

CHAPTER 2

THE MARKETING RESEARCH PROCESS

LEARNING OBJECTIVES

1. Describe the 11 steps of the marketing research process.
2. Explain the importance of proper problem recognition.
3. Identify two sources of research problems.
4. Describe two processes for defining the research problem and generating research objectives.
5. List the contents of a marketing research proposal.

CHAPTER OUTLINE

The Marketing Research Process

An Eleven Step Process

Step 1: Establish the Need for Marketing Research

Step 2: Define the Problem

Step 3: Establish Research Objectives

Step 4: Determine Research Design

Step 5: Identify Information Types and Sources

Step 6: Determine Methods of Accessing Data

Step 7: Design Data Collection Forms

Step 8: Determine Sample Plan and Size

Step 9: Collect Data

Step 10: Analyze Data

Step 11: Prepare and Present the Final Research Report

Establishing the Need for Marketing Research

When is Marketing Research Not Needed?

The Impact of Online Research and Determining the Need to Conduct Marketing Research

Define the Problem

The Importance of Properly Defining the Problem

Two Sources of Problems

Recognizing the Problem

The Role of Symptoms in Problem Recognition

Types of Problems

The Role of the Researcher in Problem Definition

Hurdles to Problem Definition

The Role of ITBs and RFPs

A Process for Defining the Problem and Establishing the Research Objectives

Assess the Background and the Manager's Situation

Clarify the Symptoms of the Problem

Pinpoint Suspected Causes of the Symptom

Specify Possible Solutions that May Alleviate the Symptom

Speculate on Anticipated Consequences of the Solutions

Identify the Manager's Assumptions About the Consequences of the Solutions

Assess the Adequacy of Information on Hand to Specify Research Objectives

Formulate the Marketing Research Proposal

Problem Statement

Research Objectives

Detail the Proposed Research Method

KEY TERMS

Action standard (p. 63)
Assumptions (p. 60)
Cause (p. 58)
Consequences (p. 60)
Hypotheses (p. 62)
Information gaps (p. 62)
Information state (p. 62)
Invitations to bid (ITBs) (p. 55)
Marketing opportunity (p. 52)
Market opportunity analysis (MOA) (p. 56)
Marketing research proposal (p. 65)
Operational (p. 66)
Operational definition (p. 66)
Opportunity (p. 52)
Opportunity identification (p. 52)
Possible causes (p. 58)
Probable causes (p. 58)
Problem (p. 51)
Research method (p. 67)
Research objectives (p. 43 and p. 63)
Requests for proposals (RFPs) (p. 55)
Situation analysis (p. 54)
Solutions (p. 59)
Steps in the marketing research process (p. 41)
Symptoms (p. 53)

TEACHING SUGGESTIONS

1. This chapter is an overview of the steps in the marketing research process. One effective method of teaching these steps is to describe a real marketing research project. Describe projects instructors have done, class projects done in prior classes, or some other real-world marketing research example with which you are familiar. Use the example to describe how each step was accomplished. If you have a team project-based class, the example shows students what the final product will look like.
2. Avoid the temptation to go into detail on any one step. Use Figure 2.1 to guide your introduction of the steps in the marketing research process. Indicate that the steps are arranged in logical order (define the problem, set objectives, decide the method, collect the data, analyze, and write

up). Also point out that researchers sometimes need to iterate back to previous steps in the process as discoveries are made in later steps. The decisions made in each step will impact what will or will not be done in subsequent steps.

3. Connect the marketing research process with the course syllabus and schedule. One approach is to note the step and then indicate the chapters that will be covered and the weeks in the course schedule where those chapters are assigned. If you are using a team project-based approach in the course, indicate when students will be taking up each step as they work through their research projects.
4. This is a good point in the course to bring a guest speaker to the class. A marketing research practitioner from a full-service company can describe the services of his/her company and comment on all steps in the marketing research process. Another approach is to have him/her describe a typical day or week of his/her activities.
5. The “Student Estates” example that is carried through the section entitled, “A Process for Defining the Problem and Establishing Research Objectives” is included because it is a marketing situation to which students can easily relate. Consider using this example in class when covering the steps in this process.

ANSWERS TO REVIEW QUESTIONS

1.1 Which step in the 11 step process is the most important step? Why?

If it is decided to conduct marketing research, the second step is to define the problem. This is the most important step, because if the problem is incorrectly defined, all else is wasted effort.

