

Chapter One

Marketing 8TH EDITION Research

THE ROLE OF MARKETING RESEARCH IN MANAGEMENT DECISION MAKING

LEARNING OBJECTIVES

1. To review the marketing concept and the marketing mix.
2. To comprehend the marketing environment within which managers must make decisions.
3. To define marketing research.
4. To understand the importance of marketing research in shaping marketing decisions.
5. To learn when marketing research should and should not be conducted.
6. To learn how the Internet is changing marketing research.
7. To understand the history of marketing research.

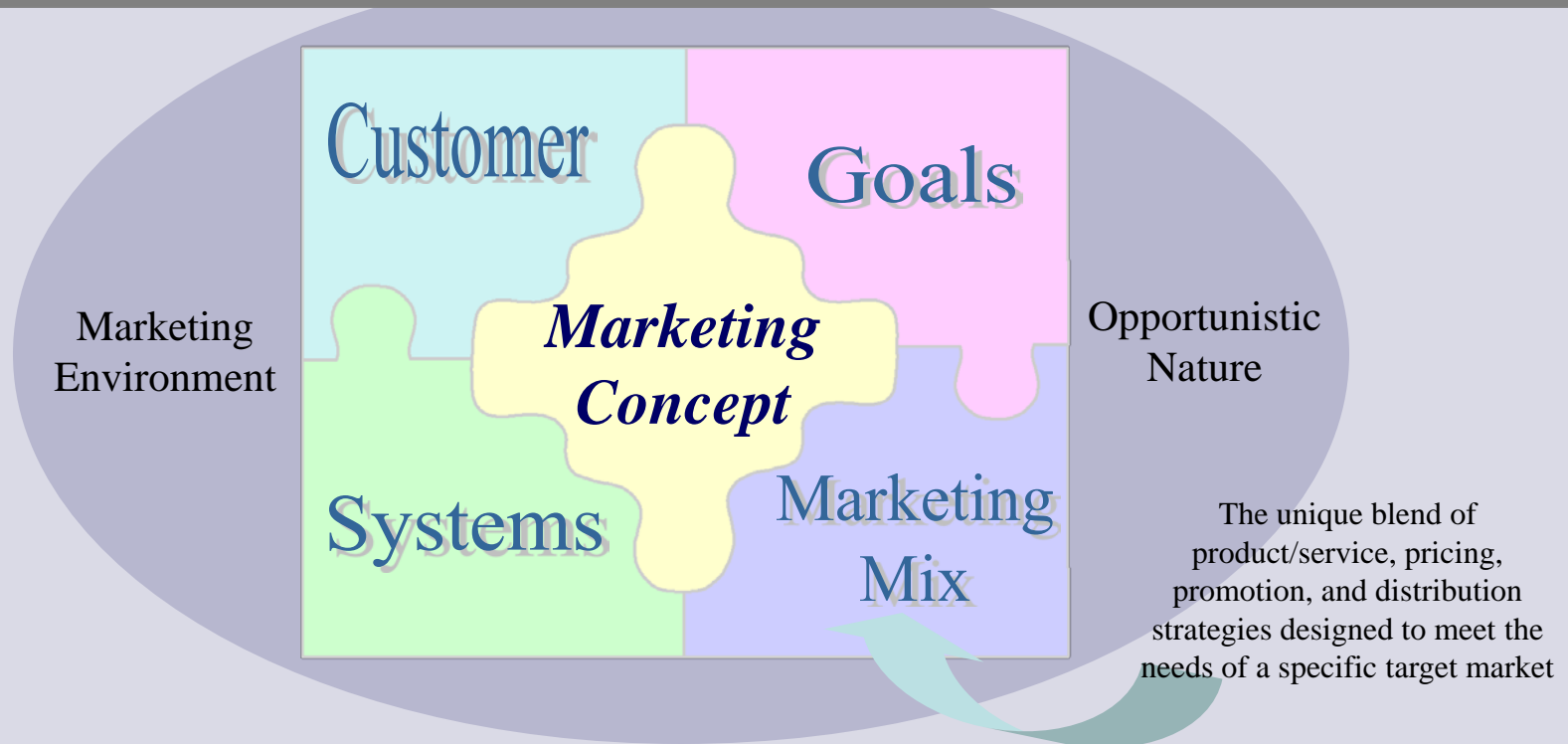
The Nature of Marketing

Marketing:

An organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its shareholders.

