

Instructor's Manual

Marketing Research

Third edition

Naresh Malhotra
David Birks

**For further instructor material
please visit:
www.pearsoned.co.uk/**

ISBN-13: 978-0-273-70691-5

© Pearson Education Limited 2007

Lecturers adopting the main text are permitted to download the manual as required.

FT Prentice Hall
FINANCIAL TIMES

An imprint of Pearson Education

Harlow, England • London • New York • Boston • San Francisco • Toronto • Sydney • Singapore • Hong Kong
Tokyo • Seoul • Taipei • New Delhi • Cape Town • Madrid • Mexico City • Amsterdam • Munich • Paris • Milan

Pearson Education Limited

Edinburgh Gate
Harlow
Essex CM20 2JE
England

and

Associated Companies around the world.

Visit us on the World Wide Web at:
www.pearsoned.co.uk

First published 2007

© Pearson Education Limited 2007

The rights of Naresh Malhotra and David Birks to be identified as the authors of this Work have been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

ISBN-13: 978-0-273-70691-5

All rights reserved. Permission is hereby given for the material in this publication to be reproduced for OHP transparencies and student handouts, without express permission of the Publishers, for educational purposes only. In all other cases, no part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without either the prior written permission of the Publishers or a licence permitting restricted copying in the United Kingdom issued by the Copyright Licensing Agency Ltd, Saffron House, 6–10 Kirby Street, London EC1N 8TS. This book may not be lent, resold, hired out or otherwise disposed of by way of trade in any form of binding or cover other than that in which it is published, without the prior consent of the Publishers.

Contents

Chapters		Pages
1.	Introduction to marketing research	4
2.	Defining the marketing research problem and developing a research approach	11
3.	Research design	17
4.	Secondary data collection and analysis	23
5.	Internal secondary data and the use of databases	30
6.	Qualitative research: its nature and approaches	39
7.	Qualitative research: focus group discussions	49
8.	Qualitative research: in-depth interviewing and projective techniques	58
9.	Qualitative research: data analysis	66
10.	Survey and quantitative observation techniques	75
11.	Causal research design: experimentation	83
12.	Measurement and scaling: fundamentals, comparative and non-comparative scaling	89
13.	Questionnaire design	95
14.	Sampling: design and procedures	102
15.	Sampling: final and initial sample size determination	110
16.	Survey fieldwork	116
17.	Data preparation	123
18.	Frequency distribution, cross-tabulation and hypothesis testing	130
19.	Analysis of variance and covariance	139
20.	Identifying relationships	147
21.	Discriminant analysis	157
22.	Factor analysis	164
23.	Cluster analysis	173
24.	Multidimensional scaling and conjoint analysis	179
25.	Report preparation and presentation	186
26.	International marketing research	194
27.	Business-to-business (b2b) marketing research	201

CHAPTER ONE

Introduction to marketing research

1. Describe the task of marketing research.

It is the task of marketing research to provide relevant, accurate, reliable, valid and current information in order to support sound marketing decisions. Marketing research helps to remove uncertainty by providing relevant information about consumers, marketing variables and the environment in which decision-makers operate.

2. What decisions are made by marketing managers? How does marketing research help in supporting these decisions?

Marketing managers make strategic and tactical decisions in the process of identifying and satisfying customer needs. They make decisions about potential opportunities and problems, target market selection, market segmentation, planning, implementing and controlling marketing plans. They devise the most effective ways to realise opportunities and overcome problems.

The marketing researcher supports marketing managers by seeking to do the following:

- describe the nature and scope of customer groups
- understand the nature of forces that shape customer groups
- understand the nature of forces that shape the marketer's ability to satisfy targeted customer groups
- test individual and interactive marketing mix variables
- monitor and reflect upon past successes and failures in marketing decisions

3. What do you see as the major challenges for marketing researchers that emerge from the ESOMAR definition of marketing research?

The definition: marketing research links the consumer, customer and public to the marketer through information that is used to identify and define marketing opportunities and problems; generate, refine and evaluate marketing actions; and improve understanding of marketing as a process and of the ways in which specific marketing activities can be made more effective.

The main challenge lies in how distinctive this definition is compared to the use of marketing databases to support marketing decision making. ESOMAR distinguishes marketing research from other competitive forms of data gathering, primarily through the issue of the anonymity of respondents. It stresses that in marketing research the identity of the provider of information is not disclosed. It makes a clear distinction between marketing research and database marketing where the names and addresses of the people contacted are to be used for individual selling, promotional, fund-raising or other non-research purposes. The distinction between marketing research and the database as a research tool is ultimately not so clear. There is a growing amount of support given to marketing decision makers from database analyses that are not 'respondent specific'. The challenges therefore lie in maintaining the ethical distinction between the two disciplines and in maintaining a distinctive focus to the discipline of marketing research.