1.2 Which steps in the 11 step process are sometimes eliminated? Why?

If analysis of secondary data alone can satisfy the research objectives, then the collection and analysis of primary data is unnecessary. Thus steps 6, 7, 8, 9 and 10 can be eliminated.

2.1 What is the impact of online research in terms of determining the need for marketing research?

A primary advantage of online research is speed. Another favorable point to be made about online research is that, in many circumstances, it is less costly than traditional research.

2.2 Give an example of a research project that was conducted with the wrong problem definition.

The two examples cited are McDonald's, which defined the problem as "How can we beat Burger King?" rather than "What are the preferences of adult fast food customers?" and Coke, which defined the problem as "How can we beat the competitor in taste tests?" instead of "How can we gain market share against our competitors?"

2.3 Write at least three different definitions that indicate how a researcher might form a question in a survey to assess the degree of television channel loyalty. One example is "Channel loyalty is determined by a stated preference to view a given channel for a certain type of entertainment."

One can take alternative definitions of brand loyalty and apply them to television viewing. For example, "Channel loyalty is determined by

- the channel the person recalls watching most recently
- the channel that was on when the television was last turned off
- the channel that the person spends most of his or her time watching
- the channel the person considers most entertaining."

3.1 Explain how research problems may vary, and give some examples.

Sources of problems may differ. Some arise through recognition of a failure to meet an objective (example: not gaining the desired market share) and others from the recognition of an opportunity (example: realizing eBay could be used to sell one's products). Problems can also be characterized in terms of being specific (example: what price to charge) versus general (example: what target market strategy to use).

3.2 What is the process for determining the problem and establishing research objectives?

The process is identified as steps to be taken. These steps are:

- assess the background and the manager's situation
- clarify the symptoms of the problem
- pinpoint suspected causes of the symptoms
- specify possible solutions that may alleviate the symptom
- speculate on anticipated consequences of the solutions
- identify the manager's assumptions about the consequences of the solutions
- assess the adequacy of information on hand to specify research objectives
- specify research objectives

4.1 Explain how the process for determining the problem and establishing research objectives differs when a manager is faced with an opportunity instead of a failure to reach an

objective.

The major difference is that, for opportunities, the firm must do research to determine the attractiveness and probability of success of an opportunity, referred to as **market opportunity analysis (MOA)**.

4.2 Sony is contemplating expanding its line of flat-screen televisions. It thinks there are three situations in which this line would be purchased: (1) as a gift, (2) as a set to be used by children in their own rooms, and (3) for use at sporting events. How might the research objective be stated if Sony wished to know what consumers' preferences are with respect to these three possible uses?

A research objective should be precise, detailed, clear, and operational. The research objective for Sony can be stated as follows:

To determine if prospective buyers of either 3" or 6" colour portable televisions are purchasing their TVs as a gift, as a child's room set, or for use at sporting events, or have no preference.

4.3 The local Lexus dealer thinks that the company's four-door sedan with a list price in excess of \$80,000 should appeal to BMW 500 Series owners who are thinking about buying a new automobile. He is considering a direct-mail campaign with personalized packages to be sent to owners whose BMW 500 Series are over two years old. Each package would contain a professional video of all the Lexus sedan's features and end with an invitation to visit the Lexus dealership. This tactic has never been tried in this market. State the marketing problem and indicate what research objectives would help the Lexus dealer understand the possible reactions of BMW 500 Series owners to this campaign.

This is a test of how well students have learned to differentiate the marketing management problem from the marketing research problem. The Lexus dealer has identified targeted direct mail and the video approach that compliments the high income life style that probably accompanies BMW 500 Series owners.

The marketing management problem can be stated as: To determine a tactic that will induce BMW 500 Series owners who are thinking about buying a new automobile to consider the Lexus 4-door sedan model.

Note that this is a general statement. The Lexus dealer appears to have thought through the various alternatives and narrowed the alternatives down to the one described.

The marketing research problem can be stated as: To determine what percent of BMW 500 Series owners of vehicles two years old or more will visit a Lexus dealership as a result of watching the professional video.

It is important that students realize that actual sales cannot be estimated accurately because there are too many factors impinging on the purchase decision. Also, a single video is very unlikely to spur an \$80,000 purchase decision. Another problem is that the video must actually be watched.

