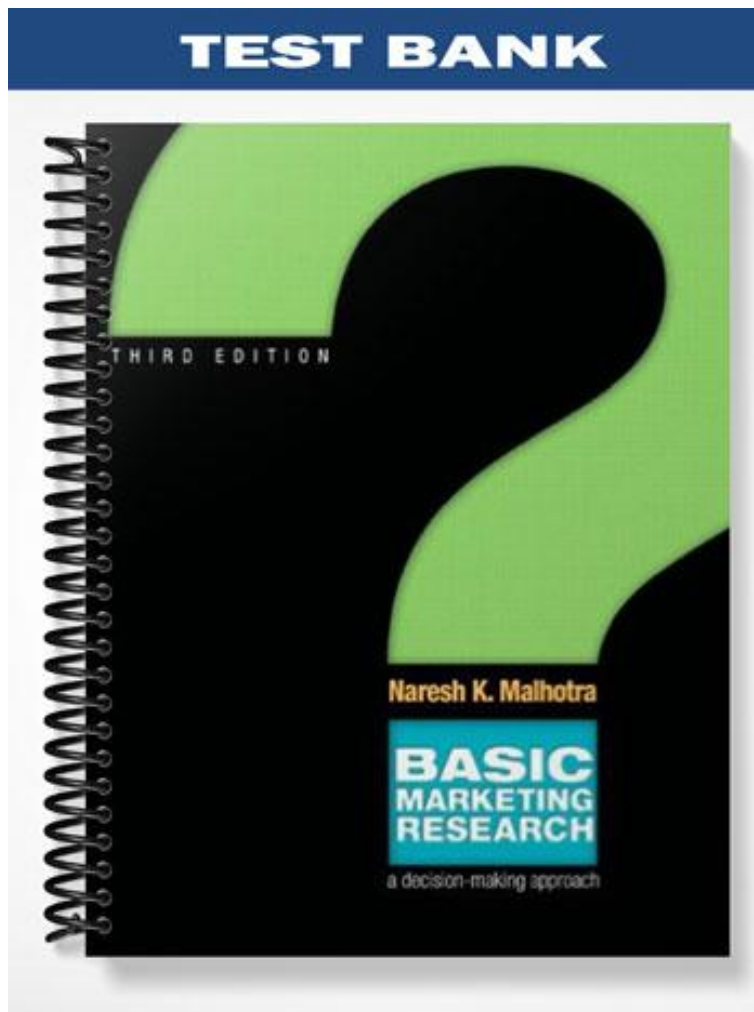


**TEST BANK**



THIRD EDITION

Naresh K. Malhotra

**BASIC  
MARKETING  
RESEARCH**

a decision-making approach

*Basic Marketing Research, 3e (Malhotra)*

**Chapter 2 Defining the Marketing Research Problem and Developing an Approach**

- 1) While every step in a marketing research project is important, research design formulation is the most important step.

Answer: FALSE

Diff: 2 Page Ref: 36

Opening Question: 1

- 2) A broad statement of the general problem and identification of the specific components of the marketing research problem is called problem definition.

Answer: TRUE

Diff: 2 Page Ref: 36

Opening Question: 5

- 3) Problem audit is a comprehensive examination of a marketing problem to understand its origin and nature.

Answer: TRUE

Diff: 2 Page Ref: 38

Opening Question: 2

- 4) The resume of the decision maker is one of the issues discussed with the decision maker during the problem audit.

Answer: FALSE

Diff: 1 Page Ref: 37-38

Opening Question: 2

- 5) The corporate culture as it relates to decision making is one of the issues discussed with the decision maker during the problem audit.

Answer: TRUE

Diff: 2 Page Ref: 39

Opening Question: 2

AACSB: Communication

- 6) Secondary data are data collected for some purpose other than the problem at hand.

Answer: TRUE

Diff: 1 Page Ref: 41

Opening Question: 2

- 7) According to the text, primary data are an economical and quick source of background information.

