

## LECTURE NOTES

### CHAPTER OPENING EXAMPLE

#### MARKETING RESEARCH HELPS SINGHA CORPORATION IN THAILAND TO UNDERSTAND BEER DRINKERS BETTER

Marketing research helps Singha Corporation in Thailand to understand beer drinkers better.

##### A. Marketing Problem, Purpose and Methods Used in Singha Market Research

- Marketing problem: How can Singha reverse its market share in the beer industry?
- Purpose of marketing research: To examine how Thailand consumers in Bangkok and Chiangmai perceived six of local and foreign brands of beer.
- Methods used:
  - a. Qualitative study – focus group to examine attributes of beer brands and characteristics of each group of beer drinkers.
  - b. Quantitative study – multidimensional scaling to allow consumers to rate degree of similarity among the six beer brands based on their own criteria and perspective, also to compare beer brands based on their attributes and dimensions.

##### B. Marketing Research Findings

- Intense discussion with beer drinkers has produced the following findings:
  - a. Singha brand is viewed as beer to be drunk with family members and friends in informal or natural settings such as by a river. Characteristics portrayed by Singha are casual, jovial, friendly, good hearted and local.
  - b. Heineken brand, on the other hand, is viewed as beer to be drunk in formal and serious settings such as weddings and business functions. Characteristics portrayed by Heineken are formal, serious, a little aloof, successful and European brewed beer.
- Comparison study of six beer brands in Thailand has produced the following findings:
  - a. Singha, Heineken and Kloster are similarly classified under the attribute of “contemporary”, whereas Carlsberg, Leo and Chang are classified as “traditional”.

- b. In terms dimension, Heineken, Kloster and Carlsberg are considered as “head”, whereas Singha, Leo and Chang are considered as “heart”.
- c. In terms of consumer groups, only Kloster and Heineken shared the same group which is the European brew. The other four brands have their own unique consumer profiles or groups.
- In general, the most significant attribute that determines beer drinkers’ purchase behavior is social situation. Beer drinkers choose brands differently at different social settings as different prestige level is required.

### C. Using Market Research to Regain Singha Market Share

- Analysis of market research findings have suggested a few marketing strategies that Singha could adopt to regain its market share the beer industry.
  - a. Compete directly with European brew brands such as Heineken by creating an European brew brand for Singha itself.
  - b. Reposition Singha brand to even more “heart” to reach out to more “Interantional Thai” group.
  - c. Reinforce itself as an “International Thai” brand in Thailand market by strengtening its export to foreign markets.

## I. THE ROLE OF MARKETING RESEARCH [LO1]

Placing marketing research in perspective involves describing: (1) what it is, (2) some difficulties in conducting it, and (3) the five steps marketers use in conducting it.

### A. What is Marketing Research?

- **Marketing research** is the process of defining a marketing problem and opportunity, systematically collecting and analyzing information, and recommending actions.
- The broad goal of marketing research is to identify and define both marketing problems and opportunities and to generate and improve marketing actions.

### B. Why Good Marketing Research is Difficult

- Marketing researchers face difficulties in asking consumers questions about new, unknown, or personal-type products.

- a. Do consumers really know whether they are likely to buy a product that they probably have never thought about before?
  - b. Even if consumers know the answer, will they reveal it?
  - c. Will consumers' actual purchase behavior be the same as their stated interest or intentions (i.e. buy the same brand they say they will)?
- A task of marketing research is to overcome these difficulties and to obtain the information needed to make reasonable estimates about what consumers will or won't buy.

### C. Five-Step Marketing Research Approach to Making Better Decisions [LO2]

- A **decision** is a conscious choice from among two or more alternatives.
- Marketers try to improve the outcomes of decisions by using more formal, structured approaches to *decision-making*, the act of consciously choosing from alternatives.
- Marketers have developed a more formal, systematic approach to improve the results of marketing research.

## II. STEP 1: DEFINE THE PROBLEM

Fisher-Price's toy testing shows how to define the problem and its two key elements: (1) setting the research objectives and (2) identifying marketing actions suggested by the research.

### A. Set the Research Objectives

- Research objectives are specific measurable goals the decision maker seeks to achieve in conducting the research.
- Typical marketing objectives are to: increase revenues and profits; discover what consumers are aware of and want; and find out why a product isn't selling well.
- In setting these research objectives, marketers have to be clear on the purpose of research they are about to do that leads to marketing actions.
- Marketers must specify the kind of research they want when setting research objectives. The three kinds of research are:
  - a. *Exploratory research* provides ideas about a relatively vague problem.

- b. *Descriptive research* tries to find the frequency that something occurs or the extent of a relationship between two factors.
- c. *Causal research* tries to determine the extent to which the change in one factor changes another one.

## LEARNING REVIEW

### 1. What is marketing research?

Answer: Marketing research is the process of defining a marketing problem and opportunity, systematically collecting and analyzing information, and recommending actions.

