CHAPTER 1

The Role of Marketing Research

LEARNING OBJECTIVES

After reading this chapter, you should be able to

1. Discuss the basic types and functions of marketing research.
2. Identify marketing research studies that can be used in making marketing decisions.
3. Discuss how marketing research has evolved since 1879.
4. Describe the marketing research industry as it exists today.
5. Discuss the emerging trends in marketing research.

■ Objective 1.1: Discuss the basic types and functions of marketing research.

INTRODUCTION

Social media sites such as Facebook, Twitter, YouTube, and LinkedIn have changed the way people communicate. Accessing social media sites is now the number-one activity on the web. Facebook has over 500 million active users. The average Facebook user has 130 friends; is connected to 80 pages, groups, or events; and spends 55 minutes per day on Facebook. In 2011, marketers wanting to take advantage of this activity posted over 1 trillion display ads on Facebook alone.

Facebook is not the only social media site being used by consumers. LinkedIn now has over 100 million users worldwide. YouTube has exceeded 2 billion views per day, and more videos are posted on YouTube in 60 days than were created by the three major television networks in the last 60 years. Twitter now has over 190 million users, and 600 million–plus searches are done every day on Twitter.[1]

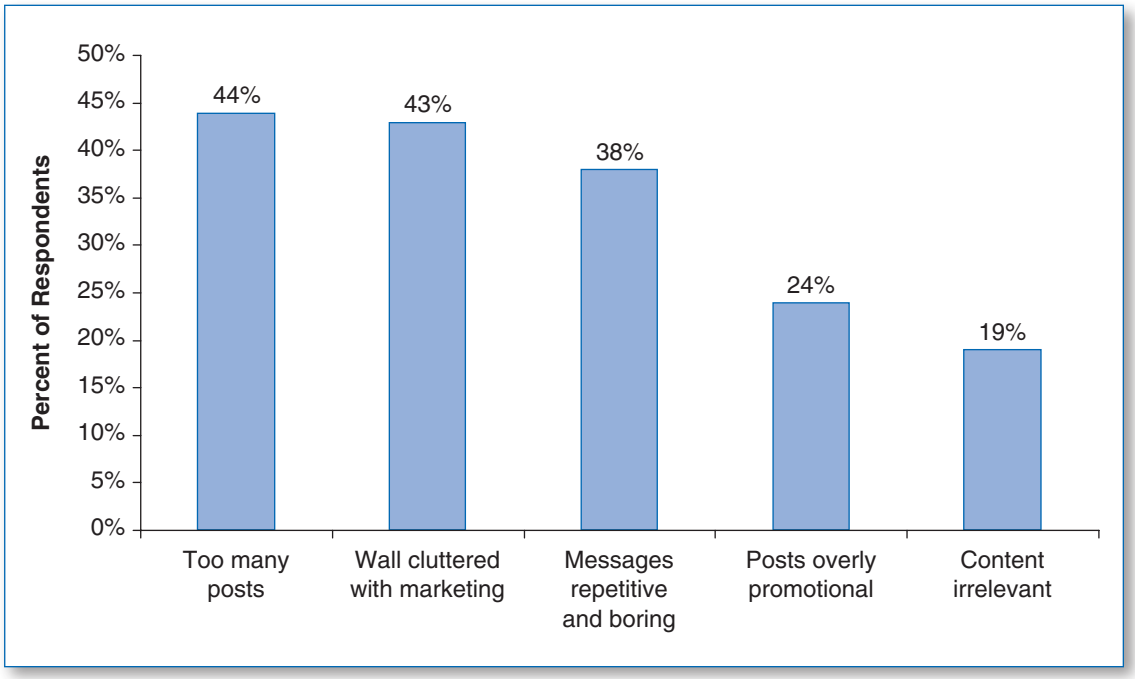
Social networks and communication venues such as Facebook and Twitter are where consumers are increasingly spending their time, so companies are anxious to have their voice heard through

these venues. But, getting consumers to become a fan or agree to receive e-mails is only half of the battle. Engaging them with the brand and encouraging them to become active followers through these social media tactics is equally, if not more, difficult. While consumers join a company's Facebook page, or agree to receive e-mails and tweets, many are also opting out after a short time. For companies using social media, understanding why individuals opt out after agreeing to be a fan is important information. To gather this information, ExactTarget CoTweet surveyed 1,561 online users in the United States.[2] Figure 1.1 shows the results of the survey.

The top reason consumers quit being a brand fan on Facebook is because the company authors too many posts, which in turn clutters the recipients' wall with marketing information. The fact that messages tend to be repetitive, boring, and irrelevant, and are perceived by many fans as being overly promotional, is also an important factor in influencing fans to quit a brand's Facebook page. Companies can use these results to modify their marketing approach and how they author Facebook posts.

This type of information is provided by **marketing research,** which is defined as the systematic gathering and analysis of marketing-related data to produce information that can be used in decision making. Marketing research involves following a systematic sequence of steps that will produce reliable and valid data. Through analysis and interpretation the data are transformed into information suitable for decision-making purposes by managers. Typically, data alone are simply not usable. It is the analysis and interpretation of the data that makes them useful to managers.

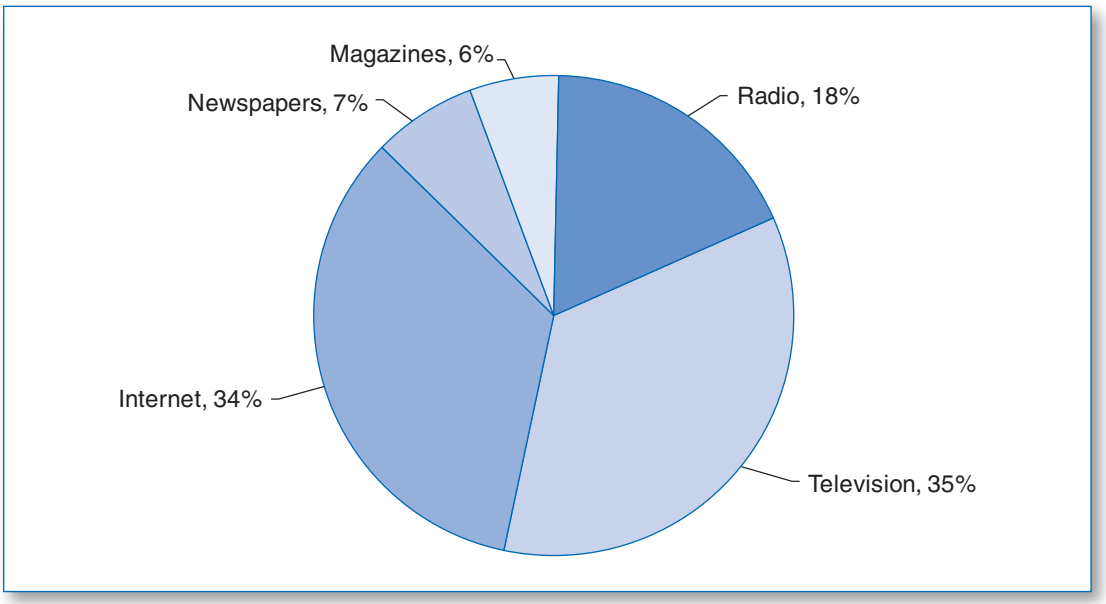
Figure 1.1 Top Reasons Consumer Quit Brands on Facebook



Source: Author-created with data from "The Social Break-up," Report #8, *ExactTarget CoTweet,* 2011, http://www.exacttarget.com/Resources/SFF8.pdf (retrieved June 9, 2012).

Figure 1.2 provides an example of marketing researchers turning data into useful information.[3] In this situation, consumers were asked the question, "In a typical week, how many hours do you spend with each of the following media?" The marketing researcher took the raw data, which was the number of hours spent with each type of media, and converted it into the percentage of time spent with each type of media. This allowed marketers to see that consumers now spend almost as much time with the Internet as they do with television. Further, almost 70% of consumer media time is spent either with television or with the Internet.

Figure 1.2 Percent of Time Consumers Spend With Each Media



Source: Author-created with data from Shar VanBoskirk, "US Interactive Marketing Forecast, 2009 to 2014," *Forrester Research Inc.*, July 6, 2009 (updated July 20, 2009).

MARKETING RESEARCH

Marketing research may be conducted internally by the firm's marketing department or performed externally by a marketing research firm. The information gathered is then used to make decisions related to the marketing mix or other marketing functions. The **marketing mix** is the specific combination of product, pricing, promotional, and distribution decisions made for the purpose of targeting a particular group of consumers. Some of the more common marketing uses of research information include market segmentation, identifying specific target markets and their media habits, analyzing consumer behavior and needs, tracking customer satisfaction, developing new products, and evaluating various forms of advertising executions and pricing tactics. But, the use of marketing research information is not limited to just the marketing department. It can be used by all levels of management to make decisions

that impact other aspects of a firm's operation. It can guide top management in making strategic decisions about acquisitions, divestitures, and expansion. It can be used by middle managers to develop production schedules, purchase raw materials, develop departmental budgets, and determine appropriate staffing levels.

Functions of Marketing Research

As shown in Figure 1.3, marketing research serves four primary functions within an organization. The **exploratory function** of marketing research occurs when researchers have a limited understanding or no knowledge at all about a marketing situation or a particular outcome. For example, a company may be losing customers or sales may be declining, but managers are not sure why. Marketing research can be used to explore some of the possible causes of lost sales or customers. Alternatively, a firm may be considering offering a new product in a category with which it has little experience. In this case, marketing research could be used to delve deep into a consumer's mind to uncover some of the hidden reasons or thought processes that go into making a purchase decision for the type of good being considered.

Figure 1.3 Functions of Marketing Research

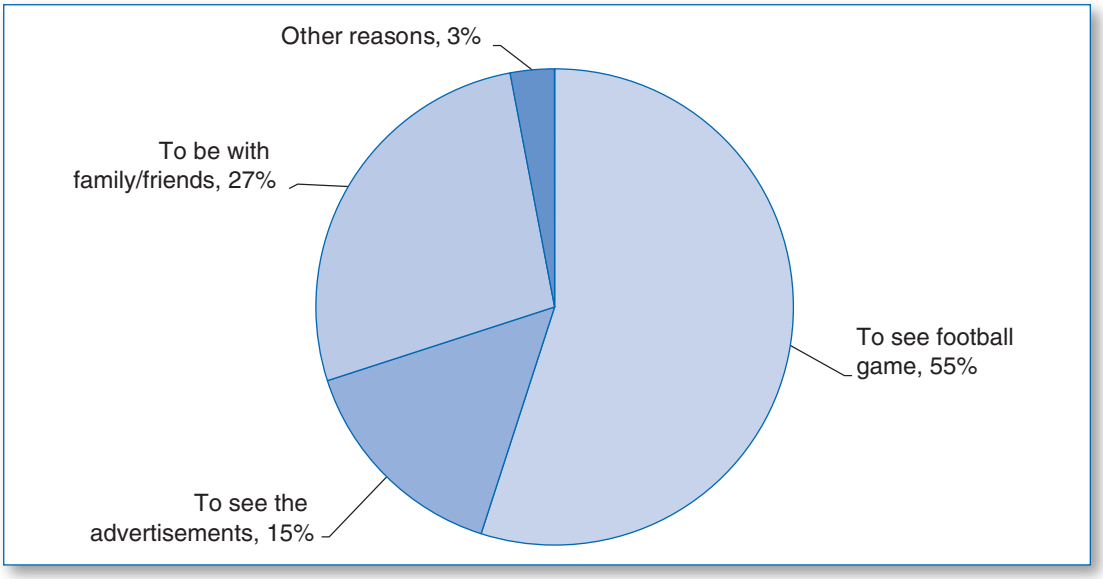
- Exploratory
- Descriptive
- Diagnostic
- Predictive

Marketing research often serves a **descriptive function,** which refers to the gathering and presentation of information about a marketing phenomenon or situation. For example, marketing research can be used to describe the primary consumer of a product, such as a Panasonic HDTV or a John Deere tractor. It can be used to describe the process a customer uses in deciding on a restaurant for dinner, such as Romano's Macaroni Grill or Outback Steakhouse. Figure 1.4 illustrates the descriptive function of marketing research since it shows the primary reason individuals watch the Super Bowl football game. While the majority, 55%, are mostly interested in the football game, some watch it specifically to see the commercials (15%), and others watch for the social aspect of being with family and friends (27%).[4]

The **diagnostic function** of marketing research is particularly helpful in many situations. Here, data analysis techniques are used to investigate relationships and phenomena within data that have been gathered through marketing research. The analysis may show that females eat at Olive Garden more frequently than males. It may show the reasons individuals opt out of subscribing to a Facebook brand page, as was shown in Figure 1.1. Further analysis of the data may show different reasons for opting out of a Twitter feed and an e-mail permission program. The diagnostic function is important to marketers because it allows marketers to discover interrelationships with data.

The **predictive function** of marketing research allows data to be used to predict or forecast the results of a marketing decision or consumer action. Retailers use predictive research to determine what items a consumer is likely to purchase together so suggestive selling can be used. Barnes & Noble utilizes this technique when website customers select a particular book and the software then suggests other books they might also want to purchase. Marketing research can be used to estimate the impact of a coupon or another sales promotional offer. It is often used to estimate the market share of a brand extension or new product introduction.

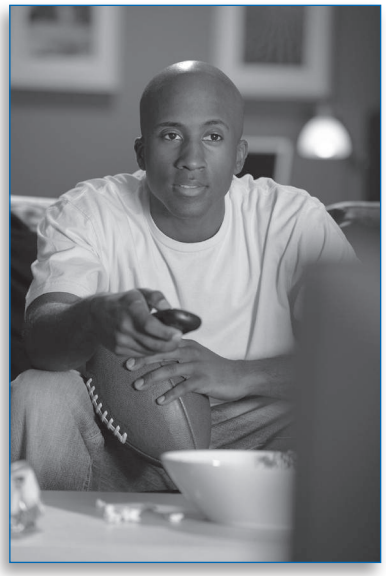
Figure 1.4 Primary Reason Individuals Watch the Super Bowl



Source: Author-created with data from "Super Bowl Sunday Consumer Survey," Super Bowl XLV (January 2011), *Lightspeed Research*, p. 17.

Applied Versus Basic Research

Marketing research can be either applied or basic. **Applied marketing research** is designed to solve a specific marketing problem, to investigate a particular marketing phenomenon, or to understand the results of previous decisions. The previous research investigating why consumers opt out of a brand's Facebook page and why individuals watch the Super Bowl are examples of applied research. Most commercial marketing research and research conducted internally by research departments is applied research since companies are seeking solutions to problems or information that can help them exploit potential opportunities. Marketing research should provide information that will allow managers to make better marketing decisions.



Understanding why individuals watch the Super Bowl football game is an example of applied research.

Basic marketing research is more theoretical in nature and is conducted to advance marketing knowledge in general or to verify a proposed marketing theory or concept. Findings from basic research studies cannot be implemented by managers in the short run. This is because basic research is typically not conducted in the context of a particular brand or firm, or for the purpose of solving a specific marketing problem or exploiting an opportunity facing a given brand or firm.

Most basic marketing research is conducted by academicians in an effort to advance our knowledge of marketing. For instance, many research studies use questions to assess how consumers claim they will act when confronted with a given situation. A recent basic research study evaluated four different methods by which *consumers' willingness to pay* for an item is commonly measured in consumer research studies, and compared the results with actual purchase data in an effort to ferret out the relative strengths and weaknesses of each measurement technique.[5] The results of this study cannot be immediately applied to any *particular* problem facing a firm, but rather serve to advance our knowledge of marketing research practices. However, in the future, the results of the study may influence the types of questions asked as part of an applied research study commissioned by a firm that needs to investigate consumers' willingness to pay for their product as part of a larger research study.

The Philosophy of Science

The philosophy of science underlies researchers' efforts to make sense of the world and its various activities and events in a wide variety of disciplines. The philosophy of science assumes that for a given event or activity, causes or "antecedents" can be identified, meaning that things don't just happen; they happen for a reason. Thus, scientific research seeks rational and logical explanations for activities or events that are true the vast majority of the time. Most marketing researchers desire to be 95% confident that the results of their research efforts are accurate and unlikely to have occurred by chance. The philosophy of science also tends to value a more general understanding of events or phenomena (i.e., why Facebook fans quit "liking" brands), as opposed to understanding of a particular event (i.e., why Facebook fans of Diet Coke quit "liking" the brand). This is because such knowledge is useful in forming theories and because it allows a scientific law to be generalized, meaning it can be applied to a larger group of activities or events. By contrast, the reasons why Diet Coke Facebook fans "quit" liking the brand may be unique to Coca-Cola, and though this information would be helpful to the firm from a broad scientific standpoint, the information would be not at all useful in the formulation of theory or scientific law.

Another characteristic inherent in the philosophy of science is that science, by its very nature, is empirically verifiable, meaning that the theories and laws created can be tested through the collection and analysis of data. The nature of science and empirical testing is such that we can never totally prove a theory to be true; however, the more a theory is subjected to testing under different conditions, and the more empirical testing fails to disprove the theory, the more confident researchers can be in the validity, or truthfulness, of the results. So part of the research process is to also investigate the specific conditions under which a law or theory could be disproved.

