SOLUTIONS MANUAL

TENTH EDITION

Marketing Research

METHODOLOGICAL FOUNDATIONS

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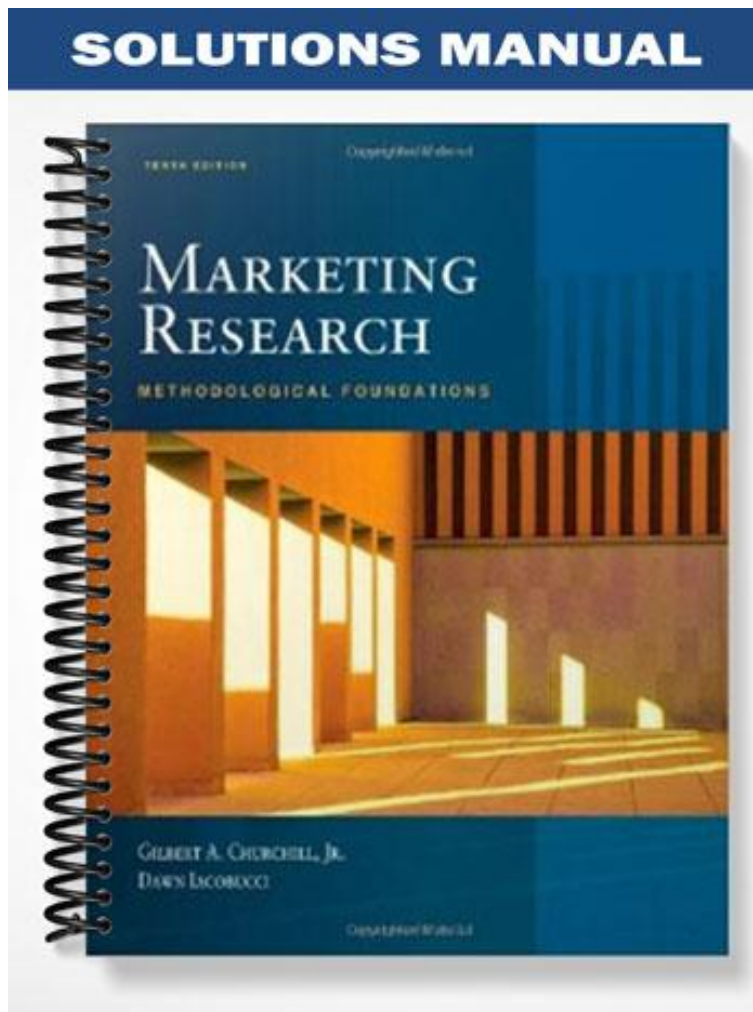
Case 1.2

USING LOYALTY DATA AT FLOWERS 4U

1.   What is the decision problem?

The decision problem has to do with market growth, service menu expansion, and the attraction of new customers.

2.   What is (are) the research problem(s)?

The research questions are several, primarily:

a) how to define "best" customer using the RFM data. Depending on how large of a sample Flowers 4U can afford to survey, there's no reason they couldn't simply sample 1/3rd of the top R's, 1/3rd of the top F's, and 1/3rd of the top M's. The CRM and direct marketing issues about how RF&M are inter-related doesn't have to be solved for this issue.

b) whether a sample of these customers will suffice in providing guidance to the decision problem. If part of their growth needs to come from acquiring new customers, it's not clear that the preferences of the current customers, maybe especially the currently "best" customers is going to be representative of the new customers. Thus, the current customers may want restaurant and theater gift certificates, whereas the new customers just might want the reminder-programming or lower prices.

c) next is how shall all these questions be asked. They've decided upon a survey (which is probably just as good an approach as any), but students might be encouraged to sketch out a draft of what that survey would look like.

3.   What recommendations would you make to the marketing manager to address the research problem(s)? That is, what data would you collect and how might those data be used to answer the research question(s) posed?

Per above, think through the sampling implications, and draft out a survey.