Recap
Step 1: Identify and define the Problem or Opportunity

Step 2: Define the Marketing Research Problem

- **Management Problem**
  - Focus on symptoms
  - Action oriented

- **Marketing Research Problems**
  - Focus on causes
  - Data oriented

**Problem Formulation and Approach**

- Understanding the managerial decision problem/opportunity
- Translate into research objective(s) (what information is needed)
- Pose the right research questions
- State questions in terms of hypotheses
- Know what information is needed

**The Marketing Research Process**

**Today’s Focus**

- **MANAGEMENT PROBLEM**
- **MARKETING RESEARCH PROBLEM**
- **RESEARCH DESIGN**
  - Exploratory, Descriptive, Causal
  - Primary/Secondary data
- **DATA COLLECTION**
- **DATA ANALYSIS**
- **RESEARCH REPORT**

**Step 3: Specify the Research Design**

- What type of research is going to be used and the source(s) of the data.
- For example, deciding between exploratory, experimental, or descriptive research

**Research Design**

- **Definition**
  - A framework or blueprint for conducting the marketing research project
- **Components**
  - Information needed
  - Data collection methods
  - Measurement and scaling procedures
  - Sampling process and sample size
  - Data analysis procedures
A Broad Classification of Marketing Research Designs

Exploratory Research

Exploratory Research Cont’d

Conclusive Research

Descriptive Research

Exploratory Research

- What are its characteristics?
  - Research is flexible and unstructured
  - Findings tentative
  - Used as building block for more research
  - e.g. pilot surveys, secondary data, focus groups
  - Done on a small non-representative sample

- Why is it used?
  - When looking for insights into the problem
  - To help define hypotheses (but does not test) and key variables
  - To identify alternative courses of action
  - When Information needs vague
  - For establishing priorities for further research

What Methods Are Used?
- Secondary data
- Qualitative research
- Focus groups
- Case studies

When is it done?
- Generally initial research conducted to clarify and define the nature of a problem

What is it’s main limitation?
- Does not provide conclusive evidence - subsequent research expected

What is the Objective?
To describe something, e.g. Target market population characteristics, proportion of users, predict future demand,

What are the characteristics of exploratory research?
- More rigid than exploratory
- Problem well understood
- Tests specific hypotheses
- Formal and structured
- Large representative samples
- Provides a snapshot of the market environment
Descriptive Research

What Methods are Used?
- Surveys (primary data)
- Panels
- Scanner data (secondary data)

When Used?
- Often a follow-up to exploratory research

WestJet wants to know whether it should expand its flight offerings into the International Market. In designing a market research project to provide WestJet with information to help them decide, answer the following six questions.

1. Who should be considered?
2. Where should the respondents be contacted to obtain the right information?
3. When should the information be obtained from respondents?
4. What information should be obtained?
5. Why are we obtaining the information from the respondents?
6. How are we going to obtain information?

Examples:
- Market segmentation studies, i.e., describe characteristics of various groups, size of market, buying power of consumers.
- Determining perceptions of company or product characteristics
- Price and promotion elasticity studies
- Product usage studies that describe consumption patterns
- Sale potential studies for particular geographic region or population segment,
- Advertising studies that describe media consumption habits and audience profiles for specific television programs and magazines

Descriptive Research Designs

- Two types of designs
  - Cross-sectional designs
    - Involves collection of information from sample of respondents only once
    - Could have a single cross-sectional design (only one sample) or multiple cross-sectional design (many samples of respondents)
    - Most popular design in marketing research
    - Example: Sample surveys
  - Longitudinal Designs
    - A fixed sample of the population is measured repeatedly, i.e., same respondents studied over time
    - Large amounts of data can be collected but can be expensive
    - Useful for tracking changes in consumer attitudes and behavior over time
    - Example: Diary panel data

I keep six honest serving men, (they taught me all I knew), their names are what and why, and when, and how, and where and who”

--Rudyard Kipling
Causal Research

What is the objective of causal research?

