

BUSINESS MARKETING / 06

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Based on Dr. W.G. Biemans' Business marketing management, Prof. Ph. Kotler's Principles of marketing / Strategic marketing management and miscellaneous designer's lecturing materials



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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Marketing research**
 - The **systematical** and **objective search** for, and **analysis of data** that may be of importance for the **determination** and the **solution of marketing problems** (opportunities).
 - Although marketing research usually tends to be very important, it is still to be considered only as **an instrument for the (marketing) management**.
 - Marketing research **can reduce the risks** involved in operating in a certain market, but it **cannot eliminate** them.

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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Marketing research**
 - **Functions** of marketing research:
 - **informative**: to keep being informed about various developments in the market, size of the market, prices, competitors, customer's wishes, etc.;
 - **strategic**: to develop insight in the opportunities and the threats in the market / the environment of the organization.

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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Marketing research**
 - **Functions** of marketing research: (cont'd)
 - **experimental**: to develop insight in the effects of certain marketing decisions, such as the reactions of buyers to price fluctuations, to advertising, to packaging, etc.;
 - **monitoring**: to find out whether or not marketing targets are being achieved.

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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Types of marketing research**
 - **Qualitative and quantitative research**:
 - **qualitative research**: usually small scale research, resulting in **indicative outcomes**. Typically used to explore marketing problems or opportunities, and is frequently used as a preparation for further quantitative research. This type of research is focused on finding **answers to the "why"-question**. For example: *why do buyers seem to buy our competitor's products more often?*

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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Types of marketing research**
 - **Qualitative and quantitative research**:
 - **quantitative research**: usually large(r) scale research, resulting in a reliable picture of the market reality. This type of research is focused on the explanation of figures (numbers, amounts), percentages, chart-data, diagrams, etc., in order to find **answers to the "what"- and "how many"-questions**. For example: *how many buyers, exactly, buy our products and those of our competitor?'*

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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Types of marketing research**
 - **Desk research and field research:**
 - **desk research:** this type of research involves gathering and analyzing internal and external data in order to set out predictions. Usually based on known statistics and various economic, financial or demographic (Internet) publications, plus internal sources.

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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Types of marketing research**
 - **Desk research and field research:**
 - **field research:** this type of research involves gathering and analyzing data, specifically for a certain research, whereas desk research data prove to be insufficient or inadequate. These data are gathered 'in the field', so to speak, from the target groups concerned.

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MARKET INFORMATION / RESEARCH

Marketing research aspects

- **Types of marketing research**
 - **Ad hoc (incidental) and continuous research:**
 - **Ad hoc (incidental, occasional) research:** this type of once-only or occasional research focuses on one specific problem / opportunity, usually involving random sample surveys.
 - **Continuous research:** this type of research will periodically take place, in a repetitive manner, in order to register changes in the market in due time. Example: **panel research**, as used by Nielsen.

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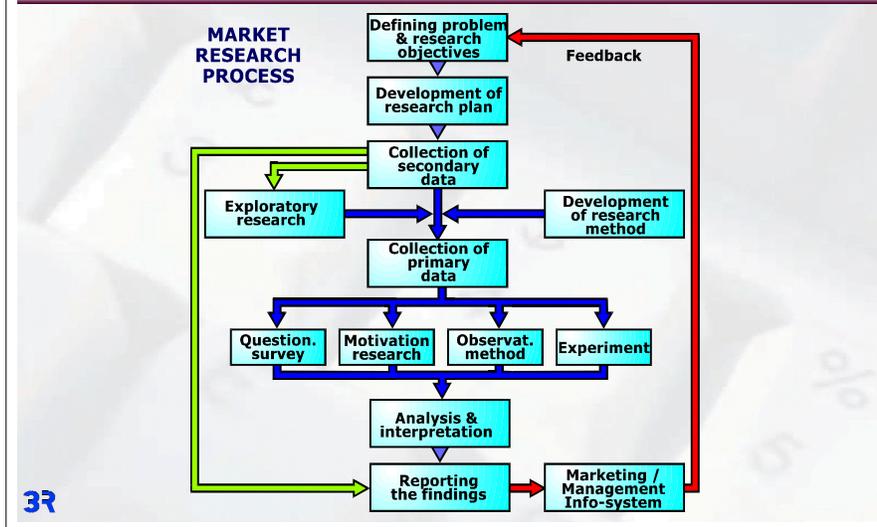
Marketing research aspects

