Chapter 2

Marketing Research Organization and Planning

Marketing Research

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ESIC
E D I T O R I A L

Marketing Research

"If we knew what it was we were doing, it would not be called research, would it?"

ALBERT EINSTEIN

"Research is creating new knowledge"

NEIL ARMSTRONG

CONTENTS

- **WHO DOES MARKETING RESEARCH**
- **THE RESEARCH PROCESS. TYPES OF BUSINESS RESEARCH**
  - **Stages in the Research Process**
- **MARKETING RESEARCH ERRORS**

CHAPTER OBJECTIVES

After reading this chapter, you should he able to:

☆ Discuss different kinds of *organizations that conduct marketing research.*

☆ Understand the *research process* and its *stages*

☆ Identify the different *possible sources of errors* in the research process

- ## Companies: Producers of product and services:
  - Designed to develop and market their products and services. Eg. Unilever, Kraft food, Southwest airlines… all have their internal research department.

- ## Advertising agencies/Research agencies:
  - Designed to help create and measure the effectiveness of advertising campaigns…
  - To determine the market potential of a proposed new product or the client´s market share.
  - Understand consumers´ interests and

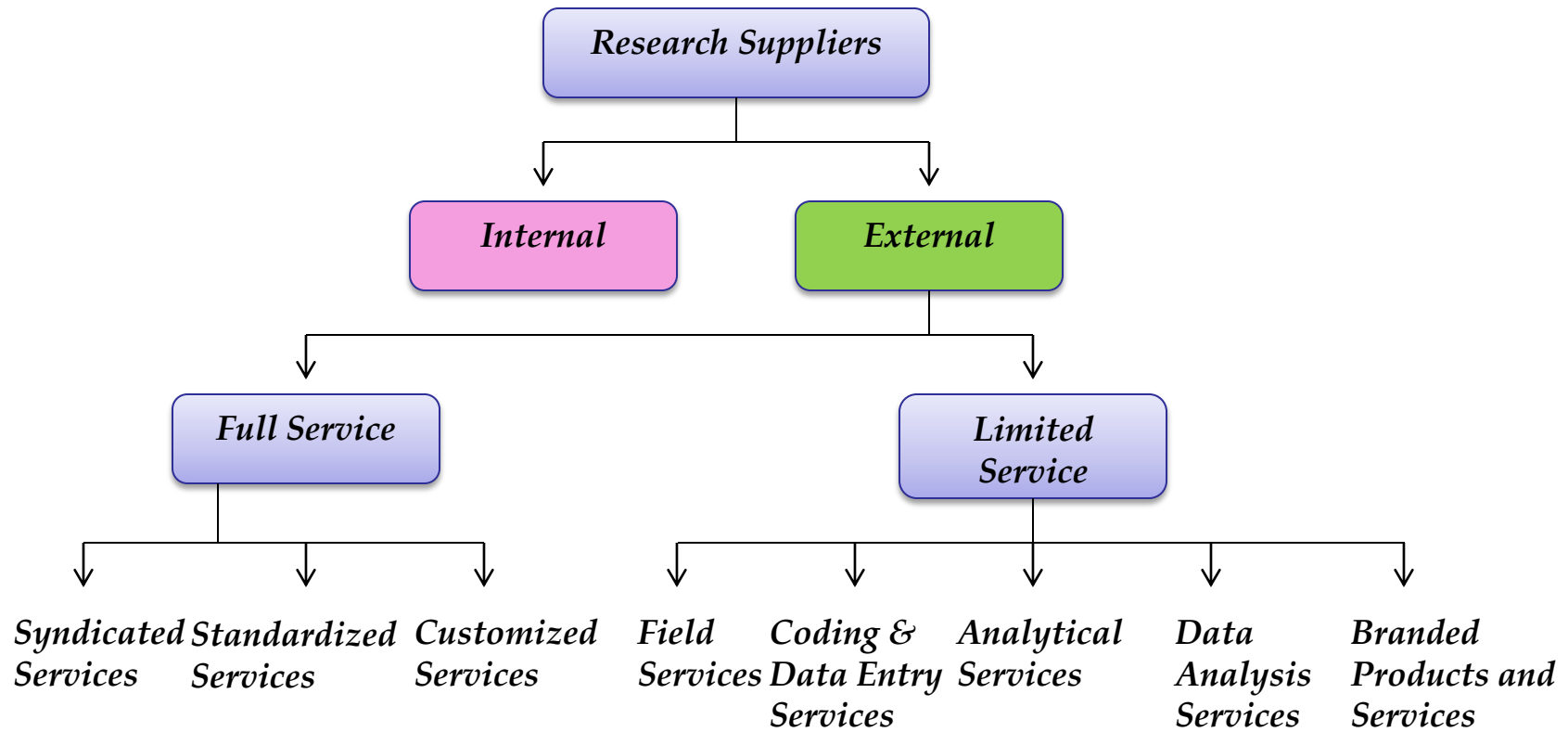 behaviors in order to serve their corporate clients.

- ## Others: government agencies, trade associations and universities.