Answer: FALSE

Diff: 2 Page Ref: 41

Opening Question: 2

- 8) Data originated by the researcher specifically to address the research problem are called primary data.  
Answer: TRUE  
Diff: 2      Page Ref: 41  
Opening Question: 2
- 9) Pilot surveys contain fewer open-ended questions than large-scale surveys.  
Answer: FALSE  
Diff: 3      Page Ref: 42  
Opening Question: 2
- 10) Case studies usually involve legal cases, and in this way they have come to be named "case studies."  
Answer: FALSE  
Diff: 2      Page Ref: 42  
Opening Question: 2
- 11) An unstructured, exploratory research methodology based on small samples intended to provide insight and understanding of the problem setting is called quantitative research.  
Answer: FALSE  
Diff: 2      Page Ref: 42  
Opening Question: 2
- 12) The political environment is a factor that comprises the environmental context of the problem.  
Answer: FALSE  
Diff: 3      Page Ref: 44-45  
Opening Question: 3
- 13) Buyer behavior is a body of knowledge that tries to understand and predict consumers' reactions based on an individual's specific characteristics.  
Answer: TRUE  
Diff: 2      Page Ref: 44-45  
Opening Question: 3
- 14) According to the text, buyer behavior is a central component of the environment.  
Answer: TRUE  
Diff: 2      Page Ref: 45  
Opening Question: 3
- 15) General economic conditions are considered elements of the legal environment.  
Answer: FALSE  
Diff: 2      Page Ref: 45  
Opening Question: 3

- 16) The problem confronting the decision maker is typically referred to as the marketing research problem.  
Answer: FALSE  
Diff: 2      Page Ref: 47  
Opening Question: 4
- 17) The management decision problem asks what information is needed and how it can best be obtained.  
Answer: FALSE  
Diff: 2      Page Ref: 47  
Opening Question: 4
- 18) According to the text, the marketing research problem is information-oriented.  
Answer: TRUE  
Diff: 2      Page Ref: 47  
Opening Question: 4
- 19) Focusing on the underlying causes of a problem is a characteristic of a management decision problem.  
Answer: FALSE  
Diff: 2      Page Ref: 47  
Opening Question: 4
- 20) The third component of the conceptual map is "Therefore, we should study (topic)."  
Answer: FALSE  
Diff: 2      Page Ref: 47  
Opening Question: 4
- 21) A marketing research problem asks what information is needed and how it should be obtained.  
Answer: TRUE  
Diff: 2      Page Ref: 47  
Opening Question: 4
- 22) Determining the impact on sales and profits of various levels of price changes is an issue that would be addressed in a management decision problem.  
Answer: FALSE  
Diff: 3      Page Ref: 48  
Opening Question: 4
- 23) Unbiased evidence that is supported by empirical findings is called objective evidence.  
Answer: TRUE  
Diff: 2      Page Ref: 50  
Opening Question: 6

- 24) A theory is a conceptual scheme based on foundational statements, which are assumed to be true.  
Answer: TRUE  
Diff: 2      Page Ref: 50  
Opening Question: 6
- 25) An explicit specification of a set of variables and their interrelationships designed to represent some real system or process in whole or in part is called an analytical model.  
Answer: TRUE  
Diff: 2      Page Ref: 51  
Opening Question: 6
- 26) In graphical models, the variables and their relationships are stated in prose form.  
Answer: FALSE  
Diff: 2      Page Ref: 51  
Opening Question: 6
- 27) Verbal models are often a summary or restatement of the main points of the theory.  
Answer: TRUE  
Diff: 2      Page Ref: 51  
Opening Question: 6
- 28) Mathematical models are visual and pictorially represent the theory.  
Answer: FALSE  
Diff: 2      Page Ref: 51  
Opening Question: 6
- 29) Graphical models are used to isolate variables and to suggest directions of relationships but are not designed to provide numerical results.  
Answer: TRUE  
Diff: 2      Page Ref: 51  
Opening Question: 6
- 30) According to the text, graphical models are logical, preliminary steps to developing mathematical models.  
Answer: TRUE  
Diff: 2      Page Ref: 51  
Opening Question: 6  
AACSB: Analytical Skills
- 31) Verbal models explicitly specify the strength and direction of relationships among variables, usually in equation form.  
Answer: FALSE  
Diff: 2      Page Ref: 51  
Opening Question: 6