### 2. What are the five steps marketing research uses that help lead to marketing actions?

Answer: The five steps are: (1) define the problem; (2) develop the research plan; (3) collect relevant data; (4) develop findings; and (5) take marketing actions.

### B. Identify Possible Marketing Actions

- Effective decision makers develop specific **measures of success**, which are criteria or standards used in evaluating proposed solutions to a problem.
- Different research outcomes—based on the measure of success—lead to different marketing actions. For instance, Asia Pacific Breweries continue to use the relevant advertising theme that invokes stronger brand attitude.
- If all the research outcomes lead to the same marketing actions, then marketing research should NOT be done since it would be useless and a waste of money.
- Marketing research is also used to forecast product sales. Toy retailers must place orders to manufacturers 8 to 10 months before products show up in their stores. Bad forecasts can lead to lost sales due to understocks and severe losses for overstocks.
- Marketing researchers know that defining a problem is an incredibly difficult task.
  - a. If the objectives are too broad, the problem may not be researchable.
  - b. If they are too narrow, the value of the research results may be seriously lessened.
- This is why marketing researchers spend time in defining a marketing problem precisely and writing a formal proposal that describes the research to be done.

### III. STEP 2: DEVELOP THE RESEARCH PLAN

The second step in the marketing research process involves: (1) specifying the constraints on the marketing research activity, (2) identifying the data needed for marketing decisions, and (3) determining how to collect the data.

#### A. Specify Constraints

- The **constraints** in a decision are the restrictions placed on potential solutions to a problem.
- Common constraints in marketing problems are limitations on the time and money available to solve the problem.

#### B. Identify Data Needed for Marketing Actions

Often marketing research studies wind up collecting a lot of data that are interesting but irrelevant for marketing decisions that result in marketing actions.

#### C. Determine How to Collect Data

Two key elements in deciding how to collect data are (1) concepts and (2) methods.

##### 1. Concepts.

- a. *Concepts* are ideas (a picture or verbal description) about products or services.
- b. Marketing researchers frequently develop a *new-product concept*, a picture or verbal description of a product or service the firm might offer for sale.

##### 2. Methods.

- a. *Methods* are the approaches that can be used to collect data to solve all or part of a problem.
- b. Methods issues in developing your research plan include:
  - Can we ask consumers questions that they can answer?
  - Is observing consumers' behavior better than asking them questions?
  - Can we observe behavior without biasing the results?
- c. Information on useful methods is available in trade books, textbooks, and handbooks that relate to marketing and marketing research.

- d. Some periodicals and journals summarize useful methods that solve marketing problems, such as the *Journal of Marketing* and the *Journal of Marketing Research* published by the American Marketing Association.
- e. Special methods vital to marketing are:
  - **Sampling** involves selecting representative elements from a population, such as distributors, customers, or prospects, in order to ask them questions. Their answers are then treated as typical of that population.
  - There are two types of sampling:
    - **Probability sampling** involves using precise rules to select the sample such that each element of the population has a specific known chance of being selected.
    - **Nonprobability sampling** involves using arbitrary judgments to select the sample so that the chance of selecting a particular element may be unknown or zero.
  - **Statistical inference** involves drawing conclusions about a population from a sample taken from that population.
    - To draw accurate inferences, the sample should be representative of population.
    - If the sample is not typical, bias can be introduced, resulting in bad marketing decisions.

## LEARNING REVIEW

### 3. What are the three kinds of marketing research?

Answer: The three kinds of marketing research are (1) exploratory research, (2) descriptive research, and (3) causal research.

### 4. What does *constraints* mean?

Answer: Constraints in a decision are the restrictions placed on potential solutions to a problem, such as time and money.

### 5. What is the difference between concepts and methods?

Answer: Concepts are ideas (a picture or verbal description) about products or services, whereas methods are the approaches that can be used to collect data to solve all or part of a problem.

#### **IV. STEP 3: COLLECT RELEVANT INFORMATION [LO3]**

- Collecting enough relevant information to make rational, informed marketing decisions can entail collecting an enormous amount of information at great expense.
- **Data**, the facts and figures related to the problem, divided into two main parts: secondary data and primary data.
  - a. **Secondary data** are facts and figures that have already been recorded before the project at hand.
  - b. **Primary data** are facts and figures that are newly collected for the project.

##### **A. Secondary Data: Internal**

- Secondary data is divided into two parts—internal and external secondary data—depending on whether the data come from inside or outside the organization needing the research.
- Includes product sales data and customer inquiries and complaints.

##### **B. Secondary Data: External**

- Published data from outside the organization are external secondary data.
- Includes data published by the Asian government statistics departments:
  - a. Census 2000 is a count of the Singapore population in 2000 and is conducted every 10 years.
    - Contains information on Singapore population demographics, literacy, educational attainment, religion, economic characteristics, and so forth.
    - Marketers use these data to identify characteristics and trends of consumers.
  - b. The Central Statistical Organization of the Government of India also publishes the Economic Census 2005, which contains information such as the number of enterprises in India by state, by employment, by nature of operation, and so forth.
  - c. The National Bureau of Statistics of China publishes reports and information in areas such as economic performance, eg. Gross domestic product, gross national product, value add and capital formation, and so forth.

