**QUIZ 5A**

**The need for marketing data**

Internal marketing information that is useful to businesses includes sales reports and other types of accounting and sales data. The advantage to a business of using internal marketing information is that it is easy to obtain because it is available in-house. Marketing managers can review the internal information, such as sales reports, on a regular basis and make adjustments to existing programs based on what the information reveals. For example, if reports indicate that sales are down in certain areas, managers can increase advertising or use other techniques in an attempt to reverse the trend. Government databases, public records, and industry journals are examples of external marketing information.

Businesses obtain marketing information in order to develop a product that customers want and need. By doing research, companies obtain marketing information that helps them to minimize the losses that may occur from introducing a product that customers do not want. Businesses do not conduct marketing research to increase costs, although they may identify consumer dislikes. The goal is not to delay production or increase labor costs. Marketing research may identify trends, but it is not intended to provide information to customers.

Today's business environment is becoming more global in nature. To remain competitive in this environment, businesses need up-to-date marketing information about a variety of issues such as economic conditions, political systems, and technological changes throughout the world. Frequently, businesses in one part of the world make decisions that affect their customers in other parts of the world. To be able to make the right decisions and stay competitive, the businesses need marketing information about conditions in those areas. Businesses do not gather marketing information about conditions throughout the world to understand geography, import products, or eliminate trade quotas.

Demographic trends indicate changes in the physical and social characteristics of the population. Gathering information about demographic trends helps businesses to make decisions about what to produce and sell in the future to meet the changing needs of the population. An example of a demographic trend is the aging of the "Baby Boomer" generation that is reaching retirement age. This is a large segment of the population that has different wants and needs than younger people. To remain competitive, businesses need to understand these different wants and needs. Purchasing records, customer databases, and sales predictions are types of internal marketing information that help businesses make decisions.

Marketing information is all of the marketing-related data available from inside and outside the company. By analyzing certain data, a business often finds ways to solve a problem. For example, if a business's sales volume is decreasing, it realizes that there is a problem. By looking at various data, such as inventory reports, the business might find that certain high-moving products have been on backorder from a vendor for a long time. To resolve the problem, the business decides to find another supplier that has the products available. The backorders decrease and sales increase because the products are available. Marketing information might help a business find ways to be more competitive, but it does not prevent competition, which is illegal in some countries. Ethics are the basic principles that govern your behavior.

**Identify data monitored for marketing decision making**

Buying behavior is the usual purchasing methods of consumers; it is the process they use to decide what they will buy and from whom they will buy. By monitoring consumers' buying behavior, businesses are able to find out what type of products they buy, how much they spend on the products, and what businesses they buy from on a regular basis. Businesses can use this information to make marketing decisions such as whether to offer lower prices in order to take customers away from competitors. Businesses usually are not able to obtain information about a customer's personal character. Customer credit ratings are not a consideration in pricing. Supplemental income is income from sources other than a primary job and often is private information that is not available to businesses.

The first step in deciding which information to monitor for marketing decision making is to determine the information needs of the organization. This will identify which type of information needs to be monitored. The alternatives are the subsequent steps involved in operating a marketing-information system that take place after the information needs have been identified.

Demographics refer to the physical and social characteristics of the population. Factors such as age, gender, education, occupation, and income are often considered when conducting marketing research. Opinions, traits, and values are considered psychological factors.

Businesses usually require salespeople to complete a variety of sales reports including lost-business reports. Businesses monitor lost-business reports because they usually contain an explanation of why customers no longer buy from the business. The reports might indicate that customers are dissatisfied with the product, dissatisfied with the business's credit policies, or are getting better prices and more service from competitors. A business might use this information to make changes to its marketing strategy in an attempt to regain customers or to prevent other customers from taking their business elsewhere. The more information a business obtains from lost-business reports, the better able it is to make useful and effective marketing decisions. Lost-business reports do not include information about the design of competitors' products, reasons for local unemployment, or quality of promotional materials.