To obtain information regarding cause and effect relationships

Characteristics?

Independent variable manipulated in a relatively controlled environment

Main method is experiment

Used to understand which variables are causes (independent variables), and which variables are the effects (dependent variables)

What is the objective of causal research?

Exploratory Research
(Unaware of Problem)

"Our sales are declining and we don't know why."

"Would people be interested in our new product idea?"

Descriptive Research
(Aware of Problem)

"What kind of people are buying our product?

"What features do buyers prefer in our product?"

Causal Research
(Problem Clearly Defined)

"Will buyers purchase more of our products in a new package?"

"Which of two advertising campaigns is more effective?"

Step 4: Develop the Data Collection Procedure

- Decide whether the data will be collected through surveys, interviews, focus groups, etc.

Step 5: Design the Sampling Procedure

- Decide who will be in the sample, how those people are selected, and the size of the sample.

Step 6: Collect the Data

- go out and collect as determined in steps 4 and 5

Step 7: Process and Analyze the Data

- Code and then analyze the data by testing hypotheses

Step 8: Present the Results

- Create an oral or written presentation of the results of the study

Gourmet Cookies in SW Calgary is planning on launching a new line of cookies and wants to assess the market size. The cookies are a mixed-chocolate-pineapple flavour and will be targeted at the premium end of the market.

1. What is the management decision problem?
2. What is the marketing research problem?
3. What might be some specific research questions for this problem?
4. How would you go about researching these questions?
Secondary Data
Data gathered and recorded by someone else prior to and for a purpose other than the current project.
Is often:
• Historical
• Already assembled
• Internal to corporation

Fact Finding
- Identifying consumption patterns
- Tracking trends

Model building
- Estimating market potential
- Forecasting sales
- Selecting trade areas and sites

Data Base
- Development of Prospect Lists

Marketing
- Enhancement of Customer Lists

Advantages of Secondary Data
- Inexpensive
- Obtained Rapidly
- Needs no access to subjects or respondents (convenient)
- Information is not Otherwise Accessible
- Can provide Insights into problem during exploratory phase
- Can provide background data on trends etc. which lends credibility to the report

Disadvantages of Secondary Data
- Lack of Availability (e.g. new products; image)
- Uncertain Accuracy
- Data Not Consistent with Needs (not relevant)
- Inappropriate Units of Measurement
- Time Period Inappropriate (Dated)

Evaluating Secondary Data
1. Applicability to project objectives
   - Does the data help to answer questions set out in the problem definition?
   - Does the data apply to the time period of interest?
   - Does the data apply to the population of interest?

2. Accuracy of the data
   - Do the other terms and variable classifications presented apply?
   - Are the units of measurement comparable?
   - If possible, go to the original source of the data?
Is the cost of data acquisition worth it?

Accuracy of the data

Is there a possibility of bias?

Can the accuracy of data collection be verified?

Internal Data

- Accounting information
- Sales information
- Backorders
- Customer complaints

Data Mining

The automated extraction of hidden predictive information from large databases

E.g. Blockbuster mines its video rental history database to recommend rentals to individual customers

External Data

Created, recorded, or generated by an entity other than the researcher’s organization.

Sources of External Data

- Libraries
- The Internet
- Vendors
- Producers
- Books and periodicals
- Government
- Trade associations
- Newspapers and journals
<table>
<thead>
<tr>
<th>Commercial Sources</th>
<th>You have decided to open a new retail store in Calgary that will sell personal computers and software. What information do you need to help you determine where to locate?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø Attitude and public opinion research—syndicated services report the findings of opinion polls</td>
<td>What secondary data are available to help you decide where to locate the store?</td>
</tr>
<tr>
<td>Ø Consumption and purchase behavior data</td>
<td></td>
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<tr>
<td>Ø Advertising research—readership and audience data</td>
<td></td>
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<tr>
<td>Ø Market share data companies like A.C. Nielsen provide information about sales volume and brand share over time</td>
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