

Chapter 2

The Marketing Research Process and Proposals

Learning Objectives (PPT slide 2-2)

1. Describe the major environmental factors influencing marketing research.
2. Discuss the research process and explain the various steps.
3. Distinguish between exploratory, descriptive, and causal research designs.
4. Identify and explain the major components of a research proposal.

Key Terms and Concepts

1. Causal research
2. Census
3. Descriptive research
4. Exploratory research
5. Gatekeeper technologies
6. Information research process
7. Knowledge
8. Primary data
9. Research proposal
10. Sample
11. Scientific method
12. Secondary data
13. Situation analysis
14. Target population
15. Unit of analysis

Chapter Summary by Learning Objectives

Describe the major environmental factors influencing marketing research.

Several key environmental factors have significant impact on changing the tasks, responsibilities, and efforts associated with marketing research practices. Marketing research has risen from a supporting role within organizations to being integral in strategic planning. The Internet and e-commerce, gatekeeper technologies and data privacy legislation, and new global market structure expansions are all forcing researchers to balance their use of secondary and primary data to assist

decision makers in solving decision problems and taking advantage of opportunities. Researchers need to improve their ability to use technology-driven tools and databases. There are also greater needs for faster data acquisition and retrieval, analysis, and interpretation of cross-functional data and information among decision-making teams within global market environments.

Discuss the research process and explain the various steps.

The information research process has four major phases, identified as (1) determine the research problem; (2) select the appropriate research design; (3) execute the research design; and (4) communicate the results. To achieve the overall objectives of each phase, researchers must be able to successfully execute 11 interrelated task steps: (1) identify and clarify information needs; (2) define the research problem and questions; (3) specify research objectives and confirm the information value; (4) determine the research design and data sources; (5) develop the sampling design and sample size; (6) examine measurement issues and scales; (7) design and pretest questionnaires; (8) collect and prepare data; (9) analyze data; (10) interpret data to create knowledge; and (11) prepare and present the final report

Distinguish between exploratory, descriptive, and causal research designs.

The main objective of exploratory research designs is to create information that the researcher or decision maker can use to (1) gain a clear understanding of the problem; (2) define or redefine the initial problem, separating the symptoms from the causes; (3) confirm the problem and objectives; or (4) identify the information requirements. Exploratory research designs are often intended to provide preliminary insight for follow-up quantitative research. However, sometimes qualitative exploratory methods are used as standalone techniques because the topic under investigation requires in-depth understanding of a complex web of consumer culture, psychological motivations, and behavior. For some research topics, quantitative research may be too superficial or it may elicit responses from consumers that are rationalizations rather than true reasons for purchase decisions and behavior.

Descriptive research designs produce numeric data to describe existing characteristics (e.g., attitudes, intentions, preferences, purchase behaviors, evaluations of current marketing mix strategies) of a defined target population. The researcher looks for answers to how, who, what, when, and where questions. Information from descriptive designs allows decision makers to draw inferences about their customers, competitors, target markets, environmental factors, or other phenomena.

Finally, causal research designs are most useful when the research objectives include the need to understand why market phenomena happen. The focus of causal research is to collect data that enables the decision maker or researcher to model cause-and-effect relationships between two or more variables.

Identify and explain the major components of a research proposal.

Once the researcher understands the different phases and task steps of the information research process, he or she can develop a research proposal. The proposal serves as a contract between the researcher and decision maker. There are nine sections suggested for inclusion: (1) purpose of the proposed research project; (2) type of study; (3) definition of the target population and sample size; (4) sample design, technique, and data collection method; (5) research instruments; (6) potential managerial benefits of the proposed study; (7) proposed cost structure for the project; (8) profile of the researcher and company; and (9) dummy tables of the projected results.

Chapter Outline

Opening Vignette: Solving Marketing Problems Using a Systematic Process

Bill Shulby, president of Carolina Consulting Company, a marketing strategy consulting firm, was working with the owners of a regional telecommunications firm located in Texas. The Texas firm was interested in improving service quality processes. Dan Carter, one of the owners, asked Shulby about customer satisfaction and perceptions of the company's image as they related to service quality and customer retention. During the conversation, Carter stated that he was not sure how the company's telecommunications services were viewed by current or potential customers. He said that the customer service department had recently received 11 calls from different customers complaining about a lot of things. Carter wanted to know how they could find out how satisfied their customers were overall and what could be done to improve their image. Shulby stated that the only way to obtain the answers to his question was to conduct a marketing research study. Shulby then told him about several studies they had done and how the information had been used to help the organizations. He agreed to prepare a research proposal summarizing the approach to be used, the deliverables from the study, cost, and time frame for completion.