- 32) Research questions are refined statements of the specific components of the problem.  
Answer: TRUE  
Diff: 2 Page Ref: 52  
Opening Question: 6
- 33) An unproven statement or proposition about a factor or phenomenon that is of interest to the researcher is called a theory.  
Answer: FALSE  
Diff: 2 Page Ref: 52  
Opening Question: 6
- 34) Hypotheses are statements about proposed relationships rather than merely questions to be answered.  
Answer: TRUE  
Diff: 2 Page Ref: 52  
Opening Question: 6
- 35) An unproven statement or proposition about a factor or phenomenon that is of interest to the researcher is called a hypothesis.  
Answer: TRUE  
Diff: 2 Page Ref: 52  
Opening Question: 6
- 36) While every step in a marketing research project is important, \_\_\_\_\_ is the most important step.  
A) problem definition  
B) problem correction  
C) research design formulation  
D) report generation and presentation  
E) project completion  
Answer: A  
Diff: 2 Page Ref: 36  
Opening Question: 1
- 37) According to the problem definition and approach development process as given in the text, the tasks involved in problem definition consist of all of the following *except* \_\_\_\_\_.  
A) discussions with the decision makers  
B) interviews with industry experts  
C) analysis of project costs  
D) analysis of secondary data  
Answer: C  
Diff: 2 Page Ref: 37  
Opening Question: 2  
AACSB: Analytical Skills

38) A broad statement of the general problem and identification of the specific components of the marketing research problem is called \_\_\_\_\_.

- A) problem correction
- B) problem definition
- C) hypotheses generation
- D) problem audit
- E) project conceptualization

Answer: B

Diff: 2 Page Ref: 36

Opening Question: 5

39) Michael Dell of Dell Computers wants his company to take market share from Hewlett-Packard and Apple in the category of printers. As his marketing research director, which of the following would NOT be part of the tasks involved in formulating the marketing research problem to support Dell's strategic initiative in selling printers?

- A) qualitative research
- B) interviews with experts
- C) secondary data analysis
- D) discussions with Michael Dell
- E) composing the research design

Answer: E

Diff: 2 Page Ref: 37

Opening Question: 2

AACSB: Reflective Thinking

40) The \_\_\_\_\_ provides a useful framework for interacting with the DM and identifying the underlying causes of the problem.

- A) problem audit
- B) management problem
- C) problem definition
- D) none of the above

Answer: A

Diff: 2 Page Ref: 38

Opening Question: 2

41) \_\_\_\_\_ is a comprehensive examination of a marketing problem to understand its origin and nature.

- A) Problem definition
- B) Problem correction
- C) Hypotheses generation
- D) Research directive
- E) Problem audit

Answer: E

Diff: 2 Page Ref: 38

Opening Question: 2

42) The problem audit involves discussions with the decision maker on all of the following issues EXCEPT:

- A) the history of the problem.
- B) the criteria that will be used to evaluate the alternative courses of action.
- C) the information that is needed to answer the decision maker's questions.
- D) the alternative courses of action available to the decision maker.
- E) the national culture as it's related to a country's trade barriers.

Answer: E

Diff: 3 Page Ref: 38

Opening Question: 2

43) Interviews with industry experts-individuals knowledgeable about the firm and the industry-may help formulate the marketing research problem. Which of the following statements is true about interviews with industry experts?

- A) These experts may be found both inside and outside the firm.
- B) Typically, expert information is obtained by unstructured personal interviews without administering a formal questionnaire.
- C) It is helpful to prepare a list of topics to be covered during the interview.
- D) All of the above are true.

Answer: D

Diff: 3 Page Ref: 40-41

Opening Question: 2

44) \_\_\_\_\_ are data collected for some purpose other than the problem at hand.

