

# A Decision-Making Perspective on Marketing Intelligence

## LEARNING OBJECTIVES

- Describe the concept of business intelligence.
- Describe the need and use of marketing intelligence in an organization.
- Describe how marketing intelligence fits in the bigger scheme of the marketing environment.
- Explain the role of marketing intelligence in decision-making.
- Discuss the factors that affect marketing intelligence decisions.
- Describe how and when marketing research is used.
- Discuss the implication of ethical issues in gathering marketing intelligence.
- Discuss the ethical responsibilities and rights of the respondent in marketing research.
- Explain the impact international trade has had on marketing research.

## An Overview of Business Intelligence

As they manage their businesses and compete in a global market, decision makers face many questions every day. *Is the business healthy? Who are my best customers? How can I attract new customers? What supplier should I choose? Are we using the right marketing mix?*

Effectively managing the performance of the business means knowing what questions to ask and having the facts readily at hand to answer them. This is what business intelligence (BI) delivers. BI, at its core, is the actionable information that comes out of data analytics techniques. It incorporates the entire process of reporting, warehousing, data management, analysis of future trends, and presentation of transactional information, as well as extraction and loading tools, to help users make better decisions.<sup>1</sup> BI bridges the gap between disparate operational systems and data-hungry end users. It connects people to their business. It creates an information environment that makes it easy for people to get the reports they need in the context of their day-to-day activities. It provides an accessible means of analyzing the business and getting to the bottom of what's behind trends and anomalies. And, it offers a reliable barometer of how well the business is performing. The following examples give a flavor of the possibilities BI offers.

## Kit Kat<sup>2</sup>

In 2016, The Hershey Company found that a surprisingly high proportion of its Kit Kat consumers were Generation Z and Millennials—a younger skew in comparison with other brands in the category. Kit Kat saw this as an opportunity to modernize their iconic positioning with Internet content that was fun, easily digestible, and shareable. The concept of breaks was still important, regardless of its duration, but breaks were now times when people consumed social media.

Hershey launched a new campaign in June 2016, with the aim of increasing engagement and online conversations around the Kit Kat brand, while making it the preferred brand of Generation Z and Millennial consumers. In addition to TV media, the company invested in establishing a strong presence on Facebook, Twitter, and Instagram and engaged with local influencers who could be potential brand advocates. Chance the Rapper—a mix-tape artist with 3.47 million Twitter followers and a relevant fan base in the target generations—reworked the “Gimme a Break” jingle and featured in commercials for Kit Kat, including a full-length commercial that featured the entire song. As a prominent artist who also had songs with candy references, Chance the Rapper fit well with the “break” concept for Kit Kat. The brand sent personalized responses to his fans and inserted their names on a photo of the candy wrapper.

Hershey also partnered with a social media platform—music.ly—for creating, sharing, and discovering short music videos. They launched a four-day musical #KitKatChallenge that began on Thanksgiving 2016 and that also featured prominent social media influencers. The influencers launched the challenge by creating humorous call-to-action videos telling music.ly users to take a break and create their own versions of Chance’s Kit Kat jingle. The #KitKatChallenge was nominated for a Shorty Award for Multi-Platform campaign and Branded Content, with more than 96 million campaign views. There were 60,000 total challenge submission videos, receiving 21.7 million views. Sponsored videos garnered 1.6 million views. The new campaign gave Kit Kat the chance to test new ways and avenues to connect with their consumers, in different break occasions. This campaign yielded Kit Kat a 6 percent increase in top-line sales in 2016. In comparison, the category reported only a 0.6 percent increase during the same period.

## Mosaic<sup>3</sup>

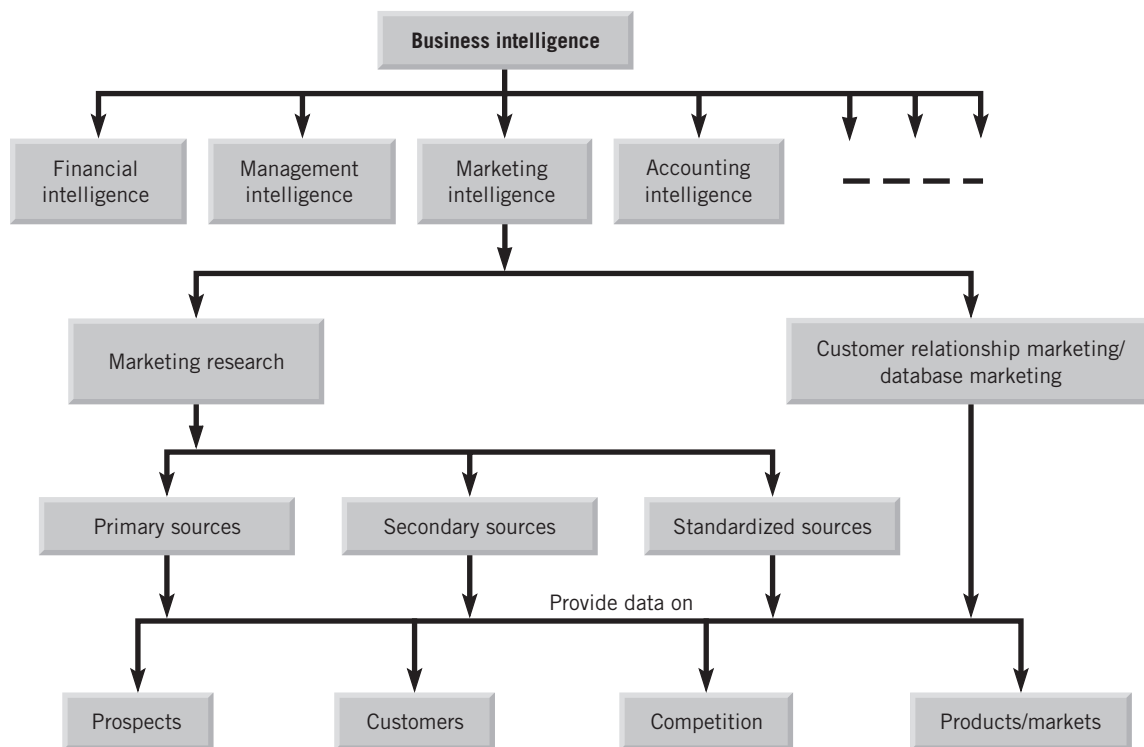
Mosaic, a crop nutrition company based in Minnesota, was concerned about the language contained in their products. While phrases such as “potassium oxide,” “nutrient removal,” “bushel per acre average” educated their customers, they realized that the scientific jargon rendered their marketing efforts boring and monotonous. They worked with their marketing communications agency to break through the clutter and develop an engaging brand message through social media. Mosaic understood that the harvest season was an ideal time for them to connect with their target audience, farmers. They noticed that during the harvest season, the social media usage of farmers spiked, through the sharing of images of their harvest and yield information. Also, in the post-harvest period, farmers spent their free time on the Internet, working on their tractors, assessing their yield, and planning the next crop season.

In line with the investigative journalism podcast popular at the time—“Serial”—Mosaic and the communications agency created “The Great Yield Mystery.” It was a fictionalized account of the death of one farmer’s crop yield. The narrator tried to solve the mystery of the low yield, and the characters (voiced by the agency employees) talked about everything from weather conditions to potluck salads. The audience could react on social media and read case files on the podcast’s website to help solve the mystery. The podcast stood out from others in the industry in its ability to communicate technical information in a new and unique way that was easily understood by the target audience. The storytelling approach and the compelling characters helped the audience relate to the podcasts and the brand, especially since the storyline was developed in a way that would tie the farmers’ lifestyles with aspects of the farming business.