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ADVERTISING AGENCIES

Marketing Research Suppliers and Services


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                          ┌─────────────────────┐
                          │  Research Suppliers │
                          └─────────────────────┘
                           │                    │
                  ┌──────────────┐      ┌──────────────┐
                  │   Internal   │      │   External   │
                  └──────────────┘      └──────────────┘
                                          │            │
                              ┌──────────────┐   ┌──────────────┐
                              │ Full Service │   │   Limited    │
                              │              │   │   Service    │
                              └──────────────┘   └──────────────┘
```

Full Service:
- Syndicated Services
- Standardized Services
- Customized Services

Limited Service:
- Field Services
- Coding & Data Entry Services
- Analytical Services
- Data Analysis Services
- Branded Products and Services

Source: Malhotra, (1996)

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- **Full** service Research Suppliers: companies that offer the full range of the research activities.

  1. **Syndicated research services**: it is not custom designed for a particular client, but it is designed and collected by the research company and sold to multiple clients eg. Scanner-volume tracking data.

  2. **Standardized services**. Use standardized procedures to provide marketing research to various clients. E.g. advertising effectiveness.

  3. **Customized services**. Tailor research procedures to meet the clients´ needs.

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- **Limited** Service Research Suppliers: companies that specialize in one or more research activities.

  1. **Field services**: collect the data (mail, telephone, personal interview) and return the data to the research sponsor. "Field service organizations".

  2. **Coding and Data Entry Services**: convert interviews or surveys into usable databases for analysis

  3. **Analytical services**: provide guidance in the development of the research design (e.g. designing questionnaires, sampling plans, analytical thecniques…)

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- **Limited** Service Research Suppliers: companies that specialize in one or more research activities.

  4. **Data analysis services**: focus on conducting statistical analysis of quantitative data.

  5. **Branded marketing research products**: are specialized data collection and analysis procedures developed to address specific types of research problems. These procedures are patented, given brand names, and marketed like any other branded product. E.g. DigiData Entry System

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MARKETING RESEARCH FIRMS

The World´s 10 Largest M.R. Firms

Rank/Organization	Parent Country	Worldwide Research Revenue (million $)
1. The Nielsen Company	USA	4,628.0
2. Kantar	UK	2,823.2
3. IMS Health Inc.	USA	2,198.7
4. GfK SE	Germany	1,622.8
5. Ipsos SA	France	1,315.0
6. Synovate	UK	816.4
7. SymphonyIRI Group	USA	706.3
8. Westat Inc	USA	502.4
9. Arbitron Inc	USA	385.0
10. INTAGE Inc	Japan	368.6

Source: Developed from information in "2010 Honomichl Global Top 25", Marketing News (August 30, 2010), pp.12-54.

Marketing Research

MARKETING RESEARCH FIRMS

The World´s 10 Largest M.R. Firms

intage

Westat | An Employee-Owned Research Corporation*

nielsen

KANTAR operations

A World of Insights
Get connected...

ARBITRON

SymphonyIRIGroup | Insight. Innovation. Impact.

ims | INTELLIGENCE. APPLIED.

GfK **GfK Group**

Ipsos | NOBODY'S UNPREDICTABLE

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http://www.gfk.com/
http://www.youtube.com/watch?v=LFQ-8VMGhSY

CONTENTS

- **WHO DOES MARKETING RESEARCH**
- **THE RESEARCH PROCESS. TYPES OF BUSINESS RESEARCH**
  - **Stages in the Research Process**
- **MARKETING RESEARCH ERRORS**

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Research process:

A general sequence of steps that can be followed when designing and conducting research.

1	2	3	4	5	6
Problem Definition	Approach Development	Research Design Formulation	Field Work or Data Collection	Data Preparation and Analysis	Report Preparation and Presentation

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1. **Problem definition**: Define the <u>purpose of the study</u> and <u>review the relevant background</u> information. Agree a <u>problem statement</u>.

2. **Development of an approach to the problem:** <u>Set the research objectives</u>. (Including analytical models, research questions, and hypotheses). A marketing research project has **1 of 3 types of objectives**

2. Development of an approach to the problem:

There are **3 types of objectives** *depending on the type of research*:

1. **Exploratory research**: the objective of this type of research is to <u>gather preliminary information</u> that will help define the problem and suggest hypotheses.

2. **Descriptive research**. The objective in descriptive research is to <u>describe things</u>, e.g. market potential for a product.

3. **Causal research**. The objective of this type of research is to <u>test hypotheses</u> about cause and effect relationships.

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┌──────────────┐      ┌──────────────┐      ┌──────────────┐
│              │      │              │      │              │
│   Problem    │ ───▶ │  Objective   │ ───▶ │  Hypotheses  │
│              │      │              │      │              │
└──────────────┘      └──────────────┘      └──────────────┘
```

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Examples of Research Hypotheses

Decision statements	Research objectives	Hypotheses
How can we improve our hotel quality?	Identify key factors associated with customers perception of quality	Comfort is positively associated with hotel quality perception. Dirtiness is negatively associated with hotel quality perception.
What should be the retail price for a 42 inches TV set?	Forecast sales for 42 inches TV sets.	Sales will be higher at 1,500€ than at 2,000€

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3. Research Design Formulation:
What is it?

A research design is a <u>framework</u> for conducting the research project.

It should detail the <u>procedures</u> necessary for obtaining the required information.