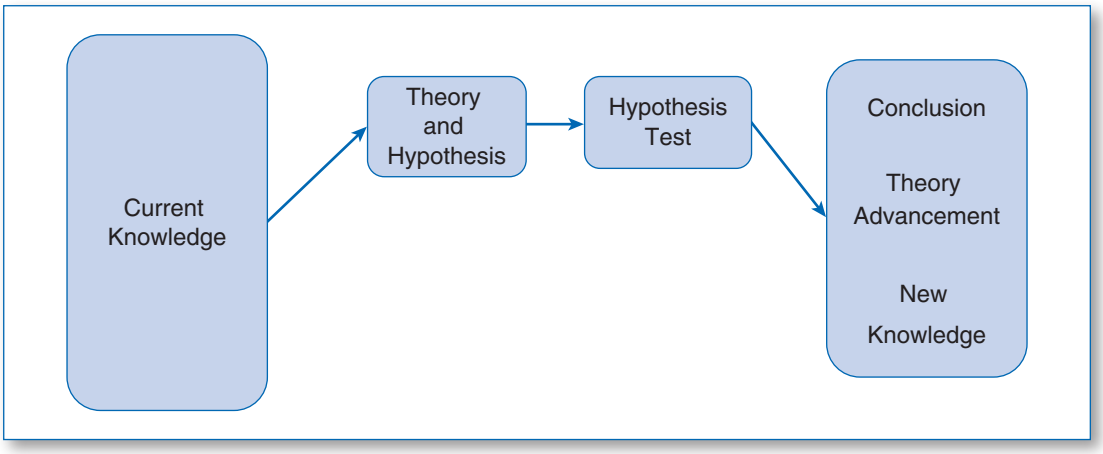
Finally, the philosophy of science requires that researchers remain open to the possibility of change and modification. It is common for a scientific theory to be tested over time and eventually disproven in too many circumstances, ultimately leading to better theories with greater explanatory value.[6]

The Scientific Method

In conducting marketing research, it is important that researchers follow the scientific method shown in Figure 1.5. The research process begins with a thorough investigation of current

knowledge. Whether applied or basic research, marketing researchers should examine current knowledge on the topic and review prior research. This typically involves examining past research studies, academic articles, news articles, and facts, figures, and statistics from a variety of sources. From this state of current knowledge, researchers can develop a theory that explains the nature of what is being studied, followed by one or more hypotheses. The next step is to design a study and then collect the data to test the hypothesis. It is important to state the hypothesis prior to collecting data to prevent the data from biasing the hypothesis in any way. From the data, the researcher can draw conclusions, advance theories, and create new knowledge that can be used for future research. The cycle then begins again.

Figure 1.5 The Scientific Method



■ Objective 1.2: Identify marketing research studies that can be used in making marketing decisions.

MARKETING RESEARCH AND DECISION MAKING

The primary objective of conducting marketing research is to support marketing decisions. Managers will never have perfect knowledge, and as a result there will always be some uncertainty in choosing a course of action. But, through marketing research, the amount of uncertainty can be reduced, allowing the manager to be more confident the correct or best decision is being made. Marketing research plays a role in a number of marketing areas, as shown in Figure 1.6.

Figure 1.6 Marketing Research and Marketing Decisions

- Segmentation and targeting
- Product development
- Marketing communications and media selection
- Market and competitive analysis
- Pricing and sales potential/forecast studies
- Site selection and distribution studies

Segmentation and Targeting

Marketing research provides essential information for decisions on segmentation and targeting. **Benefit and lifestyle studies** examine the similarities and differences consumers seek in products and how these

benefits fit into particular lifestyles. This information is then coupled with **target market analysis,** which provides basic demographic, geographic, psychographic, and behavioral information about specific target markets. From these research studies, marketers can decide which segments best match the features of their brands. Details such as usage patterns, attitudes, preferences, and lifestyles will allow a company to make better segmentation and targeting decisions.

Product Development

Marketing research is used in all stages of product development. Research can be used in the concept stage to gather customer input on ideas for a new product or modifications of a current product. **Product testing studies** identify how a product fits the needs of consumers and what changes need to be made to the product to make it more attractive. **Test markets** can be conducted to provide information on how well a new product or product modification will do before the product is launched. Modifications and decisions that will increase the probability that the new product will be successful can be made based on the results of the test market.

Marketing Communications and Media Selection

Marketing research can provide valuable information concerning marketing communications (MarCom) and media selection. **Advertising effectiveness research** examines the effectiveness of advertising and marketing communications. These studies can be conducted on a continuous basis and compared to a benchmark, previous ad campaigns, or competitive advertising. Input from these research studies allows marketers to develop more effective advertising and marketing communications. It also can identify when consumers are not paying attention any longer and allows for detection of when an ad is wearing out. **Media studies** are used to identify the most appropriate media to reach a specific target market. In addition to the best media, media studies will also identify the best vehicles, such as the best magazines or the best television shows to use.

Market and Competitive Analyses

A **market analysis study** will examine the current marketing situation faced by a company or brand and then identify potential markets. While market analysis studies are especially important for new products or entry into new markets, the studies are also important for current products, as market dynamics change. Companies can lose market share quickly if they do not stay in touch with current consumer behavior trends. Just like market analysis studies, **competitive analysis studies** should be conducted regularly to ensure market share is not lost to competitors. Many organizations will use a marketing information system to gather market and competitive information on a continuous basis.

Pricing and Forecasting

Pricing is an important determinant in buying decisions, so **pricing studies** can be used to evaluate the elasticity of a brand's price and the impact pricing changes will have on demand.

Part of a pricing study is to examine competitors' prices and determine how consumers (or businesses) evaluate price relative to other product features. Additional studies, such as **sales forecasts** and **sales potential studies,** are used to estimate future sales. These studies are often used for budgeting, production, and staffing decisions.

Site Selection and Distribution

Finally, **site selection** studies help retailers determine the best locations for their stores. Other research studies can help determine whether a single- or multichannel distribution system will be most effective, which channels a manufacturer should use, how logistics can be improved, and so forth.

Marketing research is an essential input into marketing management decisions. The studies previously cited are just a few examples of the types of information marketing research can provide. Because of the impact marketing decisions make on a firm's income and profit generation, obtaining good information through marketing research has become more critical.

■ Objective 1.3: Discuss how marketing research has evolved since 1879.

BRIEF HISTORY OF MARKETING RESEARCH

The first documented instance of marketing research was in 1879 and was conducted by the advertising agency N. W. Ayer. The company surveyed state and local officials about expected levels of grain production. This information was used by a manufacturer of farm equipment in the preparation of an advertising schedule. From that first beginning marketing research slowly evolved. The basic foundation of marketing research was developed during the first 30 years of the 20th century. The first textbook on marketing research was published in 1921, and the first marketing research courses taught on college campuses occurred in the 1930s.[7]

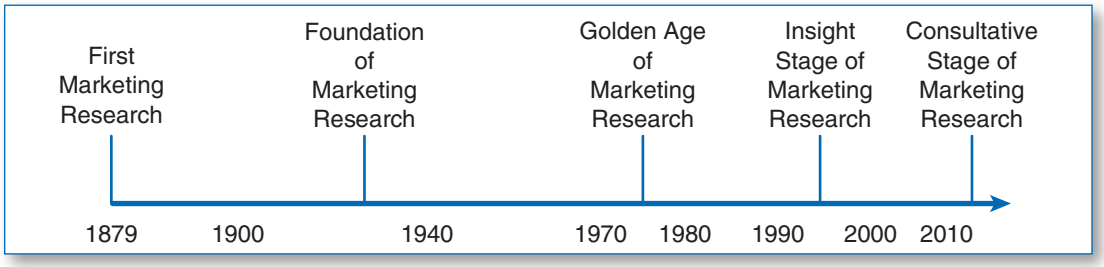
The early years of marketing research focused on methods of sampling, collecting data, and analytical techniques. Researchers also focused on ways to measure concepts such as opinions, perceptions, preferences, attitudes, personalities, and lifestyles. The primary goal of marketing research at that time was to measure marketing phenomena and consumer characteristics. Raw data were converted to information, which was then passed on to managers to make decisions.

The period of the 1970s and 1980s is often referred to as the "golden age of consumer research." During this time marketing research techniques became more scientific. Computing power made collecting and analyzing data faster, easier, cheaper, and more accurate. Companies invested substantial dollars into marketing research to better understand the market, the consumer, and the decision process. Few decisions were made that were not supported by marketing research. Research study results became the support or rationale for choosing particular marketing strategies and marketing tactics.[8]

During the late 1990s and early 2000s a cultural shift in marketing research began to occur. Decision makers wanted more than support for marketing decisions. They wanted marketing researchers to offer insights into what the data meant. Simply describing potential markets, characteristics of consumers, and the decision process was no longer sufficient. Decision makers wanted insights into why particular choices were made by consumers and how the results of a marketing research study could provide a better understanding of the best strategies and tactics. Marketing researchers were no longer just data providers. They were to assist in providing insights into marketing situations.

Some marketing researchers believe we are now beginning to enter another, newer phase of marketing research—the consultative stage. Just providing insights may no longer be enough. Managers want marketing researchers to be part of the solution, to provide input and direction into marketing decisions. For traditional marketing researchers, this is a challenge. They were trained and educated in data analysis. Now, they are being asked to assist in developing marketing strategy. It means not only do the researchers need a thorough understanding of marketing research; they must also have a thorough understanding of marketing and especially marketing planning and strategy. Figure 1.7 highlights these various stages.

Figure 1.7 Historical Stages of Marketing Research



THE MARKETING RESEARCH INDUSTRY TODAY

■ Objective 1.4: Describe the marketing research industry as it exists today.

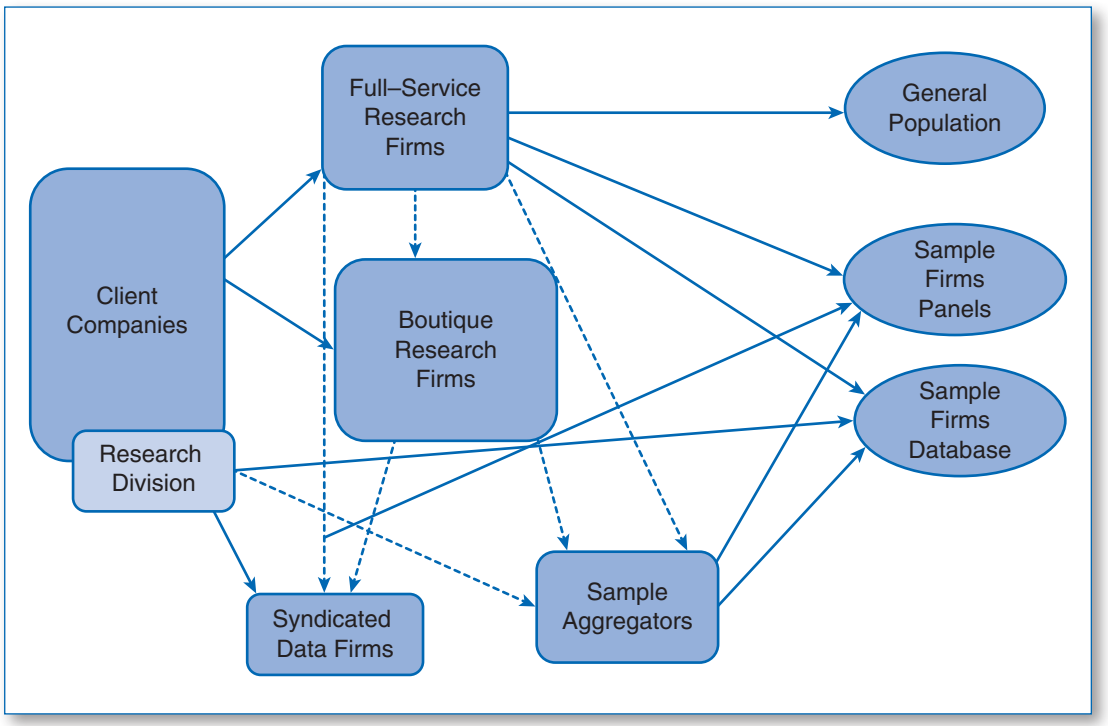
Major catalysts of the significant changes in marketing research in the last two decades are (1) the rise of international competition and (2) the explosion of communications and computer technology. Figure 1.8 provides a pictorial illustration of the marketing research industry as it exists today.[9] While it looks complicated, it is not. But, it does illustrate how interrelated the components of marketing research have become and how a research project often involves multiple entities.

The client companies illustrated in the figure are numerous firms such as Nike, Kraft Foods, Home Depot, Toyota, and Sony. These companies are called client companies because they are the ones seeking information for making decisions through marketing research. Chapter 2 will provide an overview of the research process and the request for proposal (RFP) that is issued by client companies.

Conducting Research In-House Versus Outsourcing

When the decision has been made to conduct marketing research, client companies have two alternatives: (1) They can conduct the research study themselves, or (2) they can hire a marketing research firm. If the company is large and has a research division, then the marketing research study may be conducted internally within the firm. Even though a company has a research division, it may not conduct all of the studies that are needed. The department may be overloaded and need to commission a research firm to conduct particular studies. Or, it may want an independent research firm to conduct a particular study to prevent internal bias from impacting the outcome. Also, when commercially available research studies could provide the

Figure 1.8 Marketing Research Industry Today

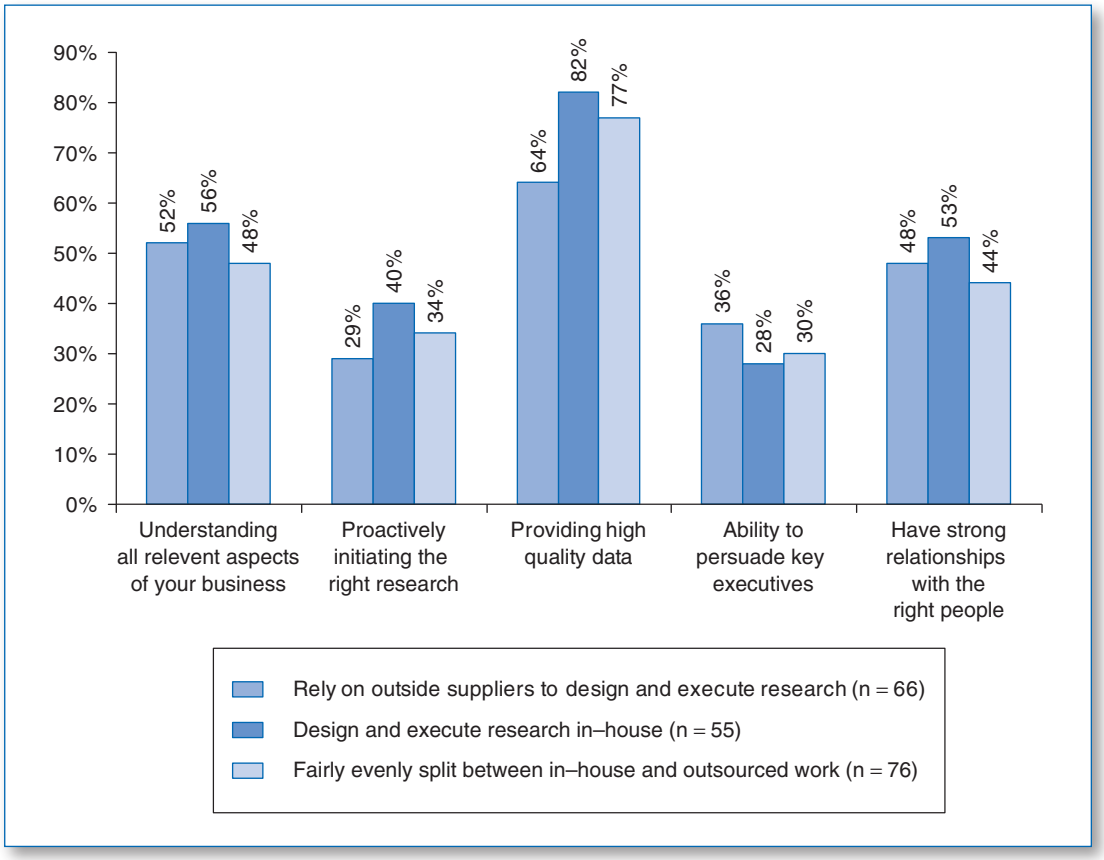


information needed to solve the research problem, the research division may simply purchase this information from a commercial syndicated data firm. Many full-service market research firms also subscribe to a wide variety of syndicated data sources.

The decision to conduct research in-house versus hiring a marketing research firm rests on many factors. Generally, it is less expensive to conduct research in-house, so the budget available for a given study is one factor. The level of specialization required for the study is also a critical factor. It would make sense to hire a firm that specializes in Hispanic marketing research, such as ThinkNow Research, than it would to attempt such research in-house. But, in other cases, in-house corporate research departments are chosen over external suppliers when a full-service firm lacks the business or technical knowledge necessary to truly understand the industry or problems facing the firm. The current workload of those employed by the firm's internal research division might also be important. However, while one might reasonably assume that outsourced research projects free up time for the in-house research staff, surprisingly, a recent online survey of 197 corporate researchers found that making more time available for the firm's internal research staff was not a factor in determining whether or not research duties were outsourced. The study conducted by Research Innovation and ROI in partnership with *Quirk's Marketing Research Review* divided corporate researchers who responded to the survey into three groups: those whose corporate research departments relied primarily on full-service firms to conduct their research, those that relied primarily on their own internal efforts for research, and those that split research duties fairly evenly

between external suppliers and their own in-house research department. Corporate research respondents were asked to indicate the importance of each factor in the decision to conduct the research in-house or outsource the study to an external entity.[10] The results of this survey are shown in Figure 1.9.

Figure 1.9 Pros and Cons of In-House Versus Outsourced Research



Source: Author-created with data from Brett Hagins, "Getting to the Big Picture—The Pros and Cons of In-House vs. Outsourced Research," *Quirk's Marketing Research Review* (May 24, 2011).

