Practitioner Viewpoint

The research process is the map that identifies the researchers’ path that leads to a quality understanding of the market. Knowing the steps alone is not enough. Like skilled builders, researchers need to add personal skill to get an outstanding result. Research is a creative process that requires more than the application of mechanical steps. The researcher must assemble a thorough understanding of the business problem and the appropriate research objectives that, when accomplished, provide the information necessary to aid the executive’s decision. The researcher needs to balance the need for speed, accuracy, and budget constraints creatively. Depending on requirements, one must know which steps to skip or expand. Each investigation requires a new mix. The Internet as a commercial tool, global competition, and the explosion of information available to customers are all decreasing the time available to do research. New analytical approaches and collection methodologies help researchers to creatively understand the market situation. The Internet is changing the way we reach customers, providing research stimulation, and distributing study results. Creating actionable insights is the payoff of the research process. This is much more than statistical analysis of the data. Powerful insights come from creatively assembling patterns in the responses from the subgroups of the sample.

Michael A. Lotti
Director, Business Research, and Vice President, Corporate Marketing,
Eastman Kodak Company
**The Marketing Research Process at Kodak**

Michael Lotti, who wrote the preceding Practitioner Viewpoint, is responsible for marketing research at Eastman Kodak Company. He not only responds when other Kodak executives present problems to him but also he must be alert to identify problems that others have not identified. Mr. Lotti must also determine if research is justified. If so, he must clearly define the problem and establish the research objectives so that, when reached, they will provide the necessary information to solve the problem. Mr. Lotti will have to decide the proper research design or basic approach the research will take. Will the research objectives require that he conduct a nationwide, representative survey? Will he need to conduct a few focus groups in a couple of cities or will he need tightly controlled experiments? He must determine if the information he needs is already available in secondary data sources or if he needs to collect his own primary data for the project at hand. If he needs primary data, will he access the data through surveys of online panel members, telephone surveys of randomly selected households, or by interviewing customers in shopping malls? He will have to determine what questions he must ask and how to word those questions to get accurate information from the survey respondents. He must determine how he will select the sample of respondents and how many will be selected. Then he must actually collect the data, analyze it, and write up the results to present to the managers who need the information to make a decision. You can see how being the director of research in a major company can keep you pretty busy. But, even though this seems like a myriad of activities, Mr. Lotti knows how to do his job because he understands the process of marketing research.

This chapter introduces you to the steps involved in the marketing research process. When you finish this chapter, you will be able to “see” the marketing research process in the description of Michael Lotti’s work at Kodak as we have just described. We are going to briefly take you through the steps in the research process in this chapter. For each step, we are going to give you some examples to help you better understand the process. Finally, you will see that the rest of the book is organized around the steps in the marketing research process.

**THE MARKETING RESEARCH PROCESS: 11 STEPS**

We identify the 11 steps in the marketing research process in Figure 2.1. The steps are (1) establishing the need for marketing research, (2) defining the problem, (3) establishing research objectives, (4) determining research design, (5) identifying information types and sources, (6) determining methods of accessing data, (7) designing data collection forms, (8) determining the sample plan and size, (9) collecting data, (10) analyzing data, and (11) preparing and presenting the final research report.

Before we discuss these 11 steps in the marketing research process, we want to point out the caveats of providing you with a step-by-step process. First, although the list does strongly imply an orderly, step-by-step process, it is rare that a research project follows these steps in the exact order that they are presented in Figure 2.1.
There are caveats to learning a step-by-step process. Although the steps are useful to give you a framework for understanding marketing research, not all projects follow these steps in the exact order shown. Sometimes researchers expand or even skip some of the steps entirely in order to get the job done.

In Michael Lotti’s viewpoint about the marketing research process, he actually tells you that this process is not always a step-by-step process. He tells you that researchers sometimes have to expand, or even skip some of the steps. So, instead of being a step-by-step process, marketing research practice is more of an interactive process whereby a researcher, by discovering something in a given step, may move backward in the process and begin again at another step. Finding some new information while collecting data, for example, may cause the researcher to establish different research objectives. Second, as pointed out by Mr. Lotti, any given research project may not involve each and every step shown here. Sometimes you skip steps entirely. The research problem could be resolved, for example, by a review of secondary data, thereby eliminating the need to determine a sample plan or size. What is important for you to know is that, although almost every research project is different, there are enough commonalities among the various procedures and activities to enable us to specify the 11 basic steps of the marketing research process. Thus, learning the research process as a series of steps is necessary to provide you with a framework for understanding marketing research. You just can’t view all research projects as moving through a tightly defined series of 11 steps.
Step 1: Establish the Need for Marketing Research