I. Value of the Research Process (PPT slide 2-3)

Business owners and managers often identify problems they need help to resolve. In such situations, additional information typically is needed to make a decision or to solve a problem. One solution is a marketing research study based on a scientific research process.

II. Changing View of the Marketing Research Process (PPT slides 2-4 to 2-6)

Organizations, both for-profit and not-for-profit, are increasingly confronted with new and complex challenges and also opportunities that are the result of changing legal, political, cultural,

technological, and competitive issues. Perhaps the most influential factor is the Internet. The rapid technological advances and its growing use by people worldwide are making the Internet a driving force in many current and future developments in marketing research. Traditional research philosophies are being challenged as never before. For example, there is a growing emphasis on *secondary data* collection, analysis, and interpretation as a basis of making business decisions. **Secondary data** is information previously collected for some other problem or issue. A by-product of the technology advances is the ongoing collection of data that is placed in a data warehouse and is available as secondary data to help understand business problems and to improve decisions. In contrast, **primary data** is information collected specifically for a current research problem or opportunity.

Another development is increased use of **gatekeeper technologies** (e.g., caller ID and automated screening and answering devices) as a means of protecting one's privacy against intrusive marketing practices such as by telemarketers and illegal scam artists. Similarly, many Internet users either block the placement of cookies or periodically erase them in order to keep marketers from tracking their behavior. Marketing researchers' ability to collect consumer data using traditional methods such as mail and telephone surveys has been severely limited by the combination of gatekeeper devices and recent federal and state data privacy legislation. Similarly, online marketers and researchers must provide opt-in/opt-out opportunities when soliciting business or collecting information. Advances in gatekeeper technologies will continue to challenge marketers to be more creative in developing new ways to reach respondents.

A third development affecting marketing decision makers is firms' widespread expansion into global markets. Global expansion introduces marketing decision makers to new sets of cultural issues that force researchers to focus not only on data collection tasks, but also on data interpretation and information management activities.

Fourth, marketing research is being repositioned in businesses to play a more important role in strategy development. Marketing research is being used increasingly to identify new business opportunities and to develop new product, service, and delivery ideas. Marketing research is also being viewed not only as a mechanism to more efficiently execute CRM (customer relationship management) strategies, but also as a critical component in developing competitive intelligence.

Collectively, these key influences are forcing managers and researchers to view marketing research as an information management function. The term *information research* reflects the evolving changes occurring in the market research industry affecting organizational decision makers. Indeed, a more appropriate name for the traditional marketing research process is now the information research process. The **information research process** is a systematic approach to collecting, analyzing, interpreting, and transforming data into decision-making information (PPT slide 2-6).

III. Determining the Need for Information Research (PPT slides 2-7 and 2-9)

Decision makers and researchers frequently are trained differently in their approach to identifying and solving business problems, questions, and opportunities. Until decision makers and marketing researchers become closer in their thinking, the initial recognition of the existence of a problem or opportunity should be the primary responsibility of the decision maker, not the researcher. A good rule of thumb is to ask “Can the decision-making problem (or question) be resolved based on past experience and managerial judgment?” If the response is “no,” research should be considered and perhaps implemented.

Decision makers often initiate the research process because they recognize problem and opportunity situations that require more information before good plans of action can be developed. Once the research process is initiated, in most cases decision makers will need assistance in defining the problem, collecting and analyzing the data, and interpreting the data.

There are several situations in which the decision to undertake a marketing research project may not be necessary. These are listed and discussed in Exhibit 2.1 (PPT slide 2-9).

- Insufficient time frames
- Inadequate resources
- Costs outweigh the value

The initial responsibility of today’s decision makers is to determine if research should be used to collect the needed information. Following are the questions the decision maker must ask to determine this.

- Can the problem and/or opportunity be resolved using existing information and managerial judgment?
- Is adequate information available within the company’s internal record systems to address the problem?
- Is there enough time to conduct the necessary research before the final managerial decision must be made?
- Do the benefits of having the additional information outweigh the costs of gathering the information?
- Will the research provide useful feedback for decision making?
- Will this research give our competitors too much information about our marketing strategy?

IV. Overview of the Research Process (PPT slides 2-11 to 2-12)

Exhibit 2.2 illustrates four distinct but related phases of the research process (PPT slide 2-12).

