Marketing Research

The Market Research Society (MRS)

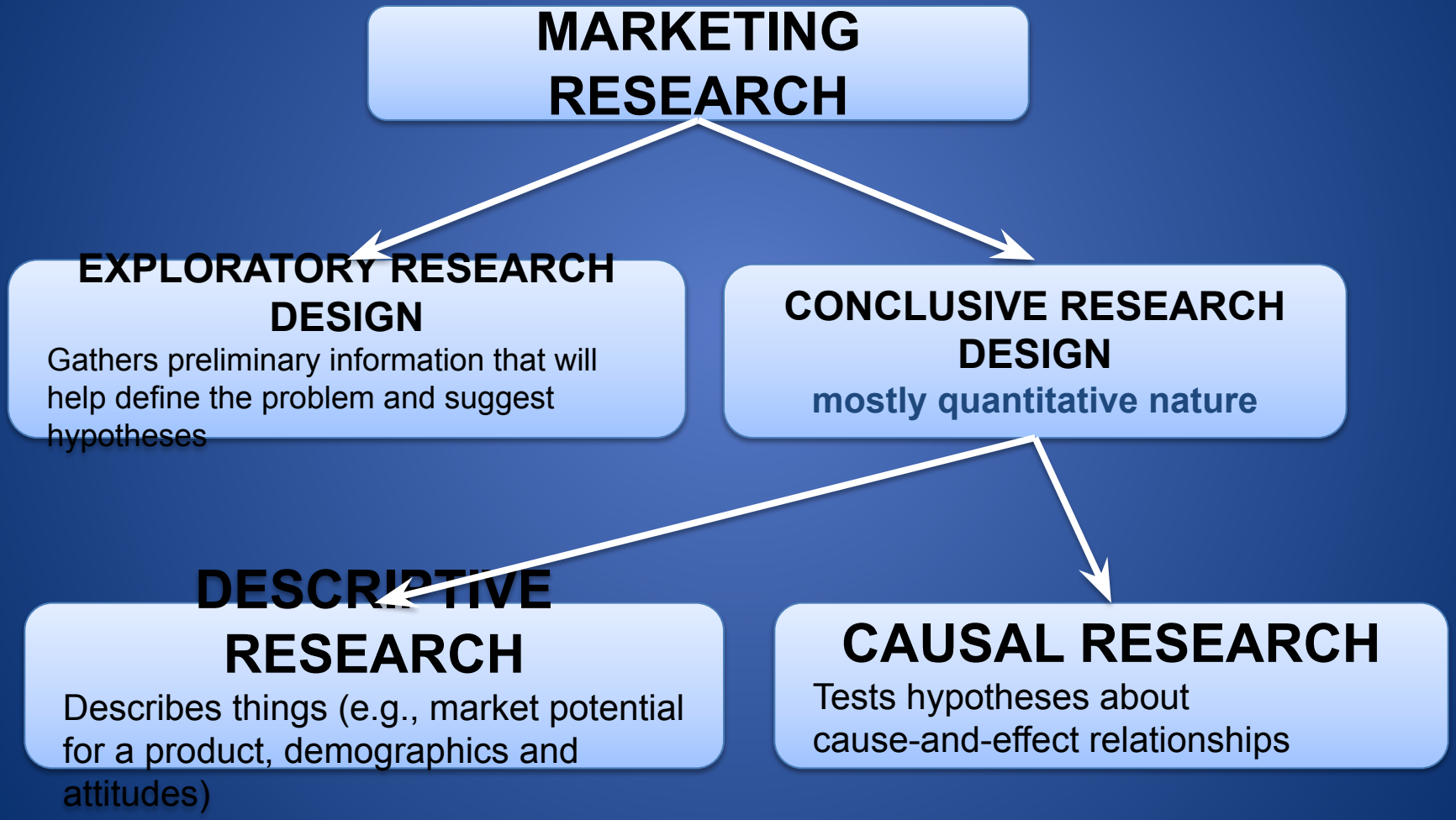
'the collection and analysis of data from a sample of individuals or organizations relating to their characteristics, behaviour, attitudes, opinions or possessions. It includes all forms of marketing and social research, such as consumer and industrial surveys, psychological investigations, observational and panel studies'

American Marketing Association

'function that links the consumer, customer and public to the marketer through information.
It specifies the information required to address these issues, designs the method for collecting
information, manages and implements the data collection process, analyses the results, and
communicates the findings and their implications'

Market research **is a subset of marketing research.**
Market research refers to research on markets, whereas marketing research covers the broad scope of marketing activity

Marketing research taxonomy



Marketing research fields of employment

Malhotra, N. (2004), Marketing research: An applied orientation, Pearson Education

Research types comparison

	Exploratory	Descriptive	Causal
Goal	New ideas revealing and problems understanding **(insights)**	Četnost výskytu jevů	Reason and consequences assessment
Characteristics	Flexible, non-structured	Structured, hypothesis-based	Opportunity to control various experimantal conditions
Prevailing methods	Mostly qualitative: Focus groups In-depth interviews Projective techniques	Mostly quantitative: Polling (questionning) Observations Panel researches	Experiments

Research designs classified by time

Pretest

Posttest

Snapshot

Longitudinal research

Panel research

Kinds of informations in marketing research

INTERNAL INFORMATONS

Retrieved inside the company, no access barriers, free of charge, their quality and reliability depends on company management.

EXTERNAL INFORMATIONS

Retrieved from outside of the company, quality and reliability depends on sources, can be delayed, incomplete and uncertain, often also paid.

QUANTITATIVE INFORMATIONS

They represent the variables by quantities, either units or quotients such as volume, frequency, magnitude or intensity.

QUALITATIVE INFORMATIONS

They characterize various phenomena, which cannot be measured directly, by means of terms, constructs and categories.

Primary informations

Are retrieved in direct relevance with the research objectives and the researcher‘s needs. They weren‘t measured and published before.

Secondary informations

They were gathered by other researchers for their own goals and their expenses and still are accessible eithrt free, or on payment.

Information sources in marketing research

PRIMARY INFORMATIONS

INTERNAL

- Company employees
- Company R&D department
- Technical salespersons
- MIS, marketing research department
- Fairs and exhibitions

EXTERNAL

- External experts and consultants
- Government officers
- Research institutions
- Competitors
- Customers and a suppliers

SECONDARY INFORMATIONS

INTERNAL

- Company bookkeeping
- Sales statistics
- Orders statistics
- Customers databases
- Sales returns statistics
- Sales representatives reports

EXTERNAL

- Scientific literature
- Official statistics
- Census data
- Specialized agencies
- Scientific research papers
- Specialized press
- Company annual reports

Measurements in marketing research

Nominal scale

Numbers serve only as labels, they don‘t reflect the amount of the characteristics possessed by the objects. The only possible operation on nominal scale is counting. Only a limited amount of statistical processes can be carried (percentage, mode,m binomial tests)

Ordinal scale

Allows respondents to express relative magnitude between the answers to a question in hierarchical order, although it cannot provide the relative distance. Statistical prosedures – percentile, mean, rank-order correlation.