Marketing research is needed when decision makers must make a decision and they do not have the information to help them make the decision. Look back at the AMA’s definition of marketing research in Chapter 1 and recall the uses of marketing research that we discussed. For example, the need for marketing research occurs when managers are interested in new opportunities in the marketplace and when they see problems. As we learned in Chapter 1, a firm’s MIS should monitor the environments on a continuous basis. Marketing intelligence systems often identify new opportunities in the marketplace, and managers need marketing research to help them make the decision as to whether or not to take advantage of that opportunity. For example, when Internet surveying appeared to be a new, fast, and economical way of gathering data, several companies did the research to determine if Internet surveying represented a viable market opportunity. Greenfield Online, Insight Express, and Socratic Technologies, to name a few, are companies that exist today because they identified online marketing research as a viable opportunity. For products and services that we see today as being very successful and prominent in the marketplace, you should understand that, at one time, they represented a market opportunity. Decision makers did not know if they would be successful. When Bell Labs invented the technology that made cellular telephones possible, many companies conducted marketing research to determine if cell phones represented a viable market opportunity. The early marketing research studies showed cell phones had great promise, and that promise has proven to be true. Will satellite radio be the primary radio medium in the next decade? You better believe that companies are doing research on this opportunity today.

Remember that another use of marketing research is to identify problems. Companies conduct research to identify problems so that they can correct them. Sony is constantly refining its vast line of video cameras, eliminating dislikes, and developing models that have features desired by consumers. Sometimes it’s too late when problems are identified. In 2001 alone the following problems arose too late: Digiscents discovered that, although it is technically possible to send scents via the Internet, there was no market for it. Several PC models went under during the year including the NetPliance IOpener, 3COM’s Adurey, Dell’s Webster, and Gateway’s AOL Companion. The Sony computer named the eVilla was dropped during the same week it was introduced. Marketing research is needed to determine what problems exist. We also know that marketing research is needed to generate, refine, and evaluate marketing actions and to monitor marketing performance.

When Marketing Research Is Not Needed There are several situations in which management should not consider a marketing research project. Here are four situations in which marketing research may be inappropriate.

The Information Is Already Available. When management knows its markets, competition, and the products and services, it may have the necessary information to make an informed decision without commissioning a market research study. Ping, the very successful golf club manufacturer, knows that it must find real improvements in its clubs in order for customers to pay the $550 price tag for a new driver. Ping knows that cosmetic improvements will not work in the marketplace. Today managers have access to much information about their business because computer technology has provided more firms with good information systems (MISs).

Decisions Must Be Made Now! Time is often critical in business decision making and sometimes a decision must be made before any research can be conducted. A competitor introduces a new version of a product that experiences an immediate
Sometimes a tight deadline precludes the application of marketing research to a problem.

We Can’t Afford Research. If conducted in-house, marketing research requires a commitment of personnel, facilities, and budget. If conducted by an outside research firm, money as well as personnel time are needed. If there is not enough money to devote to the market research, management must simply make the decision that those resources are better spent elsewhere. Of course, management always runs the risk of discovering that it invested resources in a strategy that marketing research would have identified as being inferior to alternative strategies. This is one of the “catch-22s” for business management: The firms that are strapped for cash and, thus, feel they cannot afford to spend dollars on marketing research are usually the firms that could probably benefit the most by performing the research to help them make the best decisions.\(^5\) Nevertheless, resources may simply not be available for research. Two well-known consultants in business, Kevin J. Clancy and Robert S. Schulman, suggest that one of the myths that kills business is believing that marketing research must always be expensive.\(^6\) Also, there are some guides\(^7\) and examples\(^8\) for conducting marketing research with tight budgets.

Costs Outweigh the Value of the Research. Some decisions have relatively little impact on company sales, profits, consumer loyalty, dealer goodwill, and so on. As a result, they simply do not justify expenditures on research. Other decisions, however, may be very important, thereby justifying research. For example, how a product’s packaging is designed for shipment to trade shows may seem relatively unimportant. However, the packaging design used to ship products to dealers could be very important in terms of reducing spillage and spoilage and enhancing dealer loyalty. Also, the package design for the customer is very important. Which package design will gain the most attention on the shelf?

Another aspect to consider when weighing the value to be gained against the cost of the research has to do with the confidence that the manager has in the outcome of a proposed decision. The CEO of the marketing research firm Decision Analyst, Jerry W. Thomas, suggests that research should be done when managers can’t afford to be wrong on a decision, when the risks are great, or when the opportunities are big. However, he warns that research should only be conducted when the benefits exceed the costs of the research.\(^9\) The purpose of marketing research is to serve as an aid in decision making, in effect, to reduce the uncertainty in the outcomes of alternative decisions. If the manager feels that he or she knows the possible outcomes, then marketing research should not be used.

Step 2: Define the Problem

Defining the problem is the most important step in the research process. Why? What else matters if we have defined the problem incorrectly? Unfortunately, managers are good at clearly seeing symptoms and are less adept at seeing the real problem. In fact, as we have seen before, research is sometimes used to determine what the problems are. All too often, marketing research studies are commissioned without a clear understanding of the problem the research should address. Take the following situation facing WebMasters, Inc., a Web page design firm. The owner was concerned about declining sales. She hired a consultant who, after one visit to the firm, returned with a proposal to conduct tests of several advertising copy alternatives to be used in the firm’s newspaper advertising program. Do you see anything wrong
with this situation? How does WebMasters know that sales are declining as a result of problems with ad copy? It does not know, and neither does the consulting firm. The problem has not been defined.