The most important factor for all three types of corporate researchers was the quality of data, though the importance level varied by group. While 82% of those designing and executing research in-house indicated this factor was important, quality was of lesser importance (64%) to firms that relied on an outside supplier. When hiring an external supplier, the client firm has no control over the data collection process. Thus, if high-quality data is an important factor, then often the decision is to conduct the study in-house because the firms have more control over the integrity of the data. The least important factors influencing the decision to go in-house or outsource were the ability of the marketing researcher to persuade key executives concerning the findings of the research and proactively initiating the right research.

Full-Service and Boutique Market Research Firms

If the decision is made to hire a marketing research firm, a company has a wide array of choices from small boutique firms to full-service research agencies. Full-service agencies, called "full-servs" within the industry, have the capability of conducting all types of research, including focus groups, individual interviews, telephone surveys, mail surveys, Internet surveys, and more. These companies start with the research objectives the client firms want to accomplish. The full-serv will then design the study, collect data, analyze the data, and make a report.

While full-service research firms offer a full array of services, boutique firms specialize in either a particular type of research or a particular type of audience. For instance, ThinkNow Research focuses only on Hispanic respondents and firms that want to research the Hispanic market. EC Insights is a boutique research agency that specializes in providing meaningful insights and strategic guidance for a brand throughout its life cycle. The Realise Group is a boutique marketing research agency that focuses on mystery shopping in the retail sector providing retailers with a full measurement and evaluation of customer experiences. Axion is a boutique agency that specializes in creative research methods that utilize focus groups, in-depth interviews, and other one-on-one approaches.

Sample Aggregators

Both full-service research firms and boutique research firms design the research study, interpret the data, and make a report to the client. When it comes to collecting the data, the research firm has three basic choices. First, it can use the general population and one of the sampling techniques that will be discussed in Chapter 8 of this text. The second option is to use one of the many companies that specialize in providing samples and collecting data. Third, the research agency can go to a **sample aggregator,** which is a firm that collects data through utilizing multiple sample companies. While some full-serv and boutique agencies will collect their own data using the general population, most are moving away from doing their own data collection and are using companies that specialize in sampling.

Research firms are shifting the sample selection and data collection to independent companies for two primary reasons: cost and time. It is more cost effective to use sampling firms that already have sample panels (groups of individuals who have agreed in advance to participate in research studies) or databases. It is also more time efficient. Both are important as client companies push for faster, but lower cost, results.

A new player in the research industry is the sample aggregator. This is a company that knows the sample and data collection industry and can work with either a client company or a marketing research firm to expedite the data collection process and at the same time provide a better quality, more valid sample. For instance, if a company wants to survey decision makers related to the purchase of computer software in medium to large companies internationally, a sample aggregator such as ReRez can identify various sample firms that have these types of respondents. It is unlikely any one sample provider will have enough people within its panel or database to fill the quota desired by the client. Thus, ReRez can contract with a number of different sampling firms throughout the countries specified by the client. Furthermore, extensive experience with various sampling firms allows the sample aggregator to limit its selection to only those firms that practice strong quality control practices. As you will learn later, the quality

of the sample—particularly when it is Internet based—is extremely important in assuring that the information provided to the client is accurate and meaningful. Thus, an aggregator such as ReRez can better ensure that the responses are valid and truly represent software decision makers. Finally, through the firm's expertise, the data can be collected accurately, and in a timely and cost-effective manner.

Source: ReRez.

EMERGING TRENDS IN MARKETING RESEARCH

■ Objective 1.5: Discuss the emerging trends in marketing research.

For many years marketing research relied on landline telephones and mail surveys to conduct research. While other methods were used, these were the mainstay; then came the dawn of the 21st century. A number of significant changes occurred that have had and will continue to have a profound effect on marketing research. Some of these changes are still occurring, and the full-service marketing research firms have to adapt quickly or be left behind by smaller, more nimble start-up research agencies that can see what is occurring. The major factors influencing the changes are listed in Figure 1.10. While these factors are listed separately and discussed separately, they are all interrelated, which has created a synergistic impact that is having a profound effect on the way marketing research is being conducted now and how it will be conducted in the future.[11]

Figure 1.10 Factors Impacting the Marketing Research Industry

- Telecommunications technology
- Economics
- Competition

Telecommunications Technology

Advances in telecommunications, primarily social media and smartphones, have impacted consumers all over the world and created a significant change in the way individuals communicate with each other, with brands, and with companies. Social media and smartphones have not just changed the way people communicate, but have created cultural changes as well. Individuals now can communicate with one another through social media, such as Facebook, or through Twitter, instead of talking in person or even calling on the phone. An individual in Maine can communicate with someone in California or even in Spain or Japan at a fraction of the cost that talking via phones would incur. Smartphones allow these individuals to take the Internet with them, which means they don't even have to telephone someone to talk. They can use text messages, or access the Internet and correspond through e-mail, Skype, or some type of social media platform.

This technology has changed the way brands and firms are influenced by word-of-mouth communication. If consumers have a bad experience with a brand, they are not limited to telling just a few of their friends and family members verbally. They can now use social media and Twitter and be "heard" by thousands of consumers all over the world within hours and many times within minutes. The potential for negative word-of-mouth can be devastating to a brand. On a positive note, this same technology can be used to engage consumers and stimulate positive endorsements.

The cultural shift in communications is now beginning to impact the marketing research industry. Marketing researchers have for decades relied on surveys to gather information. That approach is quickly shifting to social media. According to Joan Lewis, global consumer

Cell phones, especially smartphones, have changed the way people communicate and as a result have impacted the way marketing research is conducted.

and marketing knowledge officer of Procter & Gamble, the marketing research industry should get away from "believing a method, particularly survey research, will be the solution to everything. We need to be methodology agnostic. Social-media listening isn't only replacing some survey research but also making it harder to do by changing consumer behavior and expectations." Taking this thought further, she says, "The more people see two-way engagement and being able to interact with people all over the world, I think the less they want to be involved in structured research. If I have something to say to that company now, there are lots of ways to say it."[12]

As a result, companies are now monitoring social media. They are listening to what consumers are saying and responding. They see social media as a means of engaging consumers in two-way communication. For marketing research firms, it is a new avenue for collecting data and monitoring consumers' conversations about brands. Smartphones now make the process of collecting data and monitoring possible 24/7 regardless of where the consumer is located. This makes data collection faster and easier as it is no longer necessary to reach consumers at their home or place of business.

Economics

The financial crisis that hit the world in the beginning of the 21st century produced significant changes in the marketing research industry. It was stressful for traditional marketing research firms but an opportunity for start-up companies and traditional full-service agencies that recognized changes were about to occur. Business as usual had vaporized. Tighter corporate budgets meant finding firms that could produce more results for less money, more quickly than research had been completed in the past. Faced with these demands from clients, marketing research firms had two choices: (1) earn less revenue and less profit or (2) find a cheaper and faster way of conducting marketing research. The solution: both!

Marketing research firms had to do what the rest of the business, private, and governmental sector experienced—tighten their costs and learn to operate on lower revenues and lower profits, yet produce the same or higher levels of results. Unfortunately, as a result of this experience, client companies realized they could get the same research done at lower costs and that huge sums of money were not necessary to fund research studies, an attitude that prevails today, despite the fact that the economy has recovered somewhat.

Research firms were forced to look for cheaper ways to conduct research. A solution was to utilize online marketing research via e-mail, Internet survey websites, and online panels and databases. The cost of conducting a survey online versus in person or by telephone is considerably cheaper and typically faster. Another advantage is that, with smartphones, consumers can be reached anywhere, anytime. Of course, the survey methodology needs to be changed, but research firms knew that could be done!

Competition

While tighter client budgets and online research techniques were prompted by changes in the economic environment, competition sparked two additional changes in marketing research—accelerated timelines and an increased focus on international research. Because of global competition, firms are increasingly seeking to conduct research internationally.

If a brand is distributed in 14 countries, then in most cases, research should be conducted in all 14 countries. If a company is planning to expand into a new region of the world, then research should be conducted in that region and within each country or province of that region.

Coupled with the need to do research in multiple countries, research firms faced a compression of the timeline. Instead of having months to complete a marketing research study, many companies now expect the entire project to be completed within 6–8 weeks.[13] For this to happen, the data collection component of the research needed to be streamlined. This time compression for research studies contributed to an increased reliance on firms specializing in sample provision, primarily with online samples. In almost all cases, online data collection can occur considerably faster than other methods such as telephone, mail, or in person.

OVERVIEW OF THE TEXT

The textbook is divided into four sections. Section 1 introduces marketing research by providing an overview of marketing research and an explanation of the marketing research process. Section 2 reviews the various types of marketing research, including secondary research, qualitative research, observation research, experimental research, and survey research. The third section explains how data are obtained via sampling and measured using scales and survey questions. Questionnaire design considerations are also addressed. Finally, Section 4 describes how data are analyzed using fundamental and more advanced statistical methods, and how they are reported.

Global Concerns

Because of the increase in global competition and due to the elimination of geographic barriers and lower costs provided by the Internet, marketing research is now being conducted on a broader scale that involves multiple countries. Compared to the past, fewer studies by major firms are limited to the United States or just one country. Expanding research into additional countries involves some unique challenges that will be highlighted in each of the chapters of this text.

A primary challenge, of course, is the translation of surveys into various languages. English is a very rich language, and sometimes there is not an equivalent word available in a foreign language, forcing the question to be reworded to ensure a similar meaning. But, more problematic is the difference in cultures. What is appropriate to ask in one country may be deemed to be inappropriate in another. For instance, interviewing females in Western countries is perfectly acceptable. But, to do so in many Middle Eastern countries is not as acceptable unless a male is present. Furthermore, in most cases it needs to be a female-female surveyor and respondent relationship.

In some countries like the United States, getting individuals to participate in studies is difficult. That is one reason for the increased usage of online panels and databases. But, in some of the developing countries, individuals are eager to participate in studies. It is novel and new to them. Of course, this raises questions of how representative the samples are in both situations, in the United States where participation is difficult to obtain and in other countries where individuals are eager to participate.

STATISTICS REVIEW

Statistics are important in marketing research because any data that are obtained must be analyzed and then converted to useful information. Most courses in marketing research have statistics as a prerequisite. The ideal would be if students took the course in statistics immediately prior to the course in marketing research. Seldom does this occur. It may have been one or even two years since the statistics course was taken.

For this reason, rather than wait until the data analysis chapter of this text to discuss statistics, a "Statistics Review" section has been incorporated into each chapter. The material presented in this section should not be new. However, it may appear new depending upon when the statistics course was taken and how well the concepts were learned. Reviewing these topics in smaller chunks on a chapter-by-chapter basis will make it easier to relearn the statistical concepts than cramming the entire content into one or two chapters near the end of the marketing research course.

DEALING WITH DATA

Data are central to marketing research. While some marketing research involves collection of information that is not in the form of data, most marketing research has some type of data. These data must be examined, analyzed, and converted to information that is useful to managers for decision making. Rather than wait until the end of this text to discuss data analysis, each chapter contains a "Dealing With Data" section. The concepts presented and the exercises shown are designed to allow students to apply the "Statistics Review" section to marketing research data. Exercises and information in this section should not be new, but as with the "Statistics Review" they may appear new depending on how long ago the statistics course was taken and how well the material was learned. The majority of the data sets are provided in SPSS format. SPSS is an advanced statistical analysis program used by many universities, large corporations, and marketing research firms. Limited instructions for using SPSS will be incorporated into the "Dealing With Data" section. More detailed step-by-step instructions for using SPSS can be found on the textbook's companion website at www.sagepub.com/clowess.

SUMMARY

Objective 1: Discuss the basic types and functions of marketing research.

Marketing research studies can perform one or more of the following functions: exploratory, descriptive, diagnostic, and predictive. Most commercial marketing research studies are applied research, while basic marketing research is typically conducted in university settings. The philosophy of science and scientific method guides the marketing research process.

Objective 2: Identify marketing research studies that can be used in making marketing decisions.

Segmentation and targeting decisions often rest on data obtained via benefit and lifestyle studies and target market analysis. Product testing studies and test markets provide essential information as part of the new product development process. Existing brands benefit from market analysis and competitive analysis studies, which allow decision makers to understand changes in the dynamic marketplace and how their brands will be affected. Marketing communication decisions are enhanced by data stemming from advertising effectiveness research and media studies. Pricing studies evaluate the impact that pricing changes have on demand, and studies of sales potential and sales forecasting efforts are used by many departments within the firm.

Objective 3: Discuss how marketing research has evolved since 1879.

The first documented instance of marketing research occurred in 1879 with the basic foundation of marketing research being developed during the first 30 years of the 20th century. The early years of marketing research focused on methods of sampling, collecting data, and analytical techniques. The primary goal of marketing research was to measure marketing phenomena and consumer characteristics. During the "golden age of consumer research" (1970s and 1980s) marketing research techniques become more scientific, and computing power made collecting and analyzing data faster, easier, cheaper, and more accurate. Marketing research became the support, the rationale for choosing particular marketing strategies and marketing tactics. During the late 1990s and early 2000s a cultural shift resulted in researchers being asked to provide insights into what the data meant and to assist in providing insights into marketing situations. The current stage of marketing research is "the consultative stage." Now, marketing researchers are being asked to assist in developing marketing strategy.

Objective 4: Describe the marketing research industry as it exists today.

Client firms conduct research in-house or hire full-serv or boutique marketing research firms to provide information needed for decision making. Data collection can be undertaken with the general population, or a firm may be hired to provide a sample from its panel or database. Research agencies are increasingly relying upon sample aggregators to obtain more representative, reliable samples.

Objective 5: Discuss the emerging trends in marketing research.

Advances in telecommunications technology have changed the ways that consumers interact with each other, companies, and brands. Marketing researchers now monitor social media as a result. Economic constraints have tightened client budgets, while competitive pressures have

compressed deadlines and forced research firms to embrace the Internet as a faster, more cost-effective method of data collection. Furthermore, the globalization of business has resulted in a greater need for multicountry marketing research efforts.

GLOSSARY OF KEY TERMS

Advertising effectiveness research: research that examines the effectiveness of advertising and marketing communications

Applied marketing research: research designed to solve a specific marketing problem, to investigate a particular marketing phenomenon, or to understand the results of previous decisions

Basic marketing research: research conducted to advance marketing knowledge in general or to verify a proposed marketing theory or concept

Benefit and lifestyle studies: research that examines the similarities and differences consumers seek in products and how these benefits fit into particular lifestyles

Competitive analysis studies: research that examines competitors within a market industry

Descriptive function: gathering and presentation of information about a marketing phenomena or situation

Diagnostic function: data analysis techniques used to investigate relationships and phenomena within data that have been gathered through marketing research

Exploratory function: occurs when researchers have a limited understanding or no knowledge at all about a marketing situation or a particular outcome

Market analysis study: research that examines the current marketing situation faced by a company or brand and then identifies potential markets

Marketing mix: specific combination of product, pricing, promotional, and distribution decisions made for the purpose of targeting a particular group of consumers

Marketing research: systematic gathering and analysis of marketing-related data to produce information that can be used in decision making

Media studies: research that identifies the most appropriate media to reach a specific target market

Predictive function: marketing research used to predict or forecast the results of a marketing decision or consumer action

Pricing studies: research that evaluates the elasticity of a brand's price and the impact pricing changes will have on demand

Product testing studies: research that identifies how a product fits the needs of consumers and what changes need to be made to the product to make it more attractive

Sales forecasts: research that estimates future sales for a company or brand

Sales potential studies: research that estimates potential sales for a product industry

Sample aggregator: firm that collects data through utilizing multiple sample companies

Site selection: research study to help retailers determine the best locations for retail outlets

Target market analysis: research that provides basic demographic, psychographic, and behavioral information about specific target markets

Test markets: research that provides information on how well a new product or product modification will do in a limited market before a national or international launch

CRITICAL THINKING EXERCISES

1. Have you ever participated in a marketing research study? If so, describe how the research was conducted. Was the study exploratory, descriptive, diagnostic, or predictive in nature? Justify your answer.
2. What impact do you think social media and smartphones and other forms of emerging technology will have on the way companies conduct marketing research in the future?
3. Think about the place where you currently work, or a place you have worked in the past. Describe how marketing research could be used to gather information that would be beneficial to the business or organization.
4. Interview a professor at your school other than your instructor. Ask the professor about the types of research he or she conducts. Is it applied or basic research? Show the individual the diagram in Figure 1.5. Ask if that process applies to his or her research process.
5. A research study investigated the factors that influence and determine a firm's reputation. The study included 150 firms from a variety of industries, and several factors that influence or determine firm reputation under various conditions were identified. Is this an example of applied research or basic research?
6. Find an article in each of the following journals: *Services Marketing Quarterly, Journal of Services Marketing, Business Communication Quarterly, Journal of Health Care Marketing,* and *Journal of Advertising.* Identify whether the research is applied or basic in each article. For applied research studies, briefly describe how the data were collected. If you classified an article as basic research, explain the theory or concept that was proposed or tested.
7. A student bookstore conducted a series of group interviews with several groups of students in order to try to understand why textbook sales were declining, despite the fact that enrollment had increased during the same semester. Which function of research does this illustrate?
8. Give an example of how a health club, fashion retailer, or manufacturer of fishing boats might conduct four separate studies that exemplify each of the types of research: exploratory, descriptive, diagnostic, and predictive.
9. Have social media and smartphones changed culture? Explain. Have they changed the way humans communicate with each other? Explain.
10. Do you use Twitter? Why do you use it? If so, how has it impacted your life? Have you ever used Twitter to communicate with a company or brand? What happened as a result? If you have not used Twitter, why not?
11. Are you a Facebook fan of one or more brands? If so, which ones? Why did you join? If you have stopped being a fan of a brand, which of the reasons shown in Figure 1.1 explain why? Did any other factors influence you to quit being a fan of a brand?