- Phase 1: Determine the research problem

- Phase 2: Select the appropriate research design
- Phase 3: Execute the research design
- Phase 4: Communicate the research results

The phases of the process must be completed properly to obtain accurate information for decision making. But each phase can be viewed as a separate process that consists of several steps.

The four phases are guided by the **scientific method**. This means the research procedures should be logical, objective, systematic, reliable, and valid.

A. Transforming Data into Knowledge (PPT slide 2-13)

The primary goal of the research process is to provide decision makers with knowledge that will enable them to resolve problems or pursue opportunities. Data becomes **knowledge** when someone, either the researcher or the decision maker, interprets the data and attaches meaning.

B. Interrelatedness of the Steps and the Research Process (PPT slide 2-14)

Exhibit 2.4 shows in more detail the steps included in each phase of the research process (PPT slide 2-14). Although in many instances researchers follow the four phases in order, individual steps may be shifted or omitted. The following factors directly impact how many of the steps are taken and in what order.

- The complexity of the problem
- The urgency for solving the problem
- The cost of alternative approaches
- The clarification of information needs

V. Phase I: Determine the Research Problem (PPT slide 2-14)

The process of determining the research problem involves three interrelated activities.

- Identify and clarify information needs
- Define the research questions
- Specify research objectives and confirm the information value

A. Step 1: Identify and Clarify Information Needs (PPT slides 2-15 to 2-17)

Generally, decision makers prepare a statement of what they believe is the problem before the researcher becomes involved. Then researchers assist decision makers to make sure the problem or opportunity has been correctly defined and the information requirements are

known.

For researchers to understand the problem, they use a problem definition process. Any process undertaken should include the following components.

- Agree on the decision maker's purpose for the research
- Understand the complete problem situation.
- Identify measurable symptoms and distinguish them from the root problem.
- Select the unit of analysis.
- Determine the relevant variables.

Problem definition begins by determining the research purpose. Decision makers must decide whether the services of a researcher are really needed. The researcher helps decision makers begin to define the problem by asking the decision maker why the research is needed. Having a general idea of why research is needed focuses attention on the circumstances surrounding the problem.

The *iceberg principle* holds that decision makers are aware of only 10 percent of the true problem (PPT slide 2-17). Frequently the perceived problem is actually a symptom that is some type of measurable market performance factor, while 90 percent of the problem is not visible to decision makers.

The decision maker and the researcher must both understand the complete problem. To gain an understanding, researchers and decision makers should do a situation analysis of the problem. A **situation analysis** gathers and synthesizes background information to familiarize the researcher with the overall complexity of the problem. A situation analysis attempts to identify the events and factors that have led to the situation, as well as any expected future consequences. Awareness of the complete problem situation provides better perspectives on the decision maker's needs, the complexity of the problem, and the factors involved. A situation analysis enhances communication between the researcher and the decision maker. The researcher must understand the client's business, including factors such as the industry, competition, product lines, markets, and in some cases production facilities. To do so, the researcher cannot rely solely on information provided by the client because many decision makers either do not know or will not disclose the information needed. Only when the researcher views the client's business objectively can the true problem be clarified.

Once the researcher understands the overall problem situation, he or she must work with the decision maker to separate the possible root problems from the observable and measurable symptoms that may have been initially perceived as being the problem.

As a fundamental part of problem definition, the researcher must determine the appropriate

unit of analysis for the study. The researcher must be able to specify whether data should be collected about individuals, households, organizations, departments, geographical areas, or some combination. The unit of analysis will provide direction in later activities such as scale development and sampling.

The researcher and decision maker jointly determine the variables that need to be studied. The types of information needed (facts, predictions, relationships) must be identified. Exhibit 2.6 lists examples of variables that are often investigated in marketing research.

B. Step 2: Define the Research Questions (PPT slide 2-14)

The researcher must redefine the initial problem as a research question. For the most part, this is the responsibility of the researcher. To provide background information on other firms that may have faced similar problems, the researcher conducts a *review of the literature*. The literature review may uncover relevant theory and variables to include in the research. While the literature review ordinarily does not provide data that answers the research question, it can supply valuable perspectives and ideas that may be used in research design and in interpretation of results.

