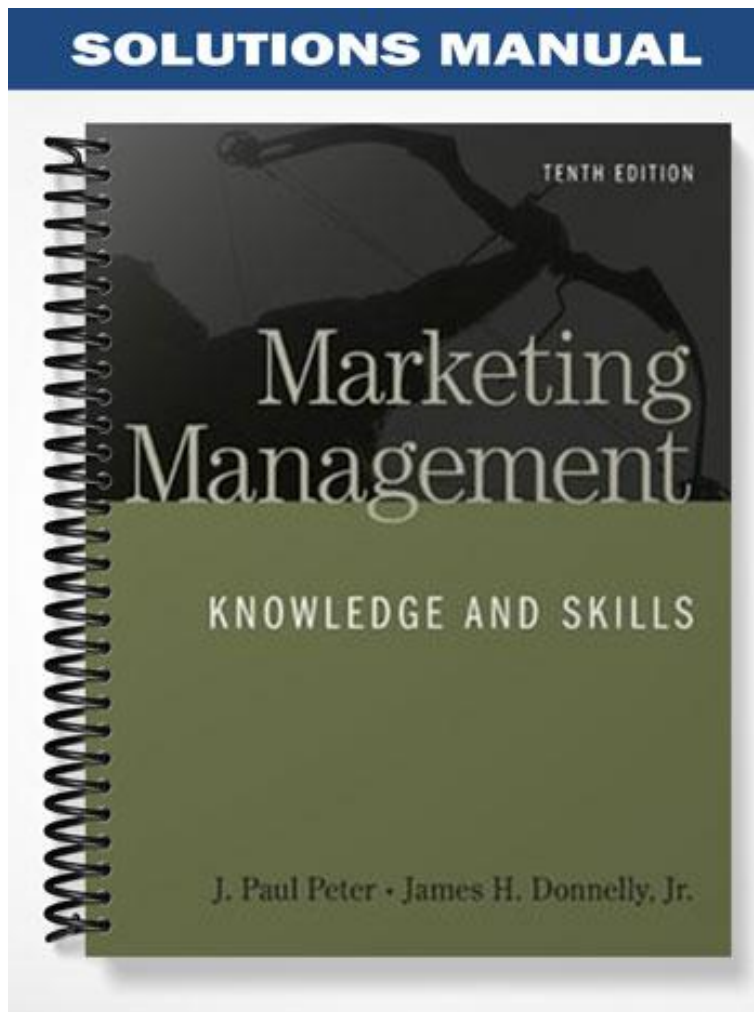


SOLUTIONS MANUAL



TENTH EDITION

Marketing
Management

KNOWLEDGE AND SKILLS

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Chapter 2

MARKETING RESEARCH: PROCESS AND SYSTEMS FOR DECISION MAKING

HIGH-LEVEL CHAPTER OUTLINE

1. The Role of Marketing Research
2. The Marketing Research Process
 - 2.1. Purpose of the research
 - 2.2. Plan of Research
 - 2.2.1. Primary Versus Secondary Data
 - 2.2.2. Qualitative Versus Quantitative Research
 - 2.2.3. Company Versus Contract Research
 - 2.3. Performance of the Research
 - 2.4. Processing of Research Data
 - 2.5. Preparation of the Research Report
 - 2.6. Limitations of the Research Process
3. Marketing Information Systems

DETAILED CHAPTER OUTLINE

1. The Role of Marketing Research

- The text opens by defining marketing research as “The process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making.”
- Marketing research does not make decisions, but it can substantially increase the chances that good decisions are made.
- Marketing managers should recognize that
 1. Even the most carefully executed research can be fraught with errors
 2. Marketing research does not forecast with certainty what will happen in the future

3. They should make decisions in light of their own knowledge and experience, since no marketing research study includes all of the factors that could influence the success of a strategy.
- Although marketing research does not make decisions, it can reduce the risk associated with managing marketing strategies. (e.g., pg: 30)
 - It can reduce the risk of introducing new products by evaluating consumer acceptance of them prior to full scale introduction.
 - Marketing research is also vital for investigating the effects of various marketing strategies after they have been implemented. (e.g., pg: 30-31)
 - Marketing research can examine the effects of a change in any of the elements of the marketing mix on customer perception and behavior.

2. The Marketing Research Process

- Marketing research can be viewed as the systematic process for obtaining information to aid in decision-making. There are many types of marketing research.
- The five Ps of the research process (See Figure 2.1.):
 - 2.1 Purpose of the research
 - 2.2 Plan of the research
 - 2.3 Performance of the research
 - 2.4 Processing of research data
 - 2.5 Preparation of research report

2.1 Purpose of the Research

- The first step in the research process is determined to explicitly know why the result is needed and what is to be accomplished.
- Managers and researchers need to discuss and clarify the current situation and develop a clear understanding of the problem.
- Managers and researchers should agree on:
 1. The current situation involving the problem to be researched.
 2. The nature of the problem.
 3. The specific question or questions the research is designed to investigate.
- Refer Marketing Insight 2-2 for the kinds of questions that marketing research can help answer.

2.2 Plan of the Research

- A research plan spells out the nature of the research to be conducted and includes an explanation of such things as the sample design, measures, and the analysis techniques to be used.
- Three critical issues influence the research plan:
 1. Whether primary or secondary data are needed.
 2. Whether qualitative or quantitative research is needed.
 3. Whether the company will do its own research or contract with a marketing research specialist.