The podcast aired from October through December 2016, with Mosaic exceeding its social media engagement goal by 379 percent. Facebook likes increased by 20 percent, and media impressions exceeded 2 million. The podcasts witnessed more than 2,000 episode downloads. The campaign also won multiple awards, including American Agriculture Editor's Association Awards, Ag Relations Council's Golden ARC Awards, The Killer Content Awards, and The PR News Agency Elite Awards.

## Recent Trends in Business Intelligence

Business intelligence tools and systems play a key role in the strategic planning process of a firm. These systems allow the firm to gather, store, access, and analyze corporate data to aid in decision-making. Historically, such data were available to only a limited number of individuals in a firm. However, the increased use of cloud storage by many firms makes these data available to units throughout the organization. The science of BI is being utilized by specialists in different business fields today. Business intelligence comprises several components—financial intelligence, marketing intelligence, accounting intelligence, and management intelligence among others, as shown in Figure 1.1. Financial intelligence provides consultancy, forward-looking financial accounting and procurement systems, strategic BI, and support. To quote the words of an industry executive, “Financial intelligence works by empowering the CFO to make critical and successful decisions, giving the CIO current yet reliable technology and the CEO quality time to think strategically.” Accounting and management intelligence incorporate the tools and techniques of the respective fields. In this book, we are interested in the marketing intelligence component of BI.



**FIGURE 1.1**  
Typical Areas Under the Umbrella of Business Intelligence.

## Introduction to Marketing Intelligence

According to American Marketing Association, marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.<sup>4</sup> The marketing concept does not focus on one aspect of marketing or only units within the firm but recognizes the roles of non-marketers in the marketing process such as customers, vendors, or external agencies who regulate marketing.

While marketing centers around satisfying customer needs, an organization must have systems in place to understand and monitor customer needs. Marketing intelligence helps organizations in this process and focuses on gathering customer-level information that would assist in business decision-making and policy analysis.

### What Is Marketing Intelligence?

Marketing intelligence (MI) is “viewed in its totality as a continuing and interacting structure of people, equipment, and procedures to gather, sort, analyze and distribute pertinent, timely and accurate information for use by marketing decision makers to improve their marketing planning, implementation and control.”<sup>5</sup>

Marketing intelligence has the capacity to be at the forefront in contributing to the development of a business environment through strategic research; risk and policy analysis; credit-rating documentation; storage, publication; reporting; and communication of reliable, timely, and objective business information. It incorporates information from customer analysis and industry analysis as well as general market conditions.

In other words, marketing intelligence pertains to “the ability to fully understand, analyze, and assess the internal and external environment associated with customers, competitors, markets, industry and use the acquired knowledge for long and short term strategic planning.”<sup>6</sup>

### Components of Marketing Intelligence

Marketing intelligence primarily focuses on creation and management of profitable long-term relationships with customers with an emphasis on the use of information and communication technologies in researching, selecting, entering, and competing in global markets. As shown in Figure 1.1, the various components of marketing intelligence can be included under two main areas—marketing research and customer relationship marketing/database marketing.

Marketing research focuses primarily on the collection and use of information on customers and their needs for designing marketing programs. Marketing data can be collected from primary, secondary, and standardized sources. Data analysis in marketing research uses the data on prospects, customers, competition, products, and markets, while incorporating marketing concepts, methods, and quantitative tools, to make meaningful decisions with regard to marketing campaigns, resource allocation, and the managerial planning process. Customer relationship management/database marketing integrates information on customer buying behavior and motivation obtained from a firm’s database and market research. This information aids the firm to manage the offers made to its customers (both current and new products and services), in order to acquire new customers, and satisfy and retain existing customers in a profitable manner.

### Need for Marketing Intelligence

Marketing research plays a critical part in improving decision-making by providing relevant, accurate, and timely information. The following examples illustrate the diversity in offerings and therefore the importance of marketing intelligence.

- Queues at airport food outlets are common, especially at peak times, making it difficult for travelers with little time on hand to enjoy fresh cooked food. A new model of pick-up and delivery services for on-board plane food and prepackaged food was launched in 2017. In the United States, AirportSherpa and AtYourGate began delivering food and retail items directly to passengers, at their gate. Grab is another similar service that has been operating at airports across United States and at Heathrow, London, which offers passengers the option to order food in advance and collect it to go, from restaurants on their way to the gate. These services are especially appealing to business travelers who have expense accounts and very little time. Also, younger affluent travelers who emphasize on healthier and fresher food find these options attractive. These new services tap into the trend of instant fixes that prevails in the food service industry, while also offering opportunities to lesser-known brands to acquire new customers through faster delivery.<sup>7</sup>
- According to The National Association of Realtors' 2017 Home Buyer and Seller Generational Trends study, millennials were the largest group of people purchasing a home, for the fourth consecutive year. Although millennials wait longer to purchase a home, they have been skipping the usual "starter" homes, and buying the larger homes that were originally considered "move up" homes. An associated trend is that of millennials buying SUVs to navigate the suburbs. In 2017, millennials constitute 30 percent of the car market, up from 20 percent in 2011. As millennials cross the threshold into family life, they move toward purchasing large SUVs to accommodate children, preteenagers, and teenagers. Ford expects all SUV sales to increase from 40 percent to more than 45 percent of the total U.S. new vehicle market by 2020–2022.<sup>8</sup>
- A 2017 report by WiseGuy Research Consultants indicated that the global capsule hotels market was valued at 159 million USD in 2016, with projections to reach 226 million USD by 2022. Asia has some of the most expensive hotel rates across the world, and for travelers, capsule hotels offer an alternative experience. They occupy the sweet spot among expensive, luxurious hotels and budget, non-luxurious hostels. Capsule hotels are typically priced at 50 USD per night and even offer per hour "nap rates." Their proximity to airports and city centers make them optimally suited for travelers and backpackers caught in layovers. For millennials who are increasingly preferring these hotels, personalization and user experience are important.<sup>9</sup>

The above examples, across various industries, point to the need for marketing intelligence because:

- Producers have varying levels of direct contact with consumers.
- Consumer-to-consumer interactions have become very common.
- Channels have varying amounts of knowledge about customer attitudes, preference, and tastes.
- Firms need to understand the competition and be prepared to act quickly.
- Management goals involve much more than sales targets and market share achievement.
- There is a need to identify successful new offerings to ensure growth and revenue maximization by finding a balance between costs and prices of products.
- The future is uncertain, yet, businesses do need to anticipate the future. The need is to look at least 5–10 years in advance. Pharmaceutical companies do it on a regular basis because they have to plan for what happens when a particular patent expires. Technology companies, on the other hand, are always on the move in planning their next steps.

Table 1.1 lists the various areas where marketing intelligence is applied.

Traditional forecasting involves extrapolating from the present. The problem with this approach is that the further forward one goes, the greater the error—thus, the greater the risk of a mistake. Three examples illustrate the problem of anticipating the future.

In 1943, Thomas Watson, then chairman of IBM, forecasted a world market for about five computers. In 1970, Ken Olsen, founder of Digital Equipment Corporation, said no one needed to have a personal computer at home. In 1981, Microsoft's founder Bill Gates said that 640 K would be enough memory for anyone.

According to AWARE, a marketing intelligence services company, Scenario Planning is a technique that overcomes these problems. It is a methodology that allows practitioners to prepare for the future by looking at trends in the present and mapping how these interrelate with each other. From this study, a number of scenarios picturing possible future worlds are drafted, along with a description of how these futures could arise. Businesses then plan around these—with contingency plans for undesirable elements. Key change indicators are monitored and used to gauge how events are turning out.