Its **purpose** is to design a study that will test the hypotheses and determine possible answers to the research questions.
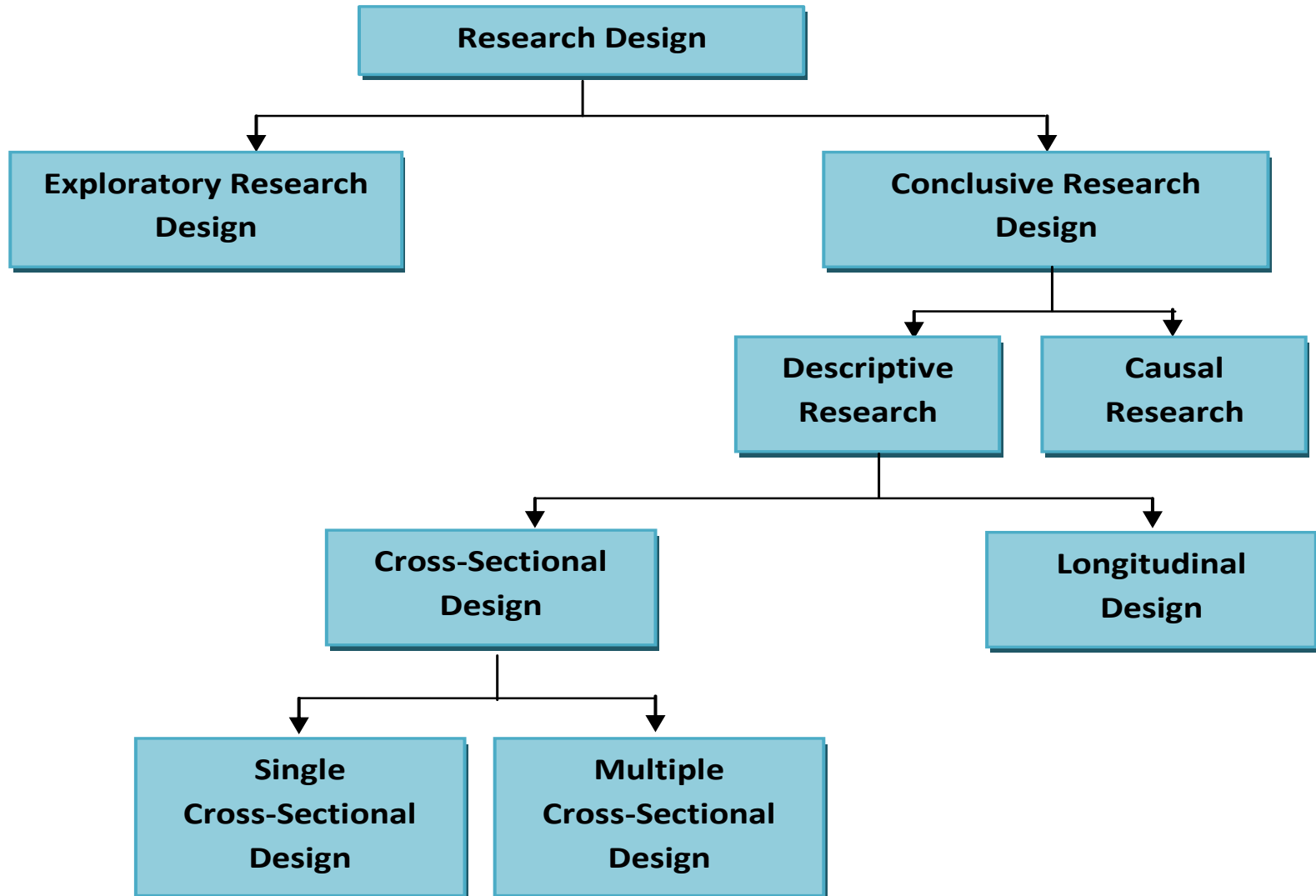
3. Research Design Formulation:

Formulating the research design includes the following steps (Malhotra, 2012):

- Secondary data analysis

- Qualitative research

- Methods of collecting quantitative data (survey, observation, and experimentation)

- Definition of the information needed

- Measurement and scaling procedures

- Questionnaire design

- Sampling process and sample size

- Plan of data analysis

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3.1 Research design classification: Types of business research

A Classification of Marketing Research Designs

```
                        ┌─────────────────────┐
                        │   Research Design   │
                        └─────────────────────┘
                   ┌──────────────┴────────────────┐
                   ▼                                ▼
        ┌────────────────────┐          ┌────────────────────┐
        │ Exploratory Research │          │ Conclusive Research │
        │       Design         │          │       Design        │
        └────────────────────┘          └────────────────────┘
                                           ┌────────┴────────┐
                                           ▼                 ▼
                                  ┌──────────────┐   ┌──────────────┐
                                  │  Descriptive │   │    Causal    │
                                  │   Research   │   │   Research   │
                                  └──────────────┘   └──────────────┘
                              ┌──────────┴────────────────┐
                              ▼                            ▼
                    ┌──────────────────┐         ┌──────────────────┐
                    │  Cross-Sectional │         │   Longitudinal   │
                    │      Design      │         │      Design      │
                    └──────────────────┘         └──────────────────┘
                  ┌──────────┴──────────┐
                  ▼                     ▼
        ┌──────────────────┐  ┌──────────────────┐
        │      Single       │  │     Multiple      │
        │  Cross-Sectional  │  │  Cross-Sectional  │
        │      Design       │  │      Design       │
        └──────────────────┘  └──────────────────┘
```

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3.1 Research design classification:

3.1.1 Exploratory research:

- **<u>Objective</u>**: Provides insights into the problem, discover ideas...

- The <u>information</u> needed is normally <u>*loosely defined*</u> at this stage, and the research process is *flexible* and *unstructured*. E.g. personal interviews with experts.

- <u>Sample</u>: normally *small and non-representative*.

- <u>Primary data</u>: normally *qualitative* in nature.