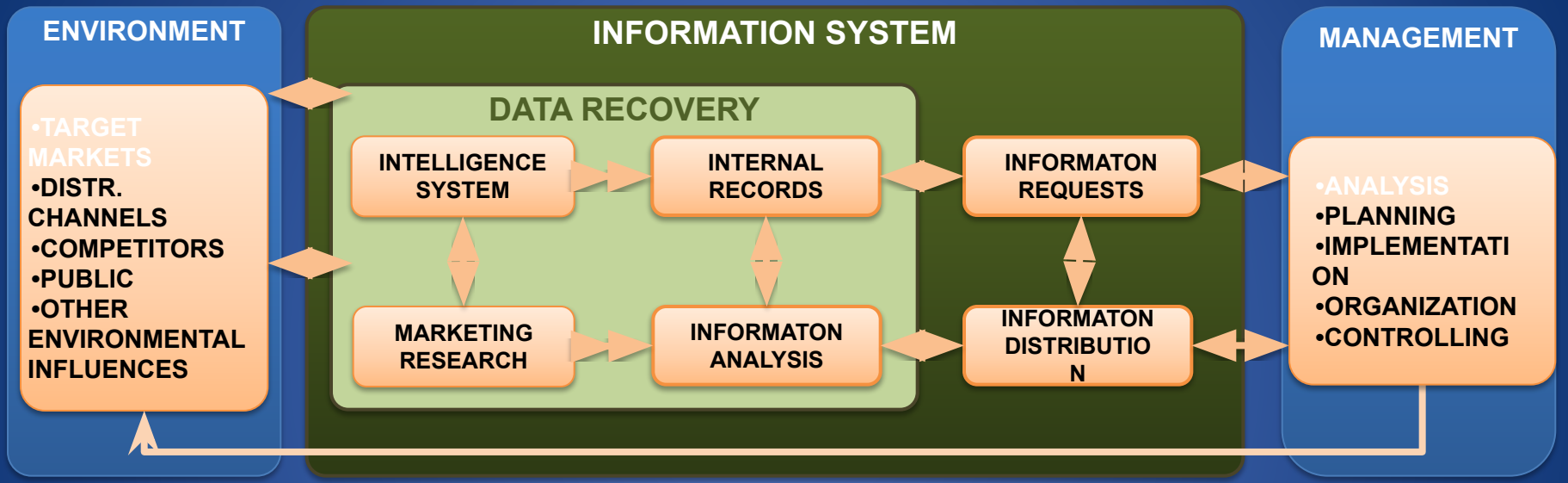
Interval scale

Possesses assignment, order and distance properties. It can measure attitudes, opinions, index numbers. Besides already mentioned statistical methods also range, mean, standard deviation, regression and factor analysis.

Ratio scale

Contains all the fourscaling properties (assignmentm, order, distance and origin). Examples – weight, age. All statistical techniques can be applied.

Marketing information system

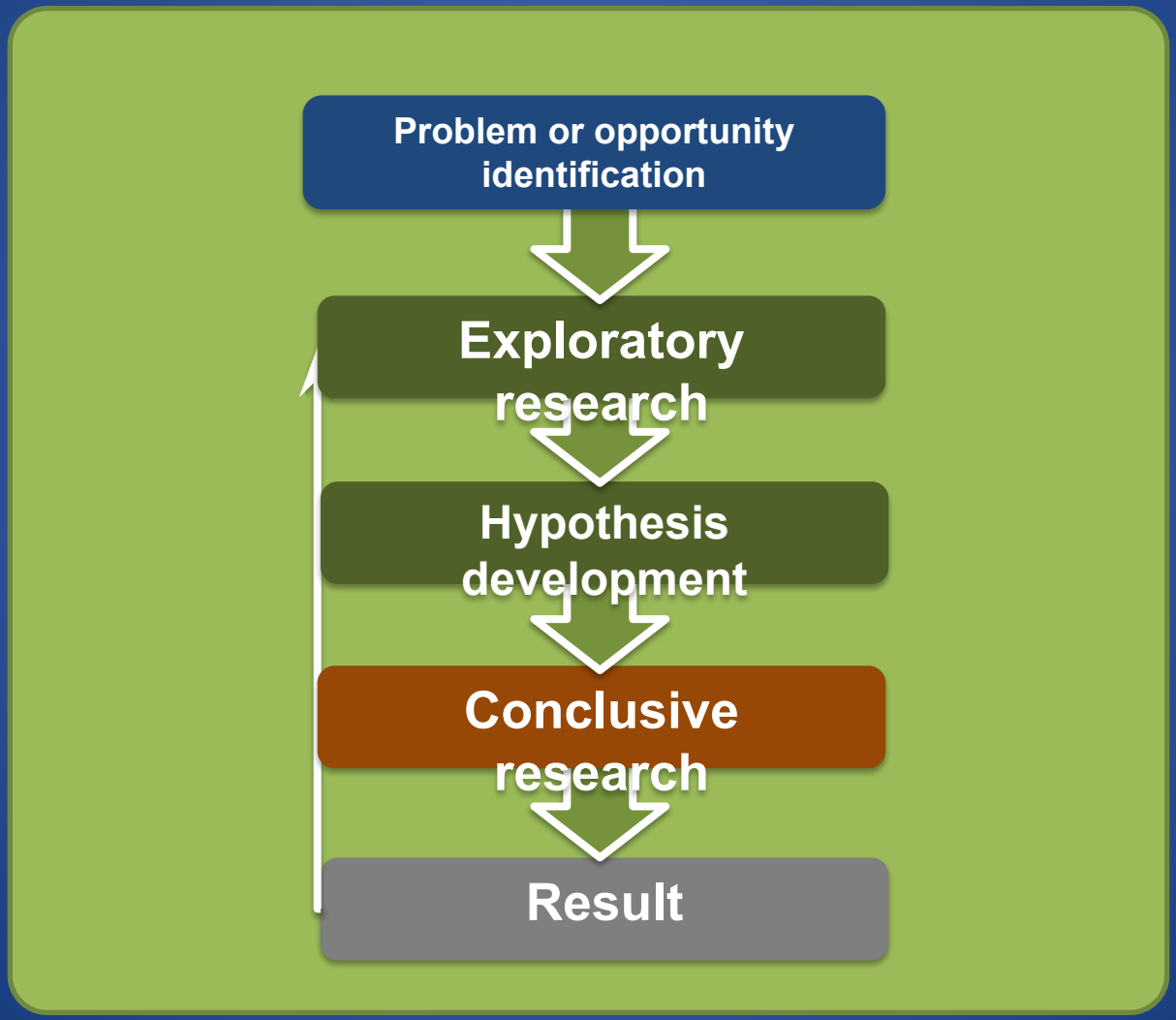


An MIS consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.
The MIS helps managers to:

1. Assess information needs
2. Develop needed information
3. Distribute information

A good MIS balances the information users would *like* against what they really *need* and what is *feasible* to offer.
Sometimes the company cannot provide the needed information because it is not available or due to MIS limitations.
Have to decide whether the benefits of more information are worth the costs.