This is a classic situation in which marketing research is proposed that does not address the real problem. A firm may spend literally hundreds of thousands of dollars doing market research but, if it has not correctly identified the problem, those dollars will have been wasted. To avoid this scenario, care must be taken to explore all possible causes of the symptom. This requires time and a great deal of communication between the researcher and the client. Often a form of research, called exploratory research, is needed to clearly define the problem so that the proper research may be conducted. We discuss exploratory research under step 4. The process of defining the problem is discussed in detail in Chapter 4 of this book.

Step 3: Establish Research Objectives

Research objectives, although related to and determined by the problem definition, are set so that, when achieved, they provide the information necessary to solve the problem. Let us consider the following example. Independent insurance agents typically belong to a state association called, for instance, the Independent Insurance Agents of Iowa. The association is responsible for educational programs, lobbying with state insurance boards, and technical advice. If the association were concerned with responding to the needs of its members, reasonable research objectives would include (1) to determine how important each of the association’s services are to its members and (2) to assess how satisfied members of the association are with the association’s performance of each service.

A good way of setting research objectives is to ask, “What information is needed in order to solve the problem?” Because the association’s services are in place, the research objectives would translate as follows:

- Determine the average importance level of each service.
- Determine the average level of satisfaction for each service.

You should notice that these research objectives are different from the defined problem. Yet, when the information is gathered as a result of carrying out these
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Research objectives identify what specific pieces of information are necessary to solve the problem at hand.

Step 4: Determine Research Design

Almost every research project is different but there are enough similarities among research projects to enable us to categorize them by the research methods and procedures used to collect and analyze data. There are three types of these categories, which are referred to as research designs: (1) exploratory research, (2) descriptive research, and (3) causal research.

Exploratory research is defined as collecting information in an unstructured and informal manner. It is often used when little is known about the problem. Analyzing secondary data in a library or over the Internet is one of the most common ways of conducting exploratory research. An executive reading about demographic trends forecast for the next five years in *American Demographics* would be an example of conducting exploratory research. A manager observing the lines of customers awaiting service at a bank would be an example of exploratory research.

Descriptive research designs refer to a set of methods and procedures that describes marketing variables. Descriptive studies portray these variables by answering who, what, why, and how questions. These types of research studies may describe such things as consumers’ attitudes, intentions, and behaviors, or the number of competitors and their strategies. Although most descriptive studies are surveys in which respondents are asked questions, sometimes descriptive studies are observation studies that observe and record consumers’ behavior in such a way as to answer the problem. When Bissell Inc. conducted marketing research on the Steam Gun, an elongated cleaning device that used steam to remove stubborn dirt, the company gave the product to families and then observed them using the product in their homes. In addition to learning that they needed to change the name, the company learned several important lessons that led them to successfully market the Steam N’ Clean.10

The final research design, causal research, allows us to isolate causes and effects. We call causal research designs experiments. Some researchers conducted an experiment on the effects of Yellow Page ads. The experiment allowed them to conclude that color is better than black and white and that photos are better than line art at causing more favorable customer attitudes and perceptions of quality and credibility. The experiments also showed that these relationships varied across product categories.11 This is powerful information to companies that spend huge sums of money on Yellow Pages ads each year. We discuss causal designs in Chapter 5.

Step 5: Identify Information Types and Sources

Basically, two types of information are available to a marketing researcher: secondary data and primary data. Secondary data are information that has been collected for some other purpose. That is, it is being used for a purpose that is secondary to its original function. Sources of secondary data can be external, such as census data, *Sales & Marketing Management’s Survey of Buying Power*, and countless other publications. Or sources can be internal, arising from sources inside the firm, such as databases containing customer information. Much may be learned from secondary data. However, when existing information does not suit the problem at hand, researchers must resort to collecting primary data. Primary data are information gathered specifically for the research objectives at hand.
Step 6: Determine Methods of Accessing Data

Once researchers determine which type or types of information are needed, they must determine methods of accessing data. How do they accomplish this? It depends on the type of data needed. Compared to primary data, accessing secondary data is relatively easy. If the data are internal, the manager may gather the information from company records, salespersons, other company executives, marketing information systems, or even scanning systems, which offer a wealth of information.

Methods of accessing external secondary data have greatly improved over the last few years. Not only has the quantity of information available increased but, perhaps more significantly, the Internet has vastly improved our ability to easily and quickly retrieve the information from online information services and from the Web sites of organizations providing such information. Still, much valuable information is available at your local library. Not all information is electronic. Books are still a good resource for information.

The basic methods for collecting primary data include the telephone, mail, and face-to-face methods including door-to-door interviews, mall-intercept studies, and online surveys. Qualitative data are also gathered in observation studies (see Marketing Research Insight 2.1), focus groups, and other methods. The advantages and disadvantages of these methods are discussed in Chapters 8 and 9.

