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# Marketing Research

**Tony Proctor**

**Barbara Jamieson**

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# Marketing Research

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# Preface

Marketing research has often been called market research, and there has been much confusion about what is market research and what is marketing research. Some writers have been so worried about the terminology that they have even called their books ‘research for marketing decisions’ to overcome the problems. I refer to the subject matter as marketing research and I am quite sure in my own mind to what I am referring.

There have been vast changes in marketing research, largely as a result of the development of information technology. Marketing research can be to some extent a quantitative subject and, while many of the techniques used have been around for many years, the ease of using them has been frustrated by a lack of powerful and easily available computational aids. Looking back, it is a sobering thought to remember that in the mid-1960s the slide rule was the tool of the day and electronic calculating aids had only just appeared. At that time mainframe computers were in their infancy and the mechanical Burroughs’ comptometers had only just given way to more sophisticated electronic ones. Now the problem is not so much lack of computing power as the need to acquire the skills to make use of all the sophisticated analytical methods that are available, as and when appropriate.

This course looks at the traditional approach to marketing research and the traditional tools of analysis. It also discusses new developments – particularly in the areas of qualitative data analysis and marketing decisions’ support systems.

The various modules address different topics in marketing research:

- Module 1 looks at the nature of marketing research and the need for marketing research. An overview is given of the process of marketing research and the module concludes by looking at the role of agencies and ethical issues in marketing research.
- Module 2 pays attention to planning the research project and in particular to the use of PERT analysis to guide the management of the project.
- Module 3 examines the uses and limitations of secondary data, indicating when secondary data may be useful in research and giving details of useful internal and external sources of data.
- Module 4 examines the process of sampling. Attention is given to all aspects of sampling, including the sampling frame, sampling unit selection, sampling method, the sample size and the sampling plan.
- Methods and applications of surveys are dealt with in Module 5. Sources of error, methods of data collection, dealing with non-response, panel/syndicated marketing research, and omnibus surveys are among the topics discussed.
- Module 6 covers measurement, scales and attitude measurement. The process of measurement is discussed along with levels and variations in measurement. Validity, reliability and sensitivity are also considered. The module also looks at the nature of attitudes and their measurement.
- Module 7 looks at questionnaire construction and development. Particular attention is given to question content, question phrasing, kinds of response format, question sequence, question layout, pretesting and revising.
- Qualitative research methods are outlined in Module 8. Focus-group discussions, individual depth interviews and projective techniques are considered.

- Module 9 looks first at observation as a research method and then at experimentation. Details of many different experimental designs are given. The module also looks at test marketing both in the market place and under simulated conditions.
- Module 10 examines data interpretation and the various tools of quantitative data analysis. A wide range of statistical methods is examined. It is presupposed that the reader is familiar with statistics at an introductory level.
- Module 11 presents an aspect of marketing research that is not usually discussed in a textbook of this kind. Qualitative data analysis is an important dimension to marketing research. The module looks at a variety of tools and methods which can assist in the analysis of qualitative data.
- Module 12 discusses evaluation reports and their presentation. Emphasis is placed on the use of information technology to help prepare and present good reports.
- Module 13 looks at a variety of examples of applied marketing research, including product research, segmentation research, competition research and promotion research.
- Business-to-business marketing research, services research and research for internal marketing are the subject matter of Module 14.
- Global marketing research is the subject matter of Module 15.
- Module 16 discusses marketing decision-support systems. Among the most interesting developments here are applications of neural network software as expert systems.
- Further case studies are included to promote thought on how marketing research as an entity can be applied in practice.

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Tony Proctor

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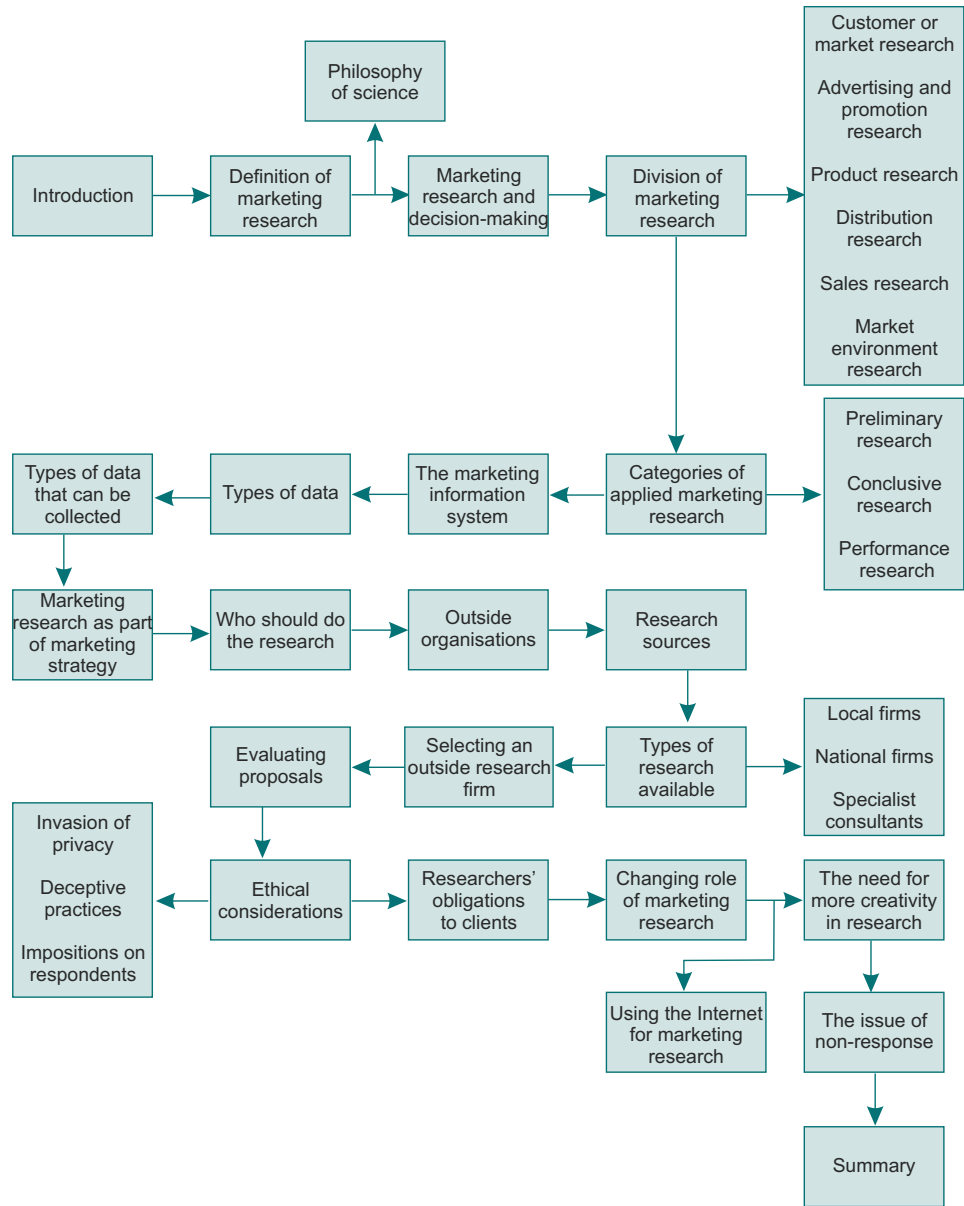
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Plan of Module I

## Learning Objectives

After reading this module you should be able to:

- define marketing research, understand the philosophy of science and understand how marketing research relates to marketing decision-making and planning;
- appreciate the major divisions of marketing research and how it is part of marketing strategy;
- understand the role played by marketing research agencies and the kind of services they provide;
- be aware of the ethical issues involved in marketing research;
- be aware of how the Internet can be used in marketing research;
- appreciate the need for creativity in marketing research;
- appreciate the problems created by non-response in marketing research.

## Key Words

- risk reduction
- market research
- customer research
- preliminary research
- conclusive research
- performance research
- primary research
- secondary research
- quantitative research
- agencies
- in-house research
- research proposal
- ethics
- creativity

## 1.1 Introduction

Marketing research aims to take some of the risk out of marketing decisions by providing information that can form part or all of the basis of decision-making. It is applicable to all aspects of marketing-mix decisions and should be an integral part of the process of formulating marketing strategy. Marketing research can help in a variety of studies and makes use of both primary and secondary data sources. It can be conducted either in-house by a firm's own staff or by outside marketing research companies that specialise in marketing research activities. Outside research companies, or agencies, offer a wide range of services, ranging from off-the-peg studies to tailor-made studies to meet the needs of individual clients. As is the case with many other services involving obtaining information from firms and members of the public, ethical considerations are an important issue. In a rapidly changing environment the need to come up with new ideas is also extremely important, and priority needs to be given to introducing creativity into marketing research.