The researcher's task is to restate the initial variables associated with the problem in the form of key questions: how, what, where, when, or why. After redefining the problem into research questions and identifying the information requirements, the researcher must determine the types of data (secondary or primary) that will best answer each research question. Although final decision on types of data is part of step 4 (Determine the Research Design and Data Sources), the researcher begins the process in step 2. The researcher asks the question, "Can the specific research question be addressed with data that already exist or does the question require new data?" To answer this question, researchers consider other issues such as data availability, data quality, and budget and time constraints.

Finally, in step 2 the researcher determines whether the information being requested is necessary. This step must be completed before going on to the step 3.

C. Step 3: Specify Research Objectives and Confirm the Information Value (PPT slide 2-14)

The research objectives should be based on the development of research questions in step 2. Formally stated research objectives provide guidelines for determining other steps that must be taken. The assumption is that if the objectives are achieved, the decision maker will have the information needed to answer the research questions.

Before moving to Phase II of the research process, the decision maker and the researcher must

evaluate the expected value of the information. “Best judgment” answers have to be made to the following types of questions.

- Can the information be collected at all?
- Can the information tell the decision maker something not already known?
- Will the information provide significant insights?
- What benefits will be delivered by this information?

VI. Phase II: Select the Research Design (PPT slides 2-13 to 2-15)

The main focus of Phase II is to select the most appropriate research design to achieve the research objectives.

A. Step 4: Determine the Research Design and Data Sources (PPT slides 2-14 to 2-16)

The research design serves as an overall plan of the methods used to collect and analyze the data. Determining the most appropriate research design is a function of the research objectives and information requirements. The researcher must consider the types of data, the data collection method (e.g., survey, observation, in-depth interview), sampling method, schedule, and budget. Following are the three broad categories of research designs:

- Exploratory research
- Descriptive research
- Causal research

Exploratory research has one of the following two objectives.

- Generating insights that will help define the problem situation confronting the researcher or
- Deepening the understanding of consumer motivations, attitudes, and behavior that are not easy to access using other research methods.

Examples of exploratory research methods include literature reviews of already available information; qualitative approaches such as focus groups and in-depth interviews, or pilot studies.

Descriptive research involves collecting quantitative data to answer research questions. Descriptive information provides answers to who, what, when, where, and how questions. In marketing, examples of descriptive information include consumer attitudes, intentions, preferences, purchase behaviors, evaluations of current marketing mix strategies, and demographics.

Descriptive studies may provide information about competitors, target markets, and

environmental factors. These studies referred to as either *image assessment surveys* or *customer satisfaction surveys*, describe how customers rate different restaurants' customer service, convenience of location, food quality, and atmosphere research.

Causal research collects data that enables decision makers to determine cause-and-effect relationships between two or more variables. Causal research is most appropriate when the research objectives include the need to understand which variables (e.g., advertising, number of salespersons, price) cause a dependent variable (e.g., sales, customer satisfaction) to move.

Understanding cause-effect relationships among market performance factors enables the decision maker to make “If-then” statements about the variables. Causal research designs provide an opportunity to assess and explain causality among market factors. But they often can be complex, expensive, and time consuming.

The sources of data needed to address research problems may be classified as either secondary or primary. The sources used depend on the following two fundamental issues.

- Whether the data already exist
- If so, the extent to which the researcher or decision maker knows the reason(s) why the existing secondary data were collected

Sources of such secondary data include a company's data warehouse, public libraries and universities, Internet websites, or commercial data purchased from firms specializing in providing secondary information.

Primary data are collected directly from firsthand sources to address the current research problem.

B. Step 5: Develop the Sampling Design and Sample Size (PPT slides 2-14 and 2-16)

When conducting primary research, consideration must be given to the sampling design. If secondary research is conducted, the researcher must still determine that the population represented by the secondary data is relevant to the current research problem.

If predictions are to be made about market phenomena, the sample must be representative. Typically, marketing decision makers are most interested in identifying and resolving problems associated with their target markets. Therefore, researchers need to identify the relevant **target population**. In collecting data, researchers can choose between collecting data from a census or a sample. In a **census**, the researcher attempts to question or observe all the members of a defined target population. For small populations a census may be the best approach.

A second approach, used when the target population is large, involves selection of a **sample** from the defined target population. Researchers must use a representative sample of the population if they wish to *generalize* the findings. To achieve this objective, researchers develop a sampling plan as part of the overall research design. A sampling plan serves as the blueprint for the following:

- defining the appropriate target population
- Identifying the possible respondents
- establishing the procedures for selecting the sample
- determining the appropriate sample size

Sampling plans can be classified into the following two general types.