Companies like shell have reported remarkable successes by using this technique. They predicted the Oil Crisis of the 1970s, and the changes that took place prior to and immediately after the fall of the Soviet Union. Recently, companies such as AutoNation and Rolls-Royce have successfully used this technique to devise business strategy.<sup>10</sup>

The different functions under marketing intelligence are all interrelated in the sense that the data collected using various techniques in marketing research are then analyzed and interpreted to improve the efficient management of customer–firm relationships, and the knowledge and experience created from these fields can be used to effectively manage new product development

**Table 1.1 Domains of Marketing Intelligence**

- **Product decisions**  
Marketing intelligence helps in making decisions on investing in new products and in optimizing product specifications or offerings to target customer groups.
- **Customer segmentation decisions**  
Marketing intelligence gives an opportunity for companies to study the impact of advertisements—before and after advertising. Based on research and audience composition, marketing intelligence gives companies the flexibility to choose advertising media. Finally, MI also gives companies enough information for selection of target segments.
- **Brand and pricing decisions**  
Marketing intelligence helps decision makers in building brand equity and consciousness among the targeted customer segments. Gathering marketing intelligence also helps capture popular perceptions and changing trends, tastes, and lifestyles.
- **Keeping stakeholders happy**  
Understanding stakeholder needs and responding to them keeps all stakeholders—customers, channels, and suppliers—satisfied. A satisfied customer is a profitable customer.
- **Market estimation, competitive benchmarking, and distribution**  
Marketing intelligence also helps in quantitative analysis of market forces—estimating size of the market, quantitative and behavioral analysis of the market, and forecasting future trends/needs. Marketing intelligence also helps in market share analyses.

In short, the domains of marketing intelligence application appear vast and include identifying marketing opportunities to build profitable businesses; developing and using marketing intelligence; designing the marketing mix; acquiring and retaining customers; and planning, organizing, evaluating, and controlling market performance.

Judicious gathering of marketing intelligence helps companies to walk up the marketing thinking ladder by explaining how to grasp and outperform consumer value migration and hence to make more money by adding more value to existing brands. Outcome is simply more consumer-oriented businesses.

and marketing. Customer relationship marketing and database marketing will be covered briefly in the last chapter. But the primary focus of this book is the marketing research arm of marketing intelligence.

## Marketing Research

Any marketing organization should have a marketing intelligence system in place that helps them obtain information on consumer needs and gathers marketing intelligence that will help them understand how to satisfy these needs efficiently. Each decision a company makes poses unique needs for information gathered through marketing research, and relevant strategies can be developed based on the information gathered through marketing research. These strategies help companies in designing and implementing specific marketing campaigns, for example, multicultural marketing campaigns (MCM).

For instance, Honda Motor Company's marketing campaign for their 2018 Fit Sports model focuses on targeting the multicultural millennial segment. The importance of this campaign becomes noteworthy since more than 40 percent of millennials in the United States are multicultural.<sup>11</sup> The ads in this campaign thus far are aimed at Hispanic and African-American millennials. In terms of message type, the ads use humor to connect with the young and "on-the-move" user community. In terms of communication tools, the ads have incorporated mobile, social media, and location-based applications to reach these audiences. Further, the campaign is geared toward utilizing the potential of social media influencers and comedians to connect with the users in this segment.<sup>12</sup>

## Conquering Asian and Latino Homes

As of July 2016, the Hispanic population in the United States stood nearly at 57.5 million, a 2 percent growth from July 2015.<sup>13</sup> The Hispanic population, which grew 60 percent between 2000 and 2015, is now the second-fastest growing group behind the U.S. Asian population, which grew 72 percent over the same period.<sup>14</sup> Table 1.2 provides the change in U.S. population between 2011 and 2016. Over this 6-year period, while the overall U.S. population increased by 3.7 percent, the Asian population increased nearly 17 percent, and the Hispanic population over 10 percent. Such high growth numbers are attractive to marketers who are looking to expand into newer markets and user segments.

The 2015 Pew Hispanic Center survey indicates that education has played a prominent role in the growth of this demographic, with 52 percent of Hispanics indicating that they had gone to college. For instance, the percentage of college-going Hispanics (25 years and older) increased from 30 percent in 2000 to 40 percent in 2015. Further, 37 million Hispanics (5 years and older)

**Table 1.2 Changing U.S. Population**

Segment	2016	2015	2014	2013	2012	2011
Asian	17,556,935	17,273,777	16,686,960	16,012,120	15,555,530	15,020,419
Hispanic or Latino	57,398,719	56,496,122	55,279,452	53,986,412	52,961,017	51,939,916
Other groups	248,171,861	247,648,922	246,890,644	246,130,307	245,397,493	244,631,584
<b>Total</b>	<b>323,127,515</b>	<b>321,418,821</b>	<b>318,857,056</b>	<b>316,128,839</b>	<b>313,914,040</b>	<b>311,591,919</b>

Source: Compiled from American Community Surveys (between 2011 and 2016), U.S. Census Bureau.

spoke Spanish at home, in comparison to 25 million in 2000. Concurrently, English proficiency improved, with 35 million Hispanics (5 years and older) indicating that they were proficient in English, as compared to 19 million in 2000. Of this, 14 million Hispanics spoke only English at home in 2015.<sup>15</sup>

Asian Americans, presently the fastest growing ethnic group in the United States, was estimated at more than 20 million in 2015. The 19 largest origin groups accounted for 94 percent of the Asian American population in the United States, although no single country dominated the Asian American population. The top three origin groups included 4.9 million (24 percent) of Chinese origin, 4 million (20 percent) were of Indian origin, and 3.9 million (19 percent) were of Filipino origin. The growth rate of the Asian American population in 2016, over 2015, was 3 percent—the highest of all racial or ethnic groups. Around half the origin groups doubled between 2000 and 2015, notably the populations of Bhutanese, Nepalese, and Burmese origins. Asians are projected to become the largest immigrant group in United States, overtaking the Hispanics in 2055. Since 2010, each year, more Asian immigrants than Hispanic immigrants have arrived in United States—for purposes of study, work, or family, as well as seeking refuge from wars.<sup>16</sup>

Advertisers are now making ads that depict cultural integration and generate product awareness. The pioneer in this effort is Sears, which came up with the “Solo Para Ti” (Just for You) campaign on Spanish-speaking television. Imagine The ROI of Sears in 2050 when the Hispanic population represents 25 percent of the total U.S. population! Marketing Research in Action 1.1 provides the initiative made by Target in reaching out to the Hispanic consumers.

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## Marketing Research in Action 1.1

### ■ TARGET TARGETS HISPANIC CONSUMERS

In 2015, Target launched a new campaign that spanned TV and social media that focused on Hispanic guests. #SinTraduccion or “without translation” was the brand’s first Latino-focused effort to include cultural concepts in its marketing. Rather than using mere translations of general advertising, this campaign captured moments, traditions, and emotions that are significant in Hispanic culture, but have no English equivalent.

Using insights on Hispanic consumers, this campaign was aimed at attracting more Latino shoppers to Target. Specifically, this campaign recognized and celebrated the bicultural reality that many Hispanic guests experienced every day—navigating between Hispanic culture and American lifestyle—while highlighting Target’s varied products, from apparel and cosmetics to food and décor.

The inviting hashtag also looked to create a dialog between Target and its guests on social media, by giving

them an opportunity to have conversations with each other and share their opinions.

With the knowledge of Target’s Hispanic guests’ keen interest in digital media consumption, particularly mobile, the #SinTraduccion campaign focused on mobile-based digital media and social content. Target carried forward its Hispanic focus into 2016, albeit with a more integrated approach, launching the “Lúcete A Tu Manera” (or “Show Off Your Way”) campaign in the summer, and holiday campaigns that ran in English and Spanish, featuring a bilingual Latina girl named Marisol.