- <u>Findings</u>: should be considered as *tentative or input for further research, and <u>not be used as determinant for decision making.</u>*

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3.1 Research design classification:

3.1.2 Conclusive research:

- <u>Objective</u>: Test hypotheses and examine relationships...

- The <u>information</u> needed is <u>*clearly defined*</u> and the research process is normally *formal* and *structured*. E.g. personal interviews with experts.

- <u>Sample</u>: normally *large and representative*.

- <u>*Primary data*</u>: normally analyzed using *quantitative* analysis.

- <u>*Findings*</u>: can be considered as *conclusive in nature, and <u>can be used in managerial decision making</u>*.

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3.1 Research design classification:

3.1.2 Conclusive research:

3.1.2.1 Descriptive Research

-To describe market characteristics or functions.

-It assumes that the researcher has <u>prior knowledge</u> about the problem.

-Prior formulation of hypotheses.

-Pre-planned and structured.

-Normally large representative samples.

-Clear Six Wx of the research (who, what, when, where, why and way). Eg. Describe market segments…

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Marketing Research

3.1 Research design classification:

3.1.2 Conclusive research:

3.1.2.1 Descriptive Research

-Typically incorporate –but does not limit to- the following methods:

☆Secondary data

☆Surveys

☆Panels

☆Observational and other data

3.1 Research design classification:

3.1.2 Conclusive research:

3.1.2.1 Descriptive Research

-Cross-sectional designs

Cross-sectional

Longitudinal

-Most common

-"Involve the collection of information from a sample of population elements only once at a given moment in time" (picture)

-Single cross-sectional designs (sample survey research designs): 1 sample & information is obtained from this sample once.

-Multiple cross-sectional: 2 or more samples & information is obtained from this sample once. Cohort analysis
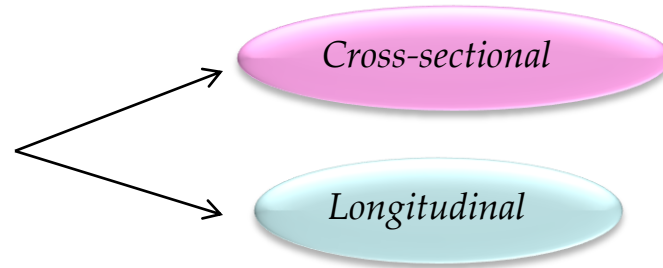
Marketing Research

3.1 Research design classification:

3.1.2 Conclusive research:

3.1.2.1 Descriptive Research

Cross-sectional

Longitudinal

-Longitudinal designs

-**Fixed** sample measured repeatedly. E.g. panels

Advantages and disadvantages of the 2 types of designs
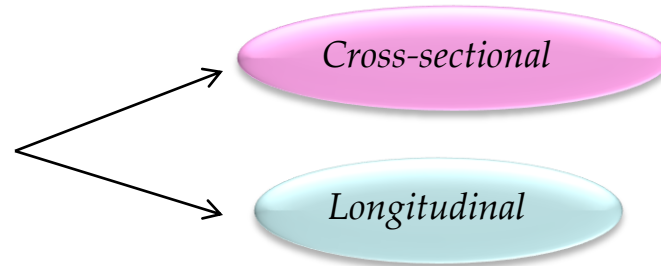
Evaluation criteria	Cross-sectional design	Longitudinal design
Detecting change	-	+
Large amount of data collection	-	+
Accuracy	-	+
Representative sampling	+	-
Response bias	+	-

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3.1 Research design classification:

3.1.2 Conclusive research:

3.1.2.2 Causal Research

-Main objective: to test cause-and-effect relationships.

-To understand which variables are the cause (independent variable) and which ones the effect (dependent variable).

-To understand the nature and effect of variables

-Main methods: experimentation and structural equations.

Price = Sales ?
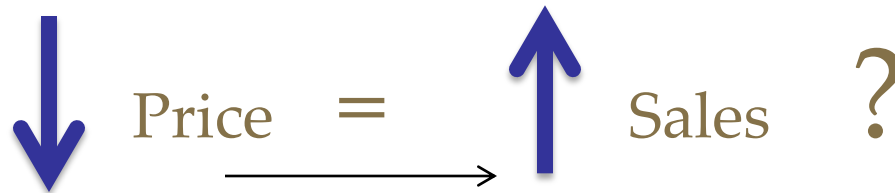
3.1 Research design classification:

3.1.2 Conclusive research:

3.1.2.2 Causal Research

-3 critical pieces of causal evidence:

-Temporal sequence: Time order

-Concomitant variation: 2 events co-vary or correlate systematically (correlation coefficient).

 -Non-spurious association: any correlation is between the cause and effect is true and not due to some other "third" variable.

Price = Sales ?