- d. The Philippines National Statistics Office publishes reports and information in areas such as inflation, purchasing power, remittances, family planning and tourism.
- e. Trade associations, universities, and business periodicals provide detailed data to market researchers and planners. These data are available online. See the Web Link box for examples of useful websites for marketing students.
- f. Syndicated services, such as Nielsen Media Research and J.D. Powers, provide a standard set of data on a regular basis.
- g. Other market research suppliers contract with clients to conduct complete marketing research projects.
- h. Several data services provide comprehensive information on household demographics and lifestyle, product purchases, TV viewing and radio listening behavior, and responses to sales promotions.
  - Their principal advantage is the ability of one service to collect, analyze, interrelate, and present this information.
  - Information Resources' InfoScan and AC Nielsen's ScanTrack collects product sales and coupon/free-sample redemptions that were scanned at checkout counters of supermarket, drug, convenience, and mass merchandise retailers in the U.S. and other markets.

### **C. Advantages and Disadvantages of Secondary Data**

- A general rule among marketers is to obtain secondary data first and then collect primary data.
- Advantages of secondary data are:
  - a. Time savings if data have already been collected or exist internally.
  - b. Low cost, such as free or inexpensive Census reports.
  - c. Greater level of detail, especially in Census data.
- Disadvantages of secondary data are:
  - a. May be out of date, especially if Census data, which are collected every 5 or 10 years. This is one reason why the Census Bureau developed the annual American Community Survey.
  - b. The definitions or categories may not be quite right for the project.
  - c. The data are collected for another purpose and may not be specific enough for the project.



## LEARNING REVIEW

### 6. What is the difference between secondary and primary data?

Answer: Secondary data are facts and figures that have already been recorded before the project at hand, whereas primary data are facts and figures that are newly collected for the project.

### 7. What are some advantages and disadvantages of secondary data?

Answer: Three advantages of secondary data are (1) time savings on data collection, (2) low cost as marketers can utilize free or inexpensive Census reports, and (3) greater level of detail, especially data from Census reports.

Three disadvantages of secondary data are (1) outdated reports as data is usually collected every 10 or 5 years, (2) definitions or categories may not be relevant for the project, and (3) data are collected for another purpose or may not be specific enough.

### D. Primary Data: Observing Behavior [LO4]

The two ways to collect new or primary data for a marketing study are by (1) observing people and (2) asking them questions.

1. **Observational Data.** Facts and figures obtained by watching, either mechanically or in person, how people actually behave.
  - b. AGB Nielsen Media Research national TV ratings are an example of mechanical observational data collected by a “people meter,” which is a box that:
    - Is attached to TV sets, VCRs, cable boxes, and satellite dishes in over 26,000 homes across the Asia Pacific.
    - Has a remote that operates the meter when a viewer begins and finishes watching a TV program.
    - Stores and then transmits the viewing information each night to AGB Nielsen Media Research.
  - c. AGB Nielsen Media Research dedicates 100 percent of its resources to the provision of high-quality television audience measurement (TAM).
    - Seven steps involved in TAM process are (1) conducting an establishment survey through large-scale face to face interviews, (2) selecting panel members that reflect population, (3) installing the people meter in the homes of selected panel members, (4) transmitting data on a daily basis from the people meter to the AGB Nielsen production center, (5) generating individual-by-individual and minute-by-minute audience data, (6) associating audience data with specific

television programs, and (7) allowing clients to use the Arianna analysis software to generate customized information for themselves.

- d. In 2004, Nielsen also started to collect data from users of TiVo:
  - TiVo is a popular digital video recorder that allows viewers to pause live TV programming and to fast forward through commercials.
  - Data collected enables Nielsen to find out which TV commercials viewers skip and whether they skip only 10 or 20 seconds into the commercials.
- e. Nielsen//NetRatings also uses an electronic meter to record Internet user behavior.
  - Data collected by tracking the actual mouse clicks made by users from more than 100,000 individuals in 18 countries.
  - Enables the identification of top websites with the largest unique audiences, the top advertising banners viewed, the top Internet advertisers, and global Internet usage for selected European and Asian countries.

**2. Personal Observation.** Other observational data collection methods include watching consumers in person and videotaping them.

- a. *Mystery shoppers.* Posing as a customer and observing their behaviors.
  - b. Watching consumers in person and videotaping them using a product.
  - c. *Ethnographic research,* in which trained observers seek to discover subtle emotional reactions as consumers encounter products in their “natural use environment,” such as in their home, car, etc.
- Personal observational has advantages and disadvantages:
    - a. Is useful and flexible.
    - b. Can be costly and unreliable when different observers report different conclusions in watching the same event.
    - c. Can reveal what people do, but cannot easily why they do it.