5.1 Which part of a marketing research proposal is the most critical? Why?

Problem definition is the most critical step in the marketing research process. Thus, the problem statement is the most important part of the research proposal. It confirms that the researcher and the marketing manager fully agree on the problem behind the marketing research.

CASE SOLUTIONS

CASE 2.1 Montagne

Case Objective: This case requires students to take the role of a marketing researcher and undergo the problem definition phase of the marketing research process.

Answers to Case Questions

1. How was the board's problem stated?

The board's problem can be stated as follows: What information is needed in order to build a good business case for a new community centre?

2. What was the source of the problem? What process did the marketing researchers undertake to ensure accurate problem identification?

The source of the problem is an opportunity to build a new and improved centre. The marketing researchers would have undergone the following steps in order to ensure accurate problem definition:

- Undertake a market opportunity analysis
- Choose a viable opportunity
- Access the background and the manager's situation
- Validate the symptoms
- Validate probable causes of the symptoms
- Specify possible solutions
- Evaluate solutions
- Identify the manager's assumptions
- Access adequacy of information on hand

- Specify research objectives.

3. *What were the research objectives? What research methods were proposed and why?*

Research objectives would include:

- What specific activities do residents of Montagne want to see in a new community centre?
- Would Montagne residents be willing to pay user fees for the community centre? If yes, what price would they be willing to pay?

Research methods that could gather the information needed to address the research objectives could be:

- A telephone survey of Montagne residents
- An online survey of Montagne residents

Case 2.2 AJResearch

Case Objective: This case provides five mini-cases where students must specify the marketing research objectives.

Answers to Case Questions

Using the information [provided below], determine the research objectives for each client.

1. *Wired, Inc., an electronics firm, has developed a new flat screen television that will sell for one-third of the price of those currently on the market. Problem: Will there be enough demand to offset the large fixed costs of retooling to make the new television sets?*

Objective: Estimate the number of these units that will be sold in a year. (We can assume that the fixed costs are known as it is internal information; also, profit margin for the new unit is assumed to be known for the same reason.)

2. *Wacky Snacks, a large snack foods firm, has made a name for itself with wild flavoured snacks like licorice cookies and jalapeno sunflower seeds. Problem: They feel that customers expect even wilder flavours. Wacky Snacks wants to know what consumer reactions would be to even more unusually flavoured snacks, i.e., watermelon-flavoured corn chips and barbeque- flavoured chewing gum.*

Objective: Determine which Wacky Snacks flavours consumers will consider buying. (This will be a concept test or a taste test situation.)

3. *Wild About Toys is a large toy firm that enjoys surprising consumers with innovative new toys. They have developed an edible clay for children. Problem: Will parents want to purchase a toy that their children can also eat?*

Objective: Determine the reactions of parents to edible clay.

4. *Jimmy Roberts wants to start small catalog business that caters to new parents. He wants to offer a variety of high quality, higher-priced items. Problem: So many different baby products exist. Roberts needs to start with a limited product line. Which products should he start his business with?*

Objective: Identify those baby products that new parents expect to have high quality and where they are willing to pay premium prices.

5. *The Better Butter company. How can Better Butter package its product to call attention to it while portraying the idea of a superior product?*

Objective: Identify those package characteristics or features that customers associate with a superior brand of butter.

CASE 2.3 Your Integrated Case: Student Life E-Zine

Case Objective: This is the point at which the integrated case enters into the marketing research process. Students must identify the problem and specify research objectives

Answers to Case Questions

1. *Define the problem or problems.*

The problem can be stated simply as follows: to determine the viability of the Student Life E-zine. In other words, is there a marketing opportunity for this e-zine? Can it be marketed successfully to City U students and then rolled out to other schools?

2. *What are the research objectives?*

There are a number of research objectives. Here is the list.

- What percent of students will subscribe to the e-zine at \$15 per month? (relates to feasibility and break-even)
- To what extent do students purchase over the internet? (relates to affiliate marketing programs)
- What percent of students use coupons and special promotions? (relates to local business' advertising)
- What should the e-zine have for its features?
- What pay-per-view feature of the e-zine is desired? (relates to revenues from this feature)
- What types of students want what e-zine features? (That is, do different types of

- students want different features?)
- If the e-zine is likely to be successful, what other colleges and universities should be targeted for future expansion of the student life e-zines?