Marketing research process



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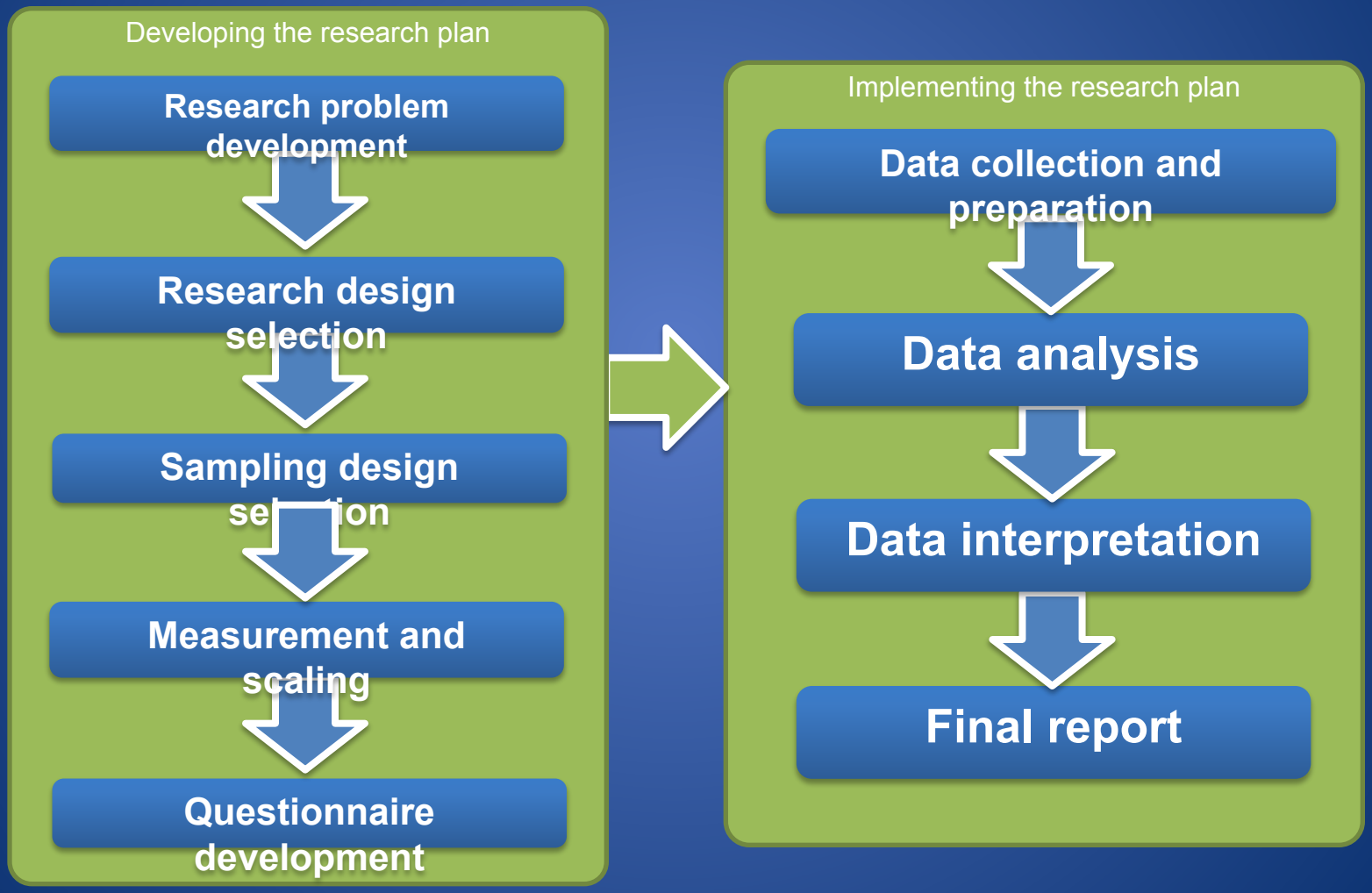
Marketing research process step by step



Exploratory research design

- In-depth interviews
- Focus groups
- Projective techniques

Developing the Research Plan

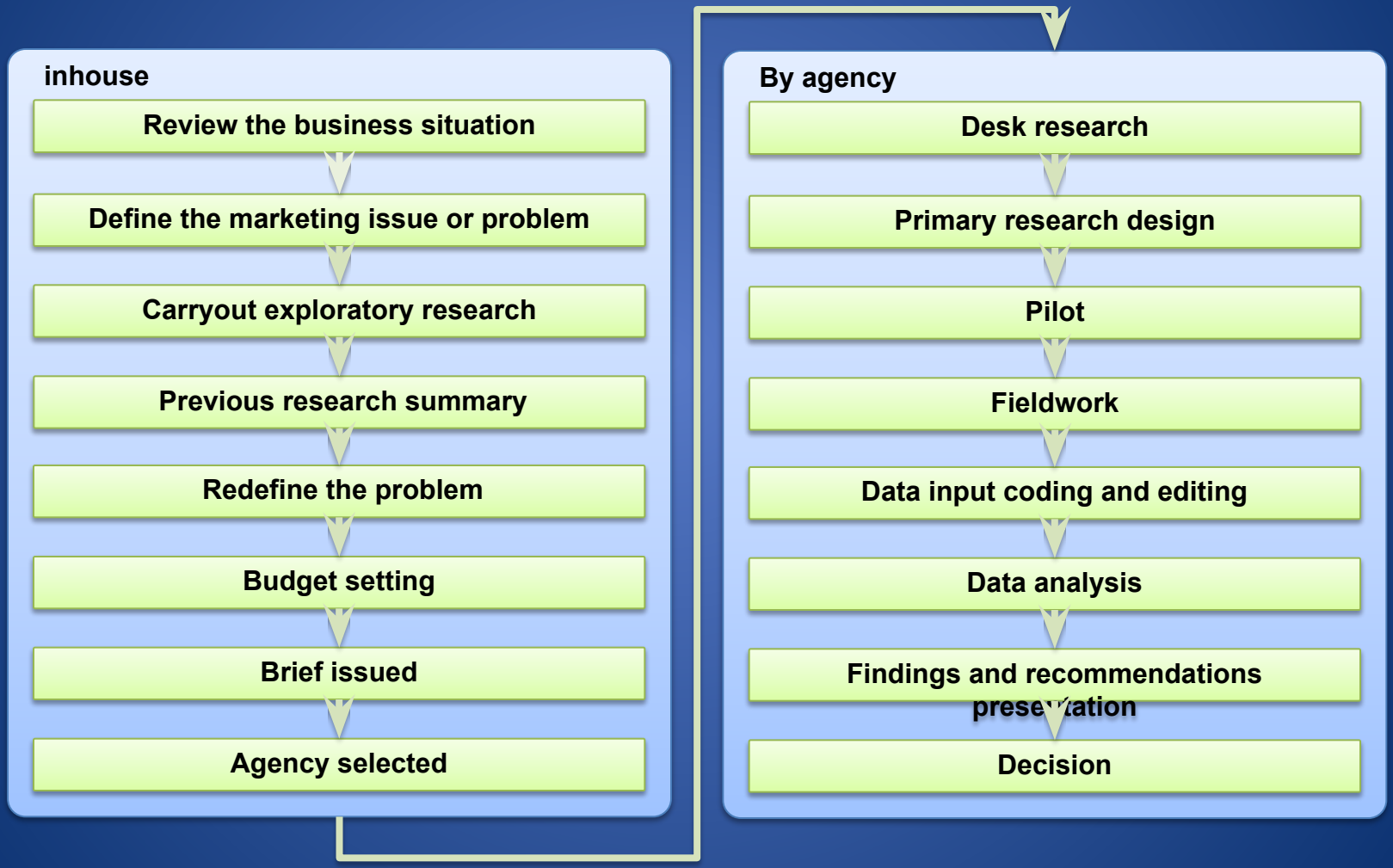
Includes:

- Determining the exact information needed.
- Developing a plan for gathering it efficiently.
- Presenting the written plan to management.