**E. Primary Data: Questionnaire Data**

- Most people have filled out some kind of a questionnaire or received a telephone or an e-mail to get their opinions about a particular product, service, or idea.
- Questionnaire data are facts and figures obtained by asking people about their attitudes, awareness, intentions, and behaviors.

## 1. Data Collection Methods and Type of Questionnaires

- a. *Individual interviews* involve a single researcher asking questions of one respondent.
- b. *Focus groups* are informal sessions of 6 to 10 past, present, or prospective customers in which a discussion leader, or moderator, asks their opinions about the firm's and its competitors' products, how they use them, and special needs that they don't address.
  - They are often video-recorded and conducted in special rooms with a one-way mirror so that marketers can hear and watch consumer reactions.
  - They can be effective in uncovering ideas that are often difficult to obtain with individual interviews due to the interaction of the members.
- c. Unusual techniques to spot consumer trends early include having consumers to take a photo of themselves every time they snack, having teenagers complete a drawing (Teenage Research Unlimited) and hiring "cool hunters," people with tastes far ahead of the curve (Look-Look).
- d. More conventional questionnaire studies use personal, mail, telephone, e-mail, fax, or Internet surveys of a large sample of past, present, or perspective consumers.
  - *Personal interview surveys.* Are flexible in asking probing questions or getting reactions to visual materials but are very costly to conduct.
  - *Mail surveys.* Are easy to conduct and relatively inexpensive but are usually biased because those most likely to respond have specially positive or negative experiences with the product or brand.
  - *Telephone interviews.* Allow flexibility but respondents are likely to hang up on the interviewer.
  - *E-mail, fax, and Internet surveys.* Are easy to conduct and relatively inexpensive but are restricted to respondents having the technologies, which are expanding rapidly in consumer households.
  - *Mall intercept interviews* are personal interviews of consumers while on visits to shopping centers.
    - Are used due to the high cost of reaching respondents in their homes using personal interviews.
    - Provide the flexibility to show respondents visual cues such as ads or actual product samples.

- A disadvantage of is that the people selected for the interviews may not be representative of the consumers targeted for the interviews, giving a biased result.

e. Types of question formats:

- *Open-ended question*, which allows respondents to express opinions, ideas, or behaviors in their own words or “voice” without being forced to choose among alternatives that have been predetermined by a marketing researcher.
- *Closed-end or fixed alternative question*, which requires respondents to select one or more response options from a set of predetermined choices.
- *Dichotomous question*, the simplest form of a fixed alternative question, which has only a “yes” or “no” response.
- *Scale question*, which is a fixed alternative question with three or more choices. Consists of the following types:
  - *Semantic differential scale*, which is a five-point scale in which the opposite ends have one- or two-word adjectives that have opposite meanings.
  - *Likert scale*, in which the respondent indicates the extent to which he or she agrees or disagrees with a statement.
- Electronic technology has revolutionized traditional concepts of interviews and surveys.
  - Kiosks in a shopping mall. Respondents read questions and key in their answers on a touch screen.
  - Automated telephone interviews. An automated voice asks questions, and respondents key replies on a touch-tone telephone.

**F. Primary Data: Panels and Experiments**

Panels and experiments are two special marketing research tools.

**1. Panels.**

- a. A *panel* is a sample of consumers or stores from which researchers take a series of measurements to see if consumers change their behavior over time.

- b. The NPD Group collects data about consumer purchases such as apparel, food, and electronics from its Online Panel, which consists of more than 2.5 million individuals globally.
- c. A disadvantage of panels is that the marketing research firm needs to recruit new members continually to replace those who drop out. These new recruits must match the characteristics of those they replace to keep the panel representative of the marketplace.

## 2. Experiments.

- a. An *experiment* is an example of causal research that involves obtaining data by manipulating factors under tightly controlled conditions to test cause and effect.
- b. The interest is in whether changing one of the independent variables (a cause) will change the behavior of the dependent variable that is studied (the result).
- c. In marketing experiments:
  - The independent variables of interest—sometimes called the marketing *drivers*—are often one or more of the marketing mix elements.
  - The dependent variable usually is a change in purchases (incremental unit or dollar sales) of individuals, households, or organizations.
- d. *Test market*, which offers a product for sale on a limited basis in a defined area, are used to help decide the likely effectiveness of potential marketing actions.
- e. A potential difficulty with experiments is that outside factors (such as actions of competitors) can distort the results of an experiment and affect the dependent variable (such as sales).

## G. Advantages and Disadvantages of Primary Data

- Advantages are that primary data are more timely and specific to the problem being studied.
- Disadvantages are that primary data are far more costly and time consuming to collect than secondary data.

## LEARNING REVIEW

### 8. What is the difference between observational and questionnaire data?

Answer: Observational data are facts and figures obtained by watching, either mechanically or in person, how people actually behave. Questionnaire data are facts and figures obtained by asking people about their attitudes, awareness, intentions, and behaviors.