Additional Insights

Sorensen Associates, Inc. Accesses Data by Observation

There are many ways that marketing researchers access data. One method is to observe what people do. Sorensen Associates, known as “the in-store research company,” conducts observation studies inside supermarkets and other retail stores.

Consumers buy over $400 billion of groceries and other consumer packaged goods (CPG) from supermarkets and other retail stores every year. Other than small qualitative studies and a very few larger quantitative studies, very little is known about the actual paths and practices of shoppers in stores. This situation is being remedied by a new research technology called PathTracker™. This system electronically tracks the path of every shopper in the store and correlates their path with the purchases made at the checkout counter. To the right is an example of the “flow” in one supermarket.

What is readily apparent is the general counter-clockwise motion around the perimeter “racetrack.” The general drift from the back of the store to the front is also obvious. However, other PathTracker™ studies show a dominance of “excursion” shopping, rather than the commonly expected “zig zag” pattern up and down the aisles. An excursion happens when the shopper leaves her dominant path and then returns to it later. This common behavior is not obvious to an observer because when watching shoppers in aisles, one sees them moving through an aisle, and then will pass in the reverse direction through an adjacent aisle. In fact this behavior is not as common as imagined.

Sorensen provides valuable research information to companies marketing products in supermarkets and other retail stores. Understanding how consumers shop in stores is important in determining how firms design product packaging and in determining what type and how much in-store promotion they must use to gain shoppers’ attention. We introduce you to the founder of Sorensen Associates, Herb Sorensen in the following Meet a Marketing Researcher.
Step 7: Design Data Collection Forms
The design of the data collection form that is used to ask and record information gathered in marketing research projects is critical to the success of the project. Even when the correct problem has been defined and the most appropriate research design planned, asking the wrong questions, or asking the right questions in the wrong order, will destroy the usefulness of the research effort. Whether the research design requires that respondents be asked questions or that their behavior is observed, standardized forms, called questionnaires, record the information. A questionnaire’s apparent simplicity (writing a list of questions) is very deceptive. Care must be taken to design a questionnaire that will cooperatively elicit objective information from the respondents. This means avoiding both ambiguous and leading questions. Additional considerations must be made for observation studies. In recent years, software programs have been made available to researchers to assist in creating surveys. Some of the newer software programs allow users to post the surveys on the Web and data are automatically downloaded into a statistical package such as SPSS when respondents complete answers to the survey questions. One such software program is WebSurveyor.

Step 8: Determine Sample Plan and Size
Typically, marketing research projects study subsets, called samples, of populations in order to learn about the entire population. General Mills uses a sample of homemakers to learn about the cooking preferences of all homemakers. Pfizer pharma...
Pharmaceuticals studies a sample of physicians in order to learn the preferences of doctors for drug prescriptions. The sample plan refers to the process used to select units from the population to be included in the sample. A sample plan, for example, would tell Pfizer how to select physicians for its sample from among all physicians. There are different sample plans and each has advantages and disadvantages. The sample plan determines how representative the sample is of the population. You will learn how to select the appropriate sample plan depending on the objectives of the research objectives in Chapter 12. Sample size, as the name implies, refers to determining how many elements of the population should be included in the sample. As a rule, the larger the sample the better, but you can have a sample that is too large, which wastes research dollars. The size of the sample determines the accuracy of the sample results. In Chapter 13 you will learn how to calculate a sample size that is just large enough to give you accurate results. There are research firms, such as Survey Sampling, Inc. and STS Samples, that help researchers with their sample plans and sample size problems.

Step 9: Collect Data

Data collection is very important because, regardless of the data analysis methods used, data analysis cannot “fix” bad data. Data are usually gathered by trained interviewers who are employed by field data collection companies to collect primary data. Many possible errors, called nonsampling errors because they are attributable to factors other than sampling errors, may occur during data collection. Such errors include selecting the wrong sample elements to interview, securing subjects who refuse to participate or are simply not at home when the interviewer calls, interviewing subjects who intentionally give out the wrong information, or hiring interviewers who cheat and fill out fictitious survey questionnaires. Even interviewers who honestly complete their interviewers may make inadvertent nonsampling errors by copying down the wrong information on their survey form. Needless to say, good marketing researchers must be aware of the errors that may occur during data collection and should implement plans to reduce these errors. Unlike sampling error, you cannot measure the amount of nonsampling error that may exist in a study. Therefore, it is important to know the possible causes of nonsampling error so that appropriate steps can be taken to limit its occurrence. You will learn the causes of nonsampling errors and how to reduce those errors in Chapter 14.

Step 10: Analyze Data

Once data are collected, data analysis is used to give the raw data meaning. Data analysis involves entering data into computer files, inspecting the data for errors, and running tabulations and various statistical tests. The first step in data analysis is data cleaning, which is the process by which the raw data are checked to verify that the data have been correctly inputted from the data collection form to the computer software program. Typically, data analysis is conducted with the assistance of a computerized data analysis program such as SPSS. You will learn how to conduct basic descriptive data analysis in Chapter 15, how to make statistical inferences from your data in Chapter 16, how to determine if there are significant differences in Chapter 17, how to determine if there are significant associations in Chapter 18, and how to make predictions in Chapter 19. You will learn all of these types of data analysis using SPSS software.

