

MKTG1002 Lecture Notes

Week 1

What is Marketing Research?

- The systematic and objective process of generating information for aid in making marketing decisions
 - Specifying the information required to address market issues
 - Designing the method for collecting information
 - Managing and implementing the data collection process
 - Analysing the results
 - Communicating the findings and their implications

Basic vs Applied Research

Basic research	Applied research
Expand the limits of knowledge and to learn more about a certain concept	Conducted when a decision must be made about a specific real-life problem
Not aimed at solving a particular problem	Aimed to understand and answer questions about specific problems
Verify the acceptability of a given theory	Undertaken to make decisions about particular courses of action or policies

Value of Marketing Research

- Fulfils the marketing manager’s need for knowledge of the market
- Effective marketing requires research
- Marketing research reduces the uncertainty of marketing strategies and tactics

When is Marketing Research needed?



Marketing Strategy Development Stages

1. **Identifying and evaluating opportunities**
 - Involves investigating potential opportunities to identify attractive areas for company action
2. **Analysing and selecting target markets**
 - Assists in determining which characteristics of market segments distinguish each segment from the overall market
3. **Planning and implementing marketing mix**
 - Product research: Cheetos introduced different flavours for the China market

- Pricing research: Adjusting prices to better meet certain demographics' expectations
- Distributor research: Mass merchandisers are just as popular a distribution channel for book retailers (i.e. Dymocks)
- Promotion: Using different appeals in China than in Hong Kong

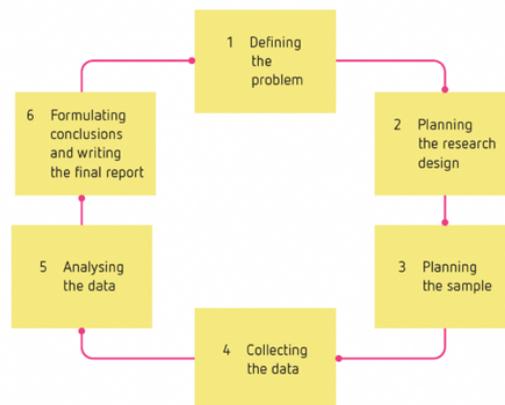
4. Analysing market performance

- To obtain feedback for evaluation and control of marketing programs
- To provide feedback for evaluation and control of marketing activity (performance-monitoring research)

Marketing Research in the 21st Century

- **Global marketing research**
 - Marketing research has become increasingly global
 - Companies that conduct business in foreign countries must understand the nature of those particular markets
- **Growth of the internet and social media**
 - The internet has changed the way millions of people think about getting, sharing and distributing information, which is the essence of marketing research

Stages in the Market Research Process



1. Defining the problem

- The research process begins with problem discovery
 - Often, only symptoms of the problem may be apparent
 - E.g. it may be obvious that sales are declining but not why
- Problem definition stage
 - The stage in which management seeks to identify a clear cut statement of the problem or opportunity
 - Allows the research to set the proper research objectives
- An orderly definition of the research problem lends a sense of direction to the investigation
 - Every marketing problem can be classified on a continuum ranging from complete certainty to absolute ambiguity
 - Uncertainty influences the type of research selected
 - **Exploratory research** (ambiguous problem)
 - **Descriptive research** (partially defined problem)
 - **Causal research** (problem clearly defined)

- Statement of research objectives
 - After identifying and clarifying the problem, the researcher should make a formal statement of the problem and the research objectives
 - The best expression of a research objective is a well-formed, testable research hypothesis
 - A hypothesis is a statement that can be refuted or supported by empirical data

2. Planning the research design

- A research design is a master plan that specifies the methods and procedures for collecting and analysing the needed information
- The researcher must determine the sources of information, design technique, sampling methodology, schedule and the cost of the research
- Different methods and techniques are chosen for exploratory, descriptive or causal research design