- **Probability:** In probability sampling, each member of the defined target population has a known chance of being selected. Probability sampling gives the researcher the opportunity to assess sampling error.
- **Nonprobability:** Nonprobability sampling plans cannot measure sampling error and thus limit the generalizability of the research findings.

Qualitative research designs often use small samples, so sample members are usually hand-selected to ensure a relevant sample.

Sample size affects the accuracy and generalizability of research results. Researchers must therefore determine how many people to include or how many objects to investigate.

C. Step 6: Examine Measurement Issues and Scales (PPT slide 2-14)

Step 6 is an important step in the research process for descriptive and causal designs. It involves identifying the concepts to study and measuring the variables related to the research problem.

Researchers must be able to answer questions such as those given below.

- How should a variable such as customer satisfaction or service quality be defined and measured?
- Should researchers use single- or multi-item measures to quantify variables?

Although most of the activities involved in step 6 are related to primary research, understanding these activities is important in secondary research as well.

D. Step 7: Design and Pretest the Questionnaire (PPT slide 2-14)

Researchers must select the correct type of questions, consider the sequence and format, and

pretest the questionnaire. Pretesting obtains information from people representative of those who will be questioned in the actual survey. In a pretest respondents are asked to complete the questionnaire and comment on issues such as clarity of instructions and questions, sequence of the topics and questions, and anything that is potentially difficult or confusing.

VII. Phase III: Execute the Research Design (PPT slide 2-14)

The main objectives of the execution phase are as follows.

- Finalize all necessary data collection forms
- Gather and prepare the data
- Analyze and interpret the data to understand the problem or opportunity

A. Step 8: Collect and Prepare Data (PPT slide 2-14)

Following are the two approaches to gathering data.

- Using interviewers to ask questions about variables and market phenomena or to use self-completion questionnaires
- Observing individuals or market phenomena

Self-administered surveys, personal interviews, computer simulations, telephone interviews, and focus groups are just some of the tools researchers use to collect data.

A major advantage of questioning over observation is questioning enables researchers to collect a wider array of data. Questioning approaches can collect information about attitudes, intentions, motivations, and past behavior, which are usually invisible in observational research. In short, questioning approaches can be used to answer not just how a person is behaving, but why.

Once primary data are collected, researchers must perform several activities before data analysis. Researchers usually assign a numerical descriptor (code) to all response categories so that data can be entered into the electronic data file. The data then must be examined for coding, data-entry errors, inconsistencies, availability, and so on. Data preparation is also necessary when information is used from internal data warehouses.

B. Step 9: Analyze Data (PPT slide 2-14)

Data analysis procedures vary widely in sophistication and complexity, from simple frequency distributions (percentages) to summary statistics (mean, median, and mode) and multivariate data analysis. In qualitative research studies, textual and/or visual information is examined, categorized, and even sometimes tabulated. Different procedures enable the

researcher to statistically test hypotheses for significant differences or correlations among several variables, evaluate data quality, and test models of cause-effect relationships.

C. Step 10: Interpret Data to Create Knowledge (PPT slide 2-14)

Knowledge is created through engaged and careful interpretation of results. Interpretation is more than a narrative description of the results. It involves integrating several aspects of the findings into conclusions that can be used to answer the research questions.

VIII. Phase IV: Communicate the Results (PPT slide 2-14)

The last phase of the research process is reporting the research findings to management. The overall objective often is to prepare a nontechnical report that is useful to decision makers whether or not they have marketing research backgrounds.

A. Step 11: Prepare and Present the Final Report (PPT slide 2-14)

The importance of preparing and presenting the final research report to management cannot be overstated. The sections that should be included in any research report are as follows.

- Executive summary
- Introduction
- Problem definition and objectives
- Methodology
- Results and findings
- Limitations of study

In some cases, the researcher not only submits a written report but also makes an oral presentation of the major findings.

IX. Develop a Research Proposal (PPT slides 2-18 to 2-19)

By understanding the four phases of the research process, a researcher can develop a **research proposal** that communicates the research framework to the decision maker. A research proposal is a specific document that serves as a written contract between the decision maker and the researcher. It lists the activities that will be undertaken to develop the needed information, the research deliverables, how long it will take, and what it will cost.

The research proposal is not the same as a final research report. They are at two different ends of the process, but some of the sections are necessarily similar. There is no best way to write a research proposal. If a client asks for research proposals from two or three different companies

for a given research problem, they are likely to be somewhat different in the methodologies and approach suggested for the problem.

