

MKC1200 – Principles of Marketing

Week 3

Marketing Research & Information Systems

Chapter 3 of the prescribed text



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Learning objectives:

- Define marketing research and understand its importance
- Explain the basic steps in conducting marketing research
- Understand the data collection methods for marketing research
- Define marketing information systems and understand its importance
- Describe different tools available to facilitate marketing information systems and research
- Discuss ethical considerations in marketing research

What is Marketing Research?

- The systematic design, collection and interpretation of data, as well as the reporting of information gained to help marketers solve specific marketing problems or take advantage of marketing opportunities
- It is a process for gathering information that is **NOT** currently available to decision makers
- Marketing research aims to inform firms about:
 - Customers' needs and desires
 - Marketing opportunities for particular goods and services
 - Changing attitudes and purchase patterns of customers

What is Marketing Research? - continued

- Marketing research gathers information to *aid* decision making — it *does not make* the decision
- Key role of marketing research is in initially *defining and specifying information* required
- Marketing research does **NOT** guarantee success
- Marketing research is **NOT** telemarketing
- Marketing research is expensive, takes time, cannot provide 100% reliable information
- Good research can still result in bad decisions

The Marketing Research Process



(Figure 3.1., Pride 2e, p. 88)



Step 1: Determining the scope

- Uncovering the nature and boundaries related to marketing strategy or implementation
 - Departures from normal or expected marketing results
 - Typical problems requiring research
 - Discover reasons for exceeding/not meeting goals
 - Evidence of possible or potential market opportunities



Step 1: Determining the scope - continued

- In identifying the problem, marketers need to
 - Define the nature/scope of situation
 - Yield clear definition of research need
 - Determine precisely what research is to uncover
 - Decide how research will be use



Step 2: Select the research method

- Research design
 - An overall plan for obtaining the data needed to address a research problem or issue
 - Requires determining what type of research is most appropriate for answering the research question(s)
 - Exploratory research
 - Descriptive research
 - Experimental research



Step 2: Select the research method - continued

Type of Research	Description
➤ Exploratory	➤ Conducted to gather more data about a problem or to make a tentative hypothesis more specific ➤ How are consumers car buying habits changing?
➤ Descriptive	➤ Conducted to clarify the characteristics of certain phenomena and thus solve a particular problem ➤ How are consumers gathering information to assist in car buying?
➤ Experimental	➤ Research that allows marketers to make causal inferences about relationships



Step 2: Select the research method - continued

- Ensure that research techniques are both reliable and valid
 - Reliability
 - A condition existing when a research technique produces almost identical results in repeated trials
 - Also considered as 'repeatability' if results can be replicated
 - Validity
 - A condition existing when a research method measures what it is supposed to measure



Step 3: Collect and prepare the data

➤ Types of data

Primary data	Secondary data
➤ Observed, recorded or collected directly from respondents	➤ Is compiled both inside and outside the organisation for some purpose other than the current investigation
➤ Collected to address a specific problem that cannot be answered by secondary data alone	➤ Internal sources – sales data, accounting data, competitive information gathered by the sales force
➤ Gathered by observing phenomena or surveying people of interest	➤ External sources – periodicals, government publications, unpublished sources, online databases, data sources (e.g. Nielsen, Roy Morgan Research), Internet, social networking websites



Step 3: Collect and prepare the data - continued

➤ Methods of collecting primary data

**SAMPLING
PROCEDURES**

**EXPLORATORY
METHODS**

**SURVEY
METHODS**

OBSERVATION



Step 3: Collect and prepare the data - continued

- Sampling procedures
 - Population: all the elements, units or individuals of interest to researchers for a specific study
 - Sample: a limited number of units chosen to represent the characteristics of the population
 - Sampling: the process of selecting representative units from a total population



Step 3: Collect and prepare the data - continued

➤ Types of sampling

Probability sampling	Non-probability sampling
➤ Every element in the population being studied has a known chance of being selected for study	➤ There is no way to calculate the likelihood that a specific element of the population being studied will be chosen
➤ Random sampling : all units in a population have an equal chance of appearing in a sample	➤ Quota sampling : researchers divide the population into groups and then arbitrarily choose participants from each group
➤ Stratified sampling : the population is divided into groups according to a common attribute; a random sample is then chosen within each group	



Step 3: Collect and prepare the data - continued

- Exploratory method
- Often done to identify potential research issues prior to conducting surveys

FOCUS GROUP

Observation of group interaction when members are exposed to an idea or a concept