A business uses many types of information to make marketing decisions. To make sound marketing decisions, a business monitors and collects information about its competitors. By knowing what goods and services its competitors are providing, the business can determine how to best market its own products. One way to monitor competitors is by reading their promotional literature. By reading the competitors' product brochures, reviewing their advertisements, and surfing their web sites, the business can often obtain good information to help make marketing decisions in relation to its competition. Hiring a marketing-research firm and conducting a national opinion poll can be expensive. A business does not want to antagonize customers because it affects the business in a negative way.

**The nature of marketing research**

Businesses may need data at a time when the marketing-research department is handling as much research as it can. When that happens, the business may hire outside researchers in order to obtain the information it needs in a timely fashion. Internal information would be found within the business and would not require the business to hire outside researchers to obtain it. While a business may conduct marketing research when it wants to prevent unnecessary financial losses, it is an unlikely reason for hiring an outside marketing-research firm. A business large enough to have a marketing-research department would have ample access to computers without hiring an outside firm.

This information might include specific characteristics of a market, economic data that directly affect the business, or information about the business's nearest competitors. Predictive research is used to estimate the business's future sales or other future developments. Exploratory research collects information to help the business define its situation, problem, or concern and to decide which direction to take in order to address it. Causal research focuses on cause and effect and tests "what if" theories.

This is a marketing-research method that tests cause and effect by test-marketing new products or comparing test groups with control groups. Survey is a marketing-research method that involves the use of mail surveys, telephone interviews, personal interviews, and group interviews. Observation is a marketing-research method that gathers data by watching consumers. Objective is not a marketing-research method but a point of view, or opinion, that is not influenced by bias, prejudice, or outside opinion.

Marketing research is the systematic gathering, recording, and analyzing of data about a specific issue, situation, or concern. In order to be effective and useful, marketing research must be objective—not influenced by bias, prejudice, or outside opinion. Businesses use predictive research to help them forecast future business developments. Causal research is data that businesses collect to test "what if" theories, or cause-and-effect relationships.

Creating a written plan for the research helps to keep the project on track as to types and amounts of data to be collected. A written plan also ensures that both the business and the research have the same information. The amount budgeted for research should be stated in the written plan, but that is not the most important reason for putting the plan in writing. A written plan does not affect data analysis or help the business to implement the marketing concept—a philosophy of doing business that is based on satisfying customer wants and needs while achieving company goals.

**QUIZ 5B**

**The nature of marketing research problems/issues**

Before a business can conduct meaningful research, it must identify the problem or issue. This is the first step in the marketing research process. Once the problem or issue has been identified, businesses can gather relevant information. Some businesses prefer to hire a research firm rather than conduct research themselves. However, that is not a step in the marketing research process. Organizing resources is not the first step in the marketing research process.

Marketing research is the systematic gathering, recording and analyzing of data about a specific issue, situation, or concern. Marketers often conduct marketing research when they want to determine why problems are occurring, such as market-share loss. Market-share loss is a problem because it usually indicates that the business is selling less and losing profits. In other situations, the business wants to obtain information about competitors, new products, new market opportunities, or economic conditions (e.g., inflation), which are not always problems for the business.

Frequently, the problem or issue that decision-makers identify is actually the result or outcome of a much larger, “real” problem. Marketing researchers are responsible for helping these decision-makers to dig deep enough into the situation that the true issue becomes obvious. Then, the researchers and decision-makers can work together to finalize the marketing research problem. Specific research objectives are based on the marketing research problem, not the other way around. The research instruments, or methods to collect the data, are identified after the marketing research problem has been finalized. Every marketing research project requires a research problem, regardless of whether researchers plan to gather internal and/or external information.

A situation analysis is a tool that is often used to gather background information about a current business situation or problem. Researchers use the information that they gather via a situation analysis to familiarize themselves with the complete problem or issue. This information may help researchers to identify what caused the problem as well as possible consequences of the issue. A competitive analysis is the process of comparing a business's income statement with that of its competitors to see how it is doing by industry standards. A SWOT analysis is a marketing tool that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. A break-even analysis is a financial analysis whose purpose is to identify the level of sales needed to reach the break-even point at various prices.