- A) Primary data
- B) Secondary data
- C) Virtual data
- D) Observational data
- E) Research data

Answer: B

Diff: 1 Page Ref: 41

Opening Question: 2

45) According to the text, \_\_\_\_\_ are an economical and quick source of background information.

- A) primary data
- B) virtual data
- C) secondary data
- D) observational data
- E) A and B

Answer: C

Diff: 1 Page Ref: 41

Opening Question: 2



46) All of the following represent examples of sources of secondary data EXCEPT:

- A) trade organizations.
- B) the Bureau of Census.
- C) the Internet.
- D) A and B
- E) survey data.

Answer: E

Diff: 2 Page Ref: 41

Opening Question: 2

AACSB: Analytical Skills

47) Which sources of secondary data would be helpful in defining the problem of Wendy's increasing its share of the fast food market.?

- A) a field research project conducted by Wendy's to answer the question of how to increase its share of the fast food market
- B) a report from the Fast Food Retailers Association on changing preferences for consumer tastes
- C) a US Census Bureau report on the changing demographic profile of the US consumer
- D) all of the above
- E) B and C only

Answer: E

Diff: 2 Page Ref: 41

Opening Question: 2

AACSB: Reflective Thinking

48) Data originated by the researcher specifically to address the research problem are called \_\_\_\_\_.

- A) primary data
- B) secondary data
- C) virtual data
- D) Census data
- E) Research data

Answer: A

Diff: 1 Page Ref: 41

Opening Question: 2

49) An unstructured, exploratory research methodology based on small samples intended to provide insight and understanding of the problem setting is called \_\_\_\_\_.

- A) quantitative research
- B) qualitative research
- C) descriptive research
- D) causal research
- E) secondary data

Answer: B

Diff: 2 Page Ref: 42

Opening Question: 2

50) \_\_\_\_\_ tend to be less structured and to have a smaller samples than large-scale surveys.

- A) Mail surveys
- B) Pilot surveys
- C) Online surveys
- D) Census surveys
- E) Telephone surveys

Answer: B

Diff: 1 Page Ref: 42

Opening Question: 2

51) According to the text, examples of cases used in case studies could be all of the following EXCEPT:

- A) customers.
- B) stores.
- C) firms.
- D) markets.
- E) surveys.

Answer: E

Diff: 3 Page Ref: 42

Opening Question: 2

AACSB: Reflective Thinking

52) All of the following represent factors that comprise the environmental context of the problem EXCEPT:

- A) resources of the firm.
- B) objectives of the decision maker.
- C) accounting practices used by the firm twenty years ago.
- D) economic environment.
- E) constraints of the firm.

Answer: C

Diff: 1 Page Ref: 43

Opening Question: 3

AACSB: Analytical Skills

53) \_\_\_\_\_ is a body of knowledge that tries to understand and predict consumers' reactions based on an individual's specific characteristics.

- A) Economic behavior
- B) Organizational behavior
- C) Buyer behavior
- D) Ethical behavior
- E) Census data

Answer: C

Diff: 2 Page Ref: 44-45

Opening Question: 3

54) According to the text, \_\_\_\_\_ is a central component of the environment.

- A) economic behavior
- B) organizational behavior
- C) ethical behavior
- D) stock price of the publicly held company in question
- E) buyer behavior

Answer: E

Diff: 2 Page Ref: 44-45

Opening Question: 3

55) \_\_\_\_\_ includes the underlying motives, perceptions, attitudes, buying habits, and demographic and psychographic profiles of buyers and potential buyers.

- A) Buyer behavior
- B) Economic behavior
- C) Organizational behavior
- D) Ethical behavior
- E) Advertising creativity

Answer: A

Diff: 2 Page Ref: 44-45

Opening Question: 3

56) The researcher must have a clear understanding of two types of objectives. Objectives:

- A) that are precise and that are specific.
- B) for daily and for weekly work.
- C) for finance and for marketing.
- D) for marketing and for research.
- E) of the organization, and of the decision maker.