## 1.2 Marketing Research: A Definition

Peter Chisnall<sup>1</sup> points out that although the term ‘market research’ is now largely used as a synonym for ‘marketing research’ there was originally a distinct difference between the scope of the activities they covered. Some confusion has been caused by the term ‘market research’ being rather freely used to describe the full range of activities properly covered by marketing research. Chisnall notes, however, that market or marketing research is essentially about the disciplined collection and evaluation of specific data in order to help suppliers understand their customer needs better. Moreover, since decision-making necessarily involves some element of risk, the collection and evaluation of such data should be used to reduce and control, to some degree, the parameters of risk surrounding particular marketing proposals.

### **Marketing research as defined by the American Marketing Association**

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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.

Source: AMA.<sup>2</sup>

Any definition of marketing research has to take account of the changing role of research in modern marketing. Marketing research connects the consumer, the customer and the public to the marketer through the medium of information. This information is used to distinguish and define marketing opportunities and threats or problems. It is also used to create, improve and assess marketing actions and to monitor marketing performance. It also helps to improve understanding of marketing as a process. Marketing research identifies the information required to address these issues. It comprises methods for collecting data, analysis of the data collected and its interpretation, and communication of the findings and their implications. It takes account of past experience, the present situation and the likely future so that marketing executives can make sound decisions.

This definition of marketing research underlines the role of research in all phases of marketing, assisting and guiding the marketing efforts of the organisation (*see* Figure 1.1). Marketing research involves more than studies of specific problems or specific situations, for it prevents problems arising in the first place. There is a need for marketing research to be at the centre of decision-making.<sup>3,4</sup> It is a fact-finding and forecasting function that is used by all phases of marketing and even by other functional aspects of an organisation.

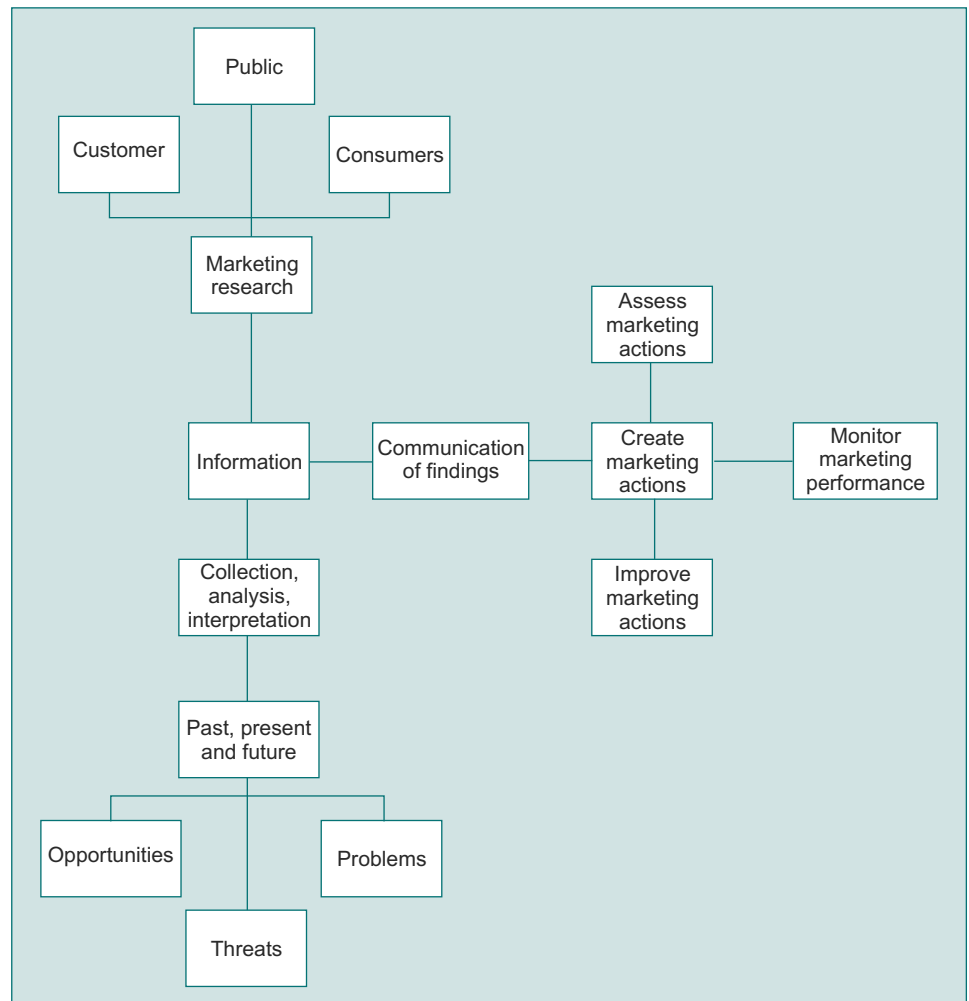


Figure 1.1 Role of marketing research

### 1.3 Philosophy of Science

All academic research is said to be grounded in a philosophical perspective. Easterby-Smith *et al.*<sup>5</sup> provide a useful summary as to why a philosophical perspective to any research study is important. For example, it can help to clarify research design in terms of its overall configuration, what kind of evidence is gathered and from where, and how this can be interpreted to provide answers to the question(s) asked. It can help recognise which designs are likely to work and which will not, and also highlight limitations of particular approaches, it can help the researcher identify research designs which may be outside his or her past experiences.

There continues, however, to be a great deal of debate among academic researchers around the most appropriate philosophical position from which methods of research should be derived. In this instance the competing schools of *thought* are often described as *positivist* and *phenomenological*. These schools of thought are perhaps best viewed as extremes on a

continuum. Each school has its own set of assumptions and a range of methodological implications associated with its position. However, there is a danger of oversimplification if this distinction is taken too literally. It is important to recognise that rarely does any piece of research work fit neatly into a particular school of thought. Rather a piece of research tends to subscribe to a particular school of thought.

The researcher's methodological, epistemological and ontological premises can be termed a paradigm or interpretive framework that basically encompasses a set of beliefs that guide the research action. This comprises:

- *Methodology* – focuses on how we gain knowledge about the world.
- *Epistemology* – asks: how do we know the world? What is the relationship between the inquirer and the known? (It is concerned with how things can be made known to the researcher.)
- *Ontology* – raises basic questions about the nature of reality. (It is concerned with assumptions about the kind of things there are in the world.)

Research methodologies will differ according to both their ontological and epistemological assumptions, though generally there are two types of research methodology:

- positivist
- phenomenological

### 1.3.1 Positivism

Positivism is a more dominant approach in natural science and is concerned with causal explanation such as patterns and regularities in events. As such, this is an important methodology in the social sciences and particularly in business research. Within a positivist methodology the ontological assumptions view the social world as an external environment, where definite structures affect people in similar ways, and where people understand and react to these structures in similar ways. The epistemological assumptions in this approach are that the researcher is independent of what is being researched and their role is to observe and measure social structures. A positivist approach is therefore deductive in nature – for example, taking a theory from literature and researching it to confirm or refute the proposition.

### 1.3.2 Phenomenology

Phenomenology is the main alternative to the positivist approach in social research and is an interpretivist methodology. The ontological assumption here is that people are not passive in simply responding to structures but instead reality is itself socially constructed. The epistemological assumption is that the researcher interacts with the subjects of the research, and that his or her role is to understand people's interpretation of events rather than the events themselves. The focus with this approach is to discover meaning rather than measurement. A phenomenological approach is therefore inductive in nature, as the investigation will guide the construction of a theory.

To fully understand the traditions of each school of thought, and its theoretical basis, is a significant field of study in its own right and is beyond the scope of this piece of work. To gain a fuller appreciation of the theoretical foundations of each school of thought see Allison *et al.*,<sup>6</sup> Bekesi<sup>7</sup> and Embree.<sup>8</sup>

It is an important consideration that the research study and its findings are fully accepted by its target audience, if it is to have any actionable value. A positivist approach will help to overcome some of these reservations given that this approach is widely adopted in this environment as a means of research. Allison et al. argued that positivism and phenomenology are in fact complementary rather than incompatible, and that there are many similarities between the two schools of thought. Hannabuss,<sup>9</sup> citing the work of Gummesson,<sup>10</sup> provides a useful summary of the differences between a positivistic and a hermeneutic approach. The positivistic approach stresses rules by which we can explore and explain phenomena objectively, defining valid knowledge and inquiry in scientific terms. It focuses on description and explanation. There exist clear distinctions between facts and values, rationality and logic, statistical techniques and detachment, and explicit theories and hypotheses.