4. What problems are associated with using consumer databases in marketing research?

The European Society for Opinion and Marketing Research (ESOMAR) distinguishes marketing research from other forms of data gathering through the issue of anonymity of respondents. They stress that in marketing research, the identity of the provider of information is not disclosed. A clear distinction is made between marketing research and database marketing where the names and addresses of the people contacted are to be used for individual selling, promotional, fund-raising or other non-research purposes.

5. How may the sound practice of problem identification research enhance the sound practice of problem-solving research?

Marketing research can be classified as either problem identification research or problem-solving research. Problem identification research is undertaken to help identify problems that are not apparent on the surface and yet exist or are likely to arise in the future. Examples of problem identification research include market potential, market share, market characteristics, sales analysis, short-range forecasting, long-range forecasting and business trends research. The findings of problem identification research can give a clear focus to the definition of research questions in areas such as segmentation, product, pricing, promotions and distribution research. For example, if in problem identification research, the potential of a market is explored, and the factors that could shape a new market identified – those factors could form the focus of a problem-solving segmentation study. Problem identification research and problem-solving research can be conducted simultaneously, and a given marketing research project may combine both types of research.

6. What challenges exist in trying to quantify the size and growth of the marketing research industry on a global basis?

ESOMAR conducts an annual study to quantify the size and growth of the global marketing research industry. They collect their data from marketing research agencies that describe and quantify the techniques they are using and plan to use. The first challenge this presents is founded in who actually conducts marketing research. There is a huge amount of research that is conducted in-house by client companies and other agencies that may support decision-makers. The second challenge lies in what counts as marketing research. Looking at question 3 and the distinctiveness of marketing research compared to the analyses that emerge from marketing databases, it is fair to say that there is much overlap between the disciplines and the boundary of what counts as 'marketing research' is not fixed. Overcoming these challenges in an ESOMAR study would add much complexity and cost to the exercise – and make annual comparisons more difficult.

7. Explain one way to classify marketing research suppliers and services.

Marketing research suppliers can be classified into internal suppliers and external suppliers. An internal supplier is a marketing research department located within the firm where the research staff members are employees of the firm. External suppliers can be further classified into full service and limited service suppliers. Full service suppliers can be classified as syndicated services, standardised services and customised services. Limited service suppliers can be classified as field services, coding and data entry, data analysis, analytical services and branded products.

8. Describe the steps in the simple linear marketing research process.

The steps involved in the simple linear process are as follows:

- a. Problem definition. Define the marketing research problem to be addressed in terms of discussion with decision-makers, interviews with experts and analysis of secondary data.

- b. Developing an approach to the problem. Develop a broad specification of how the problem would be addressed, which involves the formulation of an objective or theoretical approach, analytical models, research questions, hypotheses and the identification of characteristics or factors that influence the research design.
 - c. Research design formulation. This is a framework for conducting the marketing research project, which specifies the details of the procedures necessary for obtaining the required information.
 - d. Fieldwork or data collection. Data collection involves the use of some kind of field force who could operate either in the field, as in the case of personal interviewing, or from an office, as in the case of phone, mail or electronic surveys.
 - e. Data preparation and analysis. Data preparation involves the editing, coding, transcription and verification of data, and the purpose of data analysis is to derive meaning from the data that has been collected.
 - f. Report preparation and presentation. The report should address the specific research questions identified in the problem definition, describe the approach, the research design, data collection and data analysis procedures adopted and present the results and the major findings.
9. Explain why there may be the need for iterations between stages of the marketing research process.

Although the research process is laid out in a simple linear manner, this does not mean that the researcher designs and completes one stage and then moves on to the other. The problem definition stage requires much work to understand the interrelationships of the environment context of a management decision problem, the nature of a management decision problem and the nature of marketing research to support the decision-maker. Understanding these relationships helps to determine the nature of the research approach, research design and individual research methods. The marketing researcher should develop a full understanding of all the links involved in the research process and be able to see, for example, how changes in the environmental context of a problem may affect a research design, or how problems in approaching and measuring certain types of respondents may affect the definition of a marketing research problem.

10. What arguments can be used by sceptics of marketing research?

Sceptics can turn to many cases of successful marketing decisions made without the use of marketing research. They can also present case material of unsuccessful marketing decisions made with the support of marketing research. The essence of their arguments from the case material covers two key areas that are as follows:

- a. In certain environments, decision-makers may have a strong awareness of their target markets and do not need the benefits of additional research.
- b. Some marketing researchers may have little knowledge of the decision-making processes they are meant to be supporting; their expertise may lie in the technical aspects of conducting research. Such a lack of knowledge can contribute to poorly diagnosed management and research problems, and weak interpretation of research findings.

11. What management skills are increasingly being demanded from marketing researchers?

Marketing researchers in many cases still tend to focus on their own processes instead of the client's needs. Decision-makers do not want a 15-page explanation of why a specific tool or technique has been used. They want researchers to tell them what they should do. Marketing researchers should provide actionable consumer insights that can be used to improve the decision-making process for key executives.

The marketing research industry is seeing a broad differentiation between types of marketing research companies and marketing researchers. One type is the marketing researcher that becomes 'techniques focused', driven by the demands of marketers and buyers who view marketing research as a commodity. The alternative is the marketing researcher driven by the demands for researchers with more creativity and strategic marketing intelligence. Moving towards a business model that is driven by marketing researchers offering strategic marketing intelligence means that researchers and the marketing research industry of the future will be required to do the following:

- Think conceptually – by recruiting a new generation of 'conceptual' thinkers, i.e., researchers who feel comfortable working with higher order business concepts and talking the language of senior decision-makers.
- Communicate in the way that those who commission research think – by knowing how to communicate in the way senior people think, i.e. researchers presenting findings as a 'compelling narrative', not as disparate blocks of information.
- Interpret findings in terms of the whole picture – by thinking holistically about 'evidence', i.e., researchers with the skills to work in a 'holistic' way with all available customer evidence, recognising the need to heavily interpret often imperfect marketing information.
- Integrate findings with others that support marketing decision-makers – by working in a multi-disciplinary way with related marketing services companies: researchers working alongside branding and design and other marketing specialisms to gain a wider market understanding.

12. What arguments would you use to defend investment in marketing research?

That there are two major misconceptions of the role of marketing research:

- a. Marketing research does not make decisions. Rather, research replaces hunches, impressions or a total lack of knowledge with pertinent information.
- b. Marketing research does not guarantee success. Research can only improve the odds of making a correct decision. Anyone who expects to eliminate the possibility of failure by doing research is both unrealistic and likely to be disappointed. The real value of research can be seen over a long period where increasing the percentage of good decisions should be manifested in improved bottom-line performance and in the occasional revelation that arises from research.

13. What factors fuel the growth of international marketing research?

The main factor has been the growth of international trade. The development of global approaches by many organisations has seen many domestic market threats and international market opportunities. Developments in global communications through the growth of the Internet and satellite television have resulted in more knowledgeable and demanding domestic and business consumers in international markets. Given the growth and reach of trade, marketing and advertising activities have fuelled the need for international marketing research.

14. Discuss the ethical issues in marketing research that relate to (a) the client, (b) the supplier and (c) the respondent.

Some of the ethical issues in marketing research that pertain to the client include protecting the public from misrepresentation and providing full and accurate information to the supplier regarding the true purpose of the research, the nature of the problem being addressed and time, cost and resource constraints. Also, clients should not knowingly disseminate conclusions from a project that are not consistent with or warranted by the data. Additionally, they should not solicit specialised research designs or techniques from one supplier and deliver them to another for execution without the approval of the design or technique originator.

Some of the ethical issues in marketing research that pertain to the supplier include adherence to the basic and commonly accepted standards of scientific investigation: research should be conducted in an objective manner free of personal biases and motivations, the accuracy and validity of the procedures or findings should not be misrepresented, details about the procedures and techniques used should be made available to the client upon request, and the confidentiality of the client and the subjects should be maintained.

Some of the ethical issues in marketing research that pertain to the respondent include assurance of anonymity, respondent's privacy and the respondent's right to be informed about the various aspects of the research.

15. Summarise the nature of threats and opportunities that the Internet offers the marketing researcher.

The main threat comes from the Internet enabling anybody to be a 'data collector', including marketing clients, that is research buyers and users. With the relative ease of becoming a 'researcher', the growth rate of the number of online surveys is generating concern and sparking debate. At risk are the levels of quality and ethical standards that have been nurtured and valued in the industry over many years. Because it has become cheap and relatively straightforward to produce surveys through the Internet, those companies with an eye on the bottom line may be tempted to use organisations that do not apply the quality standards prevalent in traditional forms of research.