Answer: E

Diff: 2 Page Ref: 44

Opening Question: 3

57) Which of the following is NOT considered an element of the legal environment?

- A) public policies
- B) general economic conditions
- C) laws
- D) government agencies
- E) pressure groups

Answer: B

Diff: 3 Page Ref: 45

Opening Question: 3

AACSB: Analytical Skills

58) All of the following are considered as elements in the economic environment EXCEPT:

- A) public policies.
- B) purchasing power.
- C) discretionary income.
- D) general economic conditions.
- E) disposable income.

Answer: A

Diff: 2 Page Ref: 45

Opening Question: 3

AACSB: Analytical Skills

59) The problem confronting the decision maker is typically referred to as the \_\_\_\_\_.

- A) management decision problem
- B) theoretical decision problem
- C) hypothetical decision problem
- D) marketing research problem
- E) research context problem

Answer: A

Diff: 2 Page Ref: 47

Opening Question: 4

60) The \_\_\_\_\_ asks what information is needed and how it can best be obtained.

- A) management decision problem
- B) theoretical decision problem
- C) hypothetical decision problem
- D) research context problem
- E) marketing research problem

Answer: E

Diff: 2 Page Ref: 47

Opening Question: 4

61) According to the text, the \_\_\_\_\_ is information oriented.

- A) marketing research problem
- B) management decision problem
- C) theoretical decision problem
- D) hypothetical decision problem
- E) research context problem

Answer: A

Diff: 2 Page Ref: 47

Opening Question: 5

62) Which of the following is NOT a characteristic of a management decision problem?

- A) focuses on symptoms
- B) asks what the decision maker needs to do
- C) is action oriented
- D) focused on the underlying causes
- E) A and C

Answer: D

Diff: 3 Page Ref: 47

Opening Question: 4

AACSB: Analytical Skills

63) All of the following are characteristics of a marketing research problem EXCEPT:

- A) asks what the decision maker needs to do.
- B) asks what information is needed and how it should be obtained.
- C) is information oriented.
- D) focuses on the underlying causes.
- E) A and D

Answer: A

Diff: 3 Page Ref: 47

Opening Question: 5

AACSB: Analytical Skills

64) Which of the following is NOT an issue that would be addressed in a management decision problem?

- A) Should the advertising campaign be changed?
- B) Should the price of the product be changed?
- C) Determine the impact on sales and profits of various levels of price changes.
- D) What can a company do to expand its share of its product category?
- E) B and C

Answer: C

Diff: 3 Page Ref: 47-48

Opening Question: 4

AACSB: Analytical Skills

65) Unbiased evidence that is supported by empirical findings is called \_\_\_\_\_.

- A) objective evidence
- B) analytical evidence
- C) theoretical evidence
- D) subjective evidence
- E) research data

Answer: A

Diff: 2 Page Ref: 50

Opening Question: 6

66) A(n) \_\_\_\_\_ is a conceptual scheme based on foundation statements, which are assumed to be true.

- A) experiment
- B) theory
- C) objective
- D) incident
- E) investigation

Answer: B

Diff: 2 Page Ref: 50

Opening Question: 6

67) An explicit specification of a set of variables and their interrelationships designed to represent some real system or process in whole or in part is called a(n) \_\_\_\_\_.

- A) analytical model
- B) theory
- C) hypothesis
- D) objective
- E) broad-based research

Answer: A

Diff: 2 Page Ref: 51

Opening Question: 6

68) Which of the following is NOT a common form of a model?

- A) verbal model
- B) graphical model
- C) mathematical model
- D) technological model
- E) A and B

Answer: D

Diff: 2 Page Ref: 51

Opening Question: 6

AACSB: Analytical Skills

69) In \_\_\_\_\_, the variables and their relationships are stated in prose form.

- A) verbal models
- B) graphical models
- C) mathematical models
- D) technological models
- E) provisional models

Answer: A

Diff: 2 Page Ref: 51

Opening Question: 6

70) Which of the following models are often a summary or restatement of the main points of the theory?