Step 11: Prepare and Present the Final Research Report

The last step in the marketing research process is to prepare and present the final research report—one of the most important phases of marketing research. Its importance cannot be overstated because it is the report, or its presentation, that properly
Preparing the marketing research report involves describing the process used, building meaningful tables, and using presentation graphics for clarity.

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Communicates the study results to the client. Sometimes researchers not only turn in a written research report but they also make an oral presentation of the research methods used to conduct the study as well as the research findings to their client. In Chapter 20 we show you how to write a marketing research report and we provide you with suggestions on how to give oral presentations.

METRO CIVIC CENTER: A CASE EXAMPLE
OF THE MARKETING RESEARCH PROCESS

We are providing a case, Metro Civic Center, to further illustrate the steps in the marketing process. By reading this short case example, you should have a clearer understanding of the research process and how the steps in the research process fit together. Metro Civic Center is an auditorium facility that can seat 20,000 persons. It is a modern building with the ability to host a variety of events including ice shows, basketball games, rock concerts, and so on. The building is owned by the city government and is operated by Civic Center Operators, Inc. (CCO). CCO is in charge of all Metro Civic Center operations and its contract with the city requires that the center earn a profit by the end of the three-year contract period.

Establish the Need for Marketing Research

CCO took over the Metro Civic Center contract in January 2003. The management company had taken over on short notice and had spent most of the first quarter getting organized and running the events previously scheduled by the former manager. CCO management had immediately installed an MIS and its DSS produced pro forma income statements that showed the center was not likely to earn profits during its first half year of operation. Because the Metro Civic Center had not been profitable during its first three years of operation, CCO’s contract with the city government required that it earn a profit by the end of the three-year contract period. CCO had two and one-half years to turn the center around. But CCO wanted to perform better than the contract minimum. It wanted to be profitable in each year of operation. CCO management knew, based on their experience in other markets, that a strong profit performance almost always led to contract renewals. But CCO had been bound by contracts left over from the former manager of the center who

Marketing research provided the information needed to make the Metro Civic Center profitable.
had run the center for the first three years of its operation. The former manager, Tony Smitherman, was the popular mayor’s brother and, although a locally popular figure, he had no experience in managing entertainment centers. CCO was accustomed to such situations. Carolyn Peck, CCO’s manager, called a meeting of top management. During the meeting Ms. Peck reviewed the income statement projections. Other managers’ views confirmed the gloomy outlook. CCO faced a problem: losses in its first year of operation. Management needed to conduct research to determine what to do in order to get the center back in the black.

Define the Problem
Carolyn Peck invited Mary McBride of Bartram and Associates, a marketing research firm, to discuss the situation. Peck told McBride, “We are losing money.” McBride and Peck both realized this was a symptom and they began exploring causes for the projected losses. The center had to cover significant fixed costs. It had to make a quarterly payment for the cost of the new, modern building, and other costs such as utilities and personnel costs for the maintenance crews were significant. Peck and McBride agreed that the solution to recouping fixed costs was to ensure that the building did not sit idle. But the former manager had done a good job of scheduling many events. McBride wanted to see an analysis of each event. How many tickets were sold? At what price were the tickets sold? Which events were making money and which were losing money? Three days later, Peck put all the necessary information together and called McBride for a second meeting. The two quickly discovered that, although many events were being scheduled, ticket sales to the events were below par. In fact, only once in the past two years of operation had the center sold out. Other events rarely drew crowds over 3,000 people. As other seats remained empty, revenues were far below the level needed to recoup the fixed and variable costs necessary to earn a profit. Also, revenue from the several dozen concessions that provided food, beverages, and sold merchandise was based on their sales. If there were few people at the event, the concessioners’ sales were low as well. The two agreed to meet again the next day.

Early the next morning Peck and McBride conducted some exploratory research. They simply went through the records of the events and categorized them. They were startled to find that a significant percentage of the events were for bluegrass music bands and for tractor-pulls. The latter events featured specially designed trucks and tractors pulling huge weights and engaging in competitions against one another. The records showed that bluegrass bands attracted a small number of ticket buyers. They also found that the tractor-pulls attracted much larger crowds but the ticket prices necessary to attract persons to this event were very low. Peck and McBride asked employees who had been at the center since it was built if they were aware of the large percentage of bluegrass and tractor-pull events. They responded, “Oh certainly! Mr. Smitherman, the mayor’s brother, loved bluegrass music and tractor-pulls!” Now Peck and McBride were piecing the puzzle together. They realized that Smitherman was using his own preferences to schedule entertainment groups to the center. They defined the problem as determining which entertainment groups to schedule at the Metro Civic Center so that attendance will be maximized for the given ticket price. McBride asked Peck if she had information from the other centers managed by CCO that would help them schedule popular events. Peck stated that she had some ideas but that she wanted to make some calls around the country to confirm her ideas. The two agreed to meet again the following Monday.