Academics agree that there is no research method which is the most appropriate for all research problems. Each research study has its own distinctiveness, assumptions, bias and degrees of usefulness. It is generally argued that the choice of research design imposes intellectual and practical constraints on a researcher in terms of reliability, validity and generalisability.<sup>11</sup>

## 1.4 Marketing Research and Decision-Making

There are elements of uncertainty and risk attached to all business decisions and the main difficulty is how to reduce the risk involved in the choices that are made. Common sense suggests that the availability of good information reduces the risk. After all, having perfect information all the time would make the job of exercising choice much easier since there would be no risk in making marketing decisions. Correct answers to such questions as how much to spend on advertising and what message should be contained in the advertising would always be known.

The first step in the decision-making process is the identification of needed information. Incorrect specification of requirements will provide only useless information, so it is necessary to ensure that the specification is correct. Poor or misleading information not only costs time and money but also generates confusion, chaos and badly informed decisions. One must determine what information is needed to make a particular decision. Next, consideration has to be given to whether the information can be obtained within a reasonable time and at a reasonable cost, and whether one can afford to spend both the time and the money to obtain it.

Information used in the right way can be a powerful aid to marketing. A competitive advantage can be achieved with the help of accurate, relevant information since it helps marketers make better decisions. Inaccurate, irrelevant information is both misleading and dangerous in the extreme.

## The potential benefits of market research

Plastics chemist Graham West thought marketing was an expensive exercise in woolly thinking.

He is the managing director of Belgrade Insulations, a plastics and vacuum-forming company based in Wellingborough. In 1991 a Department of Trade and Industry official called to talk about the department's Marketing Initiative to help smaller businesses write a marketing plan. As a result of changes partly inspired by the programme, West says: 'I realised I had been lacking direction for years. We had been simply unable to look for markets where we could apply the company's skills.' A recent study by the Marketing Council and Warwick Business School looked at companies, including Belgrade Insulations, that had taken part in the DTI scheme. It found that some simple marketing tasks had fostered significant sales growth.

John Stubbs, chief executive of the Marketing Council, thinks the findings should encourage personal business advisers at Business Links, the government-led support service, to think hard about how to help sharpen marketing skills.

West had been running his own company for 20 years without a thought of marketing. In 1991 the building industry, to which he supplied a variety of products including lids for cold water tanks, 'stopped dead'. Worse, Belgrade Insulations was dependent for at least 60 per cent of its sales – and 'far more' of its profits – on a single customer. The company had a healthy balance sheet, with no borrowing, but turnover seemed to have plateaued at about £3m – producing pre-tax profits of about £230 000.

West hired a sales development manager. But he already had a sales executive. 'All I had done was put another man in the field with a scatter-gun approach. We had to look outside the building industry, but we did not know where.'

So West was receptive when he heard about the DTI scheme. A marketing consultant was allocated to him and spent part of two or three weeks producing a report. The government paid half the consultant's fee. 'He was very sharp. He could see our problems and didn't talk down to us. But he probably went too far. There was such an enormous list of things to do.' More pertinently, the report assumed marketing knowledge. 'It didn't quite get us off the ground.'

Shortly after, attracted by cheap training, he took part in the Investors in People scheme, one of whose consultants had a marketing background. Building on the DTI report, West says: 'We sat down and identified the company's strengths and weaknesses and what we could bring to the table that our competitors could not – which was actually very little.'

The car components industry looked relatively promising – and, unlike the building trade, was still ticking over, in spite of the recession. A telephone survey was conducted, and West followed up every inquiry, however small – 'odds and ends, orders no one else wanted'.

At the same time, West decided that he needed to bolster research and development capabilities, and hired a pattern maker who could concentrate on developing prototypes from the new customers' requests. Some sizeable orders materialised. 'I have to say we lost money on the majority, but we had gone up a very steep learning curve. The ideas were tumbling out.' Now the company could produce a prototype in a week or less – rather than the month or two it had previously taken.



Eighteen months ago West brought in a full-time marketing man with a brief to hunt out growth industries where the company's skills – including its sharper research and development capabilities, could be used. In addition to car components, Belgrade Insulations is now selling to the leisure industry, to heating and ventilation companies and to the general engineering sector. It has recently focused on waste disposal as another growth area where it is working with customers to fashion new products. 'We can charge whatever is the going rate, we are not beholden to one customer.' The company to which West was once selling 60 per cent of his goods now accounts for less than 25 per cent of sales, and he hopes that will reduce further as expansion continues elsewhere.

In the year to August 1996 pre-tax profits rose to about £500 000 on sales of £4.8m, and he is aiming for sales of £7m by 1999. Belgrade Insulation's financial strength, its R&D skills and, as West puts it, the 'team effort', have played a crucial role in its development. But it was some simple marketing, he reckons, that really awoke the business.

Source: Katharine Campbell.<sup>12</sup> Reprinted with permission.

## 1.5 Divisions of Marketing Research

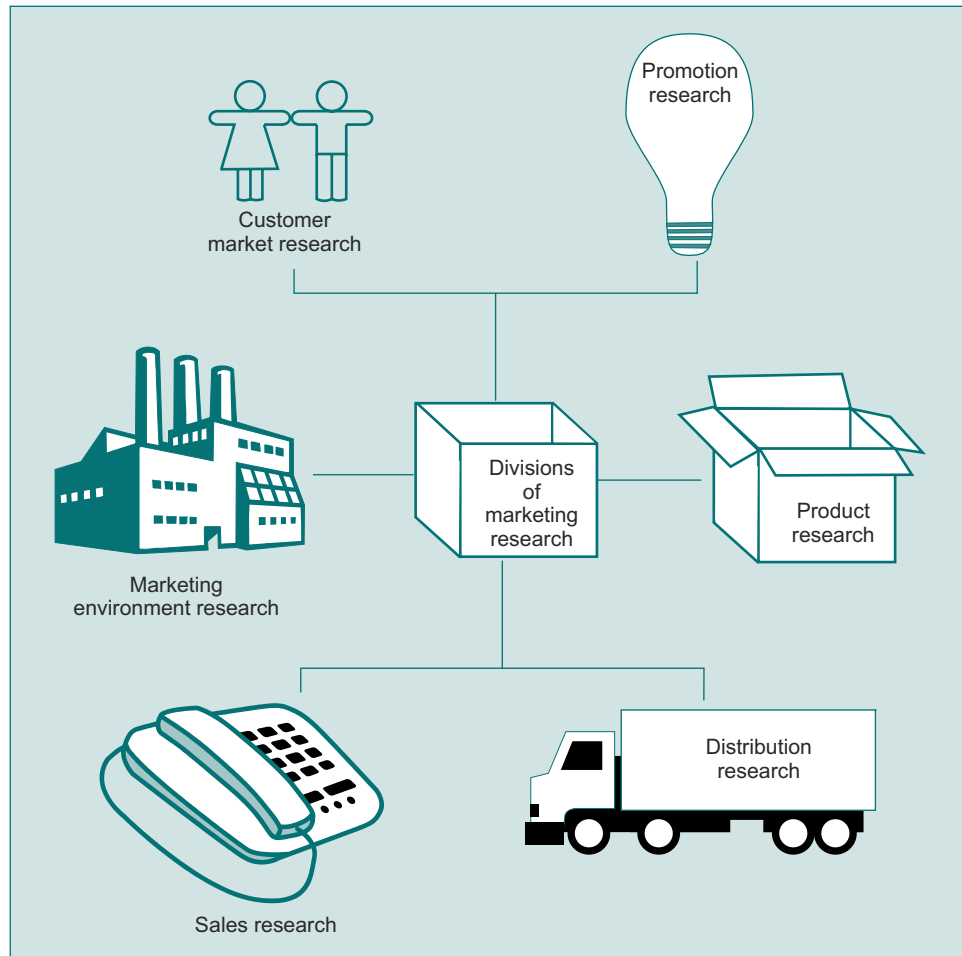
Marketing research has developed a number of broad divisions covering the range of problems and decisions with which executives have to deal. These are indicated in Figure 1.2.

### 1.5.1 Customer Market Research

Customer market research can produce quantitative facts about particular markets and market segments – for example, the size of the market both in terms of unit sales and value. When this data is collected over time it allows one to identify trends and helps to predict future sales. It can also provide information on where customers are located, their spending patterns, earnings and their credit worthiness. It can also explain why customers prefer one brand to another and what price they are willing to pay. Market research can also provide information about market share of all the firms operating in a market or market segment.

