Introduction to Marketing Research: Part I

(Click icon for audio)
Important Caveat (Otherwise Known as a Warning about Protecting Intellectual Property)
Asynchronous Yet Interactive—e-mail Questions to mhyman@nmsu.edu
So Let’s Begin . . .
PSSST! WHAT’S 7 + 6?
THREE HUNDRED BILLION GAZILLION.
OH, THANKS FOR THE BIG HELP!
THAT’S A THREE, FOLLOWED BY 85 ZEROES.
AH! I KNEW THAT.
Calvin and Hobbes

by Bill Watterson

IF I HAD A COMPUTER, I’M SURE I’D GET BETTER GRADES ON MY BOOK REPORTS.

YOU’D STILL HAVE TO READ THE BOOK AND TELL THE COMPUTER WHAT YOU WANT TO SAY. YOU KNOW.

MAN, WHAT’S ALL THE FUSS ABOUT COMPUTERS?!
Research Influences Decisions

"Well, among the names we researched, that was the most favored choice."
THE WORST SURVEY QUESTION IN EXISTENCE: submitted by Don Dillman (DILLMAN@WSUV1.CSC.WSU.EDU)

This question was on an application form for Northwest International Women’s Conference. There were no instructions on how many choices to check. The question which followed was age with five categories below arranged as the nine categories below were, i.e. vertically.

DEMOGRAPHICS
[ ] African American
[ ] Asian American/Pacific Islander
[ ] Hispanic/Latina
[ ] Native American/Alaskan Native
[ ] Transsexual
[ ] Transgendered
[ ] Lesbian/Gay
[ ] Caucasian
[ ] Other
THE WORST COMPLETE SURVEY IN EXISTENCE: submitted by Mary Lou Franco (mfranco@nmsu.edu)

NATIONAL MARINE MAMMAL SURVEY

INSTRUCTIONS: Your participation in this National Survey on marine mammals is requested. You'll find the questions easy to answer. Estimated to complete the survey is 2-3 minutes. Please mark your answers in the spaces provided and return to Greenpeace within 10 days. Thank you.

1. On December 31, 1992, a United Nations ban on the use of high seas drift nets, the modern monstrosities of plastic filament that trap and kill any living creature that enters their paths: dolphins seals, marine birds, even whales, went into effect. Presently there is no way to ensure that the ban is working or that drift nets are no longer being used. Would you support an international system to monitor and enforce the UN driftnet ban?

   __ Yes  __ No  __ Undecided

2. Despite an international moratorium on commercial whaling, Norway has taken it upon itself to resume killing whales for commercial purposes. Japan continues to kill whales for so-called "scientific research." Would you support an international initiative to create a whale sanctuary, banning all commercial whaling in the waters around Antarctica?

   __ Yes  __ No  __ Undecided

3. Huge fishing fleets trawling the Bering Sea off Alaska for pollock, Pacific cod, and other fish are also competing with Steller sea lions for food. The Steller sea lion population is declining so rapidly, its listing may be
changed from "threatened" to "endangered" status. Would you support measures to limit commercial fishing in the region in order to allow the sea lion population to return to normal?

__ Yes __ No __ Undecided

4. In recent years there have been two major cases of dead bottlenose dolphins washing ashore in U.S. East Coast waters; government officials say they don’t know why. Would you support increased government efforts to investigate the reasons behind these catastrophic losses of marine mammals?

__ Yes __ No __ Undecided

5. Do you support Greenpeace’s nonviolent, direct action to protect all marine animals and preserve ocean ecosystems?

__ Yes __ No __ Undecided

6. Would you be willing to spend just a few cents a day to help Greenpeace expose, confront, and stop the decimation of the world’s oceans and marine life?

__ Yes __ No __ Undecided

If your answer to the last question is "Yes," Greenpeace can sure use your help. Please make your contribution payable to "Greenpeace" and return it with your survey answers today! you can return your survey - and your gift - in the enclosed postage-free reply envelope.
"The first equation is the formula for our new product. The second one is the formula for marketing it."
“It ain’t the things we don’t know that gets us in trouble. It’s the things we know that ain’t so.”

Artemus Ward
The use of formal planning techniques, such as the logic-flow sequential decision approach, can aid in minimizing marketing research oversights and errors. How marketing research is accomplished is more important than how much marketing research is done. (© King Features Syndicate, Inc. 1974)
Doing marketing research is not enough. Improperly conceived or implemented marketing research can actually increase, rather than decrease, the risk of making a bad decision.

SURE I KNOW WHAT I TOLD THE RESEARCHER BUT NOW I WANT A POWER ASHTRAY.

TEST DRIVE THE ALL NEW ECONOMOBILE
Marketing Research Defined

The systematic and objective process of generating information for aid in making marketing decisions
Nature of Marketing Research

Answers marketing questions by:

• Linking consumers, customers, and public to markets through information used to identify and define marketing

• Generating, refining, and evaluating marketing actions

• Monitoring marketing performance

• Helping to understand marketing as a process
AMA Definition

MR is the function which links the consumer, customer, and public to the marketer through information -- information used to identify and define mktg opportunities and problems; generate, refine, and evaluate mktg actions; monitor mktg performance; and improve understanding of mktg as a process.