Outlines:

- Sources of existing data
- Specific research approaches
- Contact methods
- Sampling plans
- Instruments for data collection

Research plan and implementation



Review the business situation

We start the process with a review of the current business position.

Restating the values and mission of the business, and identifying markets served and our unique selling proposition help to focus the research process on the broader goals of the business. It may help to state the marketing objectives of the business and summarize the current marketing plan, which should provide the underpinning for all activity.

Marketing decisions need to be made in response to a constantly changing business environment and research may be needed to inform these decisions.

Defining the issues or problem

Problems can generally be solved in many ways. The problem definition needs to reflect the organization's resources, or be expressed in a way that clearly identifies the opportunity that is being looked at.

Sometimes, a view of the problem for a pressured executive may not actually be the real issue. The research company that is asked to review marketing communications activity may find that there are particular political issues with the current agency or that the brand is poorly managed or that the pricing strategy is wrong. Very often we have to carry out informal or exploratory research to identify and define the research question we are trying to answer. Poor research questions or problem definition can lead to expensive and unnecessary work being carried out.

Carry out exploratory research

This stage is designed to clarify the research problem. It is **largely informal** and may involve a range of techniques. It should involve **discussions** with those who are involved with the problem and its solution. It may involve a **review of the trade press** and simple **scanning of internal documents** and resources. The aim is to become 'immersed' in the problem and its potential solutions.

Even at this stage the researcher may be thinking ahead about **methods** that could be used to deliver the information required. He needs to uncover the real purpose of the research and, possibly, the constraints in terms of time and budget that may affect the process. He needs to think about the **value of the research**. There is little point in spending more on research than the profit to be gained by making a right decision, or the cost of making a wrong decision. The research will not eliminate risk entirely but may reduce it to acceptable levels. An understanding of the commercial constraints of carrying out research may be gained through intuition or experience but it can also be worked out more scientifically.

Example:
If research is required to justify packaging redesign, then we can estimate the improved sales of such a move and offset the cost of research against this. This objective-and-task approach to setting research budgets is the best way of managing research budgets. However, it is not always possible to carry out this process accurately.

Previous research summary

As part of this process, previously carried out research should be reviewed to see if the problem has been dealt with elsewhere. It may be that the solution lies in work that has been done in other departments. For example, work to improve the navigation of the website may have been done in the IT department. Access to previously commissioned work may be through the Intranet or through the company library. Or it may be that individual managers have commissioned research which has not been distributed widely through the organizations.

Internal research

Internal research will involve the use of the MIS and the database. It may be that the problem can be solved at this stage. Whatever, it is worth spending time now on internal records to, maybe, solve the problem or help to define it.

Example: A problem that involves finding out the average age of a company's existing customers may be solved through a simple interrogation of the customer database.

Redefine the problem

The output of this stage is a clear statement of the research problem that is agreed by all parties. After this, a brief can be written

The marketing research brief, short listing and proposal

A brief should be written for all projects even if the research is to be carried out in-house. The proposal written to the brief will become the contract for the research when it is accepted, and is equally important.

Gathering Secondary Data

Information that already exists somewhere:
- Internal databases
- Commercial data services
- Government sources

Available more quickly and at a lower cost than primary data.
Must be relevant, accurate, current, and impartial.

Data Collecting (fieldwork)

Secondary research (desk research)

Primary research

Cooperatives recruiting

- observers
- inquirers
- moderators
- operators

Cooperatives training

- Research method
- Sampling
- Remuneration
- Monitoring and assessment

Information gathering errors

Sampling errors

Since the sample does not include all members of the population, statistics on the sample, such as means and quantiles, generally differ from statistics on the entire population.
For example, if one measures the height of a thousand individuals from a country of one million, the average height of the thousand is typically not the same as the average height of all one million people in the country.

Non-sampling errors

Non-sampling error is a catch-all term for the deviations from the true value that are not a function of the sample chosen, including various systematic errors and any random errors that are not due to sampling. Non-sampling errors are much harder to quantify than sampling error

Data input, coding and editing

Completeness and readability

All questionnaries are checked, in case of too huge amounts of them random samples are checked.

Logical checking

Did respondents told the truth?
Did the inquirer carried out the research correctly?
Acceptable mount of neutral answers (5-10%)

Data editing

- Invalid questionnaries removal (incomplete, logically untrue)
- Data correction, because the sample must always correspond with the original population

Data classification (open

- Suitable descriptive attributes finding
- Classes must be exclusive
- Classes must be exhaustive

Data encoding

- Simplification of further data processing
- Closed questions have already codes assigned
- Most numerous open ended answers become classes, the rest are neutral answers

Statistical processing

- SPSS,
- Statgraphics,
- SAS,
- SYSTAT

Data Analysis

Stevens's typology

Nominal scale

The nominal type differentiates between items or subjects based only on their names

Ordinal scale

Possible to arrange into a sequence, but distances between items don‘t make sense

Interval scale

The interval type allows for the degree of difference between items, but not the ratio between them.

Ratio scale

measurement is the estimation of the ratio between a magnitude of a continuous quantity and a unit magnitude of the same kind

Frequently used statistics:

- Arithmetic mean - sum of values of a data set divided by number of values
- Median - middle value separating the greater and lesser halves of a data set
- Mode - most frequent value in a data set

Findings and recommendations presentation

Don't confuse presenting data with presenting your evaluation findings

This is NOT evaluation	This IS evaluation
36 people attended the workshop	The workshops did not attract as many participants as planned. Only 36 people attended compared to the original target of 60. The participant demographics was also not representative of the intended audience. A likely reason for this is that the workshop clashed with a number of other community events that drew potential participants away.
86% of the participants have stated they are taking shorter showers	The project delivery model was successful in driving more sustainable behaviours. This is supported by 86% of respondents stating that they had reduced their showering time from their participation in the project. A key factor in changing behaviour was the shower timer that was provided to participants to prompt them to get out.