#### **Customer market research provides information on:**

- market and market segment sizes
- trends in the market which can be used for forecasting
- brand shares
- customer characteristics and motivations
- competitors' brands shares



**Figure I.2 Divisions of marketing research**

## 1.5.2 Advertising and Promotion Research

Advertising research measures the success of advertising campaigns in relationship to their objectives. It also helps users of advertising in selecting the most appropriate promotional media and methods that are likely to produce the most effective results. Advertising research can provide information on which medium is most likely to reach the target audience for specific campaigns. It also provides information about what messages are most likely to appeal to the target audience. Research also helps in the process of evaluating in advance the likely impact of a campaign by testing out advertisements on a limited scale. Through tracking studies the effectiveness of a campaign can be monitored at all stages of its implementation.

**Promotional research provides information on:**

- the most suitable method of promotion
- the most suitable copy and campaign material
- the most suitable media to use
- the effectiveness of the communications in achieving objectives

### 1.5.3 Product Research

Product research helps to find additional uses for existing and potential products or services. It also helps, in the case of new product ideas, to test out the product concept with potential users and purchasers before the expensive process of product development. If a product concept is found to be sound and is then developed, product research can test the product out on potential users before the launch. This latter information can be used to remove any apparent design faults in a product. Product research helps to provide an effective assessment of the strengths and weaknesses of a product or service in comparison with competitors' products or services. Research also provides information on the appropriate packaging of a product, helping to design it in such a way as to promote the image of the product (or service).

**Product research provides information on:**

- opportunities for new product development
- product design requirements
- comparative performance vis-à-vis competitors' offerings
- packaging

### 1.5.4 Distribution Research

Research helps to find the best channels of distribution for a product and helps in the selection of distribution channel members. With regard to physical distribution, research indicates the best sites for warehouse and retail locations.

**Distribution research provides information on:**

- suitable distribution methods
- the appropriateness of channel members
- the best location for warehouses and retail outlets

### 1.5.5 Sales Research

Sales research helps to assess and measure the effectiveness of different methods or techniques of selling. It helps to ensure that sales patches are roughly equivalent in size so that sales staff are not unfairly discriminated against when it comes to setting sales targets. Sales research provides information on the suitability of remuneration methods and levels for motivating the sales force. Research is also concerned with sales training and can provide extensive feedback on the quality of sales presentations made by sales staff.

**Sales research provides information on:**

- the effectiveness of sales methods and techniques
- establishing sales territories
- the adequacy of remuneration methods
- sales training requirements

## 1.5.6 Marketing Environment

This division of marketing research examines the political, economic, social and technological influences which may have an impact on a firm's marketing operations.

In the case of the political aspect of the environment, changes in government can affect trading conditions and these need to be anticipated on a worldwide basis. Clearly, the economic climate within which a business operates exerts an effect. These effects may be temporary or more permanent. Attention has to be given to such influences when planning, and research helps to assess the impact of political and economic factors.

Social influences can also have a substantial impact on some businesses. Population explosions or declines directly influence the demand for certain goods. Research provides information on which factors are relevant and how they impinge on the organisation's activities.

Technological influences can have a sudden and dramatic impact on the fortunes of a business. A sudden technological breakthrough can make currently successful products and processes obsolete in a very short space of time. Research can monitor technological progress and provide advance notice of new developments.

### **Market environment research provides information on:**

- political influences
- economic influences
- social influences
- technological influences

## 1.6 Categories of Applied Marketing Research

### 1.6.1 Preliminary Research

Preliminary research is often necessary before a final statement and definition of a problem can be agreed upon. For example, someone may come up with the idea for a new service. Preliminary research may concern such matters as whether the market for such a service is regional or national, who would use the service, and what substitute services people use. Answers to these kinds of questions can help to define the nature and scope of more complete research.

A review of earlier research may be helpful. It is possible, for example, that the suggestion put forward as an idea for a new service has been previously researched. There may even be already published sources of information that can provide pertinent information. Government publications might mention the service, for example, or some trade publication may have mentioned it and even considered its use.

### 1.6.2 Conclusive Research

Conjectures or hypotheses are developed in the preliminary research and in the course of defining the marketing problem. Conclusive research is carried out to produce evidence to support these hypotheses. In conducting conclusive research, a thorough search of already published data is made. Fieldwork may also be conducted.

### 1.6.3 Performance Research

Performance research is concerned with assessing how well recommended marketing actions are being carried out and what benefits in terms of objectives set are being realised. Performance research monitors the effectiveness of marketing management. It questions the definition of the problem that has directed the work to date. It makes one review whether a new study is desirable because certain questions remain unsatisfactorily resolved.

Marketing research provides information for marketing decision-making and problem-solving and may thus be regarded as part of the marketing information system. In the last module in the book we look in detail at the marketing information system. However, because of its relationship to marketing research we introduce the subject in this module.

#### Small business ideas and studying the local market

When you have got some idea of the national market for your idea and some insights into the most suitable openings that relate to the activities in which you are interested, the next step is to study possibilities in the local market.

You need to immerse yourself in the environment. Start by making a tour of the streets in the town and the town's commercial centres. Note the neighbouring kinds of businesses, particularly those that offer similar or complementary kinds of products or services to those you want to offer. Take note of the kind of clientèle they attract.

This study will give you a better understanding of the neighbourhood. You can then find out from your local Chamber of Commerce how long certain kinds of businesses on particular streets have been there – a good indicator of your own particular chances of long-term survival. You may also find out what kind of businesses have been unsuccessful either in general or in particular areas and, more to the point, why this has been the case.

Source: Rebondir.<sup>13</sup>

## 1.7 The Marketing Information System

Marketing information systems have been around for a long time – conceptually, there is nothing particularly new about them. The original ones were paper-based systems in which summarised information was stored in large banks of filing cabinets. In comparison with current notions of information systems, the early paper-based systems were relatively inefficient. With the advent of computers, particularly desktop computers, the opportunity developed for marketing information systems to become more sophisticated and efficient.

A marketing information system is a way of systematically gathering and giving helpful marketing information to the right people on a continuous basis and at the right time. Since information needs, sources and costs alter with time, a review of any information system is desirable from time to time. Such a review should specify individual people's information requirements, at what times information is required and where it can be found.

Marketing managers use many different types of information and there are many ways of putting together a marketing information system. The required information can be classified in a number of different ways. One way of classifying the information is:

- internal information
- external information
- position information

- decision information
- forecast information

Internal information is made up of sales reports, sales analyses and cost analyses related to sales. Most of the raw data already exists within the organisation and needs to be processed or analysed so that it becomes helpful information. An information system facilitates this process.

External information refers to the size, structure, trends, opportunities and threats in the environment. It also includes information on competitors and customers, both existing and potential. Employees, customers and distributors contribute this form of marketing information.

Position information is created by combining internal and external information. For example, one might combine the enterprise's sales and the overall sales of the enterprise and its competitors in the market to calculate market share. In a similar fashion, internal strengths and weaknesses can be compared to those of competitors to find competitive advantage, unique selling points, and whether any competitive advantage is sustainable.

Decision information results from various analyses, which can involve mathematical and statistical treatment of data.

Forecast information can be based on either subjective opinions, ascertained by survey, or on statistical analysis of trends.

Some of this information can be obtained cheaply, while other forms take time to gather and analyse. There is a trade-off between the value of information and its cost – in terms of time and money. Executives must know which information affects which decisions and which information is essential.

## 1.8 Types of Data

Research can be categorised into primary and secondary; and qualitative and quantitative. Primary research is usually carried out for the specific use of a client company or even by the company itself. Secondary research makes use of research already carried out by someone else for some other purpose.

Quantitative research produces numbers and figures – such as numbers and percentages of consumers who are aware of particular products or services. Qualitative research, on the other hand, provides data on why people buy – what motivates them to buy – or their impressions of products, services or advertisements. Both forms of research produce information on markets, competitors, distributors and customers. For example, reports provide information on markets, their size, structure, key producers and distributors, their market share, trends and prices. They also provide information on behaviour, attitudes and intentions.

In the case of consumer goods, retail audits measure market sales, week by week or day by day, competitor's sales, market shares, prices, special offers and stock levels. Customer surveys use structured questionnaires to assess, among other things, customer attitudes, levels of awareness, intentions to purchase and actual purchases. Qualitative research techniques, such as focus groups and in-depth interviews, obtain data on customers' opinions, motivations, perceptions and reactions to marketing-mix variables and changes in the variables – for example, price changes. Customer reactions to the marketing-mix

variables can be observed and assessed by simulated test markets and real test markets. Consumer panels provide information on customer lifestyles, media habits and consumption patterns.

In the case of industrial or business goods, many of the same kinds of data are sought after, as in the case of consumer research. Research methods vary slightly but there are many commonalities between the two.