▪ Exploratory research

- Initial research conducted to clarify and define a problem, gain insights and discover new ideas
- **Purpose is to:**
 - Progressively narrow the scope of the research topic
 - Transform ambiguous problems into well-defined research objectives
- Expectation that subsequent research will be required to provide conclusive evidence
- Narrowing of research scope happens:
 - By investigating any existing studies on the subject
 - By talking with knowledgeable individuals and experts
 - By informally investigating the situation

▪ Exploratory research techniques

- **Secondary data analysis**
 - Data previously collected and assembled for some other project
 - Can be sourced from various places (e.g. ABS, reviews and journals)
 - Gathered more quickly and inexpensively than primary data
 - However data may be out-dated or may not exactly meet research needs
- **Pilot studies**
 - Collection of data from actual research subjects to serve as a guide for a larger study
 - Collection methods are informal and findings may lack precision
 - Focus group interview to obtain qualitative information
 - Sharing of ideas and preferences of six to ten people in a group

- **Descriptive research**
 - Purpose is to describe characteristics of a population
 - i.e. determine who purchases a product, portraying the size of the market, identifying competitors' actions etc.
 - Seeks to determine the answers to who, what, when, where and how questions
 - Segmentation and target marketing
 - Revealing the nature of consumer behaviour
 - Descriptive studies are based on some previous understanding of the nature of the research problem
 - NB: This is distinct from exploratory research
 - Accuracy is of paramount importance
- **Descriptive research techniques**
 - **Surveys**
 - Most common method of descriptive research
 - In this technique information is gathered from a sample of people using a questionnaire
 - Research investigators may choose to contact respondents by telephone or mail, on the internet or in person
 - Each survey method has advantages and disadvantages, and researchers need to decide on the appropriate method for the data collection
 - **Secondary data**
 - An example of descriptive research using secondary data includes a mathematical model to predict sales on the basis of past sales
 - Generally, the qualitative analysis of secondary data is more sophisticated than that of exploratory studies
 - **Observation methods**
 - Observation methods involve recording behaviour without relying on reports from respondents
 - E.g. number of cars that pass by a proposed petrol station site
- **Causal Research**
 - Main goal is to identify cause-and-effect relationships among variables
 - A typical causal study has management change one variable (e.g. advertising) and then observe the effect on another variable (e.g. sales)
 - Exploratory and descriptive research normally precedes causal research
 - Researchers seek certain types of evidence to help them understand and predict relationships
 - No causal relationship exists if there is no association between two variables
 - Marketing experiments, such as test marketing, hold the greatest potential for causal studies

- **Causal Research Techniques**
 - **Experiments**
 - Experiments can establish cause-and-effect relationship
 - Experimentation allows investigation of changes in one variable (such as sales), while manipulating one or two other variables (price or advertising) under controlled conditions in order to test a hypothesis
 - Experimental control provides a basis for isolating causal factors by eliminating outside (exogenous) influences
 - Many companies in the FMCG industry conduct experiments that simply determine consumer reactions to different types of packaging

3. Planning the sample

- A sample is a subset of a larger population
- Sampling procedure uses a small number of items or a portion of the population to make a conclusion regarding the whole population
 - Results from a good sample should have the same characteristics as the population as a whole
- Researcher determines who is to be sampled, how large a sample is needed and how sampling units will be selected
- **Sampling issues**
 - **Target population:** Who is to be sampled?
 - **Sample size:** How big should the sample be?
 - **Sampling method:** How to select the sampling units?
- **Sampling techniques**
 - **Probability sampling:** Every member of the population has a known, nonzero probability of selection
 - **Nonprobability sampling:** Members of the population are selected based on certain judgement criterion of researchers

4. Collecting the data

- Data may be collected by humans or recorded by machines
- Many research techniques involve various methods of data collection
- Two phases of data gathering
 - **Pretesting:** Small scale study on a small sub sample to determine the appropriateness of the research design and minimise errors
 - **Main study**

5. Analysing the data

- **Editing:** Checking the data collection forms for omissions, legibility and consistency in classification
- **Coding:** Developing rules for interpreting, categorising, recording and transferring the data to the data storage media
- **Analysis**
 - Application of reasoning to understand the data
 - Analysis may involved summarising relevant findings, determining consistent patterns, statistical analysis etc.