It is estimated that in 2017, Hispanics collectively value nearly \$1 trillion in aggregate household income, which translates to a high level of purchasing power. In light of the market potential offered by the Hispanic consumers, a continued and sustained focus on creating offerings that appreciate the diversity within this group would bode well for Target and other marketers.

Sources: Adapted from S. Masunaga, “Target takes aim at Latinos with new marketing campaign,” April 18, 2015, *LA Times*, <http://www.latimes.com/business/la-fi-target-latino-marketing-20150418-story.html>; K. Kumar, “More of Target’s advertising reaching out to Hispanics as customer demographics change,” October 29, 2016, *Star Tribune*, <http://www.startribune.com/more-of-target-s-advertising-reaching-out-to-hispanics-as-customer-demographics-change/399091241/>; and J. Loechner, “Hispanics Approaching One Trillion Dollars In Aggregate HH Incomes,” August 15, 2017, *Media Post*, <https://www.mediapost.com/publications/article/305808/hispanics-approaching-one-trillion-dollars-in-aggr.html>.

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Further, A.C. Nielsen, in collaboration with Culturati Research & Consulting Inc., has developed the Nielsen–Culturati Hispanic Segmentation model to understand attitudes and values of U.S. Hispanic shoppers. Incorporating insights from the Nielsen Hispanic Homescan Panel, this segmentation goes beyond language and demographics and identifies the following four key attitude-based segments of U.S. Hispanics—(a) Latinistas (culturally Hispanic and very traditional), (b) Heritage Keepers (bicultural and somewhat progressive), (c) Savvy Blenders (bicultural and very progressive), and (d) Ameri-Fans (culturally American). By understanding these value segments, marketers can track brand performance on a finer level and identify precise growth opportunities.<sup>17</sup>

In summary, virtually every private and public sector organization is constantly in search of more and better information about its ever-changing markets. Whether the organization serves customers in competitive market environments or clients in a public sector enterprise, it is necessary to understand and satisfy the changing needs of diverse groups of people. In light of this, we can better appreciate the following definition of marketing research, as provided by the American Marketing Association.<sup>18</sup>

*Marketing research is the function that links the consumer, customer, and public to the marketer through information—information 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 and the results the communicates the findings and their implications.*

American Marketing Association  
Official Definition of Marketing Research

The above definition highlights the role of marketing research as an aid to decision-making. An important feature is the inclusion of the specification and interpretation of needed information. Too often, marketing research is considered narrowly as the gathering and analyzing of data for someone else to use. Firms can achieve and sustain a competitive advantage through the creative use of market information. Hence, marketing research is defined as an information input to decisions, not simply the evaluation of decisions that have been made. Market research alone, however, does not guarantee success; the intelligent use of market research is the key to business achievement. A competitive edge is more the result of how information is used than of who does or does not have the information.<sup>19</sup>

## Role of Marketing Research in Managerial Decision-Making

Marketing decisions involve issues that range from fundamental shifts in the positioning of a business or the decision to enter a new market to narrow tactical questions of how best to stock a grocery shelf. The context for these decisions is the market planning process, which proceeds sequentially through four stages: situation analysis, strategy development, marketing program development, and implementation. This is a never-ending process, so the evaluation of past strategic decisions serves as an input to the situation assessment. Figure 1.2 suggests some elements of each stage. During each stage, marketing research makes a major contribution to clarifying and resolving issues and then choosing among decision alternatives. The following sections describe these steps in more detail and describe the information needs that marketing research satisfies.



**FIGURE 1.2**  
Marketing Planning Process.

## Situation Analysis

Effective marketing strategies are built on an in-depth understanding of the market environment of the business and the specific characteristics of the market. The depth of these information needs can be seen from the list in Table 1.3, which shows the requirements of a major consumer packaged-goods manufacturer.

**Table 1.3 Scope of Situation Assessment for a Consumer Goods Manufacturer**

1. Market environment
  - a. Technologies? How else will customers satisfy their needs?
  - b. Economic trends? Disposable income?
  - c. Social trends? What are the trends in age, marital status, working women, occupations, location, and shifts away from the center city? What values are becoming fashionable?
  - d. Political and regulatory? New labeling and safety requirements.
2. Market characteristics
  - a. Market size, potential, and growth rate?
  - b. Geographic dispersion of customers?
  - c. Segmentation: How many distinct groups are there? Which are growing?
  - d. Competition: Who are the direct rivals? How big are they? What is their performance? What is their strategy, intention, and likely behavior with respect to product launches, promotions, and the like?
  - e. Competitive products? Their nature and number?
  - f. Channel members? What is the distribution of sales through supermarkets and other outlets? What are the trends? What are they doing to support their own brands?
3. Consumer behavior
  - a. What do they buy? A product or service? A convenience, shopping, or specialty good? A satisfaction . . . ?
  - b. Who buys? Everybody? Women only? Teenagers (i.e., demographic, geographic, and psychographic classification)?
  - c. Where do they buy? Will they shop around or not? Outlet types?
  - d. Why do they buy? Motivations, perceptions of product and needs, influences of peers, prestige, influence of advertising, media?
  - e. How do they buy? On impulse? By shopping (i.e., the process they go through in purchasing)?
  - f. When do they buy? Once a week? Every day? Seasonal changes?
  - g. Anticipated change? Incidence of new products, shifts in consumers' preferences, needs?

The macroenvironment includes political and regulatory trends, economic and social trends, and technological trends. Marketing researchers tend to focus on those trends that affect the demand for products and services. For example, the most important influences on the demand for consumer packaged-food products over the last decade were as follows:

- Demographic shifts, including a record number of aging adults who were increasingly affluent and active.
- Rapid changes in family structure as a result of delayed marriages, blended families, fewer children and a high divorce rate.
- Shifts in values as consumers became preoccupied with their own economic and emotional well-being.

These trends resulted in increased concerns about the quality of food, nutritional value, personal fitness, and “naturalness.” Equally influential were shifts in food consumption patterns toward “grazing” or snacking, and more away-from-home eating.

Understanding the customers—who they are, how they behave, why they behave as they do, and how they are likely to respond in the future—is at the heart of marketing research. Increasingly, marketing researchers are being asked to turn their talents to understanding the behavior and intentions of consumers. Marketing Research in Action 1.2 depicts how Uniqlo became one of the market leaders in the clothing industry.

A major responsibility of the marketing research function is providing information that will help detect problems and opportunities and then, if necessary, learning enough to make decisions as to what marketing program would result in the greatest response. An opportunity might be presented by the sense that customers are increasingly dissatisfied with existing products.

## Marketing Research in Action 1.2

### ■ THE SUCCESS OF UNIQLO

Uniqlo, the Japanese clothing retailer, had about 100 stores in Japan in 1994. In 2015, the brand had grown to 840 stores in Japan, and 1,170 stores outside Japan. Of these 1,170 stores, 820 were under the Uniqlo brand and 270 were under the GU brand (a low-priced version of Uniqlo). By 2016, Uniqlo was the third largest retailer globally, just behind H&M and Zara’s parent company Inditex. How did this happen?

