

SOLUTIONS MANUAL



FOURTH EDITION

**Basic
Marketing
Research**

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Case 2.1

American Idol: A Big Hit for Marketing Research?

Critical Thinking Questions

1. Marcello and Litzenberger were attempting to overcome a challenge in client development. Specifically, they were attempting to obtain evidence to confront skeptics of using professionally-done marketing research without comprising the privacy of previous clients with whom they had worked. It was inappropriate for them to share the results of previous studies with anyone else than the clients who had contracted them for those studies.
2. Marcello and Litzenberger were now focused upon one project for demonstrating the usefulness of marketing research to prospective clients. The research question they now pursued was the following: “What still needs to be known about the viewers and voters for contestants of the popular TV show *American Idol*?”
3. First, Marcello and Litzenberger are attempting to answer the big question about the benefits of conducting marketing research in a professional way. They face skeptics who try to dismiss marketing research as being impractical. For example, skeptics of taking a professional approach sounded warnings about “how enough was already known about customers to make decisions.” Other times, skeptics would assail the sampling methods of studies in attempting to dismiss the results. While at other times, skeptics would merely claim that answering such questions about customers would be too expensive to obtain. In sum, professionally done marketing research was presented as being impractical by these skeptics.

Second, Marcello and Litzenberger are focused on a specific research question in their attempt to justify the use of professionally-done marketing research. The question was “What still needs to be known about the viewers and voters for contestants of the popular TV show *American Idol*?”

4. In answering their big question, Marcello and Litzenberger should be given high marks for respecting the members of their intended audiences: prospective clients and media journalists. They could have simply said “Trust us. Marketing research that is professionally done is worth it.” Instead, they fielded a study to provide evidence that would address the issue of professionally-done marketing research in a meaningful way.

In answering the specific research question of the American Idol study, Marcello described their approach this way:

“We could place about six questions on Opinion Research Corporation’s CARAVAN national omnibus survey to find out more about whom, among adults 18 or older living in the United States, watched and voted in the 2006 season of *American Idol*. Such an omnibus survey could be done by telephone during three days in April 2006. It will run about \$1,000 per question. We’ll have the Opinion Research Corporation ask our questions along with those of other sponsoring companies to a randomly selected national sample of 1,045 adults comprised about evenly of men and women. With a total sample size of more than 1,000, we will be able to say with 95 percent certainty that the results would be accurate to within ± 3.0 percent. This exceeds acceptable standards for a survey about media preferences.”

By asking different types of questions, Marcello and Litzenberger ensured there would be numerous angles Marcello and Litzenberger could present to members of their intended audience using the data—no matter what results their survey returned. For example, assuming that the number of viewers the show drew was accurate, Marcello and Litzenberger assessed not only how many adults actually watched the show but also how many voted during that particular season.

5. Although the details of the approach to be taken in the study are important by themselves in assessing the validity of doing the project, the relevance of undertaking the study is equally important.

Marcello and Litzenberger challenge each other about the worthiness of their undertaking. They quickly realize that aside from those directly involved in the production of the show, the sponsors, and news journalists would have a keen interest in understanding if the show’s concept is durable. This would be assessed by measuring the involvement of adults in voting, their confidence in the judges’ opinions, and comparing the perceived influence of voting for *American Idol* contestants with voting in presidential elections.

6. With a total sample size of more than 1,000, Marcello and Litzenberger will be able to say with 95 percent certainty that the results would be accurate to within ± 3.0 percent. They note that this exceeds acceptable standards for a survey about media preferences. They put these results in context with a concrete example as follows:

“So if only 10 per cent of our sample reported voting for *American Idol* contestants, we would be able to say with 95 per cent confidence that the actual percentage of the adult population who voted was somewhere between 7 and 13 per cent?” Litzenberger asked.

“You’ve got it”, Marcello affirmed. “Of course, it could be a lower or a much higher percentage. Nobody really knows now. Anybody who says otherwise is merely speculating.”

7. Marcello and Litzenberger have used their knowledge of marketing research, and some cleverness to surmount a major challenge in confronting skeptics of marketing research.

They have chosen to demonstrate before a public audience the validity of professionally-done marketing research. Their approach and their logic appear sound. The anticipated out-of-pocket expense of \$6,000 to use the omnibus survey appears to be a very modest investment to prove their point. By spending their own money, they further demonstrate the confidence they have in using marketing research.

8. Because Marcello and Litzenberger are willing to actually conduct a study and provide evidence about the behavior and perspectives of *American Idol* voters, the public will be able to assess their reasoning once the study is completed and the results are made public.

Technical Questions

Chapter 1

9. The problem definition, developing an approach, and research design steps are most evident in this case. No data is collected, yet. Therefore, no analysis is done, and no presentation is made. However, the last three steps of the marketing research process are considered by Marcello and Litzenberger in order to understand the results to which the first three steps may lead.
10. Marcello and Litzenberger perceive marketing research to be a key ingredient in decision making. In terms of making improved decisions, they recognize that marketing research can empower not only television network managers, but commercial sponsors of television programs, as well as television audience members. In terms of relevance, Marcello and Litzenberger perceive that marketing research can answer questions that would be interesting to a wide sector of U.S. consumers.

Chapter 2

11. The management decision problem is whether Melissa Marcello and Julie Litzenberger should conduct a marketing research study to determine profile and motivations of the viewing audience of *American Idol* in order to demonstrate the benefits of professionally conducted marketing research.

The marketing research problem is to determine who the viewers actually are and their motivations for voting for *American Idol* contestants. Specifically, research will seek to answer the following questions.