Kinds of Research Services Providers

- **List brokers** – Suppliers of lists of contacts for marketing purposes. They may include names and addresses, telephone numbers and e-mail addresses
- **Full service agencies** – Agencies that provide a full range of research services, e.g. TN Sofres
- **Specialist service agencies** – Specialize in certain types of research, e.g. international research or online research
- **Field agencies** – Specialize in the delivery of fieldwork and administration of questionnaires
- **Data analysis companies** – Specialize in the analysis of data
- **Consultants** – Independent consultants who may offer a range of services
- **Other suppliers** to the industry include database bureaux who may host an external databa

Particular Research Services Providers

SIMAR

warc

ESOMAR
WORLD RESEARCH

Millward Brown

nms
market research

GfK

MEDIAN

STEM/MARK
MARKETINGOVÝ VÝZKUM IF DIALOG

FACTUM
INVENIO

Ipsos

tns

OPINION WINDOW

mediaresearch

SC&C
MARKETING & SOCIAL RESEARCH

nielsen

Interbrand

GALLUP
INTERNATIONAL

STRATEGIC
BUSINESS
INSIGHTS

Marketing Research Methods

Quantitative methods

- Observing
- Questionning
- Experimenting

Qualitative methods

- In-depth Interview
- Focus Group
- Projective Techniques

Observing

Advantages:	Drawbacks:
Does not rely on object‘s cooperation	Requires long time concentration
Does not influence object observed	Time consumpting
Low cost	Subjective interpretation
Research objectives can be modified ex-post	Limited range of deployment

Three Approaches of Observational Research

Nonstandardized | **Semi-standardized** | **Standardized**

Personal | **Automatized**

Covert observational research

+	Does not interfere with phenomena observed
-	Difficult Ethically dubious

Overt observational research

+	No deception
-	Influences observed phenomena

Researcher Participation

+	finer appreciation of the phenomena
-	Ineffective

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Personal observation

- observing products in use to detect usage patterns and problems
- observing license plates in store parking lots
- determining the socio-economic status of shoppers
- determining the level of package scrutiny
- determining the time it takes to make a purchase decision

Audit

- retail audits to determine the quality of service in stores
- inventory audits to determine product acceptance
- shelf space audits

Trace Analysis

- credit card records
- computer cookie records
- garbology - looking for traces of purchase patterns in garbage
- detecting store traffic patterns by observing the wear in the floor (long term) or the dirt on the floor (short term)
- exposure to advertisements

Content analysis

- observe the content of magazines, television broadcasts, radio broadcasts, or newspapers, either articles, programs, or advertisements

Mechanical observation

- eye-tracking analysis while subjects watch advertisements
- oculometers - what the subject is looking at
- pupilometers - how interested is the viewer
- electronic checkout scanners - records purchase behaviour
- on-site cameras in stores
- Nielsen box for tracking television station watching
- voice pitch meters - measures emotional reactions
- psychogalvanometer - measures galvanic skin response

Observation Biases

Human perception occurs by a complex, unconscious process of **abstraction**, in which certain details of the incoming sense data are noticed and remembered, and the rest forgotten. What is kept and what is thrown away depends on an internal model or representation of the world, called by psychologists a **schema**, that is built up over our entire lives. The data is fitted into this schema. Later when events are remembered, memory gaps may even be filled by "plausible" data the mind makes up to fit the model; this is called reconstructive memory. How much attention the various perceived data are given depends on an internal value system, which judges how important it is to the individual. Thus two people can view the same event and come away with entirely different perceptions of it, even disagreeing about simple facts. This is why **eyewitness testimony** is notoriously unreliable.

Confirmation bias

Human observations are biased toward confirming the observer's conscious and unconscious expectations and view of the world; we "*see what we expect to see*"

"Cargo cult" science

is bias in favor of the researcher's desired hypothesis or outcome, we "see what we want to see". This is different from deliberate falsification of results, and can happen to good-faith researchers.

Processing bias

Modern scientific instruments can extensively process "observations" before they are presented to the human senses, and particularly with computerized instruments, there is sometimes a question as to where in the data processing chain "observing" ends and "drawing conclusions" begins.

Observational bias

An observational bias occurs when researchers only look where they think they will find positive results, or where it is easy to record observations. This is called the "streetlight effect".

Survey methodology

Personal surveys

Instant feedback
Visual aids
best rate of return

Respondents under stress
Highest expenses per response

In-depth interviews
Focus Groups

Mail surveys

Cheap method
Enough time for reconsidering the responses
No influence from the interviewer

Lowest rate of return
Limited to specific target groups
Low level of motivation

Telephone (CATI)

Good feedback
Faster than personal interviews
Preserves respondent‘s privacy
Simple and efficient management of interviewers

Respondent is under pressure, needs to focus unnaturally
High cost of surveys

Online surveys (CAWI)

Minimal expenses
Fast and easy processing
Minimal influence on the respondent
Visual aids applicable

Limited target groups
důvěryhodnost odpovědí
Anti-spam legislation from the government

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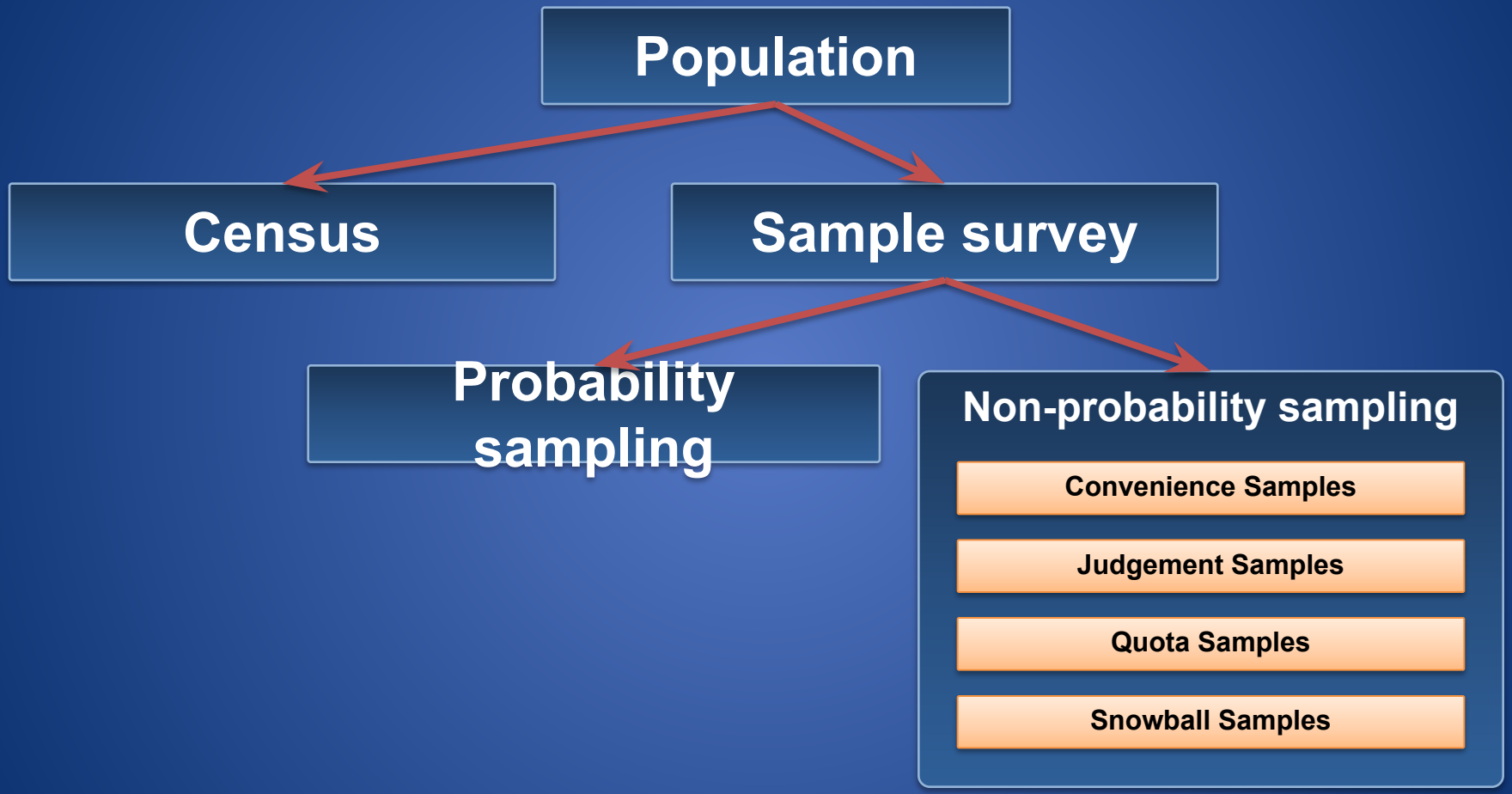
Sampling