The Nature of Marketing Research

Broadly, Marketing Research is the planning, collection, and analysis of data relevant to marketing decision making and the communication of the results of this analysis to management.



Marketing Research Defined

Marketing Research is the function that links the consumer, customer, and public to the marketer through information that is used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.

Marketing Research Resource:

The Marketing Research Association



The Marketing Research Impact

Its Importance to Management – Three Critical Roles

Critical Roles:

Descriptive:

- *The gathering and presenting of statements of fact;*

Diagnostic:

- *The explanation of data or actions;*

Predictive:

- *The specification of how to use descriptive and diagnostic research to predict the results of a planned marketing decision.*



Return on Quality

Showing Research Value

Two Key Considerations:

- The quality being delivered is at a level desired by the target market;
- The quality level must have a positive impact on profitability.

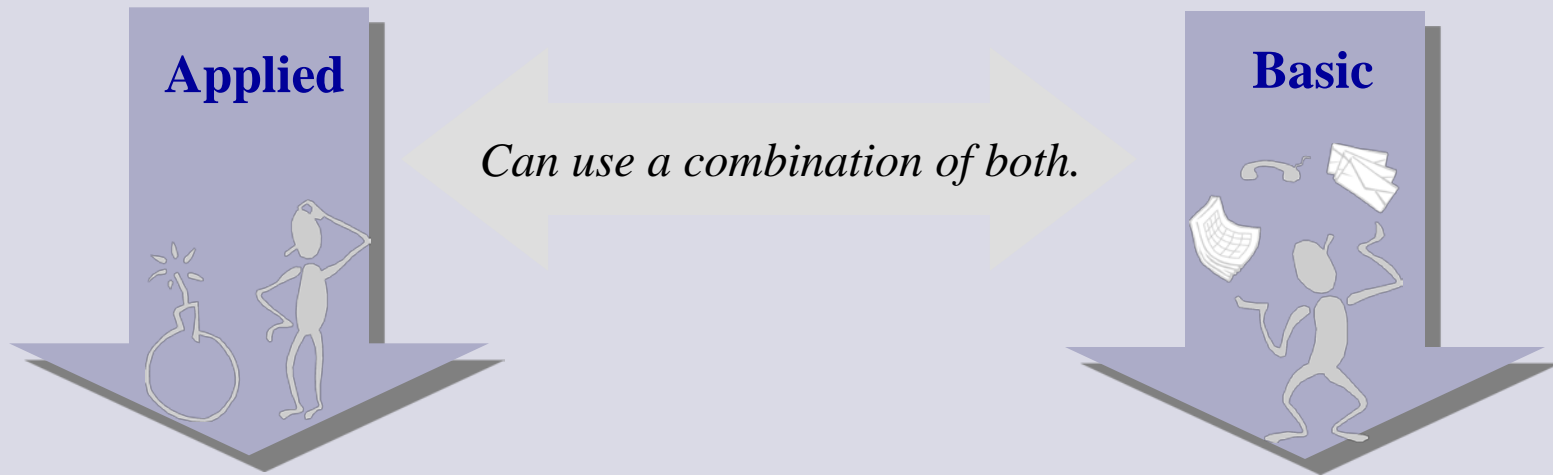
Marketing Strategy

Customer Retention

Key Concepts:

- *A plan to guide the long-term use of a firm's resources based on its existing and projected internal capabilities and on projected changes in the external environment.*
- *The development of the means by which the firm will position itself in the eyes of the consumer while determining the best course of action to meet the firm's objectives.*

Types of Research Studies



Research aimed at solving a specific, pragmatic problem—better understanding of the marketplace, determination of why a strategy or tactic failed, or reduction of uncertainty in management decision making.



Research aimed at expanding the frontiers of knowledge rather than solving a specific, pragmatic problem.