By Monday, Carolyn Peck had conducted additional exploratory research by calling her counterpart at six other civic centers around the country in towns about the size of hers. She reported her findings to McBride. The other managers, Peck
stated, confirmed her opinion based on 15 years of experience in the business. There are certain entertainers that will always sell out. Elton John has done this for years and, more recently, other entertainers are part of this elite group such as N'Sync. But, beyond these premiere performers, the popularity of different forms of entertainment varies widely between different markets. In some markets, certain sports events, such as hockey or basketball, never fail to fill the seats. In other markets, rock concerts are the key. And in still other markets, the primary attraction is wrestling. The bottom line was that each market differed markedly. After hearing this, McBride was ready to make a statement. In spite of Smitherman’s good intentions, she explained, he had not really been practicing the marketing concept. What did consumers in the two-county service area of the Metro Civic Center really want in terms of entertainment groups? Smitherman had not determined their needs and, because it was obvious from the exploratory research conducted in other markets, they must determine their customers’ preferences for entertainment groups.

Establish Research Objectives

Research objectives tell the researcher what must be done in order to solve the manager’s problem. The problem stated previously as determining which entertainment groups to schedule at the Metro Civic Center so that attendance will be maximized for the given ticket price can be solved by the following research objective:

Determine the rank-order preferences for entertainment groups among residents, 16 years of age and older, in the two-county service area of the Metro Civic Center.

Now Mary McBride knows that if she carries out the research to achieve the foregoing research objective she will be giving Carolyn Peck the information she needs to solve her problem.

Determine Research Design

McBride had to decide on the basic blueprint for the research. Exploratory research, as usual, had been used in helping to properly define the problem. The research objective required that a description of consumer preferences be obtained. A descriptive research design was needed. McBride knew that a descriptive research design would involve conducting a survey. These surveys can be taken at one point in time or at multiple times. McBride felt the information could be obtained through one survey of the population.

Identify Information Types and Sources

Secondary data on consumer preferences for entertainment groups among residents in the two-county service area were simply not available. However, McBride decided to do some secondary research on entertainment group popularity. Although this would not tell CCO what its two-county market desired, it might be useful in terms of background information. For this study, primary data were needed.

Determine Methods of Accessing Data

McBride considered several methods of collecting the data. The respondents would not have to see or touch anything in order to respond, so she knew that personal, face-to-face interviewing was not necessary. She also knew that CCO would want to have representative information. This meant that McBride would have to ensure that all areas of the two counties would be included in the survey. She discounted sending out a mail survey because it was her experience that few people responded to mail surveys unless a very powerful incentive was included. Simply calling on the
telephone seemed a good choice but so did using the Internet. The Internet would be ideal because it was fast and the responses could be collected online and downloaded into Bartram & Associates SPSS software for data analysis. But McBride was concerned that the two counties had even lower Internet access than the nation as a whole. Although the Internet would give her the results she needed quickly, she was worried about the respondents not being representative of the general population. However, she had heard of Knowledge Networks. Knowledge Networks is an online marketing research company that recruits panel members to respond to surveys by selecting them at random from all over the nation. It then provides its panel members with WebTV and Internet access. So its samples are not based only on persons having Internet access, because they all have Internet access. This seemed the way to go. McBride called Knowledge Networks and, yes, it could offer her access to its sample of panel respondents who live in the two-county area.

**Design Data Collection Forms**

Mary McBride had been in the research industry for several years and had kept up with technological developments. She is very much aware of software that is available to help her design survey questionnaires. She uses WebSurveyor, a computer-assisted questionnaire design software that helps her compose questions, and captures the questionnaire in electronic format for her to email to Knowledge Networks. She carefully composes the questions that will provide the data needed to achieve the research objective. She takes the questionnaire to her client, Carolyn Peck, and they review each question to ensure the responses to the questions will be useful.

**Determine Sample Plan and Size**

Because CCO is going to use the data collected in the survey to attempt to schedule entertainment groups at the Metro Civic Center, the data should be representative of the two-county service area. By using Knowledge Networks’ panel, McBride is assured of a representative sample because Knowledge Networks used a probability sampling plan to recruit its panel members. By probability sampling plan, we mean a plan in which everyone in the county had a chance of being included in the sample. Second, McBride had discussed the accuracy of the findings with Peck. They agreed that they wanted to be 95 percent confident that the survey results would be within 5 percent of the true population’s percentage preference for entertainment groups. That is, if the survey showed that 85 percent of the respondents wanted a rock concert with a certain band, Peck could be 95 percent confident that the entire population’s percentage of preference fell somewhere between 80 percent and 90 percent. Satisfied with this level of accuracy, McBride calculated that they would need a sample of 400 respondents for the survey.

**Collect Data**

Knowledge Networks took only three days to collect the data and the data were downloaded to an SPSS file at Bartram & Associates. Knowledge Networks provided McBride with information on how many respondents had been sent the survey and how many responded to the survey. McBride calculated the response rate as 88 percent.