1. Uniqlo had a clear brand vision—to provide high-quality, performance-enhanced, basic casual wear that was fashionable but not trendy and at low prices. With innovative fabric and in-house design, Uniqlo was able to provide exceptional functional performance that was sold as “made for all” clothing.
2. Uniqlo branded their innovations, which helped them reiterate their brand positioning, and distinguished them from price-driven competitors. Some of their branded innovations include HeatTech (a fabric that turns moisture into heat and has air pockets that retain heat), AIRism (a comfortable silk-like fabric that wicks away sweat and moisture), Ultra-light down (a light insulator used in jackets), and Lifewear (a blend of casual and sportswear).
3. Uniqlo was focused on containing costs and being operationally agile. This meant that their customers had a direct influence on the manufacturing and ordering process, because products are made based on the orders coming in.
4. Uniqlo also placed emphasis on in-store experience, with every store employee activity being recorded and analyzed. The in-store employees were trained to be “advisers” who are knowledgeable, helpful, and sensitive to customer needs. The stores themselves are laid out in a clean and logical manner, with the products and visuals bringing in color and energy.
5. Uniqlo also benefitted from the charisma and vision of its founder—Tadashi Yanai. He built a strong culture that enabled Uniqlo’s international success. By keeping the organizational structure flat, encouraging employee suggestions, and making the decision to conduct all the firm’s

businesses in English, Yanai avoided the usual problems that many firms face in global expansion. He nurtured a culture that supported innovation, customer experience, teamwork, and organizational goals. Yanai's aim is to move beyond the primary mission of providing great clothing with new and unique value, to enabling people to experience the joy and satisfaction of wearing these clothes.

Going forward, Yanai aims to increase their growth in Asia, particularly China. Overall, he believes that the future

of retail will be defined by information and digital innovation and is devoting his attention in this area. Specifically, in 2017, he aimed to increase online sales to 30 percent of revenues. The company's future projects on innovations include making "unprocessed" denim more comfortable and trying to 3D-print cashmere and lamb's wool. Additionally, a move toward incorporating artificial intelligence to create designs based on customer purchases and factory-to-customer shipments is also being explored.

Sources: D. Aaker, "Why Uniqlo Is Winning," *Marketing News*, January, 2015, pp. 24–25; and C. Sorvino, "Inside Billionaire Uniqlo Founder Tadashi Yanai's Quest To Build The World's Biggest Retailer," *Forbes*, April 5, 2017, <https://www.forbes.com/sites/chloesorvino/2017/04/05/too-big-data-for-his-drawers/#45ecc0632b8a>.

Marketing research could be asked to detect the dissatisfaction, perhaps determine how many people are dissatisfied, and learn the level and nature of that dissatisfaction.

Various research approaches are used to analyze the market. Perhaps the simplest is to organize information already obtained from prior studies, from magazine articles that have been printed, and from customers' comments to a firm's sales representatives. This is called **secondary data**. Another approach is to have small groups of customers, called **focus groups**, discuss their use of a product. Such discussion groups can provide many ideas for new marketing programs. When it is necessary to understand it in greater depth, a survey is often employed. For example, to understand the competitive position of Quebec in the tourism market, a survey was conducted to determine the benefits sought by visitors and nonvisitors, as well as the risks they perceived.

The results identified a large group who felt highly insecure in new and/or foreign environments and were not attracted by the appeals of uniqueness in culture, traditions, and architecture that Quebec used to differentiate its product. Marketing Research in Action 1.3 provides an example of how marketing research can help a newcomer in the industry successfully compete with established players.

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## Marketing Research in Action 1.3

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### ■ WHIPPING UP A MARKET

In 2004, yogurt as a category saw growth on account of the protein-rich dietary trends and variants such as fat-free, whipped, and fiber enriched. Greek yogurt, however, was still a specialty, accounting for 0.7 percent of the U.S. yogurt market in 2006, according to UBS. The one brand that had a strong retail presence at that time was Fage, and it targeted upscale customers.

Chobani entered the yogurt industry in 2007 and competed directly with Fage. Chobani's founder perfected the technique of preparing Greek yogurt that included using more milk than traditional yogurt and a straining process that removes excess liquid whey. This process resulted in

a thicker, creamier, and more protein-rich yogurt. Instead of being placed in the ethnic food aisle in retail outlets, Chobani chose to compete directly with the regular yogurt brands. Chobani's shorter, fatter, colorful yogurt cups also stood out as distinctive among the other taller, thinner yogurt cups. By December 2012, Chobani had expanded in United States as well as globally, making it a \$1.4 billion brand in 2013.

Chobani's strategy and market success redefined the yogurt market and elevated Greek yogurt from a specialty product to a subcategory unto itself. According to Nielsen, Greek yogurt accounted for 52 percent of yogurt sales in 2014, as compared to 4 percent in 2008. In the same year, the

Wall Street Journal reported that more than a third of yogurt in a typical grocery store was Greek, pushing other dairy items aside. While Chobani offered occasional discounts, it mostly maintained its price premium to preserve the authenticity of the product and the subcategory. Chobani also opened a retail outlet, Chobani SoHo Café, in New York, which served up custom-made yogurt, soups, and savory items, was a testing ground for its R&D for new flavors and products.

Further, Chobani's marketing communication called "How Matters" centered around the product itself, and its sources, struck a chord with the Greek yogurt consumers. A 2013 Mintel survey found that among the Chobani buyers, 66 percent preferred the absence of high-fructose corn syrup, 63 percent were happy about the all-natural ingredients, and 62 percent rated highly the focus on premium ingredients.

Source: Adapted from C. Birkner, "Culturing a Subcategory," May 2014, *Marketing News*, pp. 28–39.

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## Strategy Development

All businesses have strategies, which are the methods used to make and sell products or perform services. Often, strategies are determined by a company's reaction to events beyond its control rather than by solid marketing intelligence and strategic planning. But, the question asked is why do firms plan? The answer is simple: competitive advantage.<sup>20</sup>

Several factors contribute to organizational growth in both size and complexity. Decision-making gets more and more complex as the size of the business and market share increases, and vice versa when the business size and market share decreases. This implies a critical need for strategic focus—focusing on customer/competitive analysis. Both elements are critically dependent on rigorous marketing intelligence.<sup>21</sup>

In order for companies to maximize opportunity, they must first assess their strategic position. Only then will management be able to decide where and how the company should position itself. Evaluations of past performance, marketing strengths and weaknesses, reputation for quality products, utilization issues, and mission need to be addressed. All of these issues can be addressed by strategic planning and good marketing intelligence.<sup>22</sup>

During the strategy development stage, the management team of the business decides on answers to three critical questions. Marketing research provides significant help in finding the answers to these questions.

1. **What business should we be in?** Specifically, what products or services should we offer? What technologies will we utilize? Which market segments should we emphasize? What channels should we use to reach the market? These are far-reaching choices that set the context for all subsequent decisions.

These questions have become especially compelling in markets that are mature and saturated, including not only most packaged goods but also household appliances, automobiles, and services such as banking and air travel. One sure route to growth in this competitive environment is to create highly targeted products that appeal to the tastes of small market segments. Research supports this search for niches with large-scale quantitative market studies that describe buying behavior, consumer beliefs and attitudes, and exposure to communications media. Large samples are needed to delineate the segments, indicate their size, and determine what the people in each segment are seeking in a product.

2. **How will we compete?** Next the management team has to decide why the business is better than the competition in serving the needs of the target segment, and what has to be done to keep it in front. Competitive superiority is revealed in the market as either differentiation along attributes that are important to target customers or the lowest delivered cost position. Otis Elevator is able to dominate the elevator business by using information technologies to

provide superior service response and preventive maintenance programs that reduce elevator breakdowns—attributes that customers appreciate.