Exhibit 2.8 shows the sections that should be included in most research proposals (PPT slides 2-19 and 2-20).

- Purpose of the Proposed Research Project
- Type of Study
- Definition of the Target Population and Sample Size
- Sample Design and Data Collection Method
- Specific Research Instruments
- Potential Managerial Benefits of the Proposed Study
- Proposed Cost for the Total Project
- Profile of the Research Company Capabilities
- Optional Dummy Tables of the Projected Results

Marketing Research in Action

What Does a Research Proposal Look Like? (PPT slide 2-21)

The Marketing Research in Action focus in this chapter is the Magnum Hotel Preferred Guest Card program. The hotel needs a research project that can address several key questions. The research will be structured, undisguised with both exploratory and descriptive components. The target population will be adults who are current cardholders of the Magnum Hotel card. A probability sample will be drawn from the target population. The questionnaire will be self-administered. The project will result in a customer database. A proposed budget will be provided, with a total cost of \$27,350.

Answers to Hands-On Exercise

1. If this proposal is accepted, will it achieve the objectives of management?

It is possible that the research proposal can achieve the objectives of management. At this point, though, the proposal is not complete. The questionnaire is not yet designed, and it is the questionnaire design and decisions regarding measurement and scale that will largely affect the extent to which the key questions are answered. One concern is that one of the three primary management objectives is to develop insights concerning promotion of the card to other segments. If the new segments do not match the characteristics of the sample, this may be risky.

2. Is the target population being interviewed the appropriate one?

Yes, the primary research questions focus on cardholder attitudes and decision-making processes. Consequently, it is appropriate to use this as the target population.

3. Are there other questions that should be asked in the project?

Because the goal of such a card is to enhance customer loyalty, frequency and length of visits, monetary value spent on rooms, and recency of visits, it would be valuable to ask about other hotel programs the cardholders are members of and how those programs compare to that of the Preferred Guest Card program. Students may also develop other responses to this question.

Answers to Review Questions

1. Identify the significant changes taking place in today's business environment that are forcing management decision makers to rethink their views of marketing research. Also discuss the potential impact that these changes might have on marketing research activities.

The “first” and most significant change in today's business environment stems from the Internet. More people are using the Internet to gather and disseminate information and purchase goods (e-commerce). Therefore, management decision makers view the Internet as both a place to display their business (create a website) and collect information from buyers (online marketing research).

Decision makers now have to give strong consideration to collecting secondary data via search engines on the Internet rather than investigating a business problem through the collection of primary data (e.g. focus groups and questionnaires). Internet technology, with its linkage to optical scanners and databases, acts as a catalyst for the development of a truly “integrated” marketing effort. This has caused management to “expect good stuff more quickly” from the research department, or an external marketing research supplier. In turn, marketing researchers have had to shift from traditional modes of gathering and analysis of data (e.g. real-time focus groups and survey intercepts in shopping malls) to gaining proficiency with online software programs and database programs (e.g. Access and Oracle). The second change affecting managers is a growing need for privacy among members of the buying public.

Gatekeeper technologies such as caller ID and voice messaging systems frustrate marketing researchers; since these technologies restrict access to the respondents. The third challenge facing both management and marketing research professionals is the drive on the

part of many companies to expand operations and “go global”. The collection of information from consumers in host countries (as well as the interpretation of “what’s being said” by respondents) may differ significantly from the home country environment because of subtle yet important differences in culture. Finally, the “position” of marketing research within the business organization is changing to the point where “doing marketing research” has become an essential component of a corporation’s strategic planning process and survival. As the text suggests, the shift is so robust that we should begin to view the marketing research process as an “information research process.” These positive developments with marketing research have put pressure on the culture within organizations.

Marketing researchers now find themselves having to integrate and communicate more closely with IT (Information Technology). Managers must now consider marketing research as a line item deserving serious consideration and support when budgets are negotiated with the upper management of the corporation.

2. In the business world of the 21st century, will it be possible to make critical marketing decisions without marketing research? Why or why not?

Class participants may wish to play “devil’s advocate” suggesting it is always possible to do marketing without investing in marketing research, with good reason. If Company X lacks the funds to conduct marketing research, or the research endeavor is motivated by purely political reasons one might argue that it might be better to proceed with the decision problem without committing dollars to marketing research. Still, information is power. This fact, coupled with the trends mentioned in the response to Review Question 1 above (more people using the Internet to communicate, interaction between information technology and marketing, and the research process being viewed as an “information gathering process”) suggest critical marketing decisions (and decision makers) will be better served by drawing upon the arena of marketing research than not.