2.2.1. *Primary Versus Secondary*

- Primary data are the data collected specifically for the research problem under investigation.
- Secondary data are those that have previously been collected for other purposes but can be used for the problem at hand.
- Secondary information has the advantage of usually being cheaper than primary data, although it is not always available for strategy-specific research questions.
- If a company wants to know why users of a competitive brand do not prefer its brand, it may have to collect primary data.
- If a company wants to know the population size of key global markets that it might enter, it could find this information from secondary sources.
- Syndicated data providers sell a variety of useful data to companies.
 - Figure 2.2 lists a number of data providers and the type of information they can provide.

2.2.2. *Qualitative Versus Quantitative Research*

- Qualitative research typically involves face-to-face interviews with respondent designed to develop a better understanding of what they think and feel concerning a research topic. The two most common types of qualitative research are focus group and long interviews.
- Quantitative research involves more systematic procedures designed to obtain and analyze numerical data.
- There are four common types of quantitative research.
 - Observational research involves watching people and recording relevant facts and behavior.
 - Survey research involves the collection of data by means of a questionnaire either by mail, phone, or in person.
 - Experimental research involves manipulating one variable and examining its impact on the other variables.
 - Mathematical modeling research often involves secondary data, such as scanner data collected and stored in computer files from retail check out computers. It is useful because it provides an efficient way to study problems with extremely large secondary data sets.

2.2.3. *Company Versus Contract Research*

- Most large consumer goods companies have marketing research departments that can perform a variety of types of research.
- In addition many marketing research firms, advertising agencies, and consulting companies do marketing research on a contract basis.

2.3 Performance of the Research

- Performance of the research involves preparing for data collection and actually collecting them.
- A cardinal rule is to obtain and record the maximal amount of useful information, subject to the constraints of time, money, and respondent privacy.
- Both the objectives and constraints of data collection must be closely monitored.

2.4 Processing of Research Data

- Processing research data includes the preparation of data for analysis and the actual analysis of it.
- The appropriate analysis techniques for collected data depend on the nature of the research questions and the design of the research.
- Qualitative research data consist of interview records that are content analyzed for ideas or themes.
- Quantitative research data may be analyzed in a variety of ways depending on the objectives of the research.
- A critical part of this stage is interpreting and assessing the research results.

2.5 Preparation of the Research Report

- The research report is a complete statement of everything in a research project and includes a write up of each of the previous stages as well as the strategic recommendations.
- Figure 2.4 lists the types of questions marketing researchers and managers should discuss prior to submitting the final research report.
- Research reports should be clear and unambiguous with respect to what was done and what recommendations are made.

2.6 Limitations of the Research Process

- If a research study is to provide valuable information for decision making e.g., test marketing, the major goal test marketing is to measure new product sales on a limited basis, where competitive retaliation and other factors are allowed to operate freely.
- Problems that could invalidate test marketing study results are:
 1. Test market areas are not representatives of the market in general in terms of population, characteristics, competition, and distribution outlets.
 2. Sample size and designs are incorrectly formulated because of budget constraints.
 3. Pretest measurements on competitive brand sales are not made or are inaccurate, limiting the meaningfulness of market share estimates.
 4. Test scores do not give complete support to the study, such that certain package sizes may not be carried or prices may not be held constant during the test period.
 5. Test market products are advertised or promoted beyond a profitable level for the market in general.
 6. The effects of factors influence sales, such as the sales force, season, weather conditions, competitive retaliation, shelf space, and so forth, are ignored in the research.
 7. The test-market period is too short to determine whether the product will be repurchased by customers.
- Figure 2.4 lists the criteria for evaluating marketing research reports.

3. Marketing Information Systems

- Most marketers use computer-based systems to help them gather, sort, store, and distribute information for marketing decisions. A popular form of marketing information system is the marketing decision support system.
- These systems require three types of software:
 1. Data base management software for sorting and retrieving data from external and internal sources.
 2. Model based management software for manipulating data in ways that are useful for marketing decision-making.
 3. A dialogue system that permits marketers to explore data base and use a model to produce information to address their decision making needs
- Marketing decision support systems are designed to handle information from both internal and external sources.

KEY TERMS

Cardinal Rule: A cardinal rule is to obtain and record the maximal amount of useful information, subject to the constraints of time, money, and respondent privacy.

Experimental Research: Experimental research involves manipulating one variable and examining its impact on other variables.

Marketing Research: Marketing research is an aid to decision making and not a substitute for it.

Mathematical Modeling: Mathematical modeling research often involves secondary data, such as scanner data collected and stored in computer files from retail checkout counters.

Observational Research: Observational research involves watching people and recording relevant facts and behaviors.

Primary Data: Primary data are data collected specifically for the research problem under investigation;

Qualitative Research: Qualitative research typically involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic, such as a brand name, a product, a package, or an advertisement.

Quantitative Research: Quantitative research involves more systematic procedures designed to obtain and analyze numerical data.

Secondary Data: Secondary data are those that have previously been collected for other purposes but can be used for the problem at hand.

Survey Research: Survey research involves the collection of data by means of a questionnaire either by mail, phone, or in person.

Test Marketing: The major goal of most test marketing is to measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely. In this way, future sales potential can often be estimated reasonably well.

ADDITIONAL RESOURCES

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