- **Types of marketing research**
 - **Single and multi-client research:**
 - **Single client research:** research by order of only one customer.
 - **Multi-client research:** of course, research by order of two or several customers. In this case either the reported findings are distributed evenly among all the customers (**syndicated research**), or the reported findings are differently distributed among the customers (**omnibus research**), in which case the costs are divided pro rata.

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Defining the problem & research objectives**
 - **The main problem = defining the problem:**
 - Defining the (marketing or management) problem is often the hardest step in the research process. Management may know that something is wrong, **without knowing the specific causes**.

Example: the management of a computer parts manufacturing firm sees their sales drop, but does not exactly know why; maybe an inadequate range of products? Their pricing? Their distributors network? Etc.

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Defining the problem & research objectives**
 - **The main problem = defining the problem:**
 - As the specific causes of the problem can be unclear, initial marketing research usually involves one or several types of objectives:
 - the **gathering of preliminary (preparatory) information**, (through **exploratory research**);
 - **description of market / marketing details & specifics**, (through **descriptive research**);
 - the **discovery of cause & effect relationships**, (through **explanatory** (also referred to as **causal**) **research**).

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Defining the problem & research objectives**
 - **Considerations concerning problem defining:**
 - Why does the company / organization need this research?
 - What does the company / organization want to achieve? Based on what corporate policy?
 - What is the (real, actual) problem that has to be examined and which needs further research?
 - On behalf of whom or of which departments should this research take place?
 - Etc., etc.

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Developing the research plan**
 - **Determining which resources to be researched:**
 - This step of the marketing research process involves:
 - **determining information needs:** research objectives translated into specific information needs;
 - **determining information resources:** **internal / external, secondary / primary;**
 - **determining the type(s) of research** (**exploratory, descriptive, explanatory**).

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Developing the research plan**
 - **Exploratory research:**
 - **Exploratory research:** marketing research for gathering preliminary (preparatory) information that will help to **better define problems and suggest research hypotheses**. Tries to answer the question 'what's going on here?', often through desk- and qualitative research.
Example: what makes firms want to buy certain products (such computer parts) through certain channels?

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The marketing research process

- **Developing the research plan**
 - **Descriptive research:**
 - **Descriptive research:** marketing research for **better describing marketing problems, situations or markets**, such as the market potential for a product or the demographics and attitudes of consumers.
Tries to answer questions concerning quantities and other 'quantifiable' specifics.

Example: 'how many firms buy certain products, such as (our type of) dvd drives?'

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Developing the research plan**
 - **Explanatory (causal) research:**
 - **Explanatory research:** marketing research for **explaining the causal relationships between the various variables**. Usually based on the assumption that a certain relationship occurs between two or more marketing variables, thus resulting in a certain hypothesis.
Example: 'what would be the effect on our sales of dvd drives (*'dependent variable'*), when we change the pricing (*'independent variable'*)?

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Collection of secondary information**
 - **Secondary data:**
 - Gathering information will always start with desk research: the gathering of **secondary data** that already exists somewhere, having been collected for other purposes.
 - **Internal secondary data** can consist of earlier research results, sales data, corporate financial / economic data, etc.
 - **External secondary data** can consist of commercial data (Nielsen, GfK), data from statistical institutes, magazines, CoC's, etc.

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Collection of secondary information**
 - **Advantages & disadvantages of secondary data:**
 - **Advantages:** secondary data can usually be obtained **more quickly** and **at a lower cost** than primary data. For instance, Internet search at practically no cost. Plus, secondary sources can provide data that an individual company **would not collect on its own** (such as national statistics).