- A) graphical models
- B) mathematical models
- C) verbal models
- D) technological models
- E) provisional models

Answer: C

Diff: 2 Page Ref: 51

Opening Question: 6

71) \_\_\_\_\_ are visual and pictorially represent the theory.

- A) Graphical models
- B) Mathematical models
- C) Verbal models
- D) Technological models
- E) Cartoons

Answer: A

Diff: 2 Page Ref: 51

Opening Question: 6

72) Which of the following models are used to isolate variables and to suggest directions of relationships but are not designed to provide numerical results?

- A) graphical models
- B) mathematical models
- C) verbal models
- D) technological models
- E) specific models

Answer: A

Diff: 2 Page Ref: 51

Opening Question: 6

73) According to the text, \_\_\_\_\_ are logical, preliminary steps to developing mathematical models.

- A) theoretical models
- B) verbal models
- C) technological models
- D) graphical models
- E) durable models

Answer: D

Diff: 2 Page Ref: 51

Opening Question: 6

AACSB: Analytical Skills

74) \_\_\_\_\_ explicitly specify the strength and direction of relationships among variables, usually in equation form.

- A) Graphical models
- B) Mathematical models
- C) Verbal models
- D) Technological models
- E) Provisional models

Answer: B

Diff: 2 Page Ref: 51

Opening Question: 6

75) \_\_\_\_\_ are refined statements of the specific components of the problem.

- A) Research questions
- B) Theories
- C) Hypotheses
- D) Experiments
- E) Scientific information

Answer: A

Diff: 2 Page Ref: 52

Opening Question: 6

76) An unproved statement or proposition about a factor or phenomenon that is of interest to the researcher is called a(n) \_\_\_\_\_.

- A) theory
- B) hypothesis
- C) model
- D) experiment
- E) invoice

Answer: B

Diff: 2 Page Ref: 52

Opening Question: 6

77) \_\_\_\_\_ are statements about proposed relationships rather than merely questions to be answered.

- A) Theories
- B) Models
- C) Experiments
- D) Hypotheses
- E) scientific notation

Answer: D

Diff: 2 Page Ref: 52

Opening Question: 6



78) An unproven statement or proposition about a factor or phenomenon that is of interest to the researcher is called a(n) \_\_\_\_\_.

- A) situation
- B) incident
- C) hypothesis
- D) theory
- E) invoice

Answer: C

Diff: 2 Page Ref: 52

Opening Question: 6

79) In a short essay, list and discuss at least five important issues that are discussed with decision makers when a problem audit is conducted.

Answer: a. The history of the problem - this is a discussion of the events that led to the decision to act.

b. The alternate courses of action available to the decision maker - the set of alternatives may be incomplete at this stage, and qualitative research may be needed to identify the more innovative courses of action.

c. The criteria that will be used to evaluate the alternative courses of action - for example, new product offerings might be evaluated on the basis of sales, market share, profitability, and return on investment.

d. The nature of potential actions that are likely to be suggested based on research findings - this research finding will likely call for a strategic marketing response to the competition.

e. The information that is needed to answer the decision maker's questions - the information needed includes a comparison of all elements of the marketing mix in order to determine relative strengths and weaknesses.

f. The manner in which the decision maker will use each item of information in making the decision - the key decision makers will devise a strategy based on the research findings and their intuition and judgment.

g. The corporate culture as it relates to decision making - in some firms, the decision-making process is dominant; in others, the personality of the decision maker is more important.

Diff: 2 Page Ref: 38-39

Opening Question: 2

80) In a short essay, discuss the differences between primary and secondary data. Include a specific example of each to support your answer.

Answer: **Secondary data** are data collected for some purpose other than the problem at hand, such as data available from trade organizations, the Bureau of Census, and the Internet. **Primary data**, on the other hand, are originated by the researcher for the specific problem under study, such as survey data. Secondary data include information made available by business and government sources, commercial marketing research firms, and computerized databases. Secondary data are an economical and quick source of background information.