CUSTOMER ADVISORY BOARDS

Small groups of actual customers providing feedback on ideas, products, marketing strategies

TELEPHONE DEPTH INTERVIEW

A telephone interview that combines the traditional focus group's ability to probe with confidentiality



Step 3: Collect and prepare the data - continued

➤ Survey methods

MAIL SURVEYS

Respondents answer a questionnaire sent through the mail

TELEPHONE SURVEY

Respondents answer a questionnaire recorded by interviewers on the phone

ONLINE SURVEY

Respondents answer a questionnaire via e-mail or on a website (e.g. social networking sites, crowdsourcing)

PERSONAL INTERVIEW SURVEY

Respondents answer a questionnaire face-to-face (e.g. in-home interview, shopping-centre intercept interview)



Step 3: Collect and prepare the data - continued

	Mail surveys	Telephone surveys	Online surveys	Personal interview surveys
Economy	Potentially lower in cost per interview than telephone or personal surveys if there is an adequate response rate.	Avoids interviewers' travel expenses; less expensive than in-home interviews.	The least expensive method if there is an adequate response rate.	The most expensive survey method; shopping centre and focus group interviews have lower costs than in-home interviews.
Flexibility	Inflexible; questionnaire must be short and easy for respondents to complete.	Flexible because interviewers can ask probing questions, but observations are impossible.	Less flexible; survey must be easy for online users to receive and return; short, dichotomous, or multiple-choice questions work best.	Most flexible method; respondents can react to visual materials; demographic data are more accurate; in-depth probes are possible.
Interviewer bias	Interviewer bias is eliminated; questionnaires can be returned anonymously.	Some anonymity; may be hard to develop trust in respondents.	Interviewer bias is eliminated, but email address on the return eliminates anonymity.	Interviewers' personal characteristics or inability to maintain objectivity may result in bias.
Sampling and respondents' cooperation	Obtaining a complete mailing list is difficult; non-response is a major disadvantage.	Sample limited to respondents with telephones; devices that screen calls, busy signals and refusals are a problem.	Sample limited to respondents with computer access; the available email address list may not be a representative sample for some purposes.	Not-at-homes are a problem, which may be overcome by focus group and shopping centre interviewing.

(Table 3.2, Pride 2e, p.95)



Step 3: Collect and prepare the data - continued

- Questionnaire construction
 - Quality of questions are important.
 - **Garbage In – Garbage Out**
 - Questions must be clear, easy to understand
 - Questions must directly answer the research objectives
 - Maintain impartiality of questions
 - Sensitive questions should be worded to make them less offensive



Step 3: Collect and prepare the data - continued

Type of Questions	Example
<i>Open ended question</i>	What is your general opinion about coffee shops?
<i>Dichotomous Question</i>	Have you ever purchased a coffee product? Yes _____ No _____
<i>Multiple-Choice Question</i>	Which income group are you in? \$0–\$19,000 _____ \$20,000–\$59,999 _____ \$60,000–\$99,000 _____ more than \$100,000 _____



Step 3: Collect and prepare the data - continued

➤ Observation methods

- Direct contact with subject is avoided to reduce possible awareness of observation process
- Physical conditions, subject actions and demographics are noted
- Observations may be combined with same-subject interviews
- Data gathered may be influenced by observer bias



Step 4: Analyse the data

- Aim is to be able to interpret the data content
- Statistical interpretation
 - Analysis of what is typical or what deviates from the average



Step 5: Transform the results into insights

- Clear, objective view on findings
- Point out deficiencies
- Formal, written document
- Determine level of detail and supporting data
- Summary/recommendations first if decision makers do not have time to study how the results were obtained

Marketing Information Systems (MIS)

- A framework for management and structuring of data gathered regularly from sources inside and outside an organisation
- The focus is on processing the data to create meaningful insights and expediting the flow of these insights
- MIS may include:
 - Databases
 - Marketing Decision Support Systems (MDSS)

Ethical Issues in Marketing Research

- Data is collected in an ethical manner while maintaining the information quality
- Must have professional standards by which research can be judged
- Ethical and legal issues can develop as research is carried out (e.g., intrusions on consumer privacy, misuse of research findings)
- Some organisations have developed codes of conduct and guidelines for ethical research for organisations



Summary

- Market research is required to solve specific problems faced by an organisation
- Problems can be solved through the application of most relevant research methods
- The five-steps processes guide the development and implementation of market research projects
- Marketing research can only be successful if the right questions are asked, to the right people, using the right methods