Marketing Research
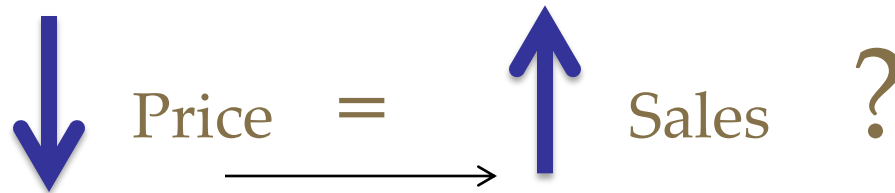
Characteristics of different types of business research

	Exploratory Research	Descriptive Research	Causal Research
Amount of Uncertainty Characterizing Decision Situation	Highly ambiguous	Partially defined	Clearly defined
Key Research Statement	Research Question	Research Question	Research Hypotheses
When Conducted?	Early Stage of decision making	Later Stages of decision making	Later Stages of decision making
Usual Research Approach	Unstructured	Structured	Highly structured
Examples	"Our sales are declining for no apparent reason." "What kinds of new prducts are fast-food customers interested in?"	"What kind of people patronize our stores compared to our primary competitor?" "What product features are most important to our customers?"	"Will consumers buy more products in a blue package?" "Which of two advertising campaigns will be more effective?"
Nature of results	Discovery oriented, productive, but still speculative. Often in need of further research.	Can be confirmatory although more research is sometimes still needed. Results can be managerially actionable.	Confirmatory oriented. Fairly conclusive with managerially actionable results often obtained.

- *specific* ⟶ + *specific*
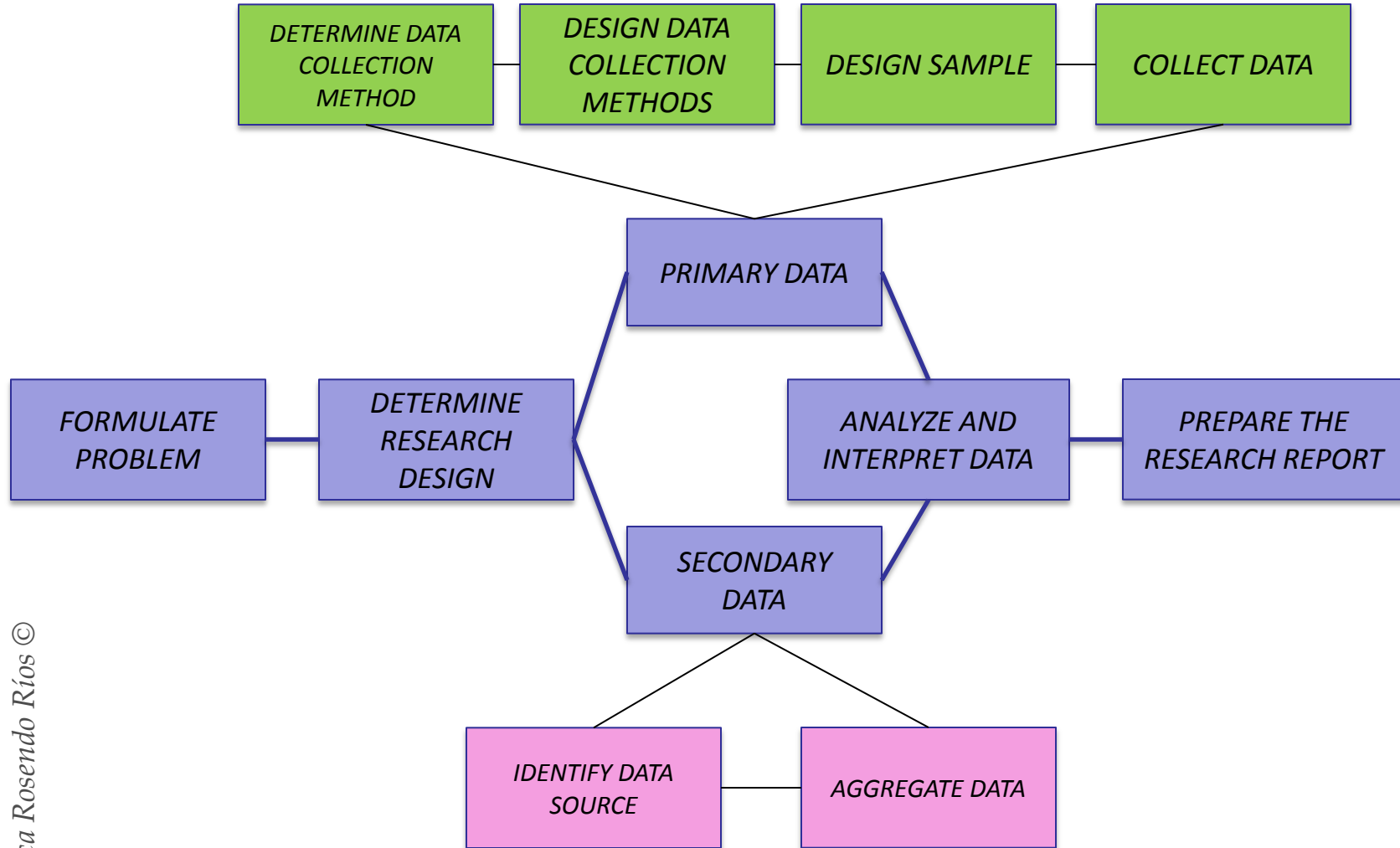
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4. Field Work or Data Collection:

- Operating in the field eg. Personal interviewing, from an office by telephone, mail.

- Proper selection, training an devaluation of the field staff help minimize data collection errors.