Marketing research is essential for getting answers to three key questions about differentiation: What are the attributes of the product or service that create value for the customer? Which attributes are most important? How do we compare to the competition? For example, every movie has a dozen different story lines, and Joseph Helfgot, a sociologist turned Hollywood market researcher, says he knows which one you want to hear. Helfgot is the one who tells studio executives how to sell their movies and sink-or-swim release schedules. Consider *The Silence of the Lambs*. Is it about a gruesome serial murderer? Or a feisty FBI ingenue? Or a brilliant psychotic helping the FBI catch a like-minded fiend? None of the above, Helfgot found out. Audiences were interested in hearing a story about the bizarre relationship between Jodie Foster, an FBI academy graduate, and imprisoned serial killer Hannibal Lecter—played by Anthony Hopkins—who helped her solve the murders. That became the focus of the publicity campaign for what turned out to be a blockbuster hit. With marketing costs accounting for up to a third of movie budgets and with competition for space in movie theaters becoming increasingly fierce, studios have come to rely on whatever information science can provide to help sell their movies.

The attributes of value go well beyond physical characteristics to encompass the support activities and systems for delivery and service that make up the augmented product. In the lodging market, the key attributes are honoring reservations on time and providing good value for the money, quality and amenities of the guest rooms. Each market has unique attributes that customers employ to judge the competitive offerings, which can be understood only through careful analysis of usage patterns and decision processes within that market. This knowledge comes from informed sources and in-depth customer surveys.

An understanding of competitive advantage also requires detailed knowledge of the capabilities, strategies, and intentions of present and prospective competitors. Marketing research contributes here in two ways: identifying the competitive set, and collecting detailed information about each competitor. Some ways of undertaking competitive intelligence work are discussed later in the book. Marketing Research in Business 1.4 talks about how marketing research helped develop a specialized product.

- 3. What are the objectives for the business?** An objective is a desired performance result that can be quantified and monitored. There are usually objectives for revenue growth, market share, and profitability. Increasingly, firms are adopting objectives for service levels (e.g., speed of response to quotations) and customer satisfaction. Marketing research is needed to establish both the market share and the level of customer satisfaction. Sometimes, share information—we have  $x$  percent of the  $y$  market—is readily available from secondary sources, but it may not be if the served market is different from the standard definition or if share is defined in dollar sales terms rather than unit volume.

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## Marketing Research in Action 1.4

### ■ DIAPERS FOR PREMATURE BABIES

Since the invention of the disposable diaper in the 1950s, Pampers has developed a complete range of diapers, wipes, and training pants that are aimed to provide comfort and protection at every stage of a baby's development. In 2002, Pampers was the first major diaper manufacturing brand to

create a diaper designed for premature babies. However, these diapers were not appropriate for all premature babies.

In 2015, nearly 380,000 babies were born before term, according to Live Science. This raised a vital and growing need for diapers specially designed for premature babies who weigh as little as 1 pound. An independent survey of

nurses in the Neonatal Intensive Care Unit (NICU) who care for premature babies, threw light on the fact that the premature diapers available at that time failed to conform to a premature baby's shape and proper positioning for development. Further, it was not unusual for a premature baby's diaper change to take two nurses, four hands, and five to ten minutes. For infants weighing as little as 1 pound, finding a diaper that fit, was next to impossible. Nurses in the NICU routinely fold or cut newborn diapers to fit the smallest premature babies.

To address this need, Pampers began research and development to develop a better diaper for premature babies. Consumer research teams worked with nurses to develop a new size P-3 diaper to meet the unique and special needs of premature babies born in the third trimester and weighing as little as 1 pound (500 grams).

Introduced in late 2016, the Pampers Preemie Swaddlers Size P-3 diapers were designed to minimize disruption to sleep, and provide better positioning for premature infants, and were three times smaller than all of the other diapers in Pampers' line. The narrow core aided in better hip positioning, while the soft materials, gentle flex cuffs, and a unique lining that pulled away wetness and runny mess (that are a common side effect of antibiotics) cared for the baby's delicate skin. The all-over fastening and front and back absorbency features provided nurses with the flexibility to position the diaper to accommodate medical lines and other interventions.

While the market for these diapers is not as large as it is for full-term babies, this diaper fulfills a unique need by providing comfort and care for these fragile babies, and reassuring the parents that their baby is being cared for.

Sources: Adapted from "Pampers Delivers Its Smallest Diaper Ever for the Tiniest Premature Babies Designed in Partnership with Neonatal Intensive Care Unit (NICU) Nurses," September 29, 2016, <http://news.pg.com/press-release/pg-corporate-announcements/pampers-delivers-its-smallest-diaper-ever-tiniest-premature>; and M. V. Libassi, "Pampers Invents World's Smallest Diaper, Helping Premature Babies," *Fox Business*, February 6, 2017, <http://www.foxbusiness.com/features/2017/02/06/pampers-invents-worlds-smallest-diaper-helping-premature-babies.html>.

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## Marketing Program Development

Programs embrace specific tasks, such as developing a new product or launching a new advertising campaign (see Marketing Research in Action 1.4). An action program usually focuses on a single objective in support of one element of the overall business strategy. This is where the bulk of ongoing marketing research is directed. An idea of the possibilities of and needs for research can be gathered from Table 1.4, which describes some of the representative program decisions that utilize information about market characteristics and customer behavior.

To illustrate some of the possible research approaches that are employed, we will focus on the series of market research studies that were conducted to help Johnson Wax Company successfully introduce Agree Creme Rinse in 1977 and Agree Shampoo in 1978. The story begins with a major market analysis survey of hair-care practices that was conducted in the early 1970s. The study showed that there was a trend away from hair sprays, but a trend toward shampooing hair more frequently and a growing concern about oily hair. This led to a strategic decision to enter the shampoo and creme rinse market with products targeted toward the oiliness problem. This decision was supported by other studies on competitive activities in the market and on the willingness of the retailers to stock new shampoos.<sup>23</sup>

A total of 50 marketing research studies conducted between 1975 and 1979 supported the development of these two products. A series of focus group discussions was held to understand the oiliness problem and people's perceptions of existing shampoo products. The firm was particularly interested in learning about teenagers, since most of its products were sold to homemakers. One goal of these focus groups was to get ideas for a copy theme. Subsequently, more focus groups were held to get reactions to the selected advertising theme, "Helps Stop the Greasies." Several tests of advertising were employed in which customers were exposed to advertisements, and their reactions were obtained. In fact, more than 17 television commercials were created and tested.

**Table 1.4 Developing the Marketing Program—Representative Decisions That Draw on Marketing Research**

1. Segmentation decisions
  - Which segment should be the target?
  - What benefits are most important for each segment?
  - Which geographic area should be entered?
2. Product decisions
  - What product features should be included?
  - How should the product be positioned?
  - What type of package is preferred by the customers?
3. Distribution decisions
  - What type of retailer should be used?
  - What should be the markup policy?
  - Should a few outlets be employed or many?
4. Advertising and promotion decisions
  - What appeals should be used in the advertising?
  - In which vehicles should the advertising be placed?
  - What should the budget be?
  - What sales promotion should be used, and when should it be scheduled?
5. Personal selling decisions
  - What customer types have the most potential?
  - How many salespeople are needed?
6. Price decisions
  - What price level should be changed?
  - What sales should be offered during the year?
  - What response should be made to a competitor's price?
7. Branding decisions
  - What should be the name, symbol, logo, and slogan that will be associated with the product?
  - What is the position that the brand should adopt vis-à-vis the competition?
  - How can brand loyalty be increased?
8. Customer satisfaction decisions
  - How should customer satisfaction be measured?
  - How often should it be measured?
  - How should customer complaints be handled?

More than 20 of the studies helped to test and refine the product. Several blind comparison tests were conducted, in which 400 women were asked to use the new product for two weeks and compare it to an existing product. (In a **blind test**, the products are packaged in unlabeled containers and the customers do not know which contains the new product.)