12. Interview five individuals of different ages ranging from young teenagers to a senior. Ask them about their use of social media, cell phones, and smartphones. Write a short report contrasting the differences and how age impacts the use of modern technology.

CONTINUING CASE STUDY: LAKESIDE GRILL

As part of their annual service project, five students of the American Marketing Association student chapter have agreed to conduct marketing research for a local business—Lakeside Grill.

This "Lakeside Grill (Continuing Case Study)" section provides a summary of how these students used the information in each chapter for their research project. Because it is a continuous project that flows throughout the entire text, it will be possible to see a research project from beginning to end. However, being students, the team does not always make the most optimal decisions. Following a description of their actions, questions will encourage a critique of the decisions made by the student team. This section allows a glimpse of a marketing research project conducted by a team of students from inception to completion.

Critique Questions:

1. How important is it for students to conduct a real-world project while taking a course in marketing research? What are the pros and cons of doing this?
2. What could a local business realistically expect from a student team conducting a research project?
3. How much guidance or direction should a faculty member or an instructor of the course provide for the student team? Explain.
4. If you were part of a student team conducting research for a local business or nonprofit, what type of business or nonprofit organization would provide the best learning experience? Why?
5. Is it fair to the local marketing research firms for a business to use a student team to conduct research rather than hiring the marketing research firm? Justify your answer.

MARKETING RESEARCH PORTFOLIO

The "Marketing Research Portfolio" mini-cases emphasize "learning by doing," and provide an excellent method by which students can practice and apply the skills learned in each chapter. Beginning with Chapter 2, each mini-case will present relevant client background information, and then list specific questions to be answered or tasks to be performed. Although

some chapters use the same client and project, most chapters (with the exception of 13 and 14) can be treated as independent assignments, suitable for either individual or group work. The marketing research portfolio cases and supplemental files can be found online at www.sagepub.com/clowess.

STUDENT STUDY SITE

Visit the Student Study Site at www.sagepub.com/clowess to access the following additional materials:

- eFlashcards
- Web Quizzes
- SAGE Journal Articles
- Web Resources

CHAPTER 2

The Marketing Research Process

LEARNING OBJECTIVES

After reading this chapter, you should be able to

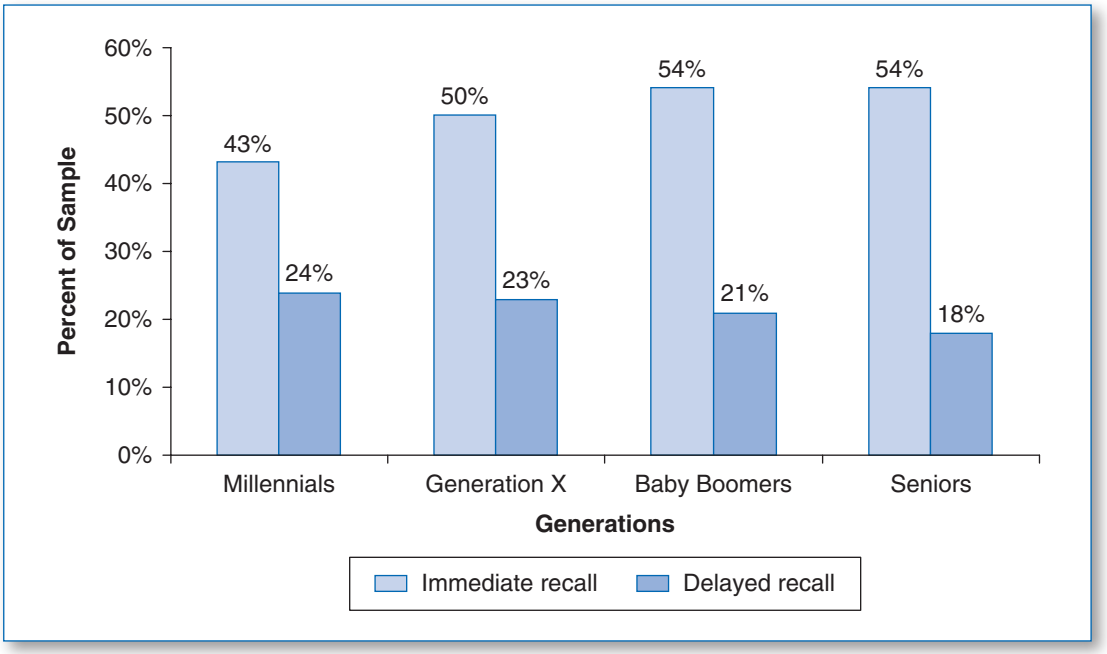
1. Compare and contrast the three types of research design.
2. Explain the marketing research process.
3. Describe the components of a request for proposal (RFP) and a research proposal.
4. Provide an overview of qualitative and quantitative research.
5. Recite the ethical considerations in designing research studies.

INTRODUCTION

In recent years, marketing managers have become concerned that the millennial generation (individuals born between 1981 and 2000) is influenced less by advertising than older generations. Often characterized as "stimulation junkies," members of this generation are the first to grow up with computers, have known the Internet and cell phones all of their lives, and are used to technology. The group consists of 79 million consumers and has an estimated annual purchasing power of $178 billion. Reaching these consumers has become a high priority of marketing managers, especially for products geared to the millennial generation.

A major goal of marketing research is to provide information that managers can use to make better decisions. In this particular case, research can be used to gain a better understanding of how advertising influences the millennial generation and what can be done to increase advertising's effectiveness. A recent study examined the recall rate of four generations from millennials to seniors. Results are shown in Figure 2.1. An examination of the graph shows that millennials have

Figure 2.1 Ad Recall for Four Generations



Source: Author-created with data from Laurie Sullivan, "Millennials Remain Difficult to Reach," *Online Media Daily,* January 24, 2012, www.mediapost.com/publications/article/166427 (accessed June 15, 2012).

the lowest immediate recall rate of any generation. They are not paying attention to ads. They may be involved in multitasking, or it could just be that they do not care about ads. However, their delayed recall is slightly higher than that of the other generations.[1]

While the information in Figure 2.1 is good and of interest, it just verifies what marketing managers already suspected. It does not provide any information that can be used to increase the effectiveness of advertising to the millennial generation. If the study would have ended at that point, then the dollars spent and the time involved in conducting the study would have been seen as a waste. But, the study explored deeper into several facets of advertising among the generations. Based on additional results, the researchers who conducted the study suggested that to reach the millennials companies should "show the product longer in ads, make the brand name more visible, and make more mentions [of the product and the brand] throughout the ad campaign."[2]

This chapter explores the different types of research and the research process that can be used to obtain information similar to what has just been discussed. Following a detailed research process allowed the researchers to go beyond collecting data to providing insights that can be utilized by individuals advertising to the millennial generation. The chapter discusses the two primary types of research: qualitative and quantitative. Both were used in the previously cited study. Finally, the chapter concludes with a discussion of ethics and where unethical conduct may creep into marketing research studies.

TYPES OF RESEARCH DESIGN

■ Learning Objective 1.1: Compare and contrast the three types of research design.

As has already been stated, the purpose of marketing research is to help managers make better decisions. While it is impossible to remove all uncertainty, information can help managers understand the problem being faced and the possible ramifications of decision options. For example, many companies are struggling with what to do about providing online reviews of products. Recent research found that 50% of online shoppers conduct research online for at least half of their purchases. Further, 64% of online shoppers said they read online reviews prior to making product decisions.[3] Based on these findings, it would appear that companies should offer some type of online review on their websites. But, what type of reviews? And, if reviews are provided, how and where should they be posted? An even more pertinent question is revealed by examining who responded to this particular survey. The study stated online shoppers were interviewed, which begs the question "Who were the online shoppers, and are they different from consumers who shop primarily in retail stores?"

While research can provide information, managers must be able to interpret that information and relate it to the problem they are facing and the decisions that need to be made. This process requires an understanding of the basic types of research design, shown in Figure 2.2.

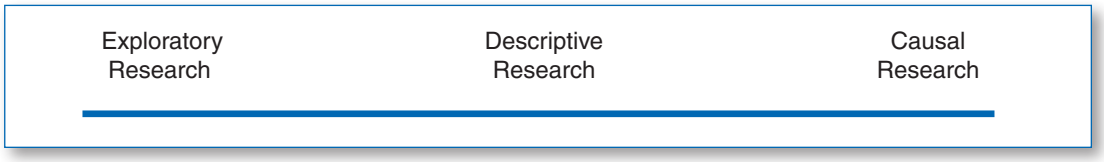
Exploratory Research

As the name implies, **exploratory research** involves a preliminary examination of a problem or situation to identify parameters to be studied further and in some cases to even define the problem itself. Researchers will often launch exploratory research when the problem they are facing is not clear. They have symptoms, such as declining sales or a decrease in market share, but do not fully understand what is causing the sales or market share to decline. The goal of exploratory research in such cases is to help researchers understand the situation, the problem being faced, and perhaps even some possible solutions. Exploratory research is not definitive. It is designed to be used by managers not for making decisions, but rather to guide the development of future research projects or to better understand a situation.

Exploratory research is often used in the first stage of a more comprehensive research study. In addition to shedding light on the problem, exploratory research can provide clues as to the variables that should be studied. Additional types of research can then be used to determine the relationships among variables and any cause-and-effect relationships that may exist.

Exploratory research can provide information that can be used to develop hypotheses. A **research hypothesis** states an expected research outcome relevant to one or more variables that seems reasonable in light of existing information. In simpler terms, research hypotheses represent educated guesses with respect to what the researcher expects to find after analyzing the

Figure 2.2 Types of Research Design



research data. For example, if a marketing researcher wished to explore the impact of consumers' online shopping behavior in greater detail, he or she might develop the following hypothesis after reading the article about how consumers use online reviews, ratings, and searches.

> Hypothesis: When researching branded products online prior to purchasing, 50% or more of consumers will start with a search engine.

Methods of exploratory research include secondary research, focus groups, in-depth interviews, case studies, and even pilot studies. With the widespread availability of the Internet and easy access to large article databases, conducting secondary research can be done rather quickly and inexpensively. After all, someone else may have faced a similar problem. Articles relating to the situation may provide useful information and understanding, and possibly help lead to hypothesis development. Internally, the firm can review previous research studies that may shed some light on the issue at hand.

Focus groups and in-depth interviews will be discussed in more detail in a later chapter, but both methods allow researchers to gather information from individuals. With the focus group, researchers talk with a small group of individuals about a specific topic, exploring their thoughts and ideas in detail. With in-depth interviews, the researcher is talking to individuals one-on-one to explore a particular topic in greater depth or to better understand the thinking behind an individual's actions or behaviors. Both forms of research can provide rich, detailed information and consumer insights that can help researchers to better understand important aspects of a current situation.

Occasionally, a researcher will launch a **pilot study,** which is an abbreviated study with a limited number of respondents designed to provide information to the researcher in developing a larger, more definitive study. A researcher may not know exactly what questions to ask. A pilot study can be helpful, especially by asking open-ended questions. Suppose a researcher wants to study the impact of various factors on the consumer decision process that is used in determining whether online reviews will be consulted before purchasing a product. A pilot study might be used and respondents asked to identify what factors influence whether they conduct an online search for information prior to making a purchase decision. Pilot studies are also useful in testing aspects of research methodology, such as sampling and data collection procedures.

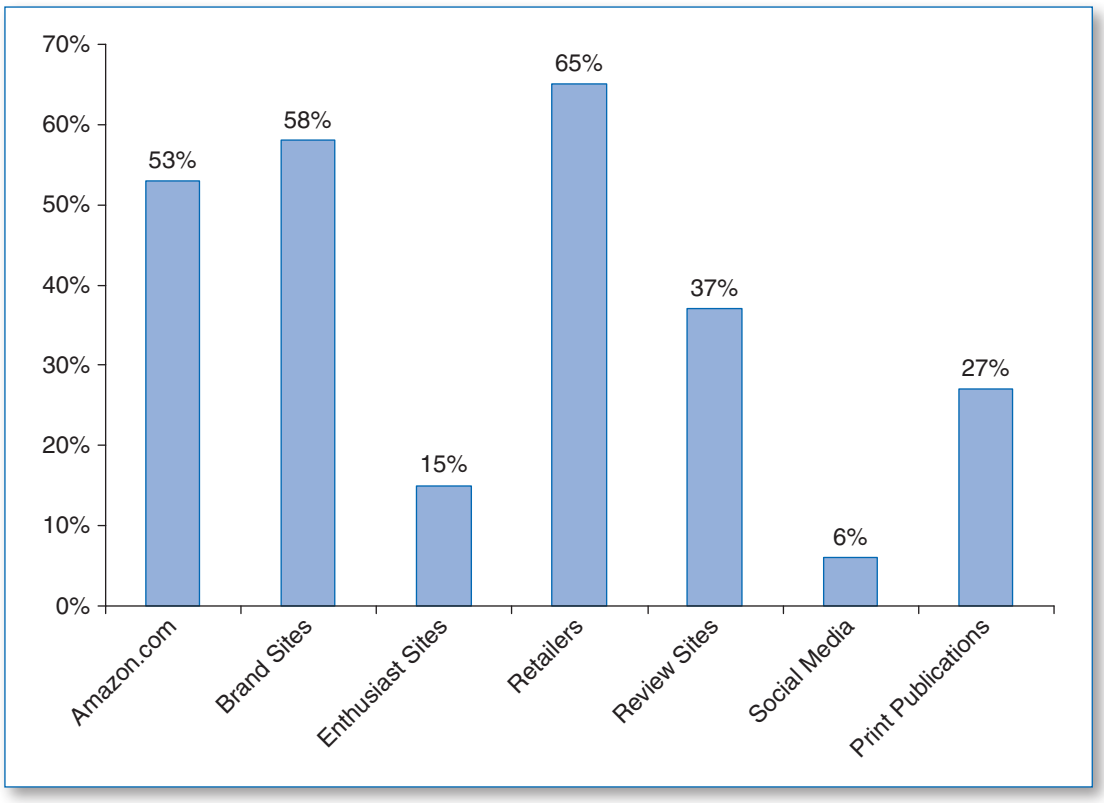
Descriptive Research

As the name implies, **descriptive research** answers the questions who, what, when, where, and how in describing the characteristics of consumers, brands, and other marketing phenomena. In contrast to exploratory research, marketers who use descriptive research already have a good understanding of the marketing problem or situation. They are just seeking additional information in order to make a more informed decision.

Consider the example of descriptive research findings presented in Figure 2.3. Respondents were asked to "select the top 3 places where you typically research products online." Notice that 65% of the individuals who answered the question indicated they use retail sites to research products online. The least used were social media sites at 6%.[4]

Descriptive research can be used for a large number of research situations and is the most frequently used type of research. In most cases, descriptive studies use numbers, which allows for statistical and mathematical relationships to be examined. Caution should be undertaken

Figure 2.3 Top Places Where Products Are Typically Researched Online



Source: Author-created with data from "Online Shoppers Value Reviews, Ratings, Search," April 23, 2010, http://www.marketingprofs.com/charts/2010/3563/online-shoppers-value-reviews-ratings-search (accessed June 15, 2012).

when interpreting these relationships, as descriptive research findings cannot be used to prove causality. For instance, descriptive research may show that there is a relationship between online product reviews and purchase intentions, but this fact alone does not prove that one causes the other. It is merely a description of the relationship.

Causal Research

To determine if one variable causes another, researchers utilize **causal research.** Most causal research designs involve experimentation, which is the topic of Chapter 7. Care has to be taken to ensure that the relationship is truly cause-and-effect and not just a coincidence, or **spurious association.** Spurious association occurs when two variables appear to be related in such a way that the first variable appears to be causing something to happen to the second variable, but in fact the observed change is due to other factors. For instance, a hardware store may run a special advertising campaign on snow shovels. Over the weekend, sales triple. It would appear that the increase in the sale of the snow shovels was caused by the advertising campaign. However, the more likely cause is the 14 inches of snow that fell at the beginning of the weekend. The goal of causal research is to control or eliminate all other possible causes of an effect except the one being studied.

In determining cause and effect, two conditions must be met. The first, called **temporal sequence,** is related to timing issues and simply means that the cause must precede or occur at the same time as the effect. In the case of the hardware store, the ad campaign must precede or occur simultaneously with the increase in the sales of snow shovels. In the case of understanding the impact of online customer reviews on purchase decisions, the viewing of the review by the shopper must occur prior to or at the time of the purchase and not after the purchase. Assuming that such behavior is the norm would be dangerous; many individuals will in fact read product reviews after making a purchase, as one method of alleviating buyer's remorse (also called cognitive dissonance).