## 1.9 Types of Data that Can Be Collected

When looking at consumer markets, it can be observed that various factors influence the way people purchase goods and services. These factors can be classified as cultural factors, personal characteristics and psychological variables. For example, people tend to belong to certain social groupings and are influenced by the motivations and values of the group to which they belong. Social status, family and friends all influence people's buying decisions. Culture influences what people do and what they buy. Personal factors include age, income, job, lifestyle, personality and self-concept. Changes in any of these factors may exert an influence on purchasing behaviour. Income and lifestyle, for instance, affect both the buying process and the eventual choice of goods people make. Finally, psychological factors influence individual buying behaviour and how people respond to promotional methods. Psychological factors include perception, motivation, attitudes and learning.

### Measuring customer loyalty

Measuring customer loyalty is not only a means of identifying a target audience for marketing programmes, but it also facilitates assessing the performance of implemented advertising and promotion strategies. In order to measure customer loyalty, information is required on, for example, the frequency of purchase, the value of purchase and its contribution to total revenue. In assessing the impact of a marketing campaign, the difference in these factors has to be weighed against the cost of their implementation.

This information is already available to a retailer through its EPOS scanning terminal. More specific customer information can also be obtained by issuing shoppers with a card and PIN. Purchase information can then be recorded each time customers pay at the checkout. This kind of information is quantitative in nature and not qualitative. It will show the trend in consumer behaviour, but it cannot explain it. Explanations can only be obtained through consumer surveys and interviews.

Source: Samways and Whittcome.<sup>14</sup>

#### Psychological factors influence individuals' responses

- People perceive advertisements in a particular way.
- People see only a few of the hundreds of advertisements they encounter each day.
- People only *remember* some of the advertisements.
- People hold particular *attitudes* and *learn* new ones.
- People *learn* about new products and new benefits.

Marketers need to become familiar with people's perceptions, values, attitudes, beliefs, the way they learn, and their needs and wants. Through the use of this information marketers can influence customers' buying behaviour. Marketers must also know how social,

personal and psychological factors can influence customers' buying behaviour so that they can use this information to good effect in the marketing of products and services.

## 1.10 Marketing Research Is a Part of Marketing Strategy

Marketing strategy involves implementing well-thought-out plans. The plans themselves should involve a sequence of soundly informed and executed steps. Much of the information used as a basis for the planning can be provided by marketing research. Here is a simplified list of the steps involved in planning:

1. Establishing company goals and assessing how the firm has departed from these goals in the past.
2. Deciding which products or services best contribute to the likely attainment of these goals.
3. Establishing the minimum market share required for specific products or services to produce a satisfactory profit and return on investment.
4. Determining a pricing strategy that will best lead to the required profit and return on investment.
5. Forecasting sales demand over the planning horizon.
6. Deciding on the best distribution channels to produce continuous satisfactory sales and profits.
7. Deciding on the best promotional strategy to produce the desired sales and profits.
8. Anticipating problems that may arise as these decisions are implemented and setting out contingency plans to meet any of the anticipated problems.

Marketing research has a role to perform in all of the key decisions that affect the direction an organisation takes.

## 1.11 Deciding Who Should Do the Research

Research may be undertaken by a firm's own research staff alone, given to an outside agency to perform, or some combination of both of these options. Where both an outside agency and internal personnel undertake research on the same problem, consultation between the outside agency and internal personnel is essential. Handing over a complex study completely to an outside firm can be fraught with problems. On the other hand, allowing internal personnel to have too much of an input may prevent new and useful insights emerging. The research proposal should identify who should do what.

Where company personnel are used in the research, even though a competent agency has been hired, there are several advantages to be gained. Using people from departments that will be affected by the study will help 'sell' the results. Using company personnel can also direct and redirect the progress of the study into the most useful and profitable areas. Using people from departments other than marketing will educate them about the ways and benefits of marketing research.



## 1.12 Need for Assistance from Outside Research Organisations

In recent years there has been a trend towards using outside suppliers. This has probably occurred because of the more complex and sophisticated research techniques that have recently been developed and the fact that people in organisations do not usually have the necessary skills for these techniques. Computerisation has produced ways of finding and analysing information that could not have been dreamed of only a few years ago. While computers have been adopted almost universally, their use for marketing research has developed as a specialised field of knowledge and few firms have developed this expertise for themselves. Companies are also reducing their middle and top management staff. For financial reasons, many companies believe that an outside research firm can perform market research better and more cheaply than the companies' own personnel. Because of the wealth of information now available to clients on a continuing basis from agencies that specialise in gathering, analysing and reporting information, it is too costly and time-consuming for any single company to attempt to collect such information itself. The use of outside firms is desirable when confidentiality is of paramount importance. This is very important where knowing the company and its products has an effect on the responses given by subjects participating in the research.

## 1.13 Research Sources

Outside research firms specialise in one or more forms of research assistance, and relatively few firms can offer all methods with equal expertise. The specialised research assistance that can be given is as follows:

- mail surveys
- personal interview studies
- telephone studies
- panels
- omnibus studies
- sampling
- focus groups

Specialisation in overall marketing measurements might include the following:

- test marketing
- scanner test marketing
- controlled test marketing
- simulated test marketing

There are also research firms that specialise in the problems of market segmentation, customer/prospect databases, advertising media studies and audience studies.

## 1.14 Types of Research Available

A number of types of marketing research are offered by specialist agencies:

- *Custom-designed studies.* These studies are designed to meet the specific needs of the buyer.
- *Syndicated studies.* These are ongoing surveys conducted continuously or periodically, using the same basic data, that are reported separately to multiple clients. The reports can be adjusted to meet the needs of the client.
- *Standardised studies.* These are studies based on a method of doing things (usually a unique method) such as copy testing, simulated test marketing, or setting up a consumer panel or an omnibus study. Special equipment or facilities may be a built-in part of the service.

Outside agencies offering research may be categorised according to their type and location.

### 1.14.1 Local Firms Offering Special Types of Assistance

These firms may specialise in interviewing, mall intercepts, telephone research, etc. They may take on special local assignments for large, nationwide research companies. Such firms often offer facilities for focus and other types of research groups and may handle research other than their specialities.

### 1.14.2 National Research Firms

Agencies of this kind may be able to do almost all forms of marketing research. The companies often offer consulting in marketing and even general management. They also may offer computer-based information for use in databases, marketing strategy decisions and the like.

### 1.14.3 Consultants in Various Specialities

These firms may consult and advise about packaging, advertising and personnel problems. They also may offer to do some research relating to their specialities. These firms may have a major field of interest, such as engineering or electronics. The research offered by consultants can include necessary outside studies, both marketing and technical.

## 1.15 Selecting an Outside Research Firm

In the case of selecting an ongoing research service, the buyer must think not only of the dependability of the research method offered, but also whether the research firm is likely to stay in business. For services with standardised procedures, the crucial element is whether the concept of the procedure selected can produce the information deemed necessary. Quality of work is important but the probability is that a research firm would not still be in business if the quality of its work were poor.

In selecting an outside agency account should be taken of the degree to which an in-depth knowledge of the employing company and its field is required and the agency's skill in the type of study to be undertaken. An outside agency often needs some weeks of training or instruction about the company and its marketing problems before it can understand what the client requires.

**Steps in choosing a research firm**

1. Check sources for finding names of research companies.
2. Compile a list of firms and decide on two or three that appear to be the most promising.
3. Contact the research firm in writing, giving as full a description as possible of the problem.
4. Arrange an interview with the research firm, preferably in its office.
5. Find out more about the research supplier and about its previous clients.
6. Explore how the research firm prefers to work with clients.
7. Ask for a written proposal.
8. Come to a clear understanding that further discussions may change the proposal in some ways.
9. Agree about who will be the prime contacts between client and researcher.
10. Make it clear to a firm submitting a proposal that proposals from other firms are also being considered when this is the case.

## 1.16 Evaluating the Proposals

In evaluating proposals one should consider the factors shown in the box.

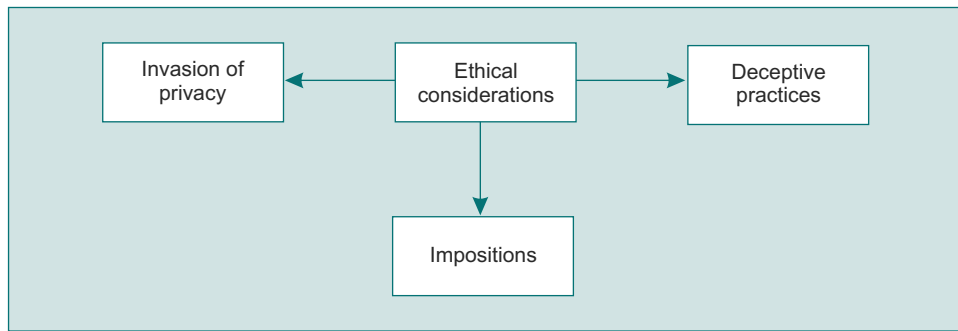
**Factors to consider when evaluating proposals**

1. Whether the proposal shows an understanding of the problem and its marketing implications.
2. The nature of the organisation undertaking the research and the skills the researchers possess.
3. Whether the total price is reasonable and acceptable. Whether there are large price differences among different proposals and, if so, whether they signal different assumptions by different firms.
4. Whether the proposal contains a procedure for changes if they are required and whether this procedure is acceptable to the client.