5. Data Preparation and Analysis:

- Including: editing, coding, transcribing, and verification of data.
  - Univariate techniques
  - Multivariate techniques

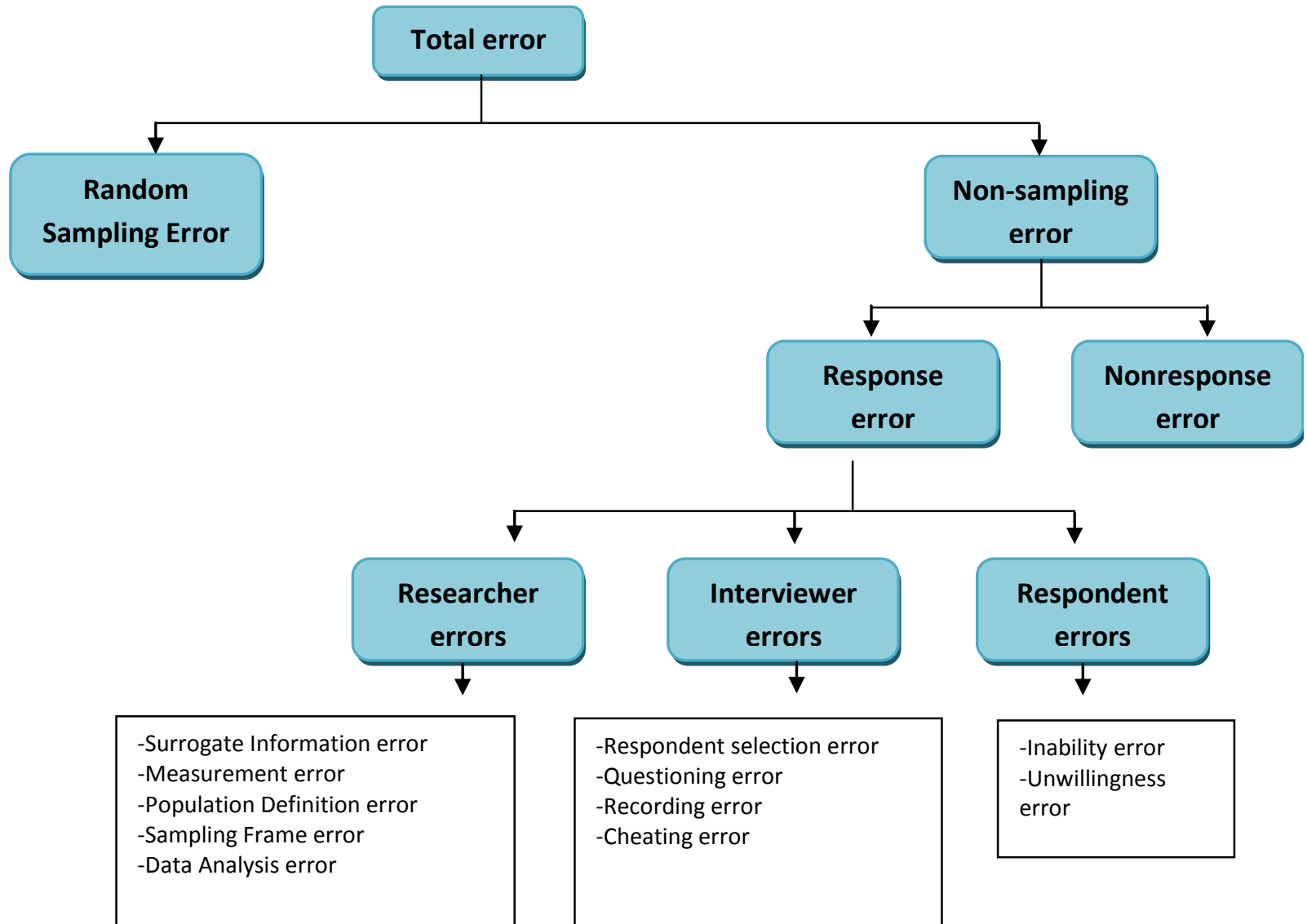## 6. *Report Preparation and Presentation. Specifying:*

CONTENTS

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Potential sources of errors in research design

```
                        ┌─────────────┐
                        │ Total error │
                        └──────┬──────┘
          ┌────────────────────┴─────────────────────┐
┌──────────────────┐                        ┌──────────────────┐
│     Random       │                        │   Non-sampling   │
│ Sampling Error   │                        │      error       │
└──────────────────┘                        └────────┬─────────┘
                                      ┌───────────────┴───────────────┐
                              ┌──────────────┐              ┌──────────────┐
                              │  Response    │              │ Nonresponse  │
                              │   error      │              │    error     │
                              └──────┬───────┘              └──────────────┘
               ┌───────────────────┼────────────────────┐
       ┌──────────────┐    ┌──────────────┐    ┌──────────────┐
       │  Researcher  │    │ Interviewer  │    │ Respondent   │
       │   errors     │    │   errors     │    │   errors     │
       └──────┬───────┘    └──────┬───────┘    └──────┬───────┘
```

Researcher errors	Interviewer errors	Respondent errors
-Surrogate Information error -Measurement error -Population Definition error -Sampling Frame error -Data Analysis error	-Respondent selection error -Questioning error -Recording error -Cheating error	-Inability error -Unwillingness error

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Source: Malhotra (2012)

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- **Random sampling errors**

"The error in any measurement associated only with the randomness intrinsic to sampling itself".

-They occur because the sample is an <u>imperfect representation</u> of the population of interest.

-May be defined as: "the variation between the true mean value for the sample and the true mean value of the population"

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- ## **Non-sampling errors**

"Due to sources other than sampling"

-<u>Reasons include</u>: errors in problem definition, approaches, scales, questionnaire designs, interviewing methods, and data preparation and analysis.

☆ **Non response errors:**

- **Refusals**

-**Not at homes**

-<u>Problems</u>: it may alter the resulting sampling values in size or composition. E.g. satisfaction survey.