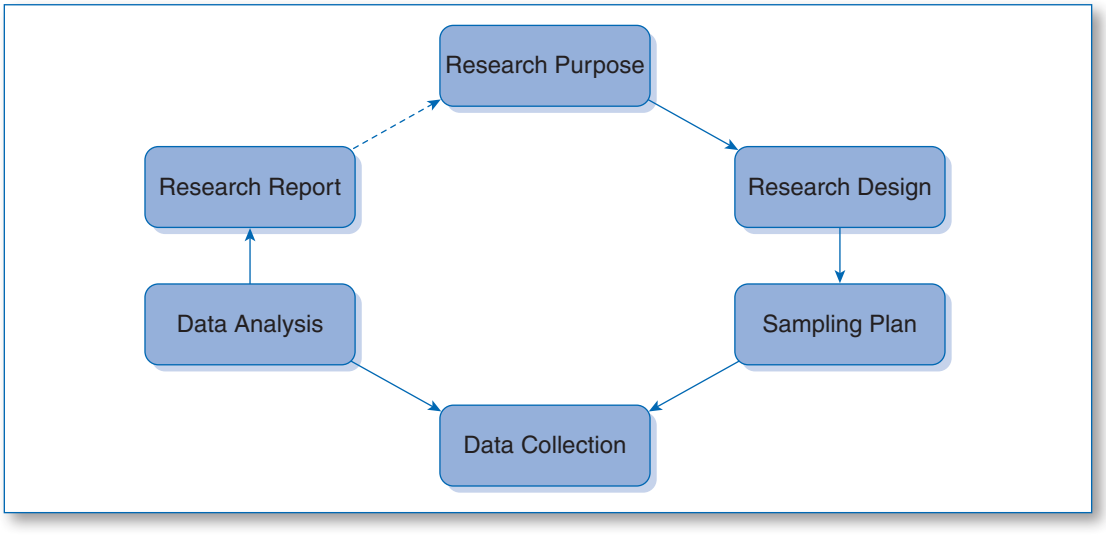
The second condition for establishing causality is **concomitant variation,** which means the two items thought to be part of a causal relationship vary or change together and in the direction hypothesized. In the case of the hardware store, if the researcher wants to show a cause-and-effect relationship between the ad campaign and the sale of snow shovels, then an increase in ad spending should result in an increase in the sales of snow shovels, rather than no sales increase or, even worse, a decrease in sales. Correspondingly, a decrease in ad expenditures would be expected to create a decline in the sales of snow shovels, though perhaps not immediately, due to advertising's carryover or lag effect. From this example, it can be seen that to show a cause-and-effect relationship between advertising and sales is difficult. While marketers believe there is a strong relationship, they also understand there are a large number of other factors that impact sales beyond an advertising campaign.

■ Learning Objective 2.2: Explain the marketing research process.

OVERVIEW OF THE MARKETING RESEARCH PROCESS

Figure 2.4 illustrates the typical research process. It starts with understanding the research purpose, which stems from a need to understand a situation, an opportunity, or a particular problem being experienced by a firm or brand. Managers often confuse symptoms with

Figure 2.4 The Marketing Research Process



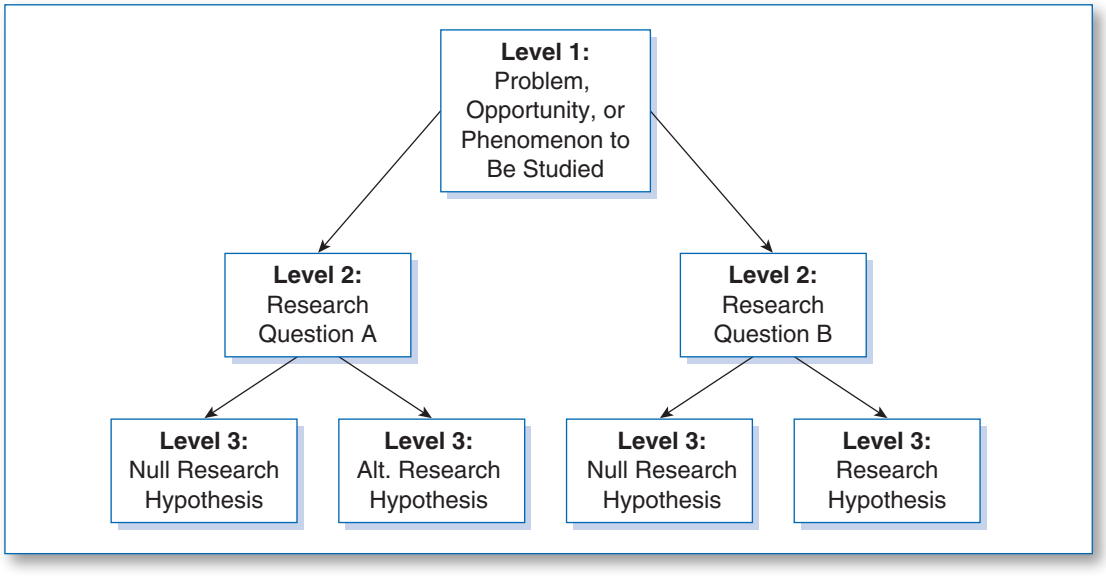
problems, so it is up to the market researcher to persistently investigate or question management until the true problem is understood and the research purpose is clearly identified. Sometimes, it will require exploratory research because the manager may not know why a particular symptom, such as slumping sales or declining market share, is occurring.

Research Purpose

Market research is conducted with a specific purpose in mind. The **research purpose** might be to gain a better understanding of a situation or phenomenon, to investigate an opportunity, or to understand or address one or more problems that may be negatively impacting the firm. As Figure 2.5 illustrates, defining the research purpose is a multitiered process in which the research purpose statement serves as a springboard for developing research questions and hypotheses. Although it is not an easy task, its importance cannot be overstated as the research purpose impacts every area of the research design.

Symptoms or Problems. The task is particularly challenging when the purpose of the research relates to a problem being experienced by the firm or brand. Too often management's preconceived notions of the problem are incorrect, which may result in research that isn't helpful because it doesn't collect the proper data. This can occur when symptoms are confused with the problems, or the true underlying cause of the problem is not properly identified. The difference between symptoms and problems can be illustrated by the *iceberg principle*. With an iceberg, typically only about 20% of the iceberg is visible above the water. The portion below the water is much larger, and poses a much greater risk to ships. Most managers see the part above the water, such as loss of sales. It is the task of the marketing researcher to discover the part under the water, the problem or cause of the symptoms.

Figure 2.5 Defining the Research Purpose



Sales may be lost due to declining levels of customer satisfaction. But the decline in customer satisfaction may in turn have been caused by something else—perceptions of inferior product quality, poor performance, unsatisfactory customer service, a price that is too high for the benefits received, and so forth. Determining the true problem is akin to peeling an onion—researchers much continually ask "What caused that?" as they strip away each layer in an attempt to uncover the root cause.

Some typical research problems that may trigger research studies are shown as part of Figure 2.6. The symptom for each of the research problems identified in the figure may have been declines in key marketing metrics related to the problem, slumping sales, or declining market share. But, the problems causing the symptom are vastly different. In terms of research design, a study examining poor brand image will be conducted differently than one examining a poor distribution system or poor customer service.

Exploiting Opportunities. Research studies are also conducted for the purpose of exploiting an opportunity. A few examples also appear in Figure 2.6. Site selection research is conducted for the purpose of determining the best location to open a new retail store or restaurant. Similarly, with millions of dollars at risk, consumer goods firms often invest in a great deal of research when developing a new product. Research conducted during the new product development process typically includes concept testing in the early stages to ascertain whether the idea is even feasible. Later stages of research will involve a variety of studies geared toward optimizing the package design and many aspects of the marketing mix, such as price and marketing communications. In some instances, research culminates in a test market, where the product is introduced on a limited basis in an actual store and promoted via the initial marketing communications campaign.

Investigating Phenomena. Not all research studies involve a marketing or business problem. Researchers or managers may be seeking a better understanding of a situation or phenomenon. For instance, in the study referred to earlier in this chapter, researchers wanted a better understanding of how consumers value product reviews, ratings, and online searches. In another example, the Reputation Institute conducts a survey every year to determine the top 100 global brands in terms of each company's reputation. Nielsen Online conducted a survey to investigate how pervasive social media are in the lives of Americans. In all three of these situations,

Figure 2.6 Typical Research Purposes

Investigating problems that may cause symptoms

- Poor brand image
- Lower-quality products
- High pricing
- Poor distribution
- Poor customer service
- New competition

Investigating opportunities

- New product or service development
- Site selection for store
- Shifts in consumer wants

Investigating phenomena

- Top 100 advertisers
- Endorser ratings

marketers were seeking a better understanding of the marketplace and consumers in order to develop more effective marketing strategies.

Research Questions. Once the research purpose and the related problem, opportunity, or situation to be studied has been clearly identified, research questions and hypotheses are formed. Typically, multiple research questions are formed for a particular research purpose. Research questions should not be confused with survey questions. **Research questions** specify the *type of information* needed in order to successfully fulfill the research purpose and make important managerial decisions. As such, they should be clearly written and stated as specifically as possible in order to help guide the research process down the line. A research question that asks "What is the profile of the credit union's target market?" would not be as helpful in guiding survey development as one that asks "What is the demographic, geographic, and psychographic profile of the credit unions' depositors, investors, and mortgage holders?" Some researchers prefer forming research objectives. The only difference between these two concepts is that one is phrased as a question, while the other is phrased as a statement. Figure 2.7 illustrates how the same information can be phrased as a research question or a research objective.

Figure 2.7 Research Questions Versus Research Objectives

Research question	Research objective
• What is the demographic, geographic, and psychographic profile of the credit unions' depositors, investors, and mortgage holders?	• To determine the demographic, geographic, and psychographic profile of the credit unions' depositors, investors, and mortgage holders.
• Which of three test package designs has the greatest impact on consumer attitudes and purchase intentions?	• To identify which of three test package designs has the greatest impact on consumer attitudes and purchase intentions.

Research Hypotheses. Research hypotheses are included only when the researcher has reason to suspect, or "conjecture," an answer to a particular research question. Sources of potential hypotheses include secondary research, focus group results, other exploratory research findings, and theory.

Suppose the purpose of a research study is to investigate how consumer perceptions influence brand sales. If exploratory research results suggest that a decline in sales may be due to consumer perceptions of product quality, one potential research question might be written as "How do consumers perceive the quality of Bell Electronics' products relative to the competition?" Correspondingly, a related research hypothesis might be written as "Consumers view digital cameras sold by Bell Electronics as being of lower quality than leading brands." Alternatively, the research hypothesis might state "Consumers rate our brand superior to most competing brands, except for Nikon and Sony" or even "Consumers rate our brand third best among digital camera manufacturers." Additional research questions might address consumer perceptions of pricing, promotion, or distribution decisions, if these were identified as potential causes of lower sales in exploratory research. Figure 2.8 demonstrates the relationship between a research problem, research questions, and research hypotheses.

Figure 2.8 Research Purpose, Questions, and Hypotheses

Research Purpose

- To understand how consumers value product reviews, ratings, and online searches.

Research Questions and Hypotheses

- What criteria do consumers use to determine which online search engine they will use for product research?
  - H_0: Search engine toolbars installed in the browser influence the choice of search engines used in product research.
  - H_0: Previous experience with search engines influences the choice of search engines used in product research.
- How do consumers feel about our brand, compared to our competitors?
  - H_0: Customers rate our brand second only to Nikon.
- What is the profile of customers who spend at least $300 a year with our firm?
  - H_0: Average household income exceeds $50,000 a year.
  - H_0: Time spent online averages 10+ hours a week.

Research Design

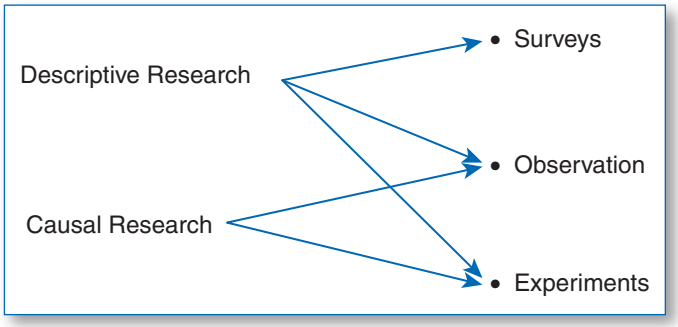
The **research design** is the plan that will be used to address the research problem, question, and/or hypothesis. It guides the research process and outlines how data will be collected. The specific design chosen will vary depending on the problem being studied and the constraints imposed by management. Typical constraint issues that impact the design include time, costs, and quality of information. If time to conduct the study is short, then the researcher must look for quicker methods of collecting data, which often drives up costs and may impact the quality of the information obtained in a negative manner. If management wants a high level of information quality, it will normally lengthen the time for the study and, again, increase the budget to accommodate the correspondingly higher costs. If management is concerned about costs, then it limits the researcher's options, which then usually has an inverse impact on the quality of data. Therefore, management and the researcher must come to an agreement on the desired level of precision of the information needed in light of costs and time constraints.

Descriptive or Causal Approach. The first research design decision involves whether to use a descriptive or causal approach. As described earlier, both designs assume the researcher has a good grasp on the problem or question to be studied. If not, then further exploratory research needs to be conducted. If the researcher is looking for an understanding of specific variables or relationships among variables, then a descriptive approach is appropriate. For example, suppose a credit union was interested in profiling the characteristics of its current mortgage holders. In this instance, the credit union is looking to describe the relationship between those who hold home mortgages with the credit union and factors such as gender, marital status, type and number of other accounts held within the credit union, income, and so forth. If the purpose

of the study is to prove a cause-and-effect relationship, then a causal design works better. So if the credit union was interested in learning whether a $50 savings bond, $25 gift card, or free dinner for two at Red Lobster was the most effective incentive for enticing new customers to open an account, causal research could be used. In making the decision, time, costs, and quality of information must be considered. While causal research will normally provide a higher level of information, it tends to take longer, and costs are higher. For most marketing decisions, descriptive research provides ample information for managers to make decisions.

The second component of research design is how the data will be collected. As shown in Figure 2.9, researchers have three basic methods of collecting data. For descriptive research, the most common approaches are surveys and observation. For causal research, the typical approach is to use an experiment.

Figure 2.9 Methods of Collecting Data



Survey Research. **Survey research** can be conducted in a number of ways, but the overall methodology involves a researcher asking individuals a series of questions about the topic under study. It can be done one-on-one with an interviewer asking individuals questions. It can be done through distributing a questionnaire to individuals. Today, a large number of surveys are distributed via the Internet and e-mail. Survey research can also include interaction with a group of individuals who meet to discuss a particular topic. Surveys are a primary method of conducting descriptive research since the typical who, when, where, what, and how questions can be asked of participants.

Observation Research. Instead of asking individuals a series of questions, researchers can observe their behaviors or observe the result of their behaviors in the **observation approach.** Researchers can watch individuals interact with a point-of-purchase display at a retail store or watch children playing with a new toy. This approach can even involve giving children money to spend at a toy store and watching how they go about deciding which toy to purchase. It may be watching how an adult buys groceries. In all of these examples, the researcher observes, but does not interact with the subject being studied. If the researcher believes his presence may influence the subject's behaviors, then the observation is normally done through a two-way mirror or recorded with a video camera and watched later.

Instead of watching the behavior, a common approach is to observe the results of behavior. Technology, especially retail scanners, has increased the desirability of this approach. Instead of actually watching shoppers at a point-of-purchase display, scanner data from the store's cash register system can identify how many individuals purchased the items on display. If the store has loyalty cards, even who made the purchases can be identified. This information can then be tied into an individual's demographic information and past purchase history for richer information.

The Internet offers a wealth of observation data. Through cookies, a company can track individuals who visit a website. Data such as how long they stay on a page, what links they click on, and where they go on the page can all be tracked. This type of data is very useful in studying the impact of banner ads and other forms of Internet advertising.

Observation can be used in descriptive research since the actions of individuals can be described and measured. It can also be used in causal research, but requires more controls to ensure there is truly a cause-and-effect situation. When used for causal research, most marketers would use the results of behavior rather than observing the behavior itself. Scanner data and Internet tracking data can be used in more tightly controlled situations and can possibly show cause and effect.

Experimental Research. The last method of collecting data is **experiments,** which involves a research study where all variables are held constant except the one under study. Most experiments are conducted in tightly controlled environments, such as laboratories. In advertising, it might take place in a movie theater where individuals are shown a documentary or new television show with ads as would normally be in a television show. Embedded among the ads is one the researchers are studying. Questions asked before and after can provide information on any impact the target ad may have had on the participants in the study.

Another approach is what is called a **field experiment,** which involves conducting an experiment in a real-world setting. Controlling all of the variables except the one under study becomes much more difficult because a number of other extraneous factors could have an impact on the results. A company such as Tyson could create a study examining three different package designs for its fajita chicken. Price and location of the product is the same in all of the stores. The only difference is the package design. Sales could then be examined to see if the package design impacted the purchase decision. The challenge is ensuring that any change in sales was due to the package design and not some other factor, such as one of the stores having a special sale on a competing brand or complementary product, such as fajita steak.

Because researchers strive to control all of the variables in an experiment but the one being manipulated, it is ideal for causal research. Experiments can be used for descriptive studies in situations where it is difficult to control all of the extraneous variables, such as field studies. When relationships are found through descriptive research, then a subsequent study can be designed that uses a causal research approach to verify cause and effect.

Sample Selection

Because of time and cost constraints, researchers in most studies will select a sample, or subset of individuals to study, rather than the entire population being studied. The sample selection process begins by defining the **population,** which is the group that a researcher wants to study. It can be as small as the students at a university or as large as the entire population of the United States. It can be broadly defined such as online shoppers or narrowly defined such as women who have given birth to a child within the last six months. Once the population of study has been defined, then the researcher designs a method for selecting a sample from the population. Chapter 8 describes the process of sample selection in greater detail. Most critical to the selection process is the assurance that the sample is representative of the population. If it is, then conclusions and findings of the research obtained from the sample can be applied

The population is the group the researcher wants to study, such as students at a particular college.

to the population being studied. If it is not, then regardless of how large the sample and how detailed the information, inference cannot be made to the population.

Suppose JPMorgan Chase conducted a survey of 500 randomly selected individuals who accessed their financial account information (mortgage, credit card, checking, savings, etc.) online during the month of April. If the purpose of the study is to assess customer satisfaction of checking account holders, then the population for this study should include all Chase customers who have a checking account with the financial institution. Unfortunately, in the situation described above, the survey administration and resulting sample is flawed because it is restricted to online users only, as those individuals who do not use online banking (or who did not access their account information online in April) have no opportunity to participate in the study. As certain demographics might be associated with those unlikely to use online services (older, financially disadvantaged), the study results would clearly not be representative of the population, and satisfaction levels could realistically differ between users and nonusers of online services. An additional problem stems from the fact that many of Chase's online account information users may not have checking accounts with the bank, but instead use the online service to track or pay credit card bills. If such an individual were randomly selected to participate in the study, his or her ratings of checking account services would "confound" the data, meaning that the information provided would not be relevant because the checking services being rated were not those offered by Chase.