3. How are management decision makers and information researchers alike? How are they different? How might the differences be reduced between these two types of professionals?

Bill Shulby, a marketing strategy consultant, profiled in the example at the outset of Chapter Two, brings home a number of wonderful points which can be used to address this trio of questions. Management decision makers and information researchers are similar in a fundamental sense; namely, they both share an interest in determining what needs to be done to “find out how satisfied a company’s customers are overall and what can be done to improve the company’s image?” Researchers and managers are different in the sense that managers expect (and enjoy) being able to make a decision on the basis of information as soon as possible. A researcher, on the other hand, may prefer to probe problems and/or

opportunities in more detail, collect and analyze the data—what management may view as a protracted, and in some cases costly and useless enterprise. Both parties value the importance and power of information and want the corporation to make the “right” choice. Where they part company centers around the question of “how much data is enough” and the time and money it takes to gather the data which will support a rational business decision. Whether by default or design these differences between researchers and managers are currently being reduced. The two drivers which appear to be bringing managers and researchers together are: (a) the growing prominence of information technology in an organization’s infrastructure and (b) the realization that more often than not decisions based on information research fare better in an increasingly competitive marketplace than choices made on the basis of “gut”, “intuition”, or the experience a manager has “learned in the trenches.”

4. Comment on the following statements:

- a. The primary responsibility for determining whether marketing research activities are necessary is that of the marketing research specialist.

“No”, the marketing research specialist is not primarily responsible for determining whether marketing research activities are necessary. Marketing research is a support system for managerial decision making, not vice versa. While the text makes it clear, marketing research is being recognized as more essential to a successful marketing strategy, (and that managers are starting to recognize the importance of information via the growth of IT departments in corporations), the ultimate decision rests with management.

- b. The information research process serves as a blueprint for reducing risks in making marketing decisions.

“Yes”, the information research process serves as a blueprint for reducing risks in making marketing decisions. However, it is important to emphasize to class participants that a solid information research process cannot clear away every risk associated with a manager’s marketing decision altogether. The beauty of the information research process flows from the metaphor of a “blueprint”. The process brings a structure to acknowledging and addressing critical marketing decisions and is a useful guide. It is not a panacea.

- c. Selecting the most appropriate research design is the most critical task in the research process.

“No”, selecting the most appropriate research design is not the most critical task in

the research process. As this chapter points out, the most critical task step in the research process is Task Step 2, namely, redefining the decision problem as a research problem. This is because the definition of the research problem influences each and every one of the other task steps in the process in a subtle way.

5. Design a research proposal that can be used to address the following decision problem: “Should the Marriott Hotel in Pittsburgh, Pennsylvania, reduce the quality of its towels and bedding in order to improve the profitability of the hotel’s operations?”

Students’ responses will vary to this question but all responses should include the following components of a research proposal:

- i. Purpose of the proposed research project
- ii. Type of study
- iii. Definition of the target population and sample size
- iv. Sample design and data collection method
- v. Specific research instruments
- vi. Potential managerial benefits of the proposed study
- vii. Proposed cost for the total project
- viii. Profile of the company
- ix. Dummy tables of the projected results

The purpose is clearly established in the question: to determine whether the cost savings through the reduction of the quality of the towels and bedding would increase the profitability of the hotel. Students might suggest that this step does not need research because, of course, lowering costs should result in increased profitability. However, they must consider that lowering the quality of linens might affect the price per night at the hotel, the customers’ attitude, and their decision to stay for an extended period. A research study could answer the question of whether a decrease in the quality of linens is likely to affect the customer attitudes, response to pricing, or the duration of their stay. Marriott could design an experiment by placing some lower quality linens in some rooms and then measuring customer satisfaction and intent to return in both the room with the lower and higher quality linens. It could survey past customers and ask if linen quality is a deciding attribute in the selection of a hotel and the price they would be willing to pay for a room. It could conduct focus groups with the two quality levels of linen to get customer reaction and insight. These are all possibilities.

Answers to Discussion Questions

1. For each of the four phases of the information research process, identify the corresponding steps and develop a set of questions that a researcher should attempt to answer.