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- ## Non-sampling errors

☆ **Response errors:**

- Inaccurate answers

-Misanalysed or mis-recorded answers (office errors)

	Response Errors
Researchers Error	Surrogate information Error.
	Measurement Error
	Population Definition Error
	Sampling Frame Error
	Data Analysis Error
Interviewer Error	Respondent Selection Error
	Questioning Error
	Recording Error
	Cheating Error
Respondent Error	Inability Error
	Unwillingness Error

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- Is "the largest possible sample" always the best?

- Watch out: Increasing the sampling size decreases the sampling error BUT may also increase other types of errors.

- It is better to focus on decreasing total error.

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- Errors…

What can we do???

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- Errors… What can we do

    – Recognize the potential sources of errors

    – Make no attempt to obscure their presence

    – Manage the size of those errors in a way consistent with the accuracy required by the decision situation.

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• Errors…

What can we do???

Type	Some Methods for Handling
Sampling	1. Increase sample size
Noncoverage	1. Improve sampling frame using other sources. 2. Adjust the results by appropriately weighting subsample results (assuming weighting scheme is known).
Nonresponse	1. Call back at another time. 2. Attempt to contact the designated respondent using another approach. 3. Attempt to convince the respondent of the importance of his participation. 4. Guarantee confidentiality or anonymity. 5. Use and incentive 6. Send follow-up surveys
Response	1. Avoid using ambiguous words and questions 2. Do not include double-barreled questions.

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"Fab? Or Fat?.", "Bald? Or Beautiful?"

http://www.youtube.com/watch?v=iYhCn0jf46U

http://www.youtube.com/watch?v=gUsKIApTewQ

http://www.youtub
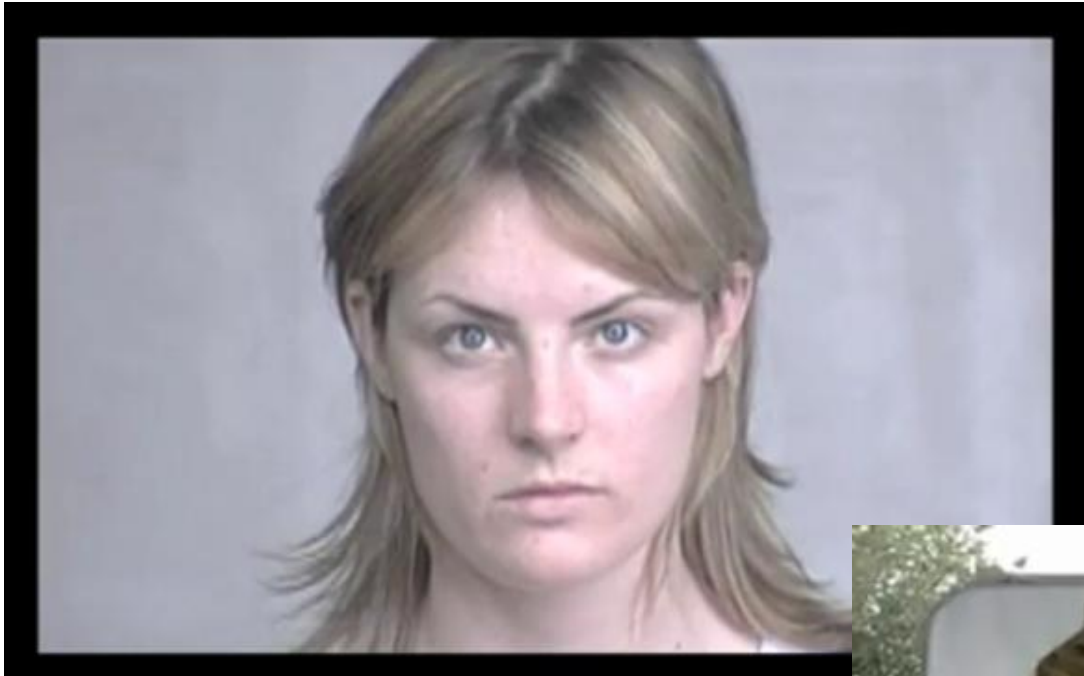
- Born in 1957 as a beauty soap. It is sold in more than 80 countries with more than $5 billion in sales revenues.

- Dove is a powerful brand name. Consumers trust it and see it as <u>honest but also as boring</u>.

- <u>Unilever needed to reposition the brand</u> to make Dove a beauty brand.

- <u>Need solid research</u> and insight <u>before the repositioning</u> task could be undertaken.

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Case Study - Dove

- Key question: "how women's self-esteem is affected by body image"

- [Global survey and ethnographic research to understand the meaning of beauty](#) and what women consider beautiful.

  – 1% consider themselves beautiful

  – 63% strongly agree women are expected to be more attractive than previous generation

  – 9 year-old girls are dissatisfied with their body image

  – All women want to be beautiful in their own unique way

  – 36% describe themselves as natural, few as "sexy", "stunning", or "gorgeous".

  – Women explain beauty in a much broader sense

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- Time to change the definition of beauty
- Unilever launched the "Campaign for Real Beauty"
  - Women look at themselves and open a dialogue on what they consider as beauty
  - Campaign featuring everyday women ("Fab? Or Fat?.", "Bald? Or Beautiful?").
  - Beyond Compare Photo Tour
- The resulting Marketing campaign won Unilever multiple awards.