Several tests of the final marketing program were conducted. One was in a simulated supermarket where customers were asked to shop after they had been exposed to the advertising. The new product, of course, was on the shelf. Another test involved placing the product in an actual supermarket and exposing customers to the advertising. Finally, the product was introduced using the complete marketing plan in a limited test area involving a few selected communities including Fresno, California, and South Bend, Indiana. During the process, the product, the advertising, and the rest of the marketing program were being revised continually. The effort paid handsome dividends: Agree Creme Rinse took a 20 percent share of the market for its category and was number one in unit volume, and Agree Shampoo also was introduced successfully. In the 1980s, Gillette introduced Mink Difference Shampoo, containing mink oil, for the older market, and for the younger segment, Silkience, a self-adjusting shampoo that provided differential conditioning depending on the user's hair type.

## Implementation

The beginning of the implementation phase is signaled by a decision to proceed with a new program or strategy and by the related commitments to objectives, budgets, and timetables. At this point, the focus of marketing research shifts to such questions as

*Did the elements of the marketing program achieve their objectives?*

- How did sales compare with objectives?
- In what areas were sales disappointing? Why?
- Were the advertising objectives met?
- Did the product achieve its distribution objectives?
- Are any supermarkets discontinuing the product?

*Should the marketing program be continued, revised, or expanded?*

- Are customers satisfied with the product?
- Should the product be changed? More features added?
- Should the advertising budget be changed?
- Is the price appropriate?

For research to be effective at this stage, it is important that specific measurable objectives be set for all elements of the marketing program. Thus, there should be sales goals by geographic area; distribution goals, perhaps in terms of the number of stores carrying the product; and advertising goals, such as achieving certain levels of awareness. The role of marketing research is to provide measures against these objectives and to provide more focused studies to determine why results are below or above expectations.

Often underlying this phase of marketing management is uncertainty about the critical judgments and assumptions that preceded the decision. For example, in the first half of 1996, IBM, and Dell launched new products in the personal computer market. Prior to this, most companies targeted only one brand of PC toward the home segment. One reason was a fundamental assumption about whether customers use computers for purposes other than traditional computing tasks. In response to this uncertainty, the companies undertook research studies to measure the acceptability of new product entries and maintaining computer usage at home.

There is overlap among the phases of the marketing process. In particular, the last phase, by identifying problems with the marketing program—and perhaps opportunities as well—eventually blends into the situation analysis phase of some other follow-up marketing program.

## Factors that Influence Marketing Research Decisions

Marketing research is not an immediate or an obvious path to finding solutions to all managerial problems. A manager who is faced with a particular problem should not instinctively resort to conducting marketing research to find a solution to the problem. A manager should consider several factors before ordering marketing research and conduct a value analysis to answer the simple question—will the reduction in risk be greater than the cost?—which includes the time delay associated with waiting to make the decision. In many situations, it is best not to conduct marketing research. Hence, the primary decision to be made is whether or not market research is called for in a particular situation. The factors that influence this initial decision include the following.

## Relevance

Research should not be conducted to satisfy curiosity or confirm the wisdom of previous decisions. Relevance comes through support of strategic and tactical planning activities, that is, by anticipating the kinds of information that will be required. This information is the backbone of the ongoing information system. As new circumstances arise and decision alternatives become more specific, research projects may be undertaken. Throughout the planning of these projects, the focus must be constantly on decisions.

## Type and Nature of Information Sought

The decision whether to conduct marketing research depends on the type and nature of the information sought. If the information required for decision-making already exists within the organization, in the form of results of a study conducted for a different problem or in the form of managerial experience and talents, marketing research is not called for. Under these circumstances, further research would be redundant and a waste of money. For example, Procter & Gamble, using its prior knowledge of the U.S. coffee market, launched Folger's Instant Coffee nationally, after some preliminary research. The same is true for many organizations that have accumulated rich experience in a particular market and already possess the information required to solve a certain problem.

## Timing

Research decisions are constrained by the march of events. Often, these decisions are fixed in time and must be taken according to a specified schedule, using whatever information is available. If a new product is to be launched in the spring, all the research-based decisions on price, product formulation, name, copy appeals, and other components must be conducted far in advance. One role of the planning system is to schedule needed market research so that it can be conducted in time to influence decisions. The formulation of responses to competitive actions puts the greatest time pressure on researchers, for the results are always wanted "yesterday." There are, of course, many situations where the timing of decisions is contingent upon the research results. Even so, there is still time pressure stemming from the recognition that failure to take corrective action or pursue an opportunity as quickly as possible will result in opportunity costs.

## Availability of Resources

Though the need for resources to be available may appear to be obvious, in several instances managers have called for marketing research without properly understanding the amount of resources available—including both financial and human resources. Lack of funds can result in improper and inefficient execution of a marketing research project. The results of such research often will be inaccurate. Again, if funds are available to conduct proper research but are insufficient to implement the results of the research, the marketing research is made useless. Also, the availability of a talent pool is a critical issue in deciding whether or not to conduct extensive marketing research. This is particularly so when the research is being conducted by an external source. When poorly qualified researchers are hired, the weaknesses in their training and lack of insight produce unimpressive and often inapplicable results.

## Cost–Benefit Analysis

Before conducting marketing research, a prudent manager should perform a cost–benefit analysis to determine the value of the information sought through the research. Willingness to acquire additional decision-making information by conducting marketing research depends on a manager's perception of the risk associated with making the wrong decision. This is weighed against the incremental quality and value of the information vis-à-vis its cost and the time it would take to conduct the research. Hence, before conducting marketing research, it is necessary to have some estimate of the value of the information being sought. Such an estimate will help determine how much, if anything, should be spent on the research and what type of research should be done.

## Use of Marketing Research

Although research is conducted to generate information, managers do not readily use the information to solve their problems. The factors that influence a manager's decision to use research information are (1) research quality, (2) conformity to prior expectations, (3) clarity of presentation, (4) political acceptability within the firm, and (5) challenge to the status quo.<sup>24</sup> Researchers and managers agree that the technical quality of research is the primary determinant of research use. Also, managers are less inclined to utilize research that does not conform to prior notions or is not politically acceptable.<sup>25</sup> Some researchers argue that the use of information is a function of the direct and indirect effects of environmental, organizational, informational, and individual factors.<sup>26</sup> However, a researcher should not alter the findings to match a manager's prior notions. Furthermore, managers in consumer organizations are less likely to use research findings than their counterparts in industrial firms.<sup>27</sup> This is due to a greater exploratory objective in information collection, a greater degree of formalization of organizational structure, and a lesser degree of surprise in the information collection.

## Does Marketing Research Guarantee Success?

It is easier to conduct research and generate information than to understand the consequences of the information. Many companies with excellent marketing research experience have failed in their efforts to capture the actual needs of the consumers. For example, Coca-Cola conducted numerous studies before introducing New Coke. The study results revealed that New Coke tasted better than the original Coke, yet the product failed in the marketplace because of consumers' strong emotional/loyalty attachment to the original Coke.<sup>28</sup> Realizing that the market needed a low-calorie beer, Gablinger introduced the first low-calorie beers. However, the poor taste of the beer led to its downfall. Later, Anheuser-Busch and Miller Brewing achieved great success by emphasizing the benefits of good taste and a less filling product (rather than fewer calories, although what the market wanted was a low-calorie beer).<sup>29</sup> Findings in international markets have shown that a product should be priced in a manner in which the customer will realize the value received and that the price should be within reach of the target market. This was observed in the case of Warner–Lambert's launch of its five-unit pack of Bubbalo bubble gum in Brazil.