Diff: 1 Page Ref: 41

Opening Question: 2

AACSB: Analytical Skills

81) In a short essay, discuss the differences between a management decision problem and a marketing research problem.

Answer: The **management decision problem** asks what the decision maker needs to do, whereas the marketing research problem asks what information is needed and how it can best be obtained. The management decision problem is action-oriented, framed from the perspective of what should be done, and focuses on the symptoms concerned with the underlying causes. It asks questions such as "How should the loss of market share be arrested? Should the market be segmented differently? Should a new problem be introduced? Should the promotional budget be increased?" In contrast, the **marketing research problem** is information-oriented. Research is directed at providing the information necessary to make a sound decision. The marketing research problem focuses on the symptoms concerned with the underlying causes. Examples of this type of problem include the determination of the effectiveness of the current advertising campaign and the determination of the impact on sales and problems of various levels of price changes.

Diff: 2      Page Ref: 47-48

Opening Question: 4

AACSB: Analytical Skills

82) Explain the conceptual map for linking the management decision problem with the marketing research problem. In addition, use the text's example for AT&T as a guide and develop a conceptual map for retaining families dining at Olive Garden restaurants.

Answer: A good way to link the broad statement of the marketing research problem with the management decision problem is by making use of a conceptual map. A conceptual map involves the following three components:

Management wants to (take an action).

Therefore, we should study (topic)

So that we can explain (question).

The first line states the rationale for the question and the project. This is the management decision problem. The second line of the conceptual map declares what broader topic you are investigating. The third line implies the question you are investigating - the who/how/why that you want to explain. Thus, the second and third lines define the broad marketing research problem.

An example of the conceptual map for Olive Garden Restaurants follows:

Management wants to (develop retention programs that will retain 90% of family diners and lead to 10% higher sales over the next two years). Therefore, we should study (family diner loyalty), So that we can explain (what will be the most important variables in retaining these customers over the next 2 years).

As can be seen, the preceding example provides valuable definitions of the management decision problem and the broad marketing research problems that are closely linked. The problem is now focused upon a segment of customers (family diners) and one behavior of these customers (staying with the company over the next 2 years). Measurable results, such as "90 per cent retention of family diners" are included, as well as a company goal (ten per cent increase in sales over the next two years).

Diff: 2      Page Ref: 47-48

Opening Question: 5

AACSB: Reflective Thinking

83) In a short essay, discuss the characteristics of an analytical model and list and discuss the three most common forms of this model.

Answer: An **analytical model** consists of a set of variables related in a specified manner to represent all or a part of some real system or process. Models can take many forms. The most common are verbal, graphical, and mathematical structures. In **verbal models**, the variables and their relationships are stated in prose form. These models are often a summary or restatement of the main points of the theory. **Graphical models** are visual and pictorially represent the theory. They are used to isolate variables and to suggest directions of relationships but are not designed to provide numerical results. They are logical, preliminary steps to developing mathematical models. **Mathematical models** explicitly specify the strength and direction of relationships among variables, usually in equation form.

Diff: 2      Page Ref: 51

Opening Question: 6

84) In a short essay, discuss the characteristics of research questions and a hypothesis.

Answer: a. Research questions are refined statements of the specific components of the problem. A problem component may break into several research questions. Research questions are designed to ask the specific information required to address each problem component. Research questions that successfully address the problem components will provide valuable information for the decision maker. The formulation of the research questions should be guided, not only by the problem definition, but also by the analytical framework and the model adopted.

b. A hypothesis is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher. It may be a tentative statement about the relationships discussed in the theoretical framework or represented in the analytic model. The hypothesis may also be stated as a possible answer to the research question. Hypotheses are statements about proposed relationships rather than merely questions to be answered. They reflect the researchers' expectation and can be tested empirically. Hypotheses also play the important role of suggesting variables to be included in the research design.

Diff: 2      Page Ref: 52-53

Opening Question: 6