## 1.17 Ethical Considerations in Marketing Research

Coinciding with the rise of consumerism and equal rights legislation, people have become more assertive of their rights, especially in the market place. An increased concern for privacy, a reluctance to be used as guinea-pigs for new products and an increased reluctance to accept research claims for new products in advertisements characterise the new outlook of many consumers.

In applying the term 'ethics' to marketing research, it is assumed that ethics involves the assessment of an action in terms of that action being morally right or wrong. Each society possesses standards to which it expects its members to adhere. Sometimes, these standards are quite precise and there is little dispute about their meaning. At other times, however, these standards are quite general and can be interpreted in different ways. The area of greatest concern is marketing researchers' treatment of participants. The abuses that arise in this area tend to fall into three broad categories: invasion of privacy, deceptive practices and impositions (*see* Figure 1.3).



**Figure I.3 Ethical considerations in marketing research**

### 1.17.1 Invasion of Privacy

Invasion of privacy is not an issue that is unique to marketing research. It also occurs in many other aspects of business and has heightened people's sensitivity to the privacy issue. However, actually defining when a person's privacy is invaded may be difficult. For example, is observing the actions of a shopper in a supermarket an invasion of their privacy? Is questioning a person about their income, product use or future purchase plans an invasion of privacy?

Up to the present, it has been felt that observing a person's public actions (e.g. shopping in a supermarket) does not infringe on their privacy. It is also maintained that information willingly provided by respondents in a survey does not constitute an invasion of privacy, since the person's participation implies their consent. However, questions are currently being raised about whether many respondents in surveys appreciate when they are in situations where they must provide information (as is the case in government census studies) and when they are in situations where they have a real choice of whether to provide information. Since there is no widely acceptable definition of privacy, the invasion of privacy issue is of considerable concern for marketing researchers.

### 1.17.2 Deceptive Practices

It is a deceptive practice when a researcher misrepresents the purpose of the research, its sponsorship, its promises of anonymity, the amount of time required to participate in the research, or inducement for participating in it. Perhaps the most notorious deception is obtaining a sales pitch under the guise of marketing research.

An operational definition of deception in marketing research may be difficult to make with absolute precision. A code of ethics should, however, clarify what actions might be considered acceptable practice.

#### **A code of ethics – is there a breach of ethics involved?**

- A potential telephone respondent is told that the questioning will only take a few minutes, when it takes twenty minutes.
- Return envelopes in an 'anonymous' mail survey are coded so that respondents and non-respondents can readily be identified in order to save money when sending out second requests.

### I.17.3 Impositions on Respondents

Here we are looking at actions by researchers that show a lack of concern for the participants. Under this heading are such actions as contacting respondents at inconvenient times, wasting participants' time because of inappropriate research, and poorly prepared interviews.

#### **Ethical considerations in taste-testing with drugs**

The Market Research Society makes no reference to the testing of medicines in its Code of Conduct. Butterworth's Law of Food and Drugs details the requirements for clinical trials of the efficacy of products, but does not provide any definition of requirements for the testing of other aspects of pharmaceutical products such as flavour acceptability. Indeed, there are no real guidelines for taste-testing pharmaceuticals. The responsibility for designing safe consumer research resides with the agency doing the work. Moreover, providing an agency takes sufficient steps to ensure the safety of the research protocol, responsibility for the safety of the actual product and product ingredients lies with the manufacturer.

Increasingly, over-the-counter medicines are becoming more important to pharmaceutical firms. Manufacturers can increase sales and market share by improving the appeal of their products to consumers. There is an increase in research activities into the reformulation of products to achieve better taste characteristics and subsequent testing with consumers to investigate preference or prove claims made about taste. Nevertheless, this type of research produces ethical concerns since many of the products tested contain active drugs. However, the issues involved in showing that one product is preferred to another in terms of taste are completely different from clinical trial issues.

Reading Scientific Services Ltd (RSSL) is a multidisciplinary scientific consultancy providing research and analytical services to the food, drink, consumer goods, chemical and healthcare industries. It has expertise in both routine and investigative pharmaceutical analysis including sensory evaluation and consumer research. When conducting consumer research on pharmaceutical products the dose each respondent receives has to be limited. In practice this means controlling the amount and number of products tasted. Prescreening of product prototypes is essential in order to ensure the selection of the best samples to research with consumers. Sensory evaluation, making use of trained panels, is an efficient way of prescreening. Panellists are selected for their taste sensitivity and are trained to describe and measure flavour and mouthfeel characteristics. Results of the sensory evaluation are used to make sure that only prototypes that seem to have the required range of flavour and mouthfeel characteristics are taken forward to the stage of consumer research. Moreover, because sensory evaluation gives an objective and precise description of the flavour and mouthfeel characteristics of each product, the task of consumer research is simplified to preference judgements and opinions about key product characteristics. At the same time the dose administered can be kept to a minimum.

Nonetheless, consumers must give their 'informed consent' to take part in such research and interviewers must explicitly inform respondents of any restrictions or exclusions. Respondents must also read and sign a consent form which states the restrictions and tells consumers of the nature of the research. If appropriate, a GP supervises the tasting sessions.

Source: Tracey Sanderson.<sup>15</sup>

Ethics is also involved in the type of marketing research carried out and/or whether it is carried out in an ethically correct manner. When the research involves the testing of products which might have potentially dangerous side effects on consumers, considerable care has to be taken to ensure that procedures adopted are ethically acceptable and that they are not open to criticism.

## 1.18 Researchers' Obligations to Clients

As well as ethical obligations to respondents, researchers also have obligations to their clients. Among the obligations are:

- *Methods used and results obtained must be accurately represented.* Researchers must use effective research procedures in obtaining and analysing the data. There is also an obligation to tell clients when they make ill-advised research requests. The researcher must also inform the client of any critical weakness or limitation in the collected data, especially those that could lead to major errors if the information is acted upon without reservation.
- *The client's identity as well as the information obtained must be held in confidence.* Any actual or prospective client approaching or using a research firm has the right to expect that what is revealed to that firm as part of this relationship is confidential.
- *Research should not be undertaken for competition if such research will jeopardise the confidential nature of the client–researcher relationship.*

### 1.18.1 ICC/ESOMAR Code

This is a professional code of practice for market researchers, published by the European Society for Opinion and Marketing Research (ESOMAR). It is based on the following eight principles:

- Personal data has to be processed fairly and lawfully.
- Personal data has to be obtained only for lawful purposes and should not be processed in any manner that is incompatible with such purposes.
- Personal data has to be adequate, relevant and not excessive in relationship to the purpose for which it is being used.
- Personal data has to be accurate and up to date where this is appropriate.
- Personal data should not be kept on file any longer than is necessary for the purpose for which it was acquired.
- Personal data has to be processed in accordance with the requirements of the Data Protection Act (see below).
- Appropriate technical and organisational measures have to be in place to prevent unauthorised or unlawful processing of personal data, and to protect it against accidental loss, destruction or damage.
- Personal data should not be transferred anywhere outside the European Economic Area unless there are preventive measures in place to ensure the rights and freedoms of data subjects in relation to the processing of personal data.

## I.18.2 Data Protection Act

In 1999 the Data Protection Act 1998 was extended. The definition of data now includes all manual and electronic records – including video recordings and group discussions. Under the new provisions there is now specific reference to sensitive personal data – information carried regarding racial or ethnic origin, political opinions, religious or other similar beliefs, physical or mental health, sex life, and criminal convictions or proceedings. Conditions are laid down under which sensitive personal data may be lawfully processed. The 1984 Act set out a system of registration for all users of personal data covered by the Act – data user's name and address, description of personal data held, purpose for which the data is held, description of sources from which the data are derived, description of people to whom the data may be disclosed, names of places outside the UK to where the data may be sent, and an address for the receipt of requests from data subjects who wish to have access to the data. The 1998 Act introduced a new system of notification. It should be noted that it is against the law to hold or use any data in a way that is inconsistent with the registered entry. Registered entries are valid for specific periods and changes have to be recorded officially.