Data Collection

For a marketing researcher, now the fun begins! It is time to collect the data. How the data are collected depends on the research design process. If survey research is used, then it can be collected through personal interviews, telephone interviews, mail surveys, or online using a website or e-mail. Surveys can be distributed at a mall, passed out in a class at a university, or stuffed in a credit card bill. The method that is chosen goes back to the three criteria already identified—time, costs, and quality of information. Chapter 6 provides more in-depth discussion of these topics as well as relative advantages of various methods of survey research.

For observation research, multiple methods are available. It can be done in person or with a video camera. Scanner data from cash registers can be used. Internet metrics can be utilized through cookie information for online observations. Again, time, costs, and quality of information will impact the decision. Methods involving human observation are almost always more expensive and take longer.

Data collection can vary widely for experimental research. It can take the form of questionnaires given at the end of an experiment that assess attitudes, thoughts, feelings, or intentions. It can be observation of human behavior, such as electronic tracking of eye movement when viewing a print ad, or results of human actions. With experiments, the type of experiment that is conducted will have the most impact on how the data are collected.

Regardless of the method used to collect data, the goal should be to produce data that are free of errors. This requires identifying ways errors can possibly occur and then designing methods of reducing the probability. For instance, an interviewer's facial expression or tone of voice in asking someone questions may influence the respondent's answers, creating error. This type of error can be reduced by proper training of interviewers or by switching to a self-administered questionnaire. Errors can occur in recording of data or in selecting the sample. While every study will have some random error, the goal of the researcher is to minimize error as much as possible. The various types of errors and more specific methods of reducing them will be discussed in future chapters, especially Chapter 6. For now, it is important to understand that in collecting data, errors should be minimized, and steps should be taken in the design of the research to reduce errors.

Data Analysis

Once the data have been collected, it is time for the analysis. The purpose of the analysis is to make sense of the data and turn raw numbers into meaningful information that management can use to make informed decisions. In some studies, simple procedures such as frequency counts and averages are sufficient. In other studies, more complex analyses are needed to understand the relationships among variables. This is especially true for causal research.

Listed in Figure 2.10 are the results of an analysis concerning trust in online consumer reviews. Over 1,000 consumers were interviewed. The researcher who analyzed the data had a computer count how many respondents indicated each of the answers, then converted that number to a percentage of the total sample. Thus, out of all of the online shoppers who answered this particular question, 57% said they trust customer reviews but only to corroborate other information, 35% said they think the customer reviews may be biased, and only 6% trust the reviews completely more than any other source of product information. The next question in the survey asked individuals what factors degraded their trust in the online product reviews. Notice the reasons given and the percentage who gave each reason.

Analyses do not always need to be complex to be of value. The results presented in Figure 2.10 provide valuable and useful information to marketers about consumer trust in online product reviews. But, a deeper analysis may provide additional information that will allow a marketer to make better decisions. For instance, statistical tests can be run that will show if there is a difference between males and females in how they use customer reviews. Another analysis that might be valuable is how much money a person spends online to see if that impacts his or her usage

Figure 2.10 Results of an Analysis Concerning Trust in Online Consumer Reviews

Question 1

- Trust customer reviews, but only to corroborate other information (57%)
- Customer reviews may be biased (35%)
- Trust reviews completely, more than other sources (6%)

Question 2

- Not enough reviews (50%)
- Doubts they are written by real customers (39%)
- Lack of negative reviews (38%)
- Positive reviews always positioned first (25%)
- Lack of information about reviewers (23%)

Source: Author-created from "Online Shoppers Value Reviews, Ratings, Search," April 23, 2010, http://www.marketingprofs.com/charts/2010/3563/online-shoppers-value-reviews-ratings-search (accessed June 15, 2012).

and view of online reviews. Alternatively, consumers' level of knowledge of the product they are purchasing may have a significant influence on using online product reviews.

Research Report

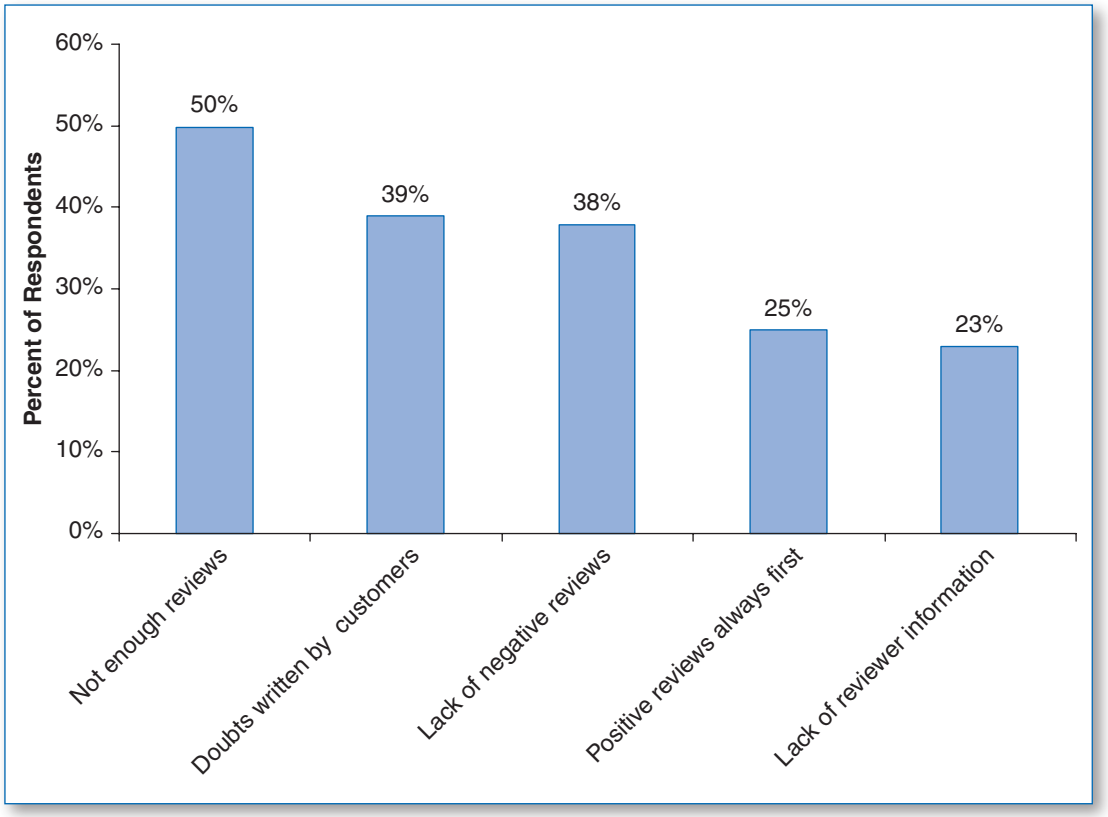
Once the analysis is complete, it is time to write the research report. The purpose of the report is to present the research findings. But, in preparing the report, the intended audience of the report should guide how it is prepared. Executives tend to be extremely busy and do not have time to read long, lengthy reports. They prefer reports that summarize the findings of the research and have clear, succinct conclusions and recommendations.

The report should begin by stating the research purpose, problems, questions, or hypotheses. This should be followed by a description of the methodology that includes how the sample was chosen and then how the data were collected. Seldom will executives or managers care about how the data were analyzed. They just want to see results. Using graphs and charts provides pictures that are easier and quicker to read than having results listed in a table or in the written part of the report. Notice the column graph in Figure 2.11. Compare it to the results listed for Question 2 in Figure 2.10. A business executive can look at the graph in Figure 2.11 and quickly see what factors lead online shoppers to degrade trust in online product reviews. It is easier to read and provides a picture of responses rather than just a list. For oral presentations, graphs are especially good to use.

In reporting the results, it is easy to overwhelm executives with a large number of graphs, charts, and tables. Not everything has to be reported. The report should focus on the research purpose and identify the portion of the analysis that answers the research questions and supports the findings of the research. Additional information can be put in an appendix for reference.

While researchers love to talk about results, executives want to know the conclusions and the corresponding recommendations. As discussed in Chapter 1, executives now are looking to researchers to supply insights and to be consultants in the decision process. Just supplying the

Figure 2.11 Factors That Degrade Trust in Reviews



Source: Author-created with data from "Online Shoppers Value Reviews, Ratings, Search," April 23, 2010, http://www.marketingprofs.com/charts/2010/3563/online-shoppers-value-reviews-ratings-search (accessed June 15, 2012).

results is insufficient. How do those results impact the company, and how do they impact the decision that management needs to make? More information about the content of the report and how it is written is provided in Chapter 14.

■ Learning Objective 2.3: Describe the components of a request for proposal (RFP) and the research proposal.

PREPARING THE RESEARCH PROPOSAL

The research process typically starts with some type of **request for proposal (RFP),** which is a request soliciting proposals from research companies. This document is especially important for firms seeking to hire an external research firm. But, it can also be part of the research process for companies that house an internal research department. In such situations, companies will often have more requests than can be funded by the company so the RFP can be an internal approval process in which research projects move forward.

Typically, an RFP will provide a background for the research request to justify why the study is needed. The research objective or question will be stated as well as the population of the study. While the RFP typically does not specify the exact methods of sample selection and data collection, it may contain information on what is expected and an approximate sample

size since these two criteria are big determinants of cost. It makes a difference whether a company wants to use an online data collection methodology with a desired sample size of 500 or face-to-face personal interviews of 300 people. Most RFPs will close with a time frame when the study needs to be completed.

The **research proposal** is prepared by a marketing research firm in response to an RFP. It can also be developed by internal marketing research staff for executives within the company. In either situation, the research proposal is a document that provides basic information about the research process that will be used. Figure 2.12 identifies the primary components of a research proposal. The depth of information within each section will depend primarily on the cost and complexity of the study.

The research proposal begins by providing a background of the study and any issues that may have prompted the research or that are pertinent to the research situation. Next, the research objectives or questions are stated. While this may have been stated in the RFP, it is important to restate it in the proposal because the proposal then becomes a contract or an agreement between management and whoever is conducting the research.

Figure 2.12 Components of a Research Proposal

- Introduction and background information
- Research objectives or questions
- Research design
- Target population
- Sample size and selection method
- Data collection methodology
- Cost and time frame for study

The research design identifies if the research will be exploratory, descriptive, or causal. The target population is defined, because it is from the target population that the sample will be drawn. Sample size and method of selection should be stated with the goal of ensuring the sample will be representative of the target population. As stated earlier, the size of the sample has a significant impact on the cost and time frame of the study as does the method of collecting the data.

The last part of the proposal is the cost of the study and the time frame. Certainly for hiring an external firm this information is critical to the decision process. But, it is also as important for firms using an internal research department. In addition to using the research proposal to make decisions about which studies to approve, it provides information for budgeting.

QUALITATIVE AND QUANTITATIVE RESEARCH

■ Learning Objective 2.4: Provide an overview of qualitative and quantitative research.

Another facet of marketing research is examining the difference between qualitative and quantitative research. These differences are highlighted in Figure 2.13. **Quantitative research** involves structured data collection methods that provide results that can be converted to numbers and analyzed through statistical procedures. On the other hand, **qualitative research** involves unstructured data collection methods that provide results that are subjectively interpreted.

Qualitative Research

Qualitative research is typically used for exploratory research. But, it can also be used after a descriptive study to explore deeper into the minds of consumers or whoever the research participants may be. A major advantage of qualitative research is that it is unstructured. The

Figure 2.13 Comparison of Qualitative and Quantitative Research

Feature	Qualitative	Quantitative
Type of research	Exploratory	Descriptive/causal
Sample size	Small	Large
Types of questions	Unstructured	Structured
Type of analysis	Subjective	Objective, statistical
Generalizability	Limited	High
Costs (Typically)	Lower	More expensive
Time frame (Typically)	Shorter	Longer

researcher will normally follow a guide sheet to ensure all of the study topics are covered, but the researcher is free to depart from it in order to ask probing questions to better understand the respondent's thoughts, feelings, behaviors, or ideas.

Most qualitative research is conducted with a small sample. Interviews can be with individuals, or they can be with a small group ranging from just 3 or 4 to as many as 10 or 12. When groups become too large, then it is difficult to probe individual thoughts, and the advantages of group dynamics begin to disappear.

Since qualitative research involves probing via open-ended questions, the results become subjective. That makes generalizing the findings to a larger population or other consumers more difficult. Also, business executives are reluctant to make major decisions on the thoughts of just a few individuals, and most data obtained by qualitative methods are subjected to verification using larger samples that allow for quantitative analysis.

However, Dave Snell of The Richards Group states "that you should never underestimate the power of qualitative data." The Richards Group is an advertising firm in Dallas, Texas, and has clients such as Motel 6, Bridgestone, Home Depot, and Chick-fil-A. The agency regularly tests print and broadcast ads through Millward Brown, a marketing research firm. In addition to quantitative measures such as awareness, level of interest, and liking, Millward Brown solicits open-ended thoughts from test participants about the ads they are viewing. Dave Snell says, "These verbatim remarks are extremely valuable. It provides clues into what people are thinking, and how they see the ad, and how they feel about it." Typically, Millward Brown will use a sample of about 150 people. According to Snell, "When you read all of the comments and see some patterns or a number [of people] that speak about a certain aspect of the commercial, then you know you've got to go back and look at that ad again or you've hit the sweet spot that really speaks to people." While the qualitative data will not tell The Richards Group what to do or exactly what worked, it does provide valuable insight into ads the agency produces.[5]

The approach used by Millward Brown in evaluating ads for The Richards Group is growing in popularity with researchers. This type of qualitative research is less costly and normally can be conducted in a shorter time frame since it is part of a quantitative study. More importantly, it can add richness and depth to quantitative studies.

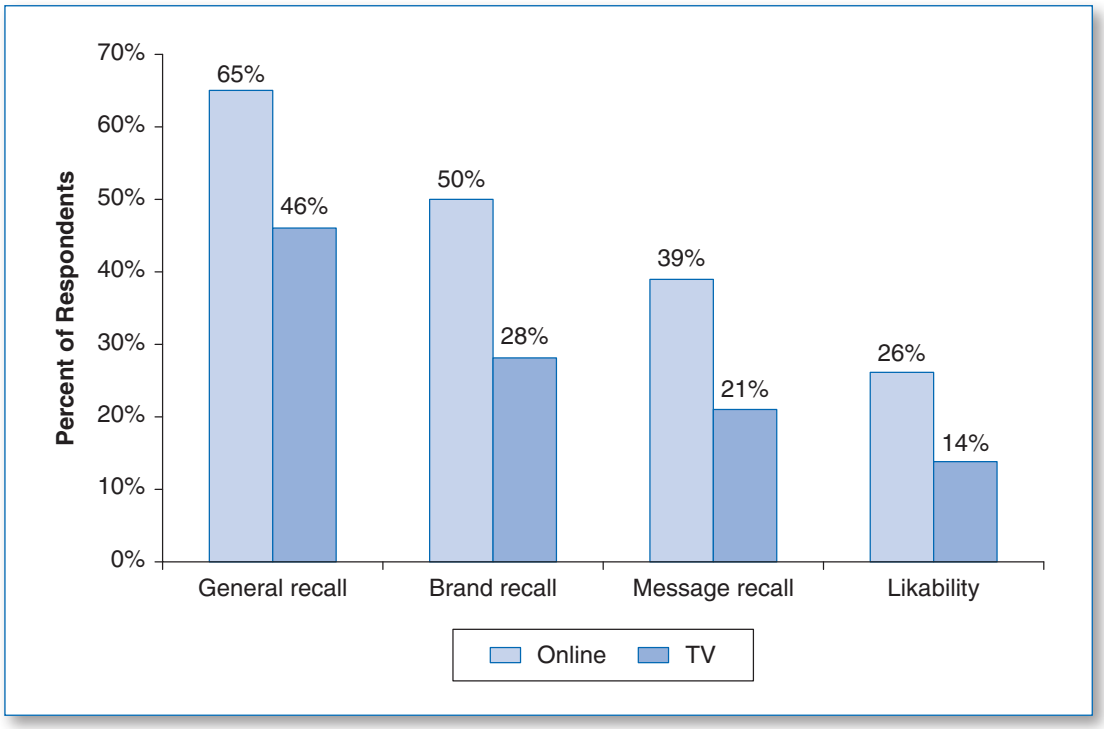
Quantitative Research

Because of the issue of accountability that managers and business executives face, they prefer research that can provide numbers. Quantitative research is a structured approach that is used for descriptive and causal research. It is objective, and because of its numerical data format, it is subject to statistical tests and procedures.

Nielsen IAG and the Advertising Research Foundation (ARF) wanted to compare recall and likability for online ads and television ads. The study examined 238 different brands, 412 products, and 951 ad executions. A total of 14,000 surveys were obtained. Figure 2.14 shows the overall results of this study.[6] Notice for all four measures, online ads scored higher than television ads. This research would provide strong support for a marketing manager who is trying to justify increasing the company's online advertising budget.

The Nielsen IAG and ARF study illustrates some of the other aspects of quantitative research. This study involved 14,000 surveys. While this number is larger than typical quantitative studies, it does illustrate that the sample size for quantitative research is significantly higher than for qualitative studies. The larger sample size means most quantitative studies are more expensive and require a longer time to execute. The trade-off to the higher cost and longer time frame is that results are more objective and can normally be generalized to a larger population.