The unit of analysis represents “whom” or “what” is studied in a marketing research project. In other words, it is whatever persons, groups of people, or things from which researchers collect data. The relevant variables can be described as the types of information that a researcher gathers. This information might focus on brand attitudes, satisfaction, demographics, etc. The data analysis method is the procedure(s) that a researcher uses to evaluate, test, synthesize, and analyze the data that s/he has collected. The marketing mix is a combination of the four elements of marketing-product, place, promotion, and place--used by a business or organization.

**Options businesses use to obtain marketing research data**

Quantitative research often answers questions related to "how many" and "how much." The information is usually obtained from large numbers of people, and the results often are explained in a numerical form. For example, a business would use quantitative research to find out how many customers in a certain area buy a specific product and how many products they buy. Intelligence, syndicated, and economic are not types of research techniques.

Marketing-research data are available from many sources, including those that are collected for other purposes. This type of information is secondary data. Secondary data are available outside the company from sources such as trade journals, government web sites, and magazine articles. A business can also obtain useful secondary data that are generated within the organization. Examples of this type of information include sales reports, budgets, customer profiles, and annual reports.

Primary data are facts that a business collects for a specific purpose or project. A focus group is a group that forms to discuss a specific topic. A business might form a focus group of customers to gather first-hand information (opinions) about its goods and services. The data are used to help the business resolve a problem or make decisions about product development, customer service, etc. Secondary data are facts that are collected for purposes other than the issue or project at hand. Statistical data are numerical facts. Oftentimes, businesses will assign numerical values to qualitative information to obtain statistics. Complementary is not a type of marketing-research data.

Secondary data are information collected for purposes other than the project at hand. Reading a trade magazine can provide researchers with secondary information about trends, statistics, and regulations about a specific trade or industry. Interviewing a client, following up with a customer, and distributing a survey are ways in which businesses often collect primary data.

Qualitative research is based on obtaining information about opinions and experiences. The goal of qualitative research often is to find out "why" people buy certain products and "how" they feel about certain products and businesses. This research is often conducted through the use of in-depth interviews to obtain the detailed information. Sampling involves selecting a group to interview. Observation involves watching what people do. Forecasting involves making a prediction.

**QUIZ 5C**

**Methods used to design marketing research studies**

There is a strong relationship between the research purpose and the research objectives which are the goals of the research. Businesses create research objectives to help answer the research problem. For example, if the problem is service, one objective might be to determine customer satisfaction with delivery. Strategies are plans of action, or activities, for achieving goals and objectives. A procedure is the step-by-step process personnel follow in performing a specific task.

Exploratory research is marketing research that collects information to help the business define its issue, situation, or concern and decide which direction to go in order to address it. For example, a business experiencing a drop in sales might conduct exploratory research to determine why it is happening. It might form a plan of action to figure out whether the problem involves customer-service issues, lack of promotion, lack of salesperson knowledge, product quality, etc. After the business decides to conduct exploratory research, it can determine the types of primary and/or secondary information that it needs, which may include formatting any necessary surveys and developing a framework for sampling.

Observation is a marketing-research method that gathers data by watching consumers. It is an effective research approach that provides information about what they do and how they interact with others. People do not know they are being observed so they behave in a normal way that provides useful information. The survey, experiment, and interview methods involve contact with people so they may not provide the most truthful or accurate information about what they do.

This technique is expensive because it involves setting up the research situation, such as developing a new product and then testing it on groups of consumers to determine their response. An example of the experimental research approach is quick-serve restaurants testing a new sandwich in certain markets. Technological is not a research approach. Recording means to keep track or to keep a record of something. Questioning is a variation of the survey research approach.

Observing the way in which employees and customers interact is one way to obtain information about customer service and customer satisfaction. This technique involves watching how the employees and customers communicate with one another without them knowing that they are being observed. The observation approach often provides the researcher with insight (verbal and nonverbal cues) that s/he cannot obtain by holding a telephone interview or by distributing a survey. For example, if observation research indicates that several employees have problems helping customers select the appropriate product, the business can take steps to train employees so they can better help customers. An experiment involves manipulating certain factors in a controlled environment to determine the cause and effect of variable combinations. An experiment would not be the appropriate approach to determine how employees interact with customers.