Population
Census
Sample survey
Probability sampling
Non-probability sampling
Convenience Samples
Judgement Samples
Quota Samples
Snowball Samples

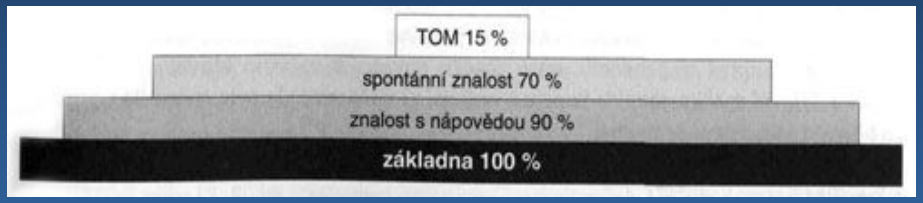
Quantitative research examples

Panel survey

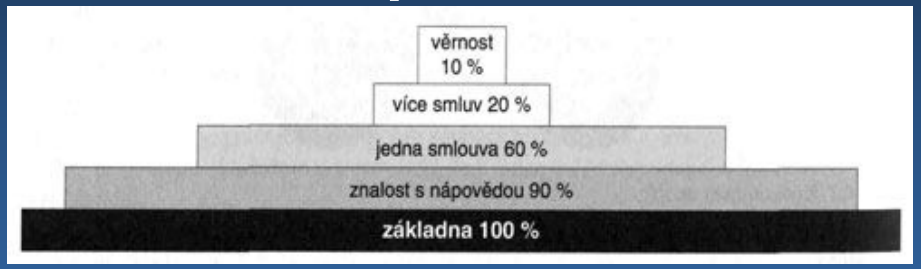
Omnibus survey

Purchase diary panel

Brand awareness



Brand penetration



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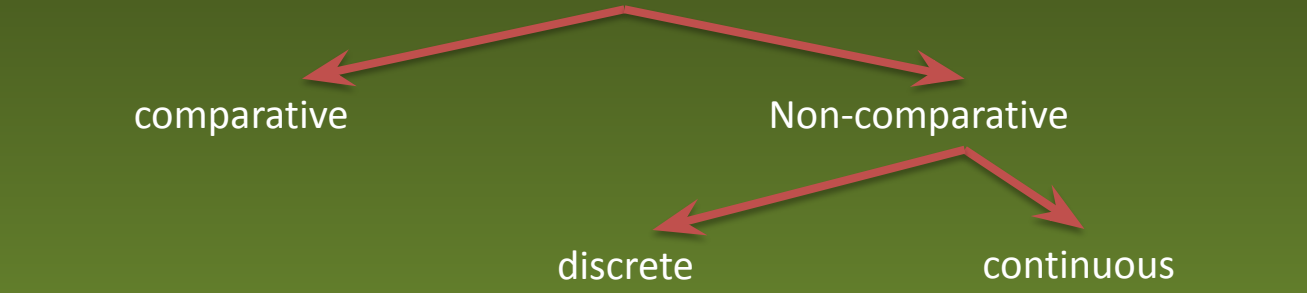
Questionnaire design

questions:

- Open-ended questions
- Semi-open questions
- Closed-ended questions

Scaled questions



Experimenting

Artificially prepared environment, where the observer controls values of the independent variables and records the behaviour of dependent variables.

Internal validity

Inferences are said to possess internal validity if a causal relation between two variables is properly demonstrated:

1. the "cause" precedes the "effect" in time (temporal precedence),
2. the "cause" and the "effect" are related (covariation), and
3. there are no plausible alternative explanations for the observed covariation (nonspuriousness)

Vnější validita

External validity is the validity of generalized (causal) inferences in scientific research, usually based on experiments as experimental validity. In other words, it is the extent to which the results of a study can be generalized to other situations and to other people.