Figure 2.14 Recall and Likability for Online Versus Television



Source: Author-created with data from Wayne Friedman, "Online Ads Surpass TV Ads in Recall, Likability," *Media Daily News*, April 22, 2010, http://www.mediapost.com/publications/article/126671/online-ads-surpass-tv-ads-in-recall-likability.html (accessed June 15, 2012).

Because 14,000 individuals were surveyed by Nielsen IAG and ARF, it is rather safe to say that consumers as a whole tend to recall online ads better than they do television ads.

As with any study, individuals reading these results would want to know why online ads have a higher general recall, a higher brand recall, a higher message recall, and greater likability. Dave Kaplan, senior vice president of product leadership at Nielsen IAG, and Beth Uyenco, director of global research at ARF, offer the following insights[7]:

- Internet viewers are more engaged with the medium than TV viewers.
- Online videos are a new medium compared to TV, so curiosity is a factor.
- Viewers cannot skip online videos like they can with TV (about one third of Americans are able to fast-forward through TV commercials).
- There is reduced advertising clutter online (4 minutes per hour for online versus 15 minutes per hour for TV).

Social Media: An Illustration of the Marketing Research Process

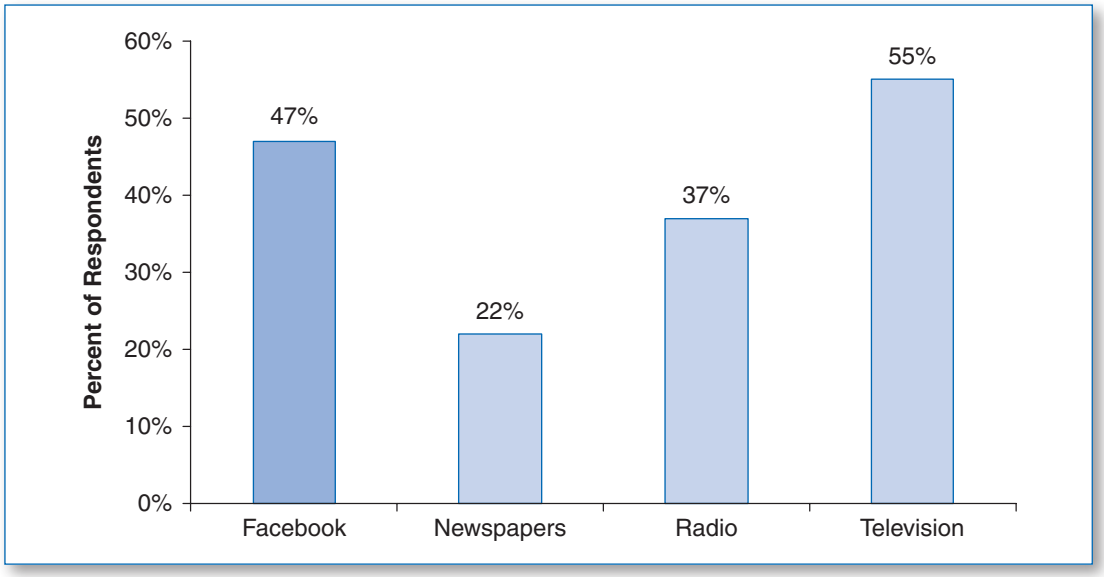
To illustrate the marketing research process, consider a study examining the role of social media today in the United States. The research process began with an RFP by BlogHer and iVillage, two websites targeted toward women. The research had two main objectives: (1) to determine the number of bloggers and compare media usage patterns across gender, generations, blogging focus, and media channel preference and (2) to describe the purchasing behavior of social media users across bloggers, social networks, online versus offline media consumption, and online versus offline influence.[8]

Nielsen Online was contracted to do the research and served as a cosponsor along with Ketchum. The research design involved a descriptive study using an online survey. The study used two samples. The first sample was the Nielsen Online panel, which was carefully weighted to be representative of the U.S. population in terms of demographic characteristics. The second sample contained individuals from the BlogHer network and was chosen across 2,500 different blogs with approximately 20 million participants. The total sample consisted of 3,155 women and 379 men. Approximately 1,700 of them were from the Nielsen Online panel, and the remaining were participants in the BlogHer network sample. Although 87% of the sample is female, that is OK since the study's objective focused on females.

Nielsen found that 73% of the sample engaged in social media at least once a week. Engagement was defined as reading a blog, visiting a social network, or commenting on a message board. Because it was a quantitative study, the results can be extrapolated to the general online audience. Therefore, Nielsen Online estimated that approximately 127 million people in the United States are engaged in some way with social media.

When investigating Facebook in particular, Nielsen found that 47% of the sample visit Facebook daily. To be able to see how this compares to other media, Nielsen's survey also asked about television, radio, and newspapers. The results are shown in Figure 2.15. Facebook almost matches television in daily viewing and clearly outperforms both radio and newspapers. In interpreting the results, however, it is critically important to go back to the sample. It is online users. It would be expected, therefore, that their viewing of Facebook would be higher than that of the U.S. population in general. It is also highly likely that online users spend less time with other media such as television, radio, and newspapers because they spend more time online.

Figure 2.15 Daily Viewing of Major Media and Facebook by Online Users



Source: Author-created with data from Brian Morrissey, "Social Media Use Becomes Pervasive," *Adweek*, April 15, 2010, http://www.adweek.com/news/technology/social-media-use-becomes-pervasive-102092 (accessed June 15, 2012).

Would these sample percentages hold true for the population in general? It is very unlikely, which means these results can be generalized to online users, but not to the U.S. population as a whole.

A component of the research objective was to determine if there was a difference in how women use social media versus men. By having quantitative data, Nielsen Online is able to use statistical procedures to determine if there is a significant difference. The research study found little difference between males and females in terms of social media adoption. The company did find that women are slightly more likely to tweet and blog than men, while men tend to watch more videos than women.

The Nielsen Online research study illustrates the power of marketing research and how companies can obtain valuable information to make important marketing decisions. While part of this study is public, many details are owned by BlogHer and iVillage, who paid for the study.

ETHICAL CONSIDERATIONS IN DESIGNING RESEARCH STUDIES

■ Learning Objective 2.5: Recite the ethical considerations in designing research studies.

A number of potential ethical situations could occur when requesting, designing, and conducting research studies. Honesty and integrity should be the guiding principles of marketing research firms, individuals conducting the research, and client companies. Unethical situations can arise easily due to competitive pressures among firms and the desire for companies to succeed in the marketplace, whether it is a research firm or a client. Within companies, individuals have a desire to succeed to obtain promotions and bonuses and can be tempted to engage in unethical behaviors.

Ethics and the RFP

Most research firms will spend time, effort, and money on preparing a research proposal in response to an RFP. These companies expect the RFP to be accurate, honest, and truthful. In the vast majority of situations, this is true. However, there are opportunities for unethical behavior.

The first is when a company sends out an RFP to various companies, but the decision has already been made about who will do the research. Some companies have policies requiring that multiple bids be secured, especially when the research project is projected to cost over a certain dollar value. The RFPs are sent to various companies in order to satisfy this policy.

A second instance in which RFPs may be sent despite the fact that a firm has already been selected occurs when a vice president or another business executive requests additional bids to cover his or her decision in case anyone questions why a particular research agency was selected. Regardless of the reason, it is not fair to request that companies spend time, effort, and money preparing a research proposal when they have no chance of winning the contract.

A closely related ethical situation may occur when the company sending out the RFP has a favored research firm it wants to hire, for whatever reason. It may be due to a personal friendship or past experiences that were positive. To ensure the favored company gets the contract, information from the other proposal bids is shared with the favored company. This allows the favored company to then modify its proposal to ensure selection.

A third potentially ethical situation occurs when a firm sends out RFPs with no intention of hiring any of the applicants. The firm is seeking information on how to do the study. It may even ask for additional details on questionnaire design or sample selection with the guise of wanting to make sure the objectives will be met. The company then hires freelancers to conduct the study, completes the study using its own employees, or goes to a data collection firm to just collect the data rather than design the entire study.

A fourth ethical consideration is when a firm makes false promises to a marketing research firm with the goal of enticing its researchers to conduct a study at a lower price in exchange for future studies. The future studies never come, or if they do, they have been modified drastically. A firm may say "we have a number of large studies we want to conduct that will involve extensive research designs and large samples of several thousand." The marketing research firm is told that if it will do this "first study at a substantially lower price," then it will be given the larger studies, without further bidding.

Ethics and the Research Proposal

Similarly, firms that prepare the research proposals will sometimes engage in unethical behavior. The two most common ethical situations that can occur with the research proposal are lowball pricing and bait-and-switch. **Lowball pricing** is submitting a bid with an extremely low price in order to get the contract, when in fact the firm has no intention of doing the work at the quoted price. Once the contract is obtained, then the research company identifies some means of increasing the price. For instance, the client company may be told that the fee for the respondents was not included in the bid price, or that interviewer expenses were not included. The research company identifies some fee that was not included in the bid price and of course must be added to the bill.

The second unethical situation is bait-and-switch. With this approach the marketing research firm submits a price that is legitimate. But, once the contract is signed and the

researchers start working on the study, the research firm identifies some means of upgrading the study. Instead of 250 respondents, the research firm convinces the client that to obtain reliable results it needs to interview 400 respondents. Instead of the basic questions that are on the current survey, the research firm convinces the client it needs to add more questions or a supplemental research study of an additional topic to better validate the results the client is seeking. With the bait-and-switch tactic, the original bid is legitimate, but often only addresses a stripped-down version of what should be done. While the research company could perform the original bid contract, its goal was always to get the contract, then convince the client to switch to a more expensive research design.

Ethics and the Research Process

When it comes to the research process itself, a number of potential ethical situations can occur. Some are easy to identify; others are more difficult. As shown in Figure 2.16, ethical issues that may occur include advocacy research, biased or unrepresentative sample selection, distorted data collection procedures, data falsification, improper statistical manipulations, and confidentiality issues with proprietary studies.

Figure 2.16 Ethics and Marketing Research Process

- Advocacy research
- Biased or unrepresentative sample selection
- Distorted data collection procedures
- Data falsification
- Improper statistical manipulations
- Confidentiality issues with proprietary studies

Advocacy research occurs more often with internal marketing research projects than it does with outside research agencies. **Advocacy research** is designed to advocate or support a company's position. Perhaps a company wants to justify a buzz marketing campaign or a direct response campaign. The company is looking specifically to find statistical evidence that the decision already made or the decision it wants to make is the best course of action. Thus, the research is clearly to prove a particular point of view or decision. The research is then designed and carried out to increase the probability the results the company wants are obtained. The manager can then wave the research report to superiors as support for the decision.

Obtaining a sample that is representative of the target population can be a challenge for a marketing research firm. Once the company has the contract, to cut costs the company may look for alternative or more convenient methods of identifying the sample participants. For instance, the sampling plan may call for a mall intercept survey, and every 12th person who walks into the mall is supposed to be interviewed. Instead, researchers just pick individuals who they think will complete the survey, or they may go to the bookstore in the mall and ask individuals who are reading a book or having coffee to complete the survey. Either process violates the procedure for selecting the sample that was outlined in the sampling plan, detracting from the quality of data gathered.

Similarly, rather than solicit respondents in the population, a research firm may use professional research respondents who have agreed to participate in research studies or use respondents from a previous study. In both cases, the respondents are easy to identify and have experience in participating in research studies. In such situations, it is very likely the respondents do not match the target sample of the study, or if they do, because they have participated in other studies,

they may not be representative of consumers in general. It is very tempting for a research firm to look at alternative ways of selecting a sample in an effort to control costs while disguising the fact that these individuals may not match the target sample.

To reduce data collection errors, it is important for the research firm and researchers not to intervene or influence the respondents in any way. Data collection distortion can occur in a number of ways. For instance, when conducting personal interviews the interviewer's tone of voice can influence the option selected by the respondents or inhibit the degree to which they respond to open-ended questions. In a telephone survey, the interviewer may skip some of the answer options under a question to save time, or tell the respondents to tell him or her when they come to a response that matches their feelings, thus not reading the entire list of options. Data collection distortion is very difficult to detect unless the client company actually observes the data collection process.

A more serious data collection problem is falsification of data. Companies rely on accurate data to make decisions. Any type of falsification is a very serious ethical and potentially legal problem. In order to produce the sample size a client wants, a research company may be tempted to manufacture or duplicate data to reach the required number of responses. This can be particularly true in telephone surveying if data recorders are contract employees who are paid on a per-completed-survey basis rather than an hourly wage. It may also be tempting for data recorders to "fill in" answers to partially completed surveys that the respondent terminates midway through, or even particular questions that the respondent refuses to answer. For example, many individuals resist answering questions about their race, age, or income. In recording survey responses, the data recorder may be unclear about which answer a respondent selected, and arbitrarily choose one rather than clarify the answer with the respondent or leave the answer to a particular question blank.

Improper statistical manipulations occur most often in advocacy studies. When researchers are requested to provide a particular type of support, then the temptation is to use statistical procedures or manipulate the data to ensure the predetermined results are obtained. For example, suppose a significance level of .05 was stipulated prior to data collection, but results indicate a significance level of .0598. While technically it is not significant, the researcher could just leave off the last two decimal points and not round up, indicating it was significant at the .05 level.

A more serious data manipulation may occur when researchers leave out part of the sample in the analysis in order to obtain significant results. Suppose that in analyzing the differences between business travelers and leisure travelers, researchers find no significant difference in how much money they spend on merchandise in the *SkyMall* magazine. But, when business travelers who make fewer than 10 trips per year are left out of the analysis, there is a significant difference, and this result is ultimately reported in the study. Such an action would be highly unethical if in the report nothing is said about the data manipulation, as the difference is actually only between business travelers who make more than 10 trips per year and leisure travelers, rather than business travelers in general.

The last ethical issue in terms of the research process is the confidentiality of propriety studies. When companies hire marketing research firms to conduct studies, in most cases the results are confidential and are the property of the client. Without the client's approval, nothing from the research studies can be made public or used in other studies. But, it is very easy for a company conducting research for another company to go back and pull data or results from a prior study to include in the current study.

In every aspect of marketing research, there is the potential for unethical conduct. Some behaviors are clearly wrong. Others are more difficult to judge. Each person working in marketing research must keep an eye open to potential ethical situations and strive to always perform work that is of the highest integrity.

Ethics and Respondents

Marketing research firms also have ethical responsibilities toward research participants. ESOMAR (www.esomar.org) is a global organization serving the marketing research industry. Among its many contributions, ESOMAR developed a guide to ethical research practices that is currently in use in more than 100 countries worldwide.[9] Several of the provisions outlined in ESOMAR's code of standards address respondent issues, and are shown in Figure 2.17.

Treating respondents ethically means respecting their rights. According to ESOMAR, respondents have the right "not to participate in a market research project; to withdraw from the market research interview at any time; to require that their personal data are not made available to others; and to delete or to rectify incorrect personal data" obtained by the researcher.[10]

It is important to be honest and not abuse the trust of respondents in the process of conducting the research. Respondents should not be misled as to the purpose of the research. It is also imperative to ensure respondents will not be harmed in any way, or experience any negative reactions to the research.

Researchers should explain how the data will be collected and fully inform respondents of the recording and observation techniques being used. For instance, participants of a focus group should understand that the session is being videotaped and will be analyzed later. In **cognitive neuroscience,** which is a brain-image measurement process that tracks brain activity, researchers need to explain to participants how the process works and how it is used.

This principle does not apply, however, to observation techniques in public places if the respondent's identity or information about the respondent is not in any way tied to the results. For instance, in studying respondent behavior at a point-of-purchase display in a retail store, individuals do not need to be informed they are part of the study. If later some of the individuals are recognized and the researcher wants to append the research entry to include any personal information about the person, then consent from the respondent would have to be obtained.

Figure 2.17 Ethical Responsibilities to Research Respondents

- Respondents have the right not to participate.
- Respondents have the right to stop participating in a research study at any time.
- Respondents have the right to require that their information remain confidential.
- Respondents have the right to require that personal information be deleted after use.
- Respondents have the right to the expectation of safety and freedom from harm.

Source: Author-created from "ICC/ESOMAR International Code on Social Science and Market Research," http://www.esomar.org/uploads/public/knowledge-and-standards/codes-and-guidelines/ICCESOMAR_Code_English_.pdf (accessed June 21, 2010).

Confidentiality is absolutely critical, especially if there is any way the respondent can be identified through personal information. Researchers have the responsibility to guard carefully research results to ensure that no one can tie data to specific respondents.

Corollary to confidentially is the protection of a respondent's identity. It is common for demographic and even psychographic and behavioral information to be part of the data collection process or appended to the research results at a later time. If this is done, then researchers have the obligation to protect respondents' privacy and ensure information about respondents remains confidential.

Global Concerns

Conducting global marketing research involves a number of concerns and potential ethical situations, which makes planning the research process even more critical. Differences in language and cultures across countries can easily lead to poor market research results and embarrassing situations. To prevent costly errors, companies may have to invest in more exploratory research that not only aids in identifying the problem to be studied, but provides relevant information about the target population to be studied.

For instance, while qualitative studies in the United States are being used to enrich descriptive studies, quantitative analysis tends to be more dominant in other parts of the world, especially in Central and Eastern Europe. Between 70% and 85% of all research in Europe involves quantitative data collection methods with face-to-face interviews the most frequently used. Telephone research has grown in recent years, as has online research. The challenge in many countries with online research, however, is the dependability of Internet connections and bandwidth to handle visuals that may accompany a research study.[11]

Another area of concern in global marketing research is ethical standards and conduct. Ethical beliefs vary widely across the world and even within countries with different cultures and subcultures. In the United States, bribes are considered unethical as well as illegal. In other countries it is a standard business practice and even permitted as a tax write-off. Obtaining a marketing research contract may require paying a bribe to government officials or to the RFP issuing company. Gift giving can also be an accepted practice during the business negotiations, and even how negotiations are conducted will vary widely from Eastern cultures to Western cultures.