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The marketing research process

- **Collection of secondary information**
 - **Advantages & disadvantages of secondary data:**
 - **Disadvantages:** secondary data may prove to be insufficient or even not very usable, due to the fact that it simply is **out-dated, obsolete**. Moreover, it's **not always clear how and why certain secondary data has been gathered**. Has the information been gathered objectively, and has it been properly and accurately analyzed? (quality aspect).

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The marketing research process

- **Exploratory research**
 - **Intermediate solution for problem analysis:**
 - As the collected secondary data may prove to be insufficient or even not very usable, an **exploratory research** might be considered, that may give a preliminary explanation of the research problem.
 - Usually a type of **qualitative** (small scale) research will take place at this stage, for instance: a **pilot study** (preliminary research preceding a final large scale research), an **experience survey**, or a **Delphi research**.

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The marketing research process

- **Developing the research method**
 - **Determining how to execute the research:**
 - Following the analysis of the secondary data plus the results of a possible exploratory research, the exact method of further research can now be determined. Still, **two major decisions** must be made:
 - if necessary: **determination of a random test** (and thus the determination of a certain **random test population**), and
 - the **method of data analysis**.

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The marketing research process

- **Developing the research method**
 - **Random testing particulars:**
 - **Random test population:** the total group of individuals who have certain characteristics in common, in which the researcher is interested.
 - **Random test:** a randomly selected group of individuals (elements), belonging to the random test population.

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The marketing research process

- **Developing the research method**
 - **Random testing requirements:**
 - **Representativeness**
 - **Accuracy**
 - **Reliability**
 - **Validity**

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Developing the research method**
 - **Random testing particulars:**
 - **Representativeness:** to which degree a random test reliably represents the population as a whole.
 - **Testing in a representative manner** means meeting the following **requirements:**
 - the population must be **homogeneous;**
 - the individuals (elements) must be chosen in a **random manner;**
 - the test must have a **sufficient size.**

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The marketing research process

- **Developing the research method**
 - **Random testing particulars:**
 - **Accuracy:** the degree of accuracy (exactness) concerning random test results.

For instance: stating that households consume 125 units of a certain product per year is a **very accurate** statement. Stating that they consume between 105 and 145 units per year is less accurate:
 125 ± 20 , resulting in a **margin of accuracy** of
 $(20 : 125) \times 100\% = 16\%$

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The marketing research process

- **Developing the research method**
 - **Random testing particulars:**
 - **Reliability:** to which degree random test results correspond to the actual situation. Thus: to which degree -when repeated random samples are taken- **random testing gives the same results.** So, a reliable (statistical) statement will, to a high degree, correspond to the actual situation.

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Developing the research method**
 - **Random testing particulars:**
 - **Validity:** to which degree (random) testing or measurement corresponds to the required testing or measurement.

For example: how valid is measuring one's social-economical status by determining his / her income and profession? Or: how valid is a brand-research based on sold amounts, when during the research this brand was regularly sold out / out of stock?

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The marketing research process

- **Collection of primary data**
 - **Primary data & collection methods:**
 - **Primary data** concerns (actual) information collected for the specific purpose at hand.
 - Primary data could involve information gathered by means of **qualitative research** (for measuring opinions, for example) or by **quantitative research** (for larger amounts of statistical data).

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Questionnaire survey:**
 - **Questionnaire survey** research: the method best suited for gathering descriptive information: people's knowledge, attitudes, preferences, buying routines, etc.
 - (Questionnaire) survey research can be **structured** (using formal, structured lists of questions), or **unstructured** (interviewer probes the respondents and guides the interview according to their answers).

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Collection of primary data**
 - **Collection methods: Questionnaire survey:**
 - Furthermore, (questionnaire) survey research may be **direct** ('what makes you buy this type of dvd drive?'), or **indirect** ('why do you think firms buy this type of dvd drive?').
 - (Questionnaire) survey research is **very flexible**, and can be **relatively cost efficient**. However, (potential) respondents might **not be able or willing to answer** the questions. Also, they might -willingly or unwillingly- provide the **wrong answers**.