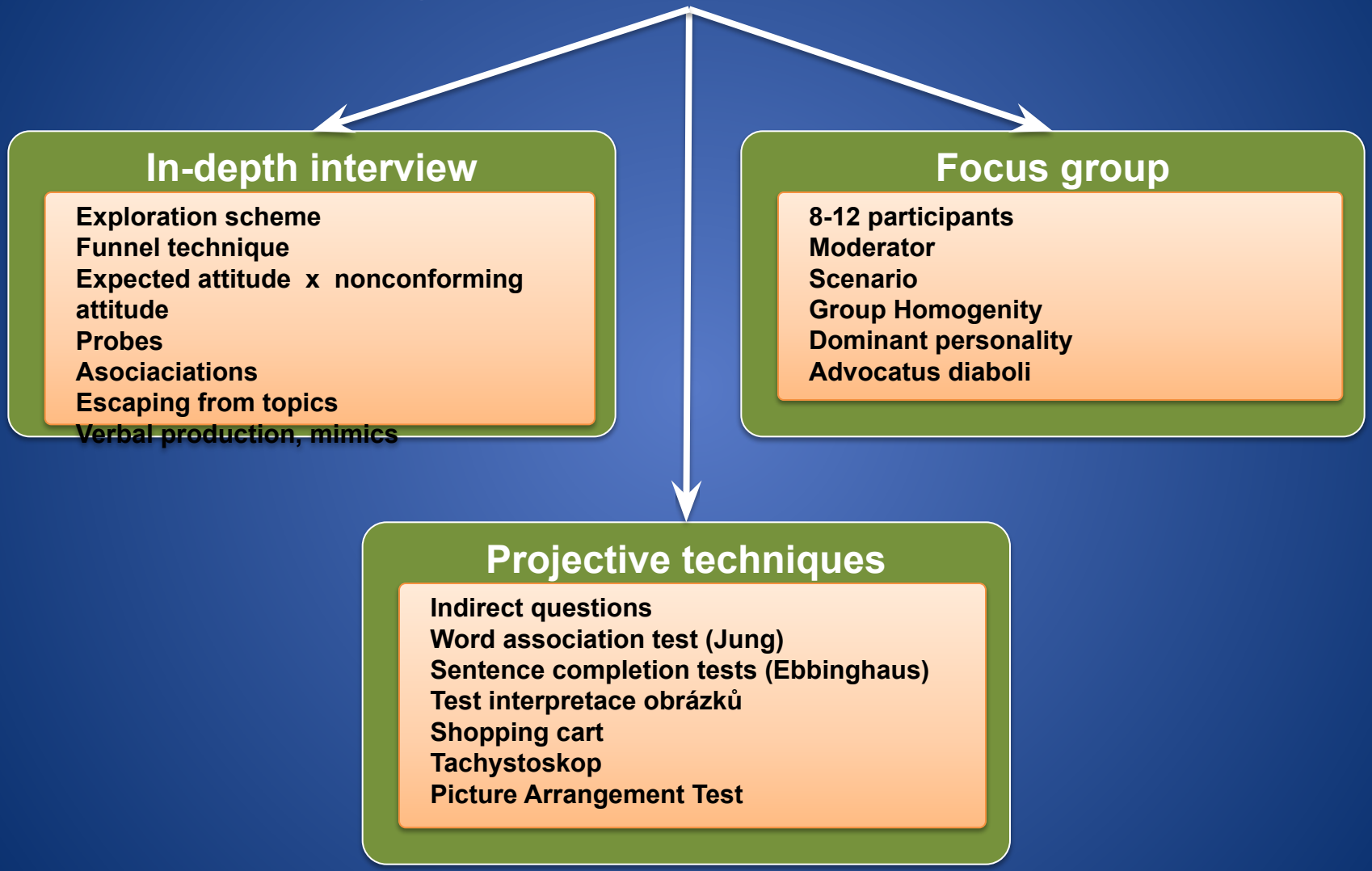
In vitro experiments

- **User experience tests**
- **Copy testing**
- **Focus groups**

In vivo experiments

- **In-Home Tests**
- **In-Store Tests**
- **Mystery shopping**

Explorative research



Market research

Market extent

- Available market
- Usable market
- Qualified usable market
- Target market
- Served market

Market characteristics

- Market potential
- Sales potential
- Build-up method
- Breakdown method

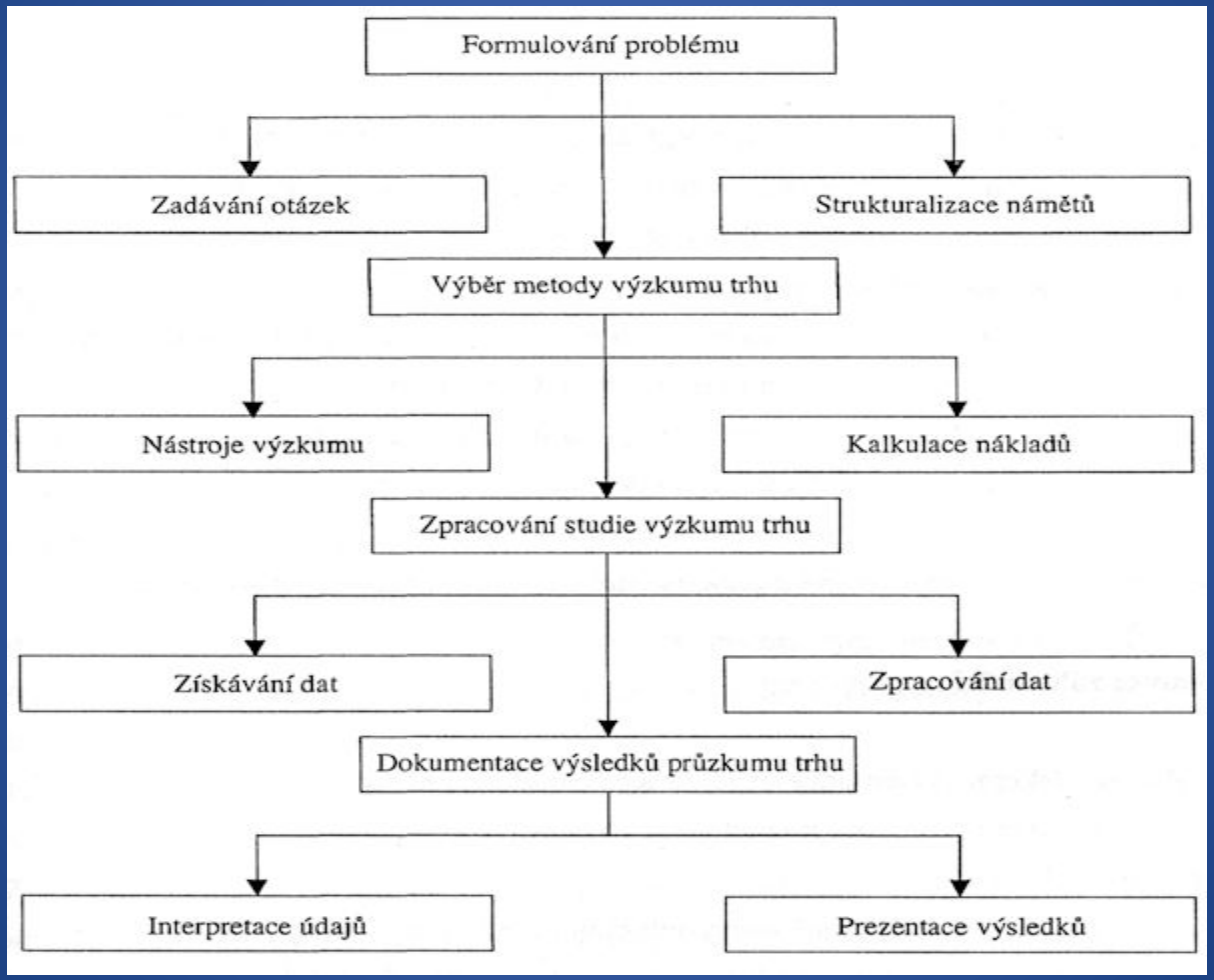
Customers portfolio

Customer attractivity - size, market share (growth, drop), innovation potential, solvency, duration and intensity of business relations

Contribution margin is the selling price per unit minus the variable cost per unit. “Contribution” represents the portion of sales revenue that is not consumed by variable costs and so contributes to the coverage of fixed costs

Demands on quality, terms of delivery

Market research flowchart



Demand forecasting

Qualitative techniques

- Buyers intentions research
- Brainstorming
- Focus groups
- Delphi method
- Historic analogy