To avoid potential pitfalls, companies will often engage local marketing research firms or international firms with experience in various countries. Alternatively, nationals from the country where the research is to be conducted can be contracted to provide valuable insights into the dos and don'ts of that country or culture.

STATISTICS REVIEW

The research hypothesis, null hypothesis, and alternative hypothesis are related concepts, which often cause a great deal of confusion. As stated earlier, a research hypothesis states an expected research outcome relevant to one or more variables that seems reasonable in light of existing information. Research hypotheses are linked to specific research questions or objectives, and typically describe the anticipated nature of a variable or the expected relationship between two variables.

Suppose the purpose of a research study was to introduce a new type of snowmobile. Several research questions must be answered in order to fulfill the research purpose, including "How does demand for snowmobiles vary by region of the country?" The research hypothesis, "Demand for snowmobiles will be lower in the southeastern area of the country than in the northwestern area of the country," seems reasonable in light of average temperature and average annual snowfall data for various regions of the United States. Research hypotheses aren't always developed in response to research questions, but are useful in guiding the data analysis process when sufficient information exists to create logical hypotheses.

Taking the time to create well-written research hypotheses is time well spent. Well-designed research hypotheses should be as specific as possible, yet restricted to a single sentence. Hypotheses should also be concise; thus words that add little to the meaning of the sentence should be deleted. Since data analysis is only accurate within a determined margin of error, the word *prove* should never be included as part of a research hypothesis, as error exists in all market research studies. A research hypothesis should clearly indicate the phenomenon or variable to be studied, without referencing possible implications of the research or making other improper statements. A research hypothesis that states "Tobacco advertising is bad for society" is judgmental and does not specify the variable to be investigated. Conversely, one that proposes that "Greater exposure to tobacco advertising increases the likelihood of smoking" indicates the variables to be investigated (level of tobacco advertising exposure, likelihood of smoking) and their expected relationship, without passing judgment or jumping ahead to implications. Research hypotheses that compare groups (users vs. nonusers, males vs. females, etc.) should be stated in the plural form, and the subgroups to be compared specifically identified. Furthermore, when the hypothesis features a stated comparison (lower, higher, more, less, etc.), the variables being compared should be explicitly referenced, using consistent terminology. Finally, the word *significant* should not be incorporated in the research hypothesis, since it is understood that tests of significance will be used during hypothesis testing.[12]

The concept of null and alternative hypotheses is a basic statistics principle, although often confusing. Represented by the symbol H_0, the null hypothesis is a statement or claim that can be statistically tested. When the subject of a research hypothesis is a single variable, the null hypothesis is stated in terms of equality. For instance, a research hypothesis might propose that "Individuals most likely to purchase a yacht for personal use have an average annual income of $5 million or more." This research hypothesis would be rephrased into the following null hypothesis: "Individuals most likely to purchase a yacht for personal use have an average annual income equal to $5 million."

The alternative hypothesis, designated as H_A, states that which must be true when the null hypothesis is false. In the example above, H_A would be designated as "Individuals most likely to purchase a yacht for personal use have an average annual income not equal to $5 million." Or, two separate alternative hypotheses specifying income levels of less than $5 million and greater than $5 million, respectively, could be created (so long as both were included).

In the case of group comparisons, the null hypothesis is sometimes called the status quo hypothesis, as it essentially states that no differences exist between the groups. The snowmobile

(Continued)

(Continued)

research hypothesis conjectured that "Demand for snowmobiles will be lower in the southeastern area of the country than in the northwestern area of the country." Prior to data analysis, the null hypothesis would be phrased as "Demand for snowmobiles does not vary by region of the country," and the research hypothesis can be listed as one of several potential alternative hypotheses. The process of hypothesis testing would then be used to determine whether or not sufficient evidence exists—based on the results of the study—to reject the null hypothesis. Recall that the null hypothesis is only rejected when the study results are unlikely to have occurred by chance, as determined by the appropriate significance test.

DEALING WITH DATA

SPSS is a software application used by many research professionals and university professors to analyze data. SPSS allows users to perform a variety of analyses, ranging from simple procedures such as basic descriptive statistics and nonparametric tests such as chi-square analyses to more involved and complex processes such as regression, ANOVA, time series analysis, classification analysis, correlation analysis, and more. SPSS also provides extensive charting capabilities and export options to facilitate the creation of research reports.

The purpose of this exercise is for you to become acquainted with SPSS. You will need to download the following two files that are on the student website for this textbook at www.sagepub.com/clowess:

- Chapter 02 Dealing with Data (SPSS file)
- Chapter 02 Dealing with Data Survey (Word file)

The first file is the actual data file that contains the results obtained from a student research project. The second file is the questionnaire composed by the student. If you are not familiar with

This female indicated she spends on the average between $50-$74 on clothes per shopping trip.

SPSS, detailed step-by-step instructions are provided for each chapter's exercise on the student website for the textbook.

Open the questionnaire. It may be helpful to print the one-page questionnaire so you can refer to it as you complete this exercise. Open the SPSS data file and save it to your hard drive or a flash drive. Go through the following steps to become acquainted with SPSS.

1. Notice SPSS has two views or sheets. The first contains the raw data numbers; the second is the variable view that provides information about each variable.
2. On the sheet that contains the raw data, change the view so you can see the actual data that were entered. This is called "value labels." With this view instead of numbers, it will show the actual answer the respondent indicated, such as "two or three times a month" for Question 1 and "$50–$74" for Question 2.
3. Go to the variable view and examine each column. Compare it to the questionnaire.
4. Write a short description of each column. For instance, the first column is the name of the variable. It is a short, abbreviated name with no spaces and identifies the question number to easily identify which question it is in the questionnaire. It is also beneficial to click on each column to examine the different options available.
5. Two columns that are especially important for you to examine closely are the columns titled "Label" and "Values." Why do you think these are important?

SUMMARY

Objective 1: Compare and contrast the three types of research design.

Exploratory, descriptive, and causal research designs are each appropriate under certain conditions. Exploratory research uses focus groups, one-on-one interviews, secondary research, and/or pilot studies to develop a better understanding of a particular problem or situation that may otherwise be ambiguous. An exploratory study might seek to define the marketing research problem, identify parameters or variables to be studied further, or generate potential research hypotheses for testing. Descriptive research studies are the most common form of marketing research and typically seek to describe existing characteristics, attributes, or behaviors of people, brands, organizations, or other objects. Survey and observation research form the bulk of descriptive research studies. Causal research is appropriate when attempting to investigate whether a change in one item causes a change to occur in another. Establishing causality requires both a temporal sequence and concomitant variation. Carefully controlled laboratory experiments and field experiments are used in the determination of causality.

Objective 2: Explain the marketing research process.

The marketing research process is often organized into six key steps: (1) defining the research problem, (2) developing the research design, (3) determining the sampling plan, (4) implementing data collection procedures, (5) analyzing the data, and (6) preparing and sharing the research report. Defining the research problem starts by establishing the research purpose. Next is the development of research questions or objectives that outline the scope of the research project and guide the development of the research design, followed by the creation of hypotheses. Research design decisions include determining the nature of the approach (descriptive or casual) and selecting the method of data collection (survey, observation, or experimentation). The sampling plan begins with a determination of the population to be studied, then describes the process by which the sample group of study participants will be selected. During data analysis, researchers apply mathematical and statistical processes to raw numbers for the purpose of providing meaningful information that can assist managers in making decisions. The final stage of the research process involves writing and presenting the research report to include a set of actionable recommendations.

Objective 3: Describe the components of a request for proposal (RFP) and a research proposal.

Requests for research proposals, commonly referred to as RFPs, are created by firms commissioning a research study. RFPs typically include background information; an overview of the research purpose, problem, or question; and a description of the target audience for the study. Important expectations that influence the cost of the study should be provided, such as desired sample size, data collection methodology, and the time frame for the study. A research proposal is prepared by firms who wish to bid on RFPs and contain the following information: (1) introduction and background to the RFP, (2) research questions, (3) research design, (4) target population, (5) sample size and method, (6) data collection methodology, and (7) cost and time schedule for the study.

Objective 4: Provide an overview of qualitative and quantitative research.

Qualitative research involves the use of small-sample, unstructured data collection methods, such as focus groups, personal interviews, case studies, and other techniques. It is subjective and exploratory in nature, and results should not be interpreted as providing definitive answers. In contrast, quantitative research is a more structured process in which data are collected objectively using larger, more representative samples. Research designs allow for data to be represented numerically, which permits statistical tests and analyses. Results are more definitive and can be generalized to the population. Quantitative research is most commonly associated with descriptive and causal studies.

Objective 5: Recite the ethical considerations in designing research studies.

Ethical considerations impact research decisions as well as various entities involved in the research industry. Firms seeking to commission research studies may behave unethically if RFPs are issued that are not sincere requests for bids. Marketing research suppliers who submit research proposals in response to RFPs behave unethically when engaging in lowball pricing or bait-and-switch tactics. Numerous opportunities for unethical behavior exist throughout the research process and include, but are not limited to, purposively engaging in advocacy research, biasing the sample selection, distorting the data collected, falsifying data, improperly analyzing data or manipulating statistics, and violating the confidentiality of proprietary studies. Respondents' rights to confidentiality and safety should be protected, as should their rights to withdraw their participation from the study and to correct inaccurate information.

GLOSSARY OF KEY TERMS

Advocacy research: research that is purposively designed to advocate or support a particular position

Causal research: research used to determine cause-and-effect relationships between variables

Cognitive neuroscience: a research process involving brain-image measurements through the tracking of brain activity

Concomitant variation: condition for causality in which the two items thought to be linked in a causal relationship vary or change together and in the direction hypothesized

Descriptive research: answers the questions who, what, when, where, and how in describing the characteristics of consumers, brands, and other marketing phenomena

Experiment: a research study where all variables are held constant except the one under study

Exploratory research: preliminary examination of a problem or situation to identify parameters to be studied further or to define the research problem itself

Field experiment: an experiment in a real-world setting

Lowball pricing: submitting an extremely low-priced bid in response to an RFP simply for the purpose of getting the contract, with no intention of doing the work at the quoted price

Observation approach: research in which the behaviors of those being studied or the results of their behaviors are observed by researchers

Pilot study: an abbreviated study with a limited number of respondents designed to provide information to the researcher useful in developing a larger, more definitive study

Population: the group that is being studied from which samples are drawn

Qualitative research: unstructured data collection methods that provide results that are subjectively interpreted

Quantitative research: structured data collection methods that provide results that can be converted to numbers and analyzed through statistical procedures

Request for proposal (RFP): a written document containing an official request for a research proposal (also referred to as an "invitation to bid")

Research hypothesis: expected research outcome that seems reasonable in light of existing information

Research design: a plan to address the research problem, question, and/or hypothesis

Research proposal: a written document prepared in response to an RFP that provides basic information about the research process that will be used

Research purpose: statement that broadly specifies the situation, phenomenon, opportunity, or problem to be investigated, and guides the creation of research questions and hypotheses

Research question (research objective): specifies the type of information needed to fulfill the research purpose and make managerial decisions

Spurious association: apparent cause-and-effect relationship between two variables that is actually caused by other factors

Survey research: research in which individuals are asked a series of questions about the topic under study

Temporal sequence: condition for causality in which the cause precedes the effect

CRITICAL THINKING EXERCISES

1. Visit http://www.harrisinteractive.com and locate past research studies. Select a recent time frame and choose either the "Marketplace" or "Social and Lifestyle Issues" category. Review the titles of the various articles available. Select a study that has implications for marketers and is of interest to you. Summarize the results of the study. Is this an example of exploratory, descriptive, or causal research? Was it gathered via observation, survey, or experimental methods? What type of businesses could make use of this information, and how could it be useful?

2. Is it ethical for churches, charities, governmental organizations, or other not-for-profit organizations to request pro bono or discounted rates in their RFP? Why or why not?

3. Critique the following research hypotheses. What is wrong with each one? Rewrite each to address the problems noted following the principles outlined in this chapter. Write both a null and an alternative hypothesis.

   a. Demand for new technology products will be higher among students.
   b. All drivers should purchase automobile insurance.
   c. Coupon redemption rates vary significantly by income.
   d. Among brand-loyal consumers, those who have higher levels of brand loyalty will be more willing to pay higher prices while brand-loyal consumers who have moderate levels of brand loyalty will be less willing to pay higher prices.
   e. Search engine advertising will be proven to be more effective than banner advertising.

4. A veterinarian has commissioned a research study to investigate whether or not selling specialty dog food, cat food, and other pet products at her clinic would be profitable for business. You have been

working as a receptionist at the clinic for the past six months, and she has asked for your help in creating research questions that will provide the information necessary to make the correct business decision. Develop a minimum of three research questions or objectives that can help to achieve the purpose of the study.

5. Review the American Marketing Association's Statement of Ethics found at http://www.marketingpower.com. Do any of the items discussed in this document apply specifically to marketing research? Can the existing ethical standards be generalized to marketing research? If so, explain. Contrast the AMA's code of ethics to the Code of Standards of the Council of American Survey Research Organizations (CASRO) found at http://www.casro.org. Which ethical code is more useful for the marketing research profession? Does the CASRO code apply to all forms of marketing research? If not, what forms are missing?

6. Requests for proposal (also called invitations to bid) are commonly listed on the website of the issuing firm and sent directly to research entities the firm hopes will submit a bid. Using the search engine of your choice, search either or both of the following terms: *request for proposal market research* and *invitations to bid market research*. Review the search results until you find an actual RFP document. Read through the document, and prepare a one- to two-page report that answers the following questions:

   a. Based on your understanding of the RFP, will the research project be primarily qualitative or quantitative in nature, or will both forms of research be required? Explain.
   b. Would you classify the research likely to result from the RFP as exploratory, descriptive, or casual?
   c. Are surveys, observations, experiments, or some other form of data collection likely to be involved? Explain.
   d. Does the RFP contain all of the components of an RFP discussed in this chapter? Is it clearly written, or are some portions of the RFP ambiguous? Would you feel comfortable responding to the RFP based on the information provided?
   e. What ethical concerns might be raised by the RFP?

Your report should be accompanied by a link to the RFP, a hard copy of the RFP, or an electronic copy of the RFP.

7. A mystery shopper visits a Chick-fil-A restaurant and places an order for a sandwich at the counter. After leaving the restaurant, the mystery shopper submits a report that lists the following items:

   - The amount of time he stood in line waiting to place his order
   - Whether or not the order taker smiled when taking the order, suggested the purchase of a drink or fries with the sandwich, and thanked the shopper for placing an order
   - The amount of time that it took to receive the food after placing the order
   - Whether the order was filled correctly
   - Whether or not the tables within the restaurant, the windows, the floor, the countertops, and the restrooms were clean

Is this research study an example of qualitative or quantitative research? Would you describe the research as exploratory, descriptive, or causal? Does the research method described in this scenario reflect survey, observation, or experimental research? Are there any other factors that might be added to those evaluated by the mystery shopper? Justify your answers.

CONTINUING CASE STUDY: LAKESIDE GRILL

Students Brooke, Alexa, Juan, Destiny, and Zach began their research proposal by outlining the background for the study and specifying the research problem and research objectives. According to the group, "The purpose of this research study is to determine why sales at Lakeside Grill are declining, and what changes to the marketing mix are needed in order to improve sales and profitability." Based on the research purpose, the group wrote the following research questions:

1. What is the current level of customer satisfaction with various operational aspects of Lakeside Grill, such as the menu, hours of operation, atmosphere, quality of service, and quality of food?
2. Why have customers reduced their level of patronage at Lakeside Grill?
3. How has the addition of a new competitor down the street impacted Lakeside Grill's customer base?
4. Would changing Lakeside Grill's menu, prices, advertising, and/or promotional practices increase sales and profitability?

In terms of type of research, Juan explained, "We will conduct descriptive research and collect primarily quantitative data. We really don't need to conduct any exploratory research because Mr. Zito [owner of Lakeside Grill] has provided us with information about the restaurant's background and the situation that he is facing now."

Critique Questions:

1. Evaluate the research purpose. Is it clear? Should "determine why sales are declining" be part of the research purpose, or is it a symptom? What about "changes in the marketing mix?" Is this a strategy, or can this be a legitimate purpose for the study?
2. Based on information provided in this chapter, improve and rewrite the research purpose statement for the student group.
3. Are the research questions appropriate for the research purpose you wrote in response to Question 2, or do they need to be rewritten also? If the latter, please rewrite the research questions to match your new research purpose.
4. Would you agree with Juan's statement that the best approach is descriptive research and quantitative data? Why or why not?
5. Would you agree with Juan's statement that "we really don't need to conduct any exploratory research because Mr. Zito [owner of Lakeside Grill] has provided us with information?" Why or why not?
6. What ethical issues could arise with the AMA student team conducting this research project? What steps should the students and faculty advisor take to ensure no unethical behaviors occur?

MARKETING RESEARCH PORTFOLIO

The "Marketing Research Portfolio" provides an excellent example of a comprehensive RFP. After reviewing the RFP issued by the Wiley Botanical Gardens and Zoo, students apply chapter material by answering a series of questions related to the nature of the research, the type of research projects to be used, the population and sample, data collection, and ethical considerations. The answers to these questions can then be used to guide students in the preparation of a research proposal. The RFP and assignment questions can be found online at www.sagepub.com/clowess.

STUDENT STUDY SITE

Visit the Student Study Site at www.sagepub.com/clowess to access the following additional materials:

- eFlashcards
- Web Quizzes
- SAGE Journal Articles
- Web Resources