The Act is concerned with individuals, not corporate bodies, and does not refer to the processing of data by manual means. Useful guides to the Data Protection Act are available from the Data Protection Registrar, Springfield House, Water Lane, Wilmslow, Cheshire SK9 5AX.

### Trends in marketing research

- A movement away from probability sampling towards quota sampling, along with a fall in sample sizes.
- Because of cost and time pressures less use of the integrated survey model of qualitative, pilot and full survey in projects.
- More qualitative research as a 'stand-alone' method in a wider number of applications.
- Growing use of databases for sampling.

Source: Peter Mouncey.<sup>16</sup>

## I.19 The Changing Role of Marketing Research

Organisations are dynamic entities existing within a continuous, changing state of flux and trying to adapt to the requirements of rapidly changing environments. This very much applies to marketing research organisations, whether they are in-house departments or agencies. The last twenty-five years has witnessed vast changes in the way in which information is handled in organisations of all types and sizes. Alongside this revolution in information management, the role of marketing research has undergone substantial change. The change is not complete and it is impossible to say that the role of marketing research is now a fixed, static entity: its role is certain to change further in the future.

Adapting to the changing conditions of the business environment means dealing with new problems and decisions that may not previously have arisen. This accentuates the need for creativity in marketing research to enable new ways of researching new problem situations.

## Changing role of market research

In the years ahead, successful research suppliers will need to develop close cooperation with their research clients. It is likely that much of the day-to-day work formerly carried out by in-house market research departments will be out-sourced to specialist research agencies. This will entail agencies having to have a much better understanding of their clients' problems and the manner in which research survey data can contribute towards the solution of such problems. Researchers are not primarily data gatherers though data gathering is essential and the work must be properly organised and controlled. The specialist skill of researchers, however, is being able to spot how research can help resolve a problem and help a firm make better decisions. It is the skill and creativity that is part of knowing how to get worthwhile information, how to help clients understand what data are telling them and what decisions they should consider making as a result.

Substantial changes have occurred in the market research business over the past decade. In particular there has been considerable change in the way research is bought and sold and the manner in which research is conducted. During the 1980s there was a slimming down in the size of market research departments and research suppliers often found themselves dealing with brand and marketing management, rather than in-house market research managers. For a long time, research suppliers had bemoaned the fact that they seldom dealt directly with executives who used research data they supplied. The change in circumstances meant that researchers had to deal directly with brand and marketing managers and help them make the best use of research.

Unfortunately, things have not worked out as well as might have been anticipated. There have been practical difficulties, such as research needs not being anticipated early enough within research users' companies. Research suppliers have also had to acknowledge that brand and marketing managers make use of information of which market research data is only a part. Executives are not research specialists and do not have the same depth of interest in the research process. In practice, market research data is now bought more as a component input to a company's overall activity rather than to meet specific client needs for a particular project.

Data collection methods are likely to change in the future, with an increasing use of computer assisted techniques, e-mail and the Internet as a means of communicating with customers, retailers and consumers. The trend of the last ten years, in which many market research departments have been abolished or combined with marketing departments, is also likely to be reversed. The unique skills of the specialist market researcher will come to be better understood and appreciated. It is unlikely that large in-house market research departments will develop again, but the establishment of small, high-level specialist teams of researchers within medium-sized and major companies is likely. Such teams will have a specialist role to play in the development of research briefs which will enable information to be made available as and when it is required. They will also contribute significantly to the way information is used within a marketing organisation.

Source: Bryan Bates.<sup>17</sup>



## 1.20 Using the Internet for Marketing Research

The Internet has remarkable potential as a tool for marketing research. It enables primary marketing research to become much less expensive to conduct than by using traditional media. Such research can, however, only really be exploratory. In using the Internet for collecting data and information, the scope of the sampling frame is restricted to those members of the Internet community who agree to respond. It has to be borne in mind that the demographics of users of the Internet are different from the general population. Results from Internet marketing research should not usually be generalised to the entire population. However, as more and more households gain access to the Internet this is a problem which may resolve itself in due course.

Web page self-completion forms facilitate the assessing of attitudes, wants and values of an organisation's customers. For example, a firm might use a self-completion form to learn about its customers' demographics and product preferences. Using such data the firm might employ it as a basis for segmenting its market.

The Internet might be used during product/service development. A company can quickly assess customers' thoughts about product changes or new products before any research and development investments are made. This can be done globally. In the same way a firm can gain much information through monitoring discussion groups made up of members of the firm's customer base. Executives can use this information to learn not only of the perceived strengths and weaknesses of their own products or services, but those of their competitors as well.

## 1.21 The Need for More Creativity in Research

We live in a world that is undergoing continuous and rapid change. Situations are regularly encountered that have not previously arisen. Technology, competition, changes in social values, new expectations of customers, economic upheaval and all the other kinds of changes that can occur in the business environment produce new problems for management. Solutions to such problems often require insight that traditional, well-used problem-solving techniques are unable to provide. Under such circumstances the need for creative problem-solving assumes a greater importance than ever before. Developments in world markets, shorter production cycles, the need to find new ways to resource the exploitation of opportunities, and the scarcity and cost of basic resources are just a few of the new challenges for the modern day executive. In order to respond to such challenges there is a need to think creatively.

Research findings have provided support for the argument that there is a direct link between creative thinking and organisational efficiency and effectiveness.<sup>18</sup> In particular, creativity helps to improve the value of solutions to persistent organisational problems. It has also been found that creativity helps to encourage profitable innovations, rekindles employee motivation and improves personal skills and team performance. All these can contribute towards a continuous flow of ideas for new products and services and, by improving work processes, provide the platform on which an organisation can develop its competitive advantage.

There are few aspects of organisational activity where the need for creativity does not make itself felt. While the need for new ideas often predominates problem tasks, old ideas, too, need to be re-examined. After all, creativity is the process of revealing, selecting,

swapping around and combining our store of facts, ideas and skills. Rickards<sup>19</sup> has described creativity as an 'escape from mental stuckness', an operational definition that is very much in keeping with its role in decision-making and problem-solving.

### Creative research

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One of the key reasons for the lack of genuine innovation in the 1990s is that researchers keep asking the same questions and using the same processes, with the result that predictable responses are obtained from consumers. Since there are nowadays so many 'expert' consumers, a new creative focus is required to encourage new kinds of consumer responses to be made. It is necessary to inject creativity into research, making use of both environmental stimuli and people, for it is these elements that make creative research more effective. It is essential, however, that researchers should be familiar with and confident in the use of creativity techniques.

A step in the right direction is to introduce a high level of interaction into consumer workshops in order to interpret the sensory experiences of the consumer. It is often the case that what consumers say and actually do conflict with one another. Knowing this and observing it may help us to intuitively read between the lines and make research more efficient and meaningful.

Source: Claire Nuttall.<sup>20</sup>

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The need for creativity in research is no less than in any other area of marketing or management. If research is to provide really useful information for helping organisations to gain a competitive advantage, it needs to be imaginative and capable of bringing forth equally new ideas, insights and viewpoints from respondents.

## 1.22 Non-Response as an Issue in the Effectiveness of Marketing Research

In a society where people are becoming more and more cynical towards marketing research, non-response is becoming an issue that is relevant to the effectiveness of such research. Answers to questions posed in surveys, for example, may differ considerably between those who respond and those who do not. In busy shopping malls, those who spend time helping the researcher fill in questionnaires may have totally different ideas and concerns to those who rush rapidly by and decline to cooperate. Moreover, in the case of business to business research, the non-respondent may be an organisation of major significance, whose lack of participation renders the research comparatively meaningless. While training of interviewers, extra incentives and even patience can sometimes overcome potential non-response, pressure of time, apathy, scepticism and greater feelings of rights to privacy all contribute to the potential problems posed by non-response.

## 1.23 Learning Summary

This module has explored how marketing research can take some of the risk out of marketing decision-making by providing information that can contribute to sound marketing decision-making. This may be achieved in all elements of the marketing-mix and, through involvement in problem formulation and solution-finding, marketing research becomes an integral part of the process of formulating marketing strategy. Marketing research can

perform a variety of studies and makes use of both primary and secondary data sources. It can be applied either in-house or by marketing research companies that specialise in this form of consultancy. The latter offer a wide range of services, from off-the-peg studies to tailor-made studies to meet the needs of individual clients. Like many other services involving the generation of confidential information and reports, ethical considerations are an important issue and need to be fully explored. New ways of asking questions pose challenges for marketing researchers and the introduction of creativity into marketing research is paramount.