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Survey by mail:**
 - (Questionnaire) survey research contact methods: **mail, telephone, personal, Internet** (and other electronic means).
 - **Mail survey:**
 - + low cost per respondent; more honesty in answering;
 - not very flexible; no possibilities for adapting questions; longer completion time; usually very low response; no control of who fills out the questionnaire.

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Survey by telephone:**
 - **Telephone survey:**
 - + quick gathering of information; relatively flexible; possibilities for adapting (misunderstood) questions; greater sample control; more personal than mail; relatively high response;
 - relatively high costs; possibility of non-response to certain questions; possible interviewer bias; possible differences in the interpretation of responses.

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Personal interviewing:**
 - **Personal interviewing survey:**
 - can involve individual interviewing and group interviewing.
 - Individual interviewing** involves talking with people in their homes, offices, in the street or in the shop / shopping malls.
 - (Focus) group interviewing** involves inviting 6 to 10 people to gather for a few hours with a trained moderator to talk about a product, service or an organization.

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Collection of primary data**
 - **Collection methods: Personal interviewing:**
 - **Personal interviewing:**
 - + quite flexible; large amounts of data; possibility of explaining difficult questions; any type of questionnaire possible; possibility to show items; can be conducted rather quickly;
 - usually relatively very high costs; sampling involves rather small samples (for cost reduction), making generalization of results relatively difficult.

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Internet questionnaires:**
 - **Internet data collection:**
 - + quick, easy and inexpensive;
 - Web surfers are not representative of the population (they are usually better educated, more affluent (wealthy), and younger than average consumers, and a higher proportion are male); Web surfers are very hard to reach; no personal contact; not everyone has Internet (low penetrations of Internet connections in some parts of the world).

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Motivation research:**
 - **Motivation research:**
 - a type of **qualitative research**, usually conducted with a small number of persons, *without following sampling procedures and without quantifying of results*. This type of research emphasizes on the **emotions and the subconsciousness of individuals**.
 - Two types of motivation research:
 - **projective technique;**
 - **focus group discussion.**

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Collection of primary data**
 - **Collection methods: Motivation research:**
 - **Projective technique:**
 - When using projective technique ('indirect questioning'), the interviewer might show the respondent a photo, a drawing, a list of words, or he might describe a situation. The respondent is then asked to respond, thus revealing values, personalities, needs and buying motives he or she would normally not reveal. Typical techniques are: **storytelling, sentence finalization, word associations and 3rd person interview technique.**

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Observational research:**
 - **Observation / observational research:**
gathering primary data by observing relevant people, actions and situations.

For example: price & product checking in stores by manufacturers; shopping behavior of consumers in supermarkets; pre-testing of advertisements through measuring eye movements and heart pulse rates; checkout scanners in retail stores; etc.

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Experiments:**
 - **Experiments:**
Can be conducted in a **controlled** or **uncontrolled manner**.
Uncontrolled experiments: the results of events or situations are closely examined without interference by the researcher: determination of **the effect of independent variables** (such as prices in the market) **on dependent variables** (such as 'our sales').

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MARKET INFORMATION / RESEARCH

The marketing research process

- **Collection of primary data**
 - **Collection methods: Experiments:**
 - **Experiments:**
Controlled experiments: at least one variable (the experimental variable, for instance 'our price') is being manipulated in order to determine the effect on the dependent variable (for instance, 'our sales').
Controlled experiments focus on finding **cause & effect relationships**, and can be divided into **laboratory experiments** and **field experiments**.

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Experiments:**
 - **Laboratory experiments:**

Instead of being questioned or observed, here respondents are **asked to participate in a controlled experiment**, by performing some kind of activity in an **artificial environment**. During the experiment the researcher will manipulate variables (such as pricing or packaging) and register possible changes in descriptive variables (such as one's opinion or attitude).

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The marketing research process

- **Collection of primary data**
 - **Collection methods: Experiments:**
 - **Field experiments:**

Instead of experimenting in a 'laboratory environment', here similar experiments take place in the 'field' (shops, stores, etc.). For instance: **Controlled Store Test** (Nielsen), in which several shops are involved in selling a certain product, either at a regular or at a different price. In due time the resp. sales of this product will be compared, offering pricing insight.

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