### 9. Which survey provides the greatest flexibility for asking probing questions: mail, telephone, or personal interview?

Answer: personal interview survey

### 10. What is the difference between a panel and an experiment?

Answer: A panel is a sample of consumers or stores from which researchers take a series of measurements. An experiment involves changing a variable in a customer purchase and seeing what happens.

## H. Marketing Dashboards and Syndicated Panel Data

- The Using Marketing Dashboards box shows how marketing managers convert syndicated panel data into actions.
- Market research companies pay households (and businesses) to record all their purchases using a paper or electronic diary, which are the data underlying many marketing dashboards.
- Syndicated panel data economically answers questions that require consistent data collection over time.

## USING MARKETING DASHBOARDS

### Making Sense of Syndicated Consumer Data

#### U.S. Household (HH) Penetration and Buying Rate

**Your Challenge.** Do you pursue new buyers or try to get existing customers to buy more? Your dashboard chart uses the marketing metrics of U.S. household penetration and buying rate to help you answer the question. Let's say there are 100 million households (HH) in the U.S. Your product Super Snack Bar was purchased by 40 million of these households last year. What is the household penetration of this product?

$$\text{U.S. Penetration} = \left[ \frac{\text{HH That Bought Product}}{\text{Total U.S. HHs}} \right] \times 100$$

U.S. Penetration = 40%

These 40 million households bought 120 million bars . The average number of bars purchased per household is called the buying rate.

$$\text{Buying Rate} = \left[ \frac{\# \text{ of Products Bought}}{\text{Total HHs That Bought}} \right] \times 100$$

Buying Rate = 3 bars per HH

The dashboard chart shows how your Super Snack Bar compares with competitors.

**Your Findings.** The circled brands are the largest volume brands. They have the most penetration, and highest buying rates, so they have the highest sales.

**Your Actions.**

- To reduce the penetration gap, focus your marketing plan and volume goals on attracting new customers next year while maintaining the buying rate where it is.
- To attract new customers, you decide to offer free samples at grocery stores, college sporting events, and health clubs and run a new advertising campaign.

**I. Using Information Technology to Trigger Marketing Actions [LO5]**

- The Internet and the PC power provide a gateway to exhaustive sources of information on the competition, the market, and the consumer.
- Marketing managers can drown in an ocean of data. Therefore, they need to adopt strategies for dealing with it all.

**1. The Marketing Manager's View of Sales Drivers.**

- a. Product or brand “drivers” are the factors that influence buying decisions of a household or organization and, hence, sales.
- b. These drivers include both the controllable marketing mix factors like product and distribution as well as uncontrollable factors like competition and the changing tastes of households or organizational buyers.
- c. The marketer’s task is to convert this ocean of data into useful information on which to base informed decisions.
- d. Some market researchers distinguish *data*—the facts and figures—from *information*—the distilled facts and figures whose interpretation leads to marketing actions.

- e. **Information technology** involves operating computer networks that collect, store, and process data.

## 2. Key Elements of an Information System.

- a. Marketers use information technology to frame questions querying the database to provide answers leading to marketing actions.
- b. The questions go through statistical models that analyze the relationships that exist among the data.
- c. The databases form the core, or *data warehouse*, where the ocean of data is collected and stored.
- d. After the search of this data warehouse, the models select and link the pertinent data, often presenting them in tables and graphics for easy interpretation.
- e. Marketers use *sensitivity analysis* to query the database with “what if” questions to determine how a hypothetical change in a driver like advertising can affect sales.

## 3. Data Mining: A New Approach to Searching the Data Ocean.

- a. Traditional marketing research typically involves identifying possible drivers and then collecting data. Then, they try to collect information to verify the truth of any relationship.
- b. **Data mining** is the extraction of hidden predictive information from large databases to find statistical links that suggest marketing actions.
- c. Some statistical links are derived from common-sense purchase patterns such as consumers buying peanut butter are likely to buy grape jelly too. In other cases, the links are seemingly unrelated such as men buying diapers in the evening sometimes buy a six-pack of beer as well.
- d. The success in data mining ultimately depends on humans—the judgments of the marketing managers and researchers in how to select, analyze, and interpret the information.

## V. STEP 4: DEVELOP FINDINGS

Mark Twain once observed, “Collecting data is like collecting garbage. You’ve got to know what you’re going to do with the stuff before you collect it.”



### A. Analyze the Data – Tony Pizza Case Study

- Marketers are usually presented with a set of marketing problems to resolve, such as “How are Tony’s sales doing on a household basis?” and “What factors might be contributing to Tony’s very flat sales over the past for years?”
- Once the answers or data are identified and analyzed, marketers – Tere Carral, Tony’s Pizza marketing manager - can then develop actions for their marketing plans and implement them.