**Analyze the Data and Prepare the Final Research Report**

While Knowledge Networks was collecting the data, McBride was busy preparing the research report. She prepared the report complete with tables but without data. When the data arrived, McBride used SPSS to determine the average responses to
Data analysis tells you the average response to a question and how far the typical respondent was from this average response. Data analysis also allows you to rearrange or transform categories of responses for purposes of clarity of presentation.

Chapter 2  The Marketing Research Process

Marketing research provides the information necessary to help managers make the right decisions.

the questions and measures of variability to show how similar to the average response the other responses were. She and Peck had also agreed that other information would be important in the survey. One question determined the likelihood that respondents would attend any type of entertainment event held at the Metro Civic Center. McBride used SPSS to put respondents into categories of “Likelihood of Attending the Metro Civic Center” ranging from “Unlikely to Attend Any Event” to “Very Likely to Attend Events.”

When McBride presented the final report, Carolyn Peck asked her to make a formal presentation to the entire management staff. McBride prepared PowerPoint slides and rehearsed her presentation. When she presented the findings, it was very clear to Peck and the rest of the CCO management which entertainment groups to schedule. The top preferences did not include any bluegrass bands or tractor-pulls! The research objective had been met.

Three months later, the first entertainment group chosen based on the marketing research study had performed. Mary McBride called Carolyn Peck the next morning. Carolyn happily reported that the event had drawn 12,500 persons and that the next two events scheduled were sold out! The information provided by the research had led to decisions that resolved the management problem. McBride made a note to follow up in six months to discuss updating the research the following year.

SOME FINAL COMMENTS ON THE MARKETING RESEARCH PROCESS

We don’t mean to imply that all marketing research processes are as straightforward as we show in the Metro Civic Center case. Is this case fictitious? No. The case is based on a real-world marketing research project. Only the names and certain details were changed for confidentiality or updating purposes. Although many cases are just as straightforward as we have shown here, the point we want to make is that there is great diversity in marketing research projects. A research project designed to produce a new name for a new type of razor blade is very different from a research project designed to forecast sales in units for a brand-new product. Yet, as we told you at the beginning of this chapter, the steps in the research process still provide you with a good framework for understanding marketing research. In Chapter 3 we continue our introduction to marketing research. You are about to learn about the industry itself as well as the ethical issues facing the industry.

SUMMARY

There is great variability in marketing research projects. Some studies are limited to a review of secondary data; others require complex designs involving large-scale collection of primary data. But even with this diversity of research projects, there are enough commonalities among these projects to enable us to characterize them in terms of “steps of the research process.” These steps are (1) establishing the need for marketing research, (2) defining the problem, (3) establishing research objectives, (4) determining research design, (5) identifying information types and sources, (6) determining methods of accessing data, (7) designing data collection forms, (8) determining sample plan and size, (9) collecting data, (10) analyzing data, and (11) preparing and presenting the final research report.

There is value in characterizing research projects in terms of successive steps. First, the steps give researchers and nonresearchers an overview of the entire research process. Second, they provide a procedure in the sense that a researcher, by referring to the steps, knows what tasks to consider and in what order. However, an informed researcher and client should know there are caveats in such a step-by-step process.
procedure. Only by being thoroughly familiar with the research process is a researcher or client in a position to understand some of the problems associated with following a cookbook, step-by-step procedure. Many problems may not require, for example, the collection of primary data, data analysis, and so on. Furthermore, the steps shown in this chapter are interactive. That is, after collecting some data, the researcher may decide that the problem needs to be redefined, and the process may start over. A case, Metro Civic Center, is presented which illustrates the 11-step research process in a marketing research project.

**KEY TERMS**

| Steps in the marketing research process (p. 27) | Primary data (p. 32) |
| Exploratory research (p. 32) | Sample plan (p. 35) |
| Descriptive research (p. 32) | Sample size (p. 35) |
| Causal research (p. 32) | Nonsampling errors (p. 35) |
| Experiments (p. 32) | Data analysis (p. 35) |
| Secondary data (p. 32) | Data cleaning (p. 35) |
| Probability sampling plan (p. 39) |

**REVIEW QUESTIONS/APPLICATIONS**

1. What are the steps in the marketing research process?
2. Use an example to illustrate that the steps in the marketing research process are not always taken in sequence.
3. Explain why firms may not have a need for marketing research.
4. Why is defining the problem the most important step in the marketing research process?
5. Explain why research objectives differ from the definition of the problem.
6. What are the three types of research that constitute research design?
7. Which part of the research process ensures that the sample is representative?
8. Which part of the research process ensures the accuracy of the results?
9. Go to the Internet and do a search for marketing research firms. Look through their Web pages. Can you identify examples of what they are presenting to you as relating to steps in the research process?
10. Go to your library or the Internet and look for examples of firms conducting a marketing research study. There are many examples reported in periodicals such as *Advertising Age*, *Marketing News*, *Business Week*, and *Forbes*. Typically, these articles will mention a few details of the research project itself. Identify as many of the steps in the marketing research process as possible that are referred to in the articles you find.
11. Observe any business in your community. Examine what it does, what products or service it provides, its prices, its promotion, or any other aspect of its business. Try to determine whether or not you, if you managed the business, would have conducted research to determine the firm’s products, their design, features, prices, promotion, and so on. If you decide that you would not have conducted marketing research on a given area, explain why.