Timeline extrapolation

trend.....dlouhodobé změny v průměrném chování časové řady
sezónnost.....pravidelně se opakující výkyvy v časové řadě v rámci maximálně jednoho roku
cyklus.....pravidelně se opakující kolísání časové řady v rámci několika let
náhodná složka.....výkyvy ukazatelů, které nemají pravidelný charakter

Causal modelling

- Leading trend method
- Regression analysis
- Factor analysis
- Scenario techniques

Communication research

Target groups

- Velikost CS
- Segmentační proměnné
- Mediální chování cs
- Penetrace značky
- Image značky

Expenditures

- životní cyklus výrobku
- stupeň substituce produktu
- opakování reklamy
- konkurence

Media research

- Čtenost, sledovanost
- Afinita
- Ekonomická efektivita
- informace
- emoce
- flexibilita

Direct media

- pošta, telefon, internet, mobilní technologie
- Adresné oslovení zákazníka, rychlá odezva
- Snadné měření, velký potenciál k customizaci

Internet

- Multimediální prezentace
- Možnost vyzkoušení výrobku
- Velké množství nabídek
- Omezená skupina
- nedůvěra

Advertising effectiveness

- Hierarchické modely komunikačních účinků
- Vytváření a změna postoje (ELM)
- Metoda DAGMAR

Communication Research

Strategic communication research

- product
- market
- environment

Preliminary tests

- Internal evaluation
- Communication Effects
- Behavioral effects

Post-tests

- Exposure
- Message prosessing
- Behaviour

Advertising effectiveness

- Awareness
- Attitudes
- Behaviour

Research deployment during campaign

Strategic communication research

market

- size
- market share
- segmentation
- competition
- customers profiles

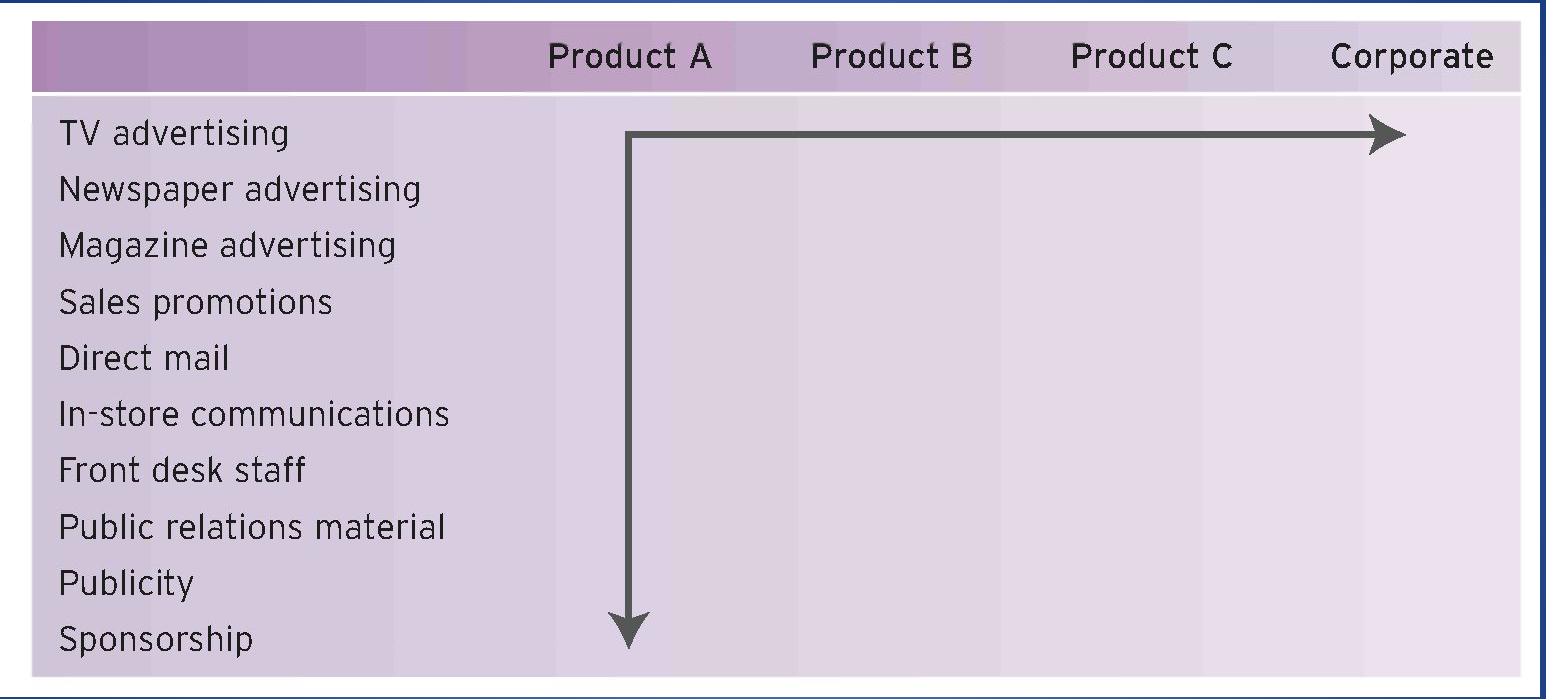
product

- strenghts & weaknesses
- USP
- persuasive arguments

environment

- legislation
- cultural factors
- political trends
- economic situation

Communication audit



- own communication
- competitors
- content analysis
- delphi method

Campaign pre-testing

Testing objectives

- adequate stimuli
- communication effects estimation
- copy testing
- frekvency optimization

Pre-testing techniques

Internal evaluation:
- checklists
- readability (starch)

Communication effects:
- physiological tests
- recall measurement
- direct opinion estimation
- indirect measurements

Behavioral effects:
- trailer test
- split scan

Pre-testing limitations

- subjective evaluation
- respondent cannot identify best advertisement
- unnatural conditions
- consumer jury effect
- repetition effects
- short time between exposure and measurement
- external factors

Advertising Campaign Evaluation

Post testing techniques

Exposure :
- **GRP, reach, OTS measured**
- **publicity elicited by advertising campaign**

Message evaluation:
- **Recognition test (Starch method)**
- **Maskovací identifikační test (COBRA)**
- **Recall test (Gallup-Robinson test)**
- **Day after recall (DAR)**

Customer behaviour changes measured

Post-testing limitations

- isolated effect of single ad spot
- respondents are not reliable enough
- selective memory
- different preoccupation to specific product
- selestive message processing
- delay between exposure and measurment

Communication campaign evaluation

- Měření TOMA
- Měření postoje
- Měření image
- Měření nákupního záměru
- Trackingové tudie

Communication campaign evaluation

Questions to ask:

- Have you heard of _____ campaign? (Record all yes/no answers.)
- If no, prompt with campaign material.
- If the answer is still no, thank them for their time. (They're no longer needed)
- Where did you hear or see this advertising? (Record all answers, even if they're wrong. It'll tell you what mediums are working the best.)
- Can you describe what you heard or saw?
- What do you think the advertising was saying?
- Have you changed your driving since seeing this campaign?

literatura

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