### B. Present the Findings

- Findings should be clear and understandable from the way the data are presented. Managers are responsible for *actions*. Therefore, the results should be delivered in clear pictures (i.e. graphically), and if possible, in a single page.
- Figures 8-8A to Figure 8-8D present the findings of a sales analysis for Tony’s Pizza described in the text.
  - a. **Figure 8-8A.** Shows the annual growth of the Tony’s Pizza brand is stable but virtually flat from 2005 through 2008.
  - b. **Figure 8-8B.** Shows more households are buying pizzas—it’s just that each household is buying fewer Tony’s pizzas. However, the number of households buying pizza is growing, and that’s good news for Tony’s.
  - c. **Figure 8-8C.** Shows that households with three or more are declining in average annual pizza consumption, which usually consist of households with children.
  - d. **Figure 8-8D.** Shows that the serious decline in average consumption in the households with children in the 6- to 12-year-old age group.
  - e. Identifying a sales problem in households with children 6- to 12-years-old is an important discovery, as Tony’s sales are declining in a market segment that is known to be one of the heaviest in buying pizzas.

## VI. STEP 5: TAKE MARKETING ACTIONS

Effective marketing research doesn’t stop with findings and recommendations—someone has to identify the marketing actions, put them into effect, and monitor how the decisions turn out.

### A. Make Action Recommendations

- Data analysis and findings must lead to recommendations that trigger marketing actions with clear objectives.

- Tere recommendation for Tony's Pizza:
  - a. Advertising campaign targetting at children of ages 6 to 12
  - b. Montly promotion calendar to target at 6-to-12 children
  - c. Sepcial event program reaching children 6 to 12

### **B. Implement the Action Recommendations**

- Marketing actions that attempt to resolve the marketing problem include developing or refining one or more of the marketing mix elements or redefining the target market.
- Tere undertakes advertising research to develop its advertising campaign – promotion mix, targetted at children between 6 to 12 years old and family.

### **C. Evaluate the Results**

There are two aspects of the evaluation process:

- a. *Evaluating the decision itself.* This involves monitoring the marketplace to determine if action is necessary in the future.
- b. *Evaluating the decision process used.*
  - Was the marketing research and analysis used to develop the recommendations effective?
  - Was it flawed? If so, could it be improved for similar situations in the future?

## **LEARNING REVIEW**

### **11. What does a marketing manager mean when she talks about a sales driver?**

Answer: “Drivers” are the factors that influence buying decisions of a household or organization and, hence, sales.

### **12. How does data mining differ from traditional marketing research?**

Answer: Data mining is the extraction of hidden predictive information from large databases to find statistical links that suggest marketing actions. Marketing research identifies possible drivers and then collects data.

**13. In the marketing research for Tony's Pizza, what is an example of (a) a finding and (b) a marketing action?**

Answer: (a) Figure 8-9A shows a finding that depicts annual sales from 2005 to 2008. (b) Figure 8-9D shows a finding (the decline in pizza consumption) that leads to a recommendation to develop an ad targeting children 6 to 12 years old.

## APPLYING MARKETING KNOWLEDGE

**1. (a) Why might a marketing researcher prefer to use secondary data rather than primary data in a study? (b) Why might the reverse be true?**

Answers: Secondary data are facts and figures that have already been recorded before the project at hand. Primary data are facts and figures that are newly collected for the project.

**a. Advantages of secondary data relative to primary data.**

1. There is a tremendous timesaving if the data are already collected and published.
2. The cost is typically low or even free.
3. There may be a greater level of detail, especially for U.S. Census data.

**b. Disadvantages of secondary data relative to primary data.**

1. The data may be out of date, especially for U.S. Census data.
2. The definitions or categories might not be quite right for the project.
3. Because the data were collected for another purpose, they may not be specific enough for the project.

**2. Suppose your dean of admissions is considering surveying high school seniors about their perceptions of your school to design better informational brochures for them. What are the advantages and disadvantages of doing (a) telephone interviews and (b) an Internet survey of seniors who have requested information on the school?**

Answers: When choosing to use a telephone interview or Internet survey, the marketing researcher must balance the cost against the expected quality of the information obtained, which is affected by the time required to complete the survey, equipment required, previous experiences, ability to probe the responses given, interview bias, anonymity of the respondent, etc. Specific advantages and disadvantages are listed below.

**a. Telephone interview.**

**1. Advantages.**

- Virtually everyone in the senior high school class has a land line/cell telephone.
- A representative sample of high school seniors may be obtained.
- The telephone interview permits answers to be probed easily to obtain extra information from respondents.
- Moderately expensive, assuming a reasonable completion rate. To reduce costs, some marketing researchers use automated/computerized-calling systems instead of live human beings to complete the telephone interviews.
- Some anonymity is given to respondents since there is not a fact-to-face interview or a specific mailing address is not known to the market researcher.