Applied Research Types



Programmatic

Research conducted to develop marketing options through market segmentation, market opportunity analyses, or consumer attitude and product usage studies.



Selective

Research used to test decision alternatives.



Evaluative

Research done to assess program performance.

Decision to Conduct Marketing Research

• *It is not always a good idea to conduct marketing research. Reconsider conducting marketing research under the following circumstances:*

- ✓ The resources are lacking to do proper research;
- ✓ The research results might not be useful to management;
- ✓ The opportunity has passed;
- ✓ The decision as already been made, or will not be made;
- ✓ Managers cannot agree on what they need to know to make a decision;
- ✓ Decision-making information already exists;
- ✓ The research cost outweighs the benefits of the research;
- ✓ You do not have the time to do the research right;
- ✓ The research results will likely only be shelved.

Decision to Conduct Marketing Research











To Research or Not to Research?

Had marketing research been around in the 16th century, Bill would have wisely considered:

EXHIBIT 1.1 Deciding Whether to Conduct Marketing Research		
Market Size	Small Profit Margin	Large Profit Margin
Small	Costs likely to be greater than benefits (e.g., eyeglass replacement screw, tire valve extension). DON'T CONDUCT MARKETING RESEARCH.	Benefits possibly greater than cost (e.g., ultra-expensive Lamborghini-type sportswear, larger specialized industrial equipment like computer-aided metal stamping machines). PERHAPS CONDUCT MARKETING RESEARCH. LEARN ALL YOU CAN FROM EXISTING INFORMATION PRIOR TO MAKING DECISION TO CONDUCT RESEARCH.
Large	Benefits likely to be greater than costs (e.g., Stouffers frozen entrees, Crest's teeth whitener strips). PERHAPS CONDUCT MARKETING RESEARCH. LEARN ALL YOU CAN FROM EXISTING INFORMATION PRIOR TO MAKING DECISION TO CONDUCT RESEARCH.	Benefits most likely to be greater than costs (e.g., medical equipment like CAT scanners, Toshiba's high-definition television). CONDUCT MARKETING RESEARCH.









The Internet Impact

Pros and Cons of Internet Surveys:

-  Enables rapid access to information;
-  Fosters easier executing of follow-up and longitudinal studies;
-  Enables management to respond quickly to customers' needs;
-  Can dramatically reduce data collection costs;
-  One can quickly publish, report, disseminate research results;
-  Has transformed secondary data collection;
-  Enables personalization of surveys & increased response rates;
-  Facilitates quick survey response/analysis capabilities;
-  Produces higher response rates;
-  Ability to contact the hard-to-reach.

The Internet Impact

Pros and Cons of Internet Surveys:

-  Rapid development and real time reporting;
-  Dramatically reduced costs;
-  Ability to personalize and tailor the study;
-  General higher response rates;
-  Ability to change the research focus quickly;
-  Results might not be representative of the population;
-  Ease of use might lead to over-surveying your audience;
-  Not everyone has Internet access or good connection speed.

The Development of Marketing Research

Understanding the Historical Context



Mature Years - 1950-Present:

- Change from seller's market to buyer's market is key
- Market segmentation techniques develop
- 1960s predictive and descriptive mathematics employed
- 1990s OTC software enables masses to analyze data

Adolescent Years - 1920-1950:

- A.C. Nielsen begins research in 1922
- 1940s focus groups and random sampling selection begin
- WWII gets social scientist into marketing research

Early Growth - 1900-1920:

- Curtis Publishing started first research department in 1911
- Recall measures and scaling introduced

Inception - Pre-1900:

- Harrisburg, PA - first research survey in 1824
- Mail surveys introduced in 1895 with 10% response rate

Key Terms & Definitions

- Marketing
- Marketing Concept
- Customer Orientation
- Goal Orientation
- System Orientation
- Marketing Mix
- Marketing Research
- Descriptive Function
- Diagnostic Function
- Predictive Function
- Return on Quality
- Marketing Strategy
- Applied Research
- Basic, or Pure, Research
- Programmatic Research
- Selective Research
- Evaluative Research

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