Despite bubble gum representing a majority of the overall gum sector in Brazil, the product failed. The reason was the high price with respect to the target market. The company then re-launched the gum as a single-unit pack and revised the price within the range of the target segment. This price revision stabilized the brand and helped improve sales.<sup>30</sup>

## Ethics in Marketing Research

Ethics refers to moral principles or values that generally govern the conduct of an individual or group. Researchers have responsibilities to their profession, clients, and respondents and must adhere to high ethical standards to ensure that both the function and the information are not brought into disrepute. The Marketing Research Association, Inc. (Chicago, Illinois) has instituted a code of ethics that serves as a guideline for marketing ethical decisions. Marketing Research in Action 1.5 shows the Code of Professional Ethics and Practices instituted by the Marketing Research Association.<sup>31</sup> The Council of American Survey Research Organization (CASRO) has also established a detailed code of marketing research ethics to which its members adhere.<sup>32</sup> Usually, three parties are involved in a marketing research project: (1) the client who sponsors the project, (2) the supplier who designs and executes the research, and (3) the respondent who provides the information. The issue of ethics in marketing research involves all three players in a research project. Recently, data/information leaks from major corporations such as Sony, Home Depot, and Equifax have caused severe harm both for the companies and their customers. The issue of leaks is becoming a critical ethics issue, and one that requires a dedicated effort to prevent more such leaks from occurring. Marketing Research in Action 1.6 provides an example of a recent information leak.

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### Marketing Research in Action 1.5

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#### ■ CODE OF ETHICS OF MARKETING RESEARCH ASSOCIATION

##### The Code of Professional Ethics and Practices

1. To maintain high standards of competence and integrity in marketing and survey research.
2. To maintain the highest level of business and professional conduct and to comply with Federal, State and local laws, regulations, and ordinances applicable to my business practice and those of my company.
3. To exercise all reasonable care and to observe the best standards of objectivity and accuracy in the development, collection, processing and reporting of marketing, and survey research information.
4. To protect the anonymity of respondents and hold all information concerning an individual respondent privileged, such that this information is used only within the context of the particular study.
5. To thoroughly instruct and supervise all persons for whose work I am responsible in accordance with study specifications and general research techniques.
6. To observe the rights of ownership of all materials received from and/or developed for clients, and to keep in confidence all research techniques, data and other information considered confidential by their owners.
7. To make available to clients such details on the research methods and techniques of an assignment as may be reasonably required for proper interpretation of the data, providing this reporting does not violate the confidence of respondents or clients.
8. To promote the trust of the public for marketing and survey research activities and to avoid any procedure that misrepresents the activities of a respondent, the rewards of cooperation or the uses of data.
9. To refrain from referring to membership in this organization as proof of competence, since the organization does not so certify any person or organization.
10. To encourage the observance of principles of this code among all people engaged in marketing and survey research.

Source: Marketing Research Association, Inc., Chicago, IL. Visit <http://www.marketingpower.com/Pages/default.aspx> for more information.

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## Marketing Research in Action 1.6

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### ■ “GAME OF THRONES” LEAKED!

The fantasy drama TV series, “Game of Thrones,” that premiered on HBO in 2011 quickly became a major hit and acquired a globally engaged fan base. By 2017, the show was in its seventh season, and in viewers in India, as with viewers the world over, were eagerly awaiting the episodes. The show aired on Star India’s digital platform—Hotstar. Star India, a 21st Century Fox subsidiary, had partnered with HBO for exclusive streaming rights of HBO Originals programming to Indian audiences.

But, before the fourth episode of the seventh season was aired globally, it was leaked online. Initial investigations revealed that the leak happened at Star India, which had received the episodes in advance, to air around the same time as the U.S. airing. Further investigations revealed that the leak had originated at Prime Focus Technologies, which is an independent company responsible for storing and processing the TV series for Hotstar. Of the four people arrested for the leak, three were employees and one was a former employee of Prime Focus Technologies. They were all charged with criminal breach of trust and computer-related offences.

Source: “Indian police arrest four for Game of Thrones leak” August 15, 2017, BBC, <http://www.bbc.com/news/world-asia-india-40932500>.

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## The Respondent's Ethics and Rights

A respondent who of his or her own free will agrees to participate in a marketing research project has the ethical obligation to provide the supplier, and hence the client, with honest and truthful answers. The respondent can abstain from answering a sensitive question, but falsifying the answer is ethically improper.

Any respondent who participates in a research project has the following rights:

- The right to privacy.
- The right to safety.
- The right to know the true purpose of the research.
- The right to the research results.
- The right to decide which questions to answer.

## The Sponsor's Ethics

The sponsor, or the research client, has to abide by a number of ethical or moral rules and regulations when conducting a research study. The more common sources of ethical problems in the client establishment stem from the following sources.

### Overt and Covert Purposes

Most researchers have encountered situations where the main purpose of their efforts was to serve someone’s organizational goals. Thus, research can be used to postpone an awkward decision or to lend respectability to a decision that has been made already. A related purpose is to avoid responsibility. When there are competing factions, the manager who must make a difficult choice looks to research to guide the decision. This has the further advantage that if the decision is later proven wrong, the manager can find someone else to blame.

Sometimes, a covert purpose will open the way to ethical abuses that present difficult dilemmas to researchers. The most serious abuses are created when there is subtle (or not so subtle) pressure to design research to support a particular decision or enhance a legal position.

### **Dishonesty in Dealing with Suppliers**

A few client companies have been known to indulge in “picking the brains” of research suppliers by asking them to submit elaborate bids that detail the research design and methodology the supplier would adopt in conducting the research. Later, the client firm uses these ideas and conducts the research on its own. Another technique that client firms sometimes use is to make a false promise of future contracts in an effort to obtain a low price for the current project.

### **Misuse of Research Information**

The client firm should not misuse information gathered through marketing research projects. For example, databases about consumer preferences are used in target marketing to identify the people who are most likely to buy or use a product. Netflix Inc., a provider of on-demand Internet streaming media, is available to viewers in different parts of the world and a flat rate DVD-by-mail in the United States. Netflix maintains an extensive personalized video recommendation system based on customer views, ratings, and reviews. In 2011, two Virginia residents filed a suit against Netflix citing that after signing for a new account Netflix had retained information on their DVD and streaming videos as well as their personal contact information. According to the federal Video Privacy Protection Act (VPPA), video rental companies are forbidden from disclosing any personal information or information on the genres of videos the customer had rented in the past. VPPA requires rental companies to delete personal data and rental histories after an account has been closed for a certain period of time. This resulted in an approximate cost of \$9 million settlement of the law suit.<sup>33</sup> Marketing Research in Action 1.7 provides the current legislative scenario regarding disposal of data.

Too often researchers find themselves dealing with demands by sales or other personnel for access to results and the names and telephone numbers of respondents. The intention, of course, is to use the research study for the entirely different—and usually unethical—purpose of generating sales leads. The only time this is acceptable is when the interviewer asks specifically whether the respondent will accept a follow-up sales call, or would like more information, and acts precisely on the respondent’s answer.

### **Disguising Selling as Research**

Sadly, there are a number of situations where the research study is simply a disguise for a selling pitch. Many people have received phone calls, ostensibly to ask some research questions, which lead only to a canned sales message for life insurance, an encyclopedia, or a mutual fund. This is not only unethical behavior because it has no merits on its own, it is also a serious abuse of respondent rights. Not surprisingly, respondents are more suspicious after a few of these encounters and may refuse to participate in any research study.

## **The Supplier’s Ethics**

The more common ethical issues for the research supplier are as follows:

- *Violating client confidentiality.* Disclosing any information about the client that the supplier has gathered from the research project amounts to a violation of client confidentiality.

## Marketing