**2. Disadvantages.**

- The difficulty of getting students to respond to telephone questions and to respond to scaled questions they can hear but not see in writing.
- Including students in the sample who have no interest in the school.
- Moderately expensive, assuming a reasonable completion rate.
- Some interviewers can bias the results due to the inflection of their voices when asking questions.
- Respondents typically limit calls to 5 to 15 minutes in length. Any interview that lasts longer will substantially increase noncooperation—respondents just hang up.
- Some potential respondents may have caller ID or other screening technology that allows them to not answer calls from unapproved telephone numbers.
- Past experiences of telemarketers using a marketing research telephone survey as a guise for a sales call.
- Very intrusive—market researchers typically call during the ‘dinner hour’ from 5:30 PM to 9:00 PM.
- Many potential qualified respondents have unlisted telephone numbers and/or placed themselves on the federal government’s Do Not Call registry. This eliminates them from the universe of qualified respondents, thereby introducing bias into the results since the marketing researcher is not able to adequately reach the desired target market.

- Many potential qualified respondents use their mobile phones as the primary telephone and therefore may not want to cooperate due to connect charges.

**b. Internet surveys.**

**1. Advantages.**

- The sampled respondents have shown their interest in the university so the response rate should be high.
- Usually the least expensive method, assuming adequate completion rates. It is relatively easy to design an Internet survey, post it to a website, and generate e-mails requesting respondent cooperation using off-the-shelf software.
- No opportunity to bias results since form is completed without an interviewer.
- Some anonymity given to respondents since there is not a fact-to-face interview or a specific mailing address is not known to the market researcher.

**2. Disadvantages.**

- Getting new ideas from seniors not requesting information.
- Little flexibility to probe responses or ask complex questions since the self-administered online form must be short and simple to complete.
- Potential qualified respondents need to have a computer, Internet connection, and an e-mail address to send the survey to.
- Some respondents have 'junk mail' filters that prohibit unapproved e-mails.
- Respondents may get 'spammed' with other unwanted e-mail surveys or their e-mail addresses are sold to other firms.
- E-mail survey forms are visually different than mail or fax surveys and require typing or selecting the desired responses with a keyboard or mouse.

**3. Nielsen Media Research obtains ratings of local TV stations in small markets by having households fill out diary questionnaires. These give information on (a) who is watching TV and (b) what program. What are the limitations of this questionnaire method?**

Answer: Using diaries to record television viewing habits has problems because most people don't keep a continuous record of the television programs they have watched but instead wait until the end of several days or a week and then try to reconstruct their viewing. This usually results in serious errors. In addition, the adult who records the family viewing may miss many of the programs watched by younger children or members of the family who are watching TV when the adult is not present.

- 4. The format in which information is presented to a harried marketing manager is often vital. (a) If you were a marketing manager and queried your information system, would you rather see the results in tables or charts and graphs? (b) What are one or two strengths and weaknesses of each format?**

Answers: Delivering the results in “pictures” (charts and graphs) and in a single page if possible helps the marketing manager to see results more quickly.

**a. Tables.**

1. Strengths are allowing quantities of data to be summarized succinctly, provided that good column heads and row stubs have been selected. Data can be presented in detail—e.g., to the nearest penny or percentage point.
2. Weaknesses are overwhelming the reader with quantities of data, in which key points can be lost. Even an experienced interpreter may need time to tease out the critical information from a table of data.

**b. Charts and graphs.**

1. Strengths are allowing high and low points to be seen at a glance. A line or bar graph or a pie chart will be the best choice in different circumstances. If data points are too close together, more space can be assigned to sharpen the picture.
2. Weaknesses are lack of precision and backup detail.

Combining tables, charts, and graphs can overcome the weaknesses and benefit from the strengths of each format. Whenever location is an issue, a map can be helpful in pinpointing where to attack the problem and which people might be best able to take action (e.g., which salespeople might call on specific accounts).

- 6. Kleen detergent decides to run a test market to see the effect of coupons and in-store advertising on sales. The index of sales is as follows:**

ELEMENT IN TEST MARKET	WEEKS BEFORE COUPON	WEEK OF COUPON	WEEK AFTER COUPON
Without in-store ads	100	144	108
With in-store ads	100	268	203

**What are your conclusions and recommendations?**

Answer: Although the coupon without the in-store ads provides a 44% sales increase during the week of the coupon, it drops off significantly to a modest 8% during the week following the coupon. The really sizable sales increase occurs by combining the coupon

with in-store ads to reinforce consumer awareness and interest in Wisk. Assuming the revenues generated from increased sales of Wisk exceed the expense of the in-store ads, the results suggest that Wisk run a coupon along with in-store ads to maximize its sales, since they increased a whopping 268% during the week of the coupon, and only dropped a mere 5% to 203% during the week following the coupon.