MR specifies the information required to address these issues; designs the method for collecting information; manages and implements the data collection process; analyzes the results; and communicates the findings and their implications.
Marketing Research versus Marketing Information System
MIS vs. Marketing Research

MIS

- Continuous Output
- Uses More Data Sources
- Receives, Analyzes, and Distills a Greater Volume of Information
- Required by the Modern Marketing Manager

MARKETING RESEARCH

- Output when Sought
- Uses Only Data Sources Relevant to the Research Problem
- Receives, Analyzes, and Distills a Lesser Volume of Information
- Required by the Modern Marketing Manager
## Contrasting characteristics of marketing research and a marketing information system

<table>
<thead>
<tr>
<th>MARKETING RESEARCH</th>
<th>MARKETING INFORMATION SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Emphasis is on handling external information</td>
<td>1 Handles both internal and external data</td>
</tr>
<tr>
<td>2 Concerned with solving problems</td>
<td>2 Concerned with preventing as well as solving problems</td>
</tr>
<tr>
<td>3 Operates in a fragmented, intermittent fashion—on a project-to-project basis</td>
<td>3 Operates continuously—is a system</td>
</tr>
<tr>
<td>4 Tends to focus on past information</td>
<td>4 Tends to be future-oriented</td>
</tr>
<tr>
<td>5 Not computer-based</td>
<td>5 A computer-based process</td>
</tr>
<tr>
<td>6 One source of information input into a marketing information system</td>
<td>6 Includes other subsystems besides marketing research</td>
</tr>
</tbody>
</table>
Components of the Marketing-information System

MARKETING-INFORMATION SYSTEM

MARKETING-INTERNAL DATA
- Accounting Records
  - Sales
  - Costs
  - Inventories
  - Cash flows
  - Accounts receivable and payable

MARKETING INTELLIGENCE
- Observation
  - Sales force
  - Dealers and distributors
  - Suppliers
  - Executive awareness
- Outside Data
  - Census
  - Trade association data
  - Trade press
  - Syndicated data service

MARKETING SCIENCE
- Analytical Systems
  - Statistical analysis
  - Model-building

MARKETING RESEARCH
- Quantitative
  - Survey research
  - Telephone
  - Mail
  - Personal
  - Observation
  - Experiment

- Qualitative
  - Projective tests
  - Focus groups
Why Do Marketing Research?

• Make better marketing decisions
• Understand consumers and the marketplace
• Find out what went wrong
Help managers select among viable alternatives

Should we...

... continue to market our best-selling clock radio without major innovations?

... package our beverage products in biodegradable containers?

... hire Captain Cornhusker as the company spokesman in our kiddy ads?

... begin research and development of a new diesel engine for our subcompact models?

... come out with a new line of disposable plastic garbage bags?

What if...

... Complicorp's new quivrasonic technology becomes cost-competitive?

... consumers aren't willing to pay 40¢ more per bottle in order to help preserve the environment?

... the kids don't think he's sincere?

... EPA emission regulations don't exempt diesels from the stiff NOx standard to take effect in five years?

... the bottom falls out of the market?

"Shouldwee" and "Whatiff" are the central characters in marketing decision making.
Why **Not** Do Marketing Research?

- Lack of required resources
- Poor timing in the marketplace
- Decision has already been made
- Managers cannot agree on needed information
- Needed information already exists
- Costs outweigh benefits
- Lose element of surprise
IT'S NO USE, JOE. I KNOW THE ONLY REASON YOU'RE ASKING MY OPINION IS SO YOU'LL HAVE SOMEONE TO SHARE THE BLAME WITH.
I don't know who's going to tell the vice president, but I think we've got a serious marketing problem.
Determining When to Conduct Marketing Research

1. **Time Constraints**: Is sufficient time available?
   - Yes: Proceed to next step.
   - No: Do Not Conduct Marketing Research.

2. **Availability of Data**: Information already on hand adequate?
   - Yes: Proceed to next step.
   - No: Do Not Conduct Marketing Research.

3. **Nature of the Decision**: Is the decision of strategic or tactical importance?
   - Yes: Proceed to next step.
   - No: Do Not Conduct Marketing Research.

4. **Benefits vs. Costs**: Does the information value exceed the research cost?
   - Yes: Conduct Marketing Research.
   - No: Do Not Conduct Marketing Research.
Information Reduces Uncertainty

I don’t know if we should enter the Australian Market?
Value Should Exceed Estimated Costs

Value
• Decreased uncertainty
• Increased likelihood of a correct decision
• Improved marketing performance and resulting higher profits

Costs
• Research expenditures
• Delay of marketing decision and possible disclosure of information to rivals
• Possible erroneous research results