This is an excellent question to take up in class, since it sets a conceptual framework for everything that follows in the course. When it comes to understanding (and hopefully applying) the marketing research process during the semester, it's great to have a well-structured and detailed "structure" to bring to all the odds and ends that crop up in any research endeavor. Following are the four phases and their corresponding task steps:

Exhibit 2.2 illustrates the four phases of the information research process, each guided by the scientific method. These phases are as follows:

- Phase I: Determine the research problem
 - Step 1: Identify and clarify information needs
 - Step 2: Define the research and questions
 - Step 3: Specify research objectives and confirm the information value
 - Phase II: Select the appropriate research design
 - Step 4: Determine the research design and data sources
 - Step 5: Develop the sampling design and sample size
 - Step 6: Examine measurement issues and scales
 - Step 7: Design and pretest the questionnaire
 - Phase III: Execute the research design
 - Step 8: Collect and prepare data
 - Step 9: Analyze data
 - Step 10: Interpret data to create knowledge
 - Phase IV: Communicate the research results
 - Step 11: Prepare and present the final report to management
2. What are the differences between exploratory, descriptive, and causal research designs? Which design type would be most appropriate to address the following question: "How satisfied or dissatisfied are customers with the automobile repair service offerings of the dealership from which they purchased their new 2013 BMW?"

The key difference between each of these three designs rests in their relationship to the information research problem at hand. Exploratory research is a solid choice when the decision-makers need clarity about the problem situation itself—that is when the decision problem or opportunity is still opaque. Descriptive and causal research designs are employed when the research and management team are very clear about the information problem at hand. The key difference between "descriptive" and "causal" designs can be conveyed as follows: descriptive studies seek to capture data pertaining to "who, what, when, and where" whereas causal designs look for relationships between variables seeking to investigate the questions such as "why?" Regarding the question on customer

satisfaction, exploratory research may be used to learn about the dimensions of customer satisfaction in automotive maintenance and the factors that are rated as most important to achieving customer satisfaction.

Descriptive research could be used to define the needs and expectations of the population of interest, in this case customers who purchased a new 2013 BMW and who utilize the dealership's maintenance services. Descriptive research might also be used to identify the specific maintenance services that the dealerships offer. Finally, a survey of the population of interest might seek to determine the relationship between the level of satisfaction with maintenance services and the amount of such services obtained. One additional objective of such a study would be to try to identify reasons that people use dealer's maintenance services other than their degree of satisfaction with those services. It is possible that some customers might use a dealership's maintenance service because there is no other service provider within a reasonable geographic distance. Or, the car's warranty might specify that all maintenance service must be performed by an authorized dealer in order for the warranty to apply. A survey instrument could be configured in such a way to explore the relationships between customer satisfaction (and dissatisfaction) and a set of variables, e.g., free pick-up and drop off, use of a rental, FAQ on the dealership's website and so on.

3. When should a researcher use a probability sampling method rather than a nonprobability method?

A good rule of thumb when asking your class participants about a response to this question is to float a critical query out for their consideration, namely, "Can we get our hands on an up-to-date list of the population of interest?" One of the primary elements of the infrastructure for probability sampling is such a list (sample frame). It is from this list that a truly random selection of respondents can be extracted and reached. More often than not, (because of issues surrounding the cost of good list, as well as propriety) class participants will not be able to access lists from which they can draw random samples, and hence do probability sampling. Notwithstanding these challenges, it's important to note that what separates a probability sample from a nonprobability sample is the reliability regarding the application of the information to other members of the target population. This is not possible with the results of a nonprobability sample—the outcomes only hold "true" for the respondents who were surveyed and cannot be viewed as attitudes, beliefs, and intentions held by other members of the target population.

4. **EXPERIENCE MARKETING RESEARCH.** Go to the Gallup poll organization's home page at www.gallup.com.
 - a. Several polls are reported on their home page. After reviewing one of the polls, outline the different phases and task steps of the information research process that

might have been used in the Gallup Internet poll.

Essentially, the entire process is modified for Gallup's online poll series. For instance, phase I does not apply. There is not a specific research problem or specific information need. Rather, there is a question of interest. The information value does not have to be large because the cost of running an online poll is small. The online poll does not consider how best to gather the information. It approaches each question with the assumption that it will be approached with the online poll format. The sample is not addressed on the website so it is unclear whether the sample is a probability or nonprobability sample or how sample size is determined. Because it is a poll, measurement is important but does not include several questions to address constructs. Polls are likely pretested but this is not clear from the information provided.

- b. Is the research reported by the poll exploratory, descriptive, or causal? Explain your choice.

Descriptive data analysis is provided on the site along with implications, but no formal report is available for non-subscribers.