- a. What is the demographic profile of the *American Idol* audience?
- b. What is the psychographic profile of the *American Idol* audience?
- c. What are the audience's motivations for voting for *American Idol* contestants?

- d. What are general TV viewing habits of *American Idol* audience?

Once the findings of the proposed research are released to the public, it would be easy to demonstrate the usefulness of the research, as the insights gained could not have been obtained otherwise.

Chapter 3

12. They should conduct exploratory research first followed by descriptive research. Exploratory research should include analysis of available secondary data and qualitative research in the form of focus groups. Syndicated data on the audience of *American Idol*, such as those obtained from Nielsen Media Research, will be particularly helpful. Exploratory research will help identify the salient demographic and psychographic characteristics, TV viewing habits, as well the underlying motivations for voting. Descriptive research in the form of a single cross-sectional survey will help quantify the findings of exploratory research. Thus, both exploratory and descriptive research relate to all the four components of the marketing research problem.

Chapters 4 and 5

13. Secondary data pertaining to viewership of *American Idol* obtained from the Internet and popular press would be helpful. Syndicated data on lifestyles (e.g., the Yankelovich Monitor, VALS), and media consumption and TV viewership (e.g., Nielsen Media Research), would be useful.
14. Secondary data will help in gaining a better understanding of the environmental context of the problem, developing an approach, determining what primary data to collect, and in interpreting the findings obtained from primary data more insightfully.

Chapter 6

15. Qualitative research in the form of focus groups and picture response technique would be helpful in identifying the underlying motivations and reasons as to why people watch *American Idol*.

Chapter 7

16. The telephone survey is the most appropriate survey method in this case as the survey is expected to be short and simple. The telephone method offers good sample control, good control of field force, good response rate, and has moderate cost. No physical stimuli will be used.

Chapter 8

16. Since the basic questions to be addressed, (i.e., determination of the audience profile and motivations), are descriptive and not causal, an experiment was not considered. An experiment could be conducted to determine the impact of alternative *American Idol* show formats on audience size and response.

Chapters 9 and 10

17. Ordinal scales can be used to obtain overall preferences for various TV shows by obtaining a preference ranking. Interval scales, specifically Likert type of scales, can be used to obtain audience evaluations of *American Idol* and other TV programs on attributes such as entertainment value, educational value, etc. Ratio scales can be used to determine the time spent watching *American Idol* and other TV programs.

Chapter 11

18. The analysis is carried out in terms of who, what, when, and where.
- Who: You, the respondent is reasonably clear.
 - What: Favorite *American Idol*, is reasonably clear.
 - When: It is not clear. This year, last year, or since the show began?
 - Where: In America, is reasonably clear.
 - Revised wording: “Who is your favorite *American Idol* since the show started airing?”

Chapter 12

19. The following information was obtained from www.opinionresearch.com. “CARAVAN’s national probability telephone sample is an efficient form of random-digit dialing (RDD). The sample is designed to be a simple random sample of households. Unlike published directories, CARAVAN’s national probability telephone sample includes both unlisted numbers and numbers issued after publication of the directories.

The following procedure is used to create the sample:

- CARAVAN has an annual license for GENESYS, a custom RDD sample generation system developed by Marketing Systems Group.
- The methodology for generating random-digit dialing (RDD) telephone samples in the GENESYS system provides for a single stage, EPSEM (Equal Probability of Selection Method) sample of residential telephone numbers. It is updated twice a year.
- When a national probability sample is needed, a random selection is made from approximately 40,000 exchanges in 2 million working banks.

- Each telephone number is transferred to a separate call record. The record shows the computer-generated telephone number to be called, as well as the county, state, MSA (if applicable), band, and time zone into which the telephone number falls. Our computerized interviewing system (CATI) uses this information to keep track of regional quotas. The CATI interviewing program also keeps track of the disposition categories for each call attempt.”

Chapter 13

20. Yes, the sample size of 1,000 is appropriate. With a total sample size of more than 1,000, Marcello and Litzenberger will be able to say with 95 percent certainty that the results would be accurate to within ± 3.0 percent. They note that this exceeds acceptable standards for a survey about media preferences. They put these results in context with a concrete example as follows:

“So if only 10 per cent of our sample reported voting for *American Idol* contestants, we would be able to say with 95 per cent confidence that the actual percentage of the adult population who voted was somewhere between 7 and 13 per cent?” Litzenberger asked.

Chapter 14

21. Some of the challenges would be : (1) getting the respondents to cooperate, and (2) training, supervision, and evaluation of telephone interviewers.

Chapter 19

22. The findings of Marcello and Litzenberger could be checked against the findings available from secondary data to assess their accuracy. The proposed study will help the management at *Fox News* to formulate marketing strategies to increase the size of the audience for *American Idol*, as enhance the loyalty of the fans.

To evaluate the project, the following key questions should be asked. Could this project have been conducted more effectively or efficiently? This question, of course, raises several more specific questions. Could the problem have been defined differently so as to enhance the value of the project to the client or reduce the costs? Could a different approach have yielded better results? Was the research design the best? How about the mode of data collection? Should mall intercepts have been used instead of telephone interviews? Was the sampling plan the most appropriate? Were the sources of possible design error correctly anticipated and kept under control, at least in a qualitative sense? If not, what changes could have been made? How could the selection, training, and supervision of field-workers be altered to improve data collection? Was the data analysis strategy effective in yielding information useful for decision making? Were the conclusions and recommendations appropriate and useful to the client? Was the report

adequately written and presented? Was the project completed within the time and budget allocated? If not, what went wrong?