## Review Questions

### Content Questions

- 1.1 How does marketing research help reduce the risk in decision-making?
- 1.2 What are the main divisions of marketing research?
- 1.3 What is meant by the following terms?
  - a. Preliminary research.
  - b. Conclusive research.
  - c. Performance research.
- 1.4 Discuss how marketing research is part of marketing strategy.
- 1.5 When might it be desirable to use outside marketing research services as opposed to doing research in-house?
- 1.6 What factors should be taken into account when selecting an outside agency?
- 1.7 How should a marketing research proposal be evaluated?
- 1.8 What are the ethical considerations that should be taken into account in marketing research?
- 1.9 Why is there a need for more creativity in marketing research?

### Multiple-Choice Questions

- 1.10 Have a look at these two statements.
  - I. Marketing research is applicable to all aspects of the marketing mix.
  - II. Marketing research is important in formulating marketing strategy.Now choose the correct option.
  - A. Only statement I is true.
  - B. Only statement II is true.
  - C. Statements I and II are true.
  - D. Neither statement is true.

- 1.11 What is the name for a more dominant approach to research used in natural science and concerned with causal explanations of patterns and regularities in events?
- A. Relativism.
  - B. Positivism.
  - C. Phenomenology.
  - D. None of the other options.
- 1.12 What kind of research gives information on market size?
- A. Distribution research.
  - B. Product research.
  - C. Advertising and promotion research.
  - D. Customer research.
- 1.13 What kind of research gives information on the brand shares of competitors?
- A. Distribution research.
  - B. Product research.
  - C. Advertising and promotion research.
  - D. Customer research.
- 1.14 Market environment research gives information on all the following aspects except one. Which one?
- A. Political environment.
  - B. Economic climate.
  - C. Technological developments.
  - D. Market size.
- 1.15 What kind of research may help to define a problem?
- A. Conclusive research.
  - B. Performance research.
  - C. Quantitative research.
  - D. Preliminary research.
- 1.16 What kind of research investigates recommended marketing actions to see how successfully they are being carried out?
- A. Conclusive research.
  - B. Performance research.
  - C. Quantitative research.
  - D. Preliminary research.
- 1.17 In a marketing information system (MkIS) what kind of information consists of sales reports, sales analyses and cost analyses?
- A. Decision information.
  - B. Position information.
  - C. Internal information.
  - D. External information.

- I.18 Have a look at these two statements.
- I. Research can be categorised as primary and secondary.
  - II. Research can be categorised as qualitative and quantitative.
- Now choose the correct option.
- A. Only statement I is true.
  - B. Only statement II is true.
  - C. Statements I and II are true.
  - D. Neither statement is true.
- I.19 Which type of marketing research offered by specialist agencies describes studies to meet specific needs of the buyer?
- A. Secondary research.
  - B. Standardised studies.
  - C. Custom-designed studies.
  - D. Syndicated studies.
- I.20 What ethical consideration is raised when a researcher asks a person to reveal their annual income?
- A. Impositions.
  - B. Deceptive practices.
  - C. Invasion of privacy.
  - D. Equal rights
- I.21 Have a look at these two statements.
- I. A researcher's obligations to their clients include accurate representation of the methods and results.
  - II. A researcher's obligations to their clients include maintaining the confidentiality of confidential information.
- Now choose the correct option.
- A. Only statement I is true.
  - B. Only statement II is true.
  - C. Statements I and II are true.
  - D. Neither statement is true.
- I.22 The use of computer-assisted techniques in data collection, is it likely to increase or decrease? Compared with traditional research, is computer-assisted research more expensive or less expensive?
- A. Increase, more expensive.
  - B. Decrease, more expensive.
  - C. Increase, less expensive.
  - D. Decrease, less expensive.

1.23 Have a look at these two statements.

- I. The need for creativity in marketing research arises out of changes in the business environment.
- II. The need for creativity in marketing research arises out of the need to generate new ideas, insights and viewpoints from respondents.

Now choose the correct option.

- A. Only statement I is true.
- B. Only statement II is true.
- C. Statements I and II are true.
- D. Neither statement is true.

1.24 Have a look at these two statements.

- I. Non-response is important because there may be considerable differences in the views and opinions between those who respond to surveys and those who don't.
- II. Non-response is important because it usually means that interviewers are not doing their job properly.

Now choose the correct option.

- A. Only statement I is true.
- B. Only statement II is true.
- C. Statements I and II are true.
- D. Neither statement is true.

## Case Study 1.1: Reliant

Reliant Motors, one of Britain's last car companies, came back from the verge of extinction for the second time in two years yesterday, when three businessmen bought the Staffordshire company from administrators for an undisclosed sum that is thought to be less than £500 000. In January last year Reliant was bought by the Gloucestershire engineering group Avonex from receivers appointed after the parent company, Beans Industries, was hit by bad debt. Yesterday's sale, by administrators Finn Associates, follows fresh difficulties.

Jonathan Heynes, a former Jaguar engineer, and two anonymous businessmen intend to increase production of the three-wheeler Robin to 30 cars a week and plan to introduce a three-wheeler pick-up truck and city delivery vehicle. The factory in Tamworth, currently employing 10 workers, has 50 cars to complete before production restarts. Before lay-offs began the company employed 110 people and Mr Heynes hopes to rehire up to 90.

It was Mr Heynes' intention that the three-wheeler, immortalised in the comedy programme 'Only Fools and Horses', would remain the core of the business although Reliant did plan to expand into sports car production, albeit using four wheels per car. The new sports car would be priced around £18 000, some three times the price of the Robin.

### The Robin

#### Performance

- Top speed: in excess of 70 miles an hour
- Acceleration: 0–60 mph in 14 seconds
- Production: more than 44 000 current runners
- Fuel consumption: 72.5 mpg at 56 mph
- Standard equipment on top range models: radio-cassette, instrumentation including clock
- Price: from £6000

### Market

Mr Heynes said that the Robin appealed to motorists who wanted a simple vehicle that would not rust. Reliant owners are typically over 40 years old, often prefer the DIY approach and are often former motorcyclists who have concluded that some protection on the road was better than none. Some 70 per cent of sales are top-of-the-range models that have more instruments than the basic model and a heated rear window. A consortium of Far East businessmen has already secured the rights to produce the cars outside Britain.

Source: Chris Barrie.<sup>21</sup>

- I Discuss the value of marketing research in these circumstances.

## Case Study 1.2: The English Bear Company

The English Bear Company was founded in 1991 by Alise Crossick, 29, and her husband Jonty, 28. They now have 10 shops in cities including Bath, Cambridge and London and have recently opened in Tokyo. Their annual turnover is £4 million.

**Jonty:** 'Alise and I met at Cambridge in 1988 when we were both impecunious students. We knew we wanted to be in business on our own and that whatever we did, we would have to start with nothing. Designing and selling T-shirts was the obvious choice because it didn't need any capital, only an understanding supplier. The bear idea grew out of that. Our most popular T-shirt featured a bear which Alise had drawn, yet she'd never actually made one when we decided to launch the bear company.

'Being a typical Antipodean, she just got on with it: advertised for bear-makers, then sat down with a bear manual. Most of the applicants patiently watched her demonstrate, then showed her how it could be done a 100 per cent better.

'We always wanted to create a company that would communicate something from the heart, something magical. I think the bears do that because they express fun and cuddles. We make them out of distressed mohair, which makes them look old and loved. Our customers don't want something pristine, they're looking for character.

'We initially made mistakes in identifying our customers. Our first outlet was a kiosk in Whiteley's, which we thought was perfect as it gave us a start in London. The rent was so cheap that we didn't bother to carry out market research. It wasn't until we opened in Cambridge that we realised the tourist trade was much more lucrative.

'Our sites are now picked with greater care. It's about 50 per cent strategic choice, 30 per cent gut feeling and 20 per cent scientific data.

**Alise:** 'It was never just about selling bears, our vision was the whole concept of people wearing bear clothes, eating bear marmalade and drinking bear tea.

'When people love bears, they personify them and become absorbed in the lifestyle. We get young businessmen coming into our shops who look like they want to quickly buy a bear and run out again. The next minute they're captivated and umming and ahing over which face they like the best.

'Occasionally we get people bringing old bears for repairs, like the chap who rushed in with something his dog had half-eaten.

'There's not enough people in retail trying to help their customers, it's all take, take, take. We put our hearts into the business and believe passionately in the products. If you put enough energy and care into something, it should work.

'We're not in business to suffer, so we only work with people we like. Bears bring out the best in people because they cross gender and race and represent unconditional love. If we weren't working together, I wouldn't find it so worthwhile. We generate so much love between us that it makes it wonderful for everyone around.'

Source: Fiona Lafferty.<sup>22</sup> Reprinted with permission.

- 1 How might the English Bear Company have benefited from marketing research?
- 2 How might the company use marketing research in the future?

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