**The nature of sampling plans**

The target population is usually very large, such as all of the people who live in North America. Therefore, it is often impossible to survey the target population. As a result, researchers identify a sample of the target population, which is an accurate segment of the entire population. By surveying the sample, researchers can obtain a fairly accurate representation of the target population. The business community, the mass audience, and the general market might be the target population depending on the research and the specific research problem.

A sampling plan is the course of action or blueprint for gathering marketing information from a section of a target market. When a business designs its sampling plan, it must determine the size of the group that it intends to survey and the process that it intends to use to select the participants. Researchers determine the validity of the data after coding and analyzing it, which can only occur after the sample group has been selected and surveyed. Researchers usually assign response codes during the survey-development process. Predicting the sample group's responses is not a necessary action to take when a business develops a sampling plan.

Since marketers do not want to destroy all of an item being studied, it is better to use a sample. A sample is a representative group of the population--all of an item being studied. Use of a well-planned sample can provide more accurate data than a poorly identified population. In addition, it will cost less and be less time-consuming than use of the population.

It is highly unlikely that all 100 girls in a sample would be exactly the same height. However, it could happen by chance--even with little chance of occurrence. Interviewer bias occurs when the presence, actions, or attitudes of the interviewer influence a respondent's answers. The scenario provides insufficient information to determine whether non-response error occurred. This problem happens when researchers fail to sample the people who didn't respond to determine whether there were statistical differences between respondents and non-respondents. Inadequate information is provided to know whether the question was asked in such a way that it influenced responses.

A simple sampling strategy is used when the researchers believe that the population is relatively homogeneous for the characteristic of interest. In this case, the researchers would feel that people sharing the same major, business, would have similar interests. Proportionate sampling is used when subgroups vary dramatically in size in our population. Researchers can select more participants from larger groups to ensure that they are adequately represented. Stratified random sampling is used when subgroups in the population differ a great deal in their responses or behavior. To overcome this issue, researchers treat the population as though it were multiple, separate populations and then randomly sample within each subgroup. Marketers would choose cluster sampling when it would be impossible or impractical to identify every person in the sample. As an example, imagine that a large international business wants to survey its employees but does not have a staff directory from which names could be sampled. It would be easier to sample by department. The researchers could randomly sample a percentage of employees within each randomly selected department rather than trying to sample that percentage of employees companywide.

**Not yet assessed…**

**Data collection methods**

Some marketing researchers conduct personal (one-on-one) interviews with people to collect data. Although the disadvantages to using this method are the slow rate of collection and the possible bias of the interviewer, it allows the interviewer a great deal of flexibility and the ability to gain a wide array of data with personal interaction.

Primary market research is information that marketers collect for a specific purpose. A focus group is an example of a method for obtaining primary data. A focus group is a group that is formed for the purpose of discussing a specific topic. Businesses use focus groups to obtain direct feedback about their products and image. A search engine is a computer software program that explores the Web looking for information for specific search terms and displays a list of results. Search engines, government publications, and industry periodicals are sources of secondary research.

A scanner is an electronic device that reads or translates codes that are placed on products and enters the product information into a computer. Scanners are commonly used during a sales transaction, which is the point of purchase. This is a popular method of collecting information about customers' buying habits and inventory status because the scanning system can track large volumes of goods. Once enough data are collected, researchers evaluate the data to determine how fast or slow certain products are moving, which is information they can use to make business decisions. Photographic scanners, e-mail surveys, and statistical surveys are not data-collection methods that researchers use during the point-of-purchase process.

Researchers often collect marketing data by conducting interviews with customers. The interviews can take place over the telephone, through the computer, or by holding face-to-face discussions (group or individual). An interview is a good method to use when the business wants in-depth information from the respondents. The disadvantage to holding interviews is the expense. Observation is a research method that involves watching customers. Relational and contact interviews are fictitious terms.

Secondary information is data that have already been collected by others. Marketing researchers can obtain secondary information from Internet web sites and often find that the data are useful for addressing their current issues or problems. Some researchers access trade-association web sites, which often publish articles and provide statistical data that relate to a specific industry. Online libraries are also good sources of secondary information because they have extensive access to various periodicals, online textbooks, and magazines. Internal data come from within the business. Primary data are information collected for a specific issue at hand. Classified information is confidential and is only available for certain viewers.