7. **Suppose Fisher-Price wants to run a simple experiment to evaluate a proposed chatter telephone design. It has two different groups of children on which to run its experiment for one week each. The first group has the old toy telephone, whereas the second group is exposed to the newly designed pull toy with wheels, a noisemaker, and bobbing eyes. The dependent variable is the average number of minutes during the two-hour play period that one of the children is playing with the toy, and the results are as follows:**

ELEMENT IN EXPERIMENT	FIRST GROUP	SECOND GROUP
Independent variable	Old design	New design
Dependent variable	13 minutes	62 minutes

**Should Fisher-Price introduce the new design? Why?**

Answer: Assuming that the average number of minutes in the play period (the dependent variable) that one of the children is playing with the toy is an adequate measure of effectiveness of toy design (the independent variable), Fisher-Price should introduce the new toy. The reason is that the playtime of 62 minutes with the new toy design far exceeds the 13 minutes of playtime with the old toy design.

## BUILDING YOUR MARKETING PLAN

**To help you collect the most useful data for your marketing plan, develop a three-column table:**

- In column 1, list the information you would ideally like to have to fill holes in your marketing plan.**

Answers: Data sources were also touched on briefly in the Chapter 1 Building Your Marketing Plan when students were selecting a marketing plan topic. Without some available data on the proposed plan, a different product, service, or organization should have been selected. Some of these information needs may consist of market size, market share, or target market characteristics (demographics, usage, media, etc.).

- 2. In column 2, identify the source for each bit of information in column 1, such as a Web search, talking to prospective customers, looking at internal data, and so forth.**

Answers: Some of these sources could include Census data, sales reports, mail survey of prospective customers, interviews with owners or managers, etc.

- 3. In column 3, set a priority on information you will have time to spend collecting by rating them: 1 = most important; 2 = next most important; and so forth.** [Note: This is a 3-pt. scale.]

Answers: This three-column table never appears in the marketing plan itself. But if done well, the tool can generate sufficient data upon which the marketing mix strategies are based. Suppose a student team is developing a marketing plan an existing small, family-owned florist shop. A portion of this three-column table might look as follows:

NEEDED INFORMATION	INFORMATION SOURCE	PRIORITY
• Present target market customers (households and institutions)	• Internal company records	3
• Satisfaction and wants of present customers	• Simple, 8-question survey	3
• Potential target market customers (households and institutions)	• Map and observation of potential customers in local retail trading area	2
• Competitors	• Yellow-pages; map of 15-mile radius retail trading area	2
• Suppliers of flowers, other supplies	• Yellow-pages; interview with owners	1
• Cost of advertising media	• Pricing of Yellow Pages ad, direct mail, local newspaper ad	3
• Break-even data (rent, utilities, average selling price, etc.)	• Interview with owners	3

This prioritizes the data collection tasks. Inform students that some secondary data collection is necessary before a survey can be developed since the students need to have some understanding of the market and its environment. Also, if students plan on collecting primary data, they need to allow for sufficient time to design the instrument, collect the data, analyze the data, and the develop marketing actions.

### Helping with Common Student Problems

Students writing marketing plans often have the classic problem of procrastinators—trying to collect and interpret the data the day before the plan is to be submitted to the



instructor. This needed data analysis step is intended to force students to anticipate the information required and to obtain it before the last minute.

## SLN 8-1: SUPPLEMENTAL LECTURE NOTE

### What is “Truth” in Reporting Survey Results?

Professional marketing researchers have to make ethical decisions in collecting, using, and reporting survey data. Several possible abuses exist:

- Salespeople pretending to collect marketing research data when the real objective is a sales presentation.
- Covering up a bad sample that has too many non-respondents.
- Reporting only part of the data so the client will be pleased with the results.
- Using deception to collect competitive corporate intelligence.

Doctors were surveyed to find out what brand of butter substitute they recommend for their patients concerned about cholesterol. The results:

- Recommend no particular brand—80%
- Recommend Brand A—5%
- Recommend Brand B—4%
- No other individual brand is recommended by more than 2 percent of the doctors.

The firm owning Brand A runs an ad that states: “More doctors recommend Brand A than any other brand.” Its rationale is based on the following true statements:

- More doctors do recommend Brand A than any other brand.
  - Brand A is recommended by doctors 25 percent more often than Brand B, the second most recommended brand.
- a. **Is this ethical? Why or why not?** Although the above claims are true, they and the resulting ad are deliberately deceptive and therefore unethical.
- b. **What kind of advertising statement or claim should the marketing manager of Brand A make?** The marketing manager for Brand A should NOT make a claim about what doctors prefer. Instead, the ad should focus on the healthy benefits of the product. The survey results do not provide a significant benefit to Brand A and could cause confusion among consumers if they were presented in their proper

context. A 5% aggregate preference with a miniscule 1% difference over the next competitor's brand is not a meaningful point of difference to consumers.

- c. **Why kind of ethical guideline, if any, should be used to address this issue?** To be ethical, a complete reporting of the survey results would be needed.

Source: Donald S. Tull and Del I. Hawkins, *Marketing Research, Method, and Measurement*, 5<sup>th</sup> ed. (New York: Macmillan, 1990), Chapter. 23.