER OBJECTIVES

After reading this chapter, you should be able to:

- ☆ Define *marketing research*.
- ☆ Understand the difference between *basic and applied* business research.
- ☆ Understand the difference between *industrial and consumer* business research.
- ☆ Know *when* business research *should and should not be conducted*
- ☆ Understand how research contributes to business success
- ☆ Appreciate the way in which technology and internationalization are changing business research



Chapter 1

Nature and Characteristics of Marketing Research

Business Research Methods
Verónica Rosendo Ríos
Enrique Pérez del Campo