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CASE STUDY 2

A food company decides to conduct research to find out how consumers would react to a new breakfast cereal aimed at the adult market. Across Europe young health-conscious people are abandoning croissants in France, rolls in Belgium and lonely espresso in Italy. Since Nestle and General Mills set up Cereal Partners Worldwide as a joint venture, they have been very active in the market and the project has started to develop. The European breakfast cereal market has been growing fast, but own labels dominate the adult sector. Can this new company successfully compete with Kellogg's, the market leader, and the aggressive competitor, Cereal Partners Worldwide? The company's research might call for the following specific information:

• The demographic, economic and lifestyle characteristics of current breakfast cereal users. (How do social and demographic trends affect the breakfast cereal market?)

• Consumer-usage patterns for cereals: how much do they eat, where and when? (Will all the family eat the cereal or does each family member have their favourite?)

• Retailer reactions to the new product. (Failure to get retailer support could hurt its sales?)

• Consumer attitudes towards the new product. (Will consumers switch from own brands and is the product attractive enough to compete with Kellogg's?)

• Forecasts of sales of the new product. (Will the new packaging increase the new company's profits?)

The managers will need this and many other types of information to decide whether to introduce the new product.
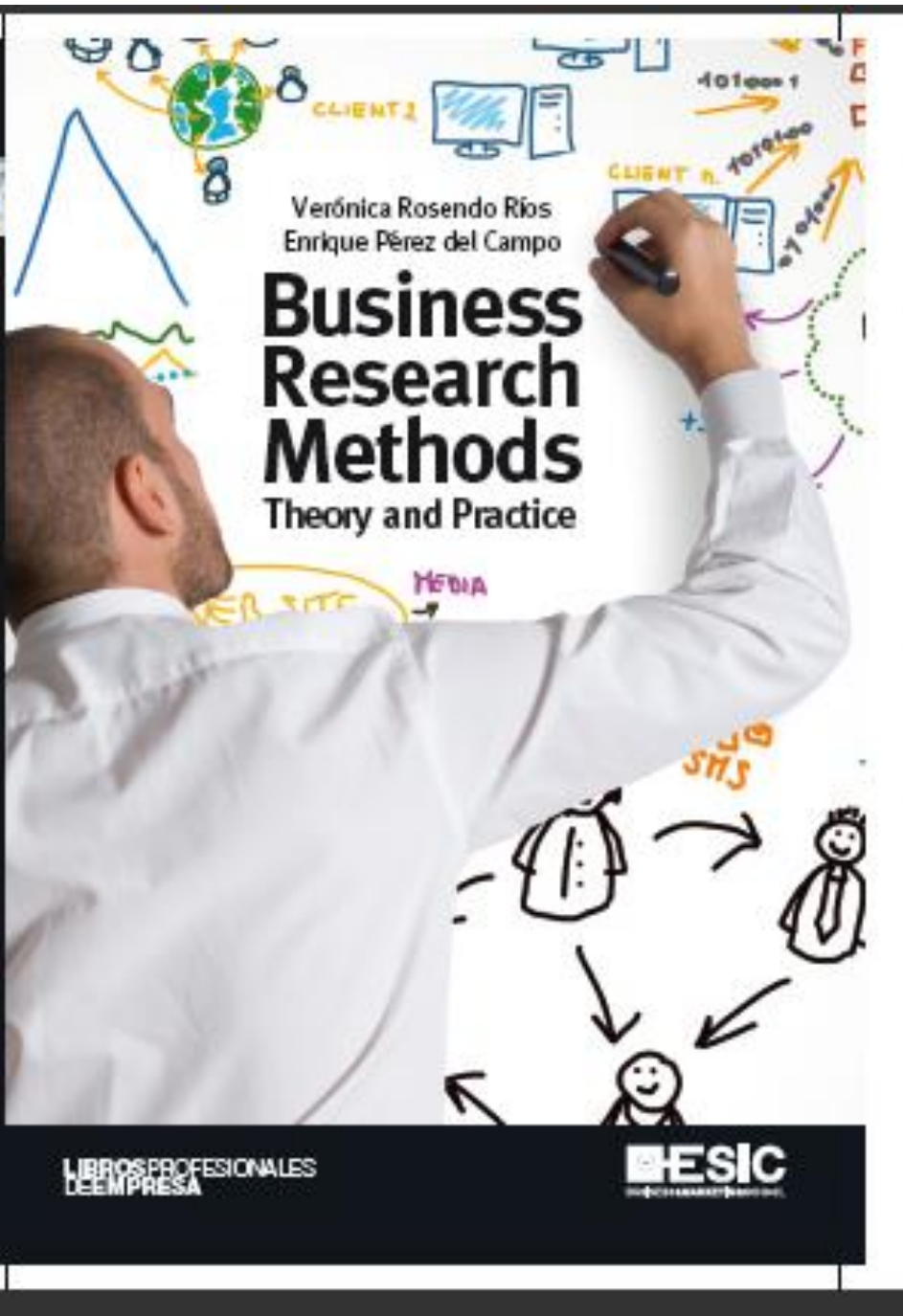
Source: Kotler et al. (2010).

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Marketing Research

CHAPTER OBJECTIVES

After reading this chapter, you should he able to:

☆ Discuss different kinds of *organizations that conduct marketing research.*

☆ Understand the *research process* and its *stages*

☆ Identify the different *possible sources of errors* in the research process

Chapter 2

Marketing Research Organization and Planning

Marketing Research

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