**INTERACTIVE LEARNING**

Visit the Web site at www.prenhall.com/burnsbush. For this chapter, work through the Self-Study Quizzes, and get instant feedback on whether you need additional studying. On the Web site, you can review the chapter outlines and case information for Chapter 2.
Technology has been developed that would allow for the broadcast of many radio channels all over the United States and other parts of the world via satellite. Radio signals broadcast from satellite would give consumers the ability to listen to their favorite “local” radio station no matter where they were. Also, a large variety of programmed music may be available on many channels dedicated to a particular type of music, such as classical, r&b, rock, or country. Nonmusic channels featuring talk shows, classic radio, sports, or comedy, for example, may also be available. The signals would be high-quality digital signals and listeners would get a readout on their radio of the names of the program, song title, and artist to which they were tuned. Many channels will be commercial free. Programming partners would include Sesame Workshop, NASCAR, Associated Press, CNBC, CNET, BBC World Service, and BBC Concerts, USA Today, AsiaOne, BET, Radio One, The Sporting News, CNN/Sports Illustrated and CNN Financial Network, Bloomberg, Hispanic Broadcast Corporation, C-SPAN Radio, Clear Channel and DIRECTV, National Lampoon, Discovery, Firesign Theatre, and MTV. This wide variety would give listeners a large choice of listening preferences.

In order to listen to satellite radio, a listener would have to have a radio equipped with a satellite receiver. Estimates are that radios built with the receivers would retail somewhere around $300. Different models are proposed. One model is for installation in existing car radio housings. Another model is a home, table model, and still a third model is portable and can be used anywhere.

The Federal Communications Commission (FCC) has decided to grant two licenses for satellite radio in the United States. Several companies are considering seeking the satellite radio license from the FCC. After filing for the application, the FCC will award licenses to two applicants.

1. Assume you are considering filing for the FCC license. On what will you base your decision to file or not file?
2. Is it likely that you, as a potential investor in this industry, would already have the information needed to make this decision? If yes, what is the information and what would your decision be? If no, what would now be needed?
3. Assuming you were going to conduct a marketing research study, what do you think the problem and the research objectives would be?
4. Given the research objectives you defined in question 3, do you think the company should conduct exploratory, descriptive, or causal research? Why?
5. Will you need to collect primary or secondary data?
6. How will the data be collected? Should you use the telephone, mail, Internet, or personal interviewing?
7. What about a sample plan? Should this be a national sample or would it be appropriate to sample people in a few cities spread out geographically around the United States, such as New York, Chicago, Dallas and Los Angeles?
8. What is the important information that should be included in the final report?
success even though he had seen many failed attempts in the restaurant business. Stripling was confident in Dean because he felt, with his restaurant supply experience, few people knew the restaurant business as well as Dean.

Dean’s idea was to not try to compete with everyone else. There were too many restaurants that, except for their décor and a few menu items, offered little new to the market. He had seen many of the “me-too” restaurants falter after a short time of operation. His plan was to offer something not currently available in the market even though the city was fairly large. Dean had traveled extensively during his career. His primary purpose in traveling had been to attend trade shows in the restaurant supply business. There were usually several of these a year and Dean had been diligent about attending these shows as he learned about new products and services his supplier firms were offering for him to sell to his local restaurants. While attending the trade shows, Dean and some of his friends made a habit of visiting restaurants of all types in the various cities. Dean was familiar with restaurants in New Orleans, San Francisco, Dallas, Miami, New York, and many of the other major cities in the United States. These cities all had restaurants like the restaurants he had as clients at home and they had these same types of restaurants by the dozens. But there was one type of restaurant these cities had that was missing from his metro area. His city did not have a fine, upscale restaurant featuring the finest entrées, drinks, and desserts in an elegant atmosphere. He had visited with the owners of these types of restaurants in several of the cities in which he traveled. Many had been very willing to talk with him about what they had learned and how they operated. Dean had planned his restaurant for several years. He took the best ideas from the restaurants he had visited and put them into his plan. His restaurant would be called “The Hobbit’s Choice.” Dean was a fan of the author J.R.R. Tolkien, and he thought the reference to the Hobbits would be perfect in a name for an upscale restaurant. The Hobbits, characters in Tolkien’s writings, were portrayed as good, fun-loving people whose lives primarily centered around eating.

1. What reasons would you give for Jeff Dean to not conduct any marketing research?
2. What reasons would you give for Jeff Dean to conduct marketing research?
3. If you were Jeff Dean, what would you do in terms of not conducting or conducting marketing research? Why?