The main opportunities lie in a number of areas. The process of diagnosing research problems may be enhanced through more effective dialogue between decision-makers and researchers and the access to pertinent secondary data and intelligence. The administration of Internet surveys, interviews and focus groups can allow a global reach in gathering information that is speedy and very cost-effective. The presentation of research findings that allows far more interaction between decision-makers and researchers, and the manipulation of findings to allow for more incisive interpretations, can vastly improve the support offered by marketing researchers.

The marketing research industry must understand Internet technology and use it effectively, but it must be careful not to lose sight of the human element of the accumulated knowledge and added value that good researchers can bring.

Exercises

1. Visit the Website of Taylor Nelson Sofres www.tns-global.com . Examine the nature of Research Services and the Business Solutions they offer. How do you see these fitting together and what is the impact of this fit upon the career opportunities they advertise?
2. Visit the website of the Market Research Society www.mrs.org.uk. Work through the array of publications support they give to their members. Specifically examine and register for

www.research-live.com/ and examine their published code of conduct. Compare the MRS code of conduct with that available on the ESOMAR website www.esomar.org. Are there any differences in their respective approaches to maintaining professional standards in the marketing research industry?

3. Visit the website www.trendwatching.com and register for trend-watching updates if you wish. Critically evaluate the worth of trend watching for the marketing researcher.
4. From national or international newspapers, track down stories of successful entrepreneurial ventures. Evaluate the extent to which marketing research is attributed to their success and/or an awareness of their market(s).
5. In a small group discuss the following issues:

‘What is the ideal educational background for someone seeking a career in marketing research?’

The ideal educational background consists of the following:

- a. Good understanding of marketing and business principles
- b. Strong background in statistics, quantitative and qualitative methods
- c. Ability to use computing software
- d. Solid understanding of the behavioural sciences
- e. Effective verbal and written communication skills
- f. Creativity

And ‘Is it possible to enforce ethical standards within the marketing research industry?’

Enforcing ethical standards will be difficult at best. Many sources of unethical behaviour can be easily covered up or are hard to detect. Some enforcement is possible, such as validating data collection at the field and the home office, monitoring and training field workers, checking data analysis for accuracy and editing reports for accuracy.

Video Case exercise: Burke Inc

Burke describes marketing research as ‘an important and dynamic component of modern business’. How are other means of supporting the marketing decision-maker affecting the importance and dynamism of marketing research?

Discussion should be built around the competing forces or even industries that support marketing decision making – beyond the remit or codes of conduct of marketing research. This should include the use of customer database analytics based on transactions in store, telephone or Internet transactions. With internet transactions, observation of behaviour beyond actually buying products or services may be included. Competitor intelligence is a growing field especially in b2b marketing research. As well as trying to understand competitor behaviour, it can be used to deduce consumer behaviour, especially in areas where access to consumers is difficult and/or their wants cannot be expressed. The role and impact of management consultants should be discussed. They can take the output of technically competent marketing researchers and add value to this by adding insight or

managerial direction to the findings. This is something that the marketing researcher should be doing. Finally, the means to integrate these various sources of support should be explored.

Other points to note from the video include the following:

1. Marketing research has been around for more than a century. After World War II psychology began to play a more integral role in marketing research and soon after that the spread of television led to the study and testing of advertising commercials. In the 1960s and 1970s marketing researchers began to work more with their clients on how to use new ideas to make decisions. In recent years the emphasis has been on generating information to improve the decision making of the client. Over this period marketing research has become an integral part of the decision-making process.
2. Burke believes the role of marketing research is to assist clients in reducing the risk associated with any decision and to improve decision making.
3. Burke offers full service custom marketing research, analysis and consulting for companies. This custom marketing research may include any of the following: brand equity, choice modeling/analysis, concept testing, image research, Internet research, international research, linkage and integration services, need/gap research, pricing and value research, product sampling, purchase decision, qualitative research, segmentation research, speaking, publishing and white papers. All of these options allow Burke to help clients understand their marketplace dynamics and make the best decision possible.
4. Defining the marketing research problem is critical to a successful research project, according to Burke, and much effort is devoted to the definition of the problem. This is the step where a company will find out what the symptoms are and work to identify the causes. To define the marketing research problem the account executive will sit down with the client to determine if the client perceives the problem correctly. It may be the case that Burke would need to change or broaden the scope of this problem. Through these discussions with the key decision-maker Burke will accurately define the marketing research problem. This approach follows the process mentioned in Chapter 2 of the book.
5. Burke uses a six-step marketing research process that is consistent with the one mentioned in Chapter 1 of this book. The steps are problem definition, development of an approach to the problem, research design formulation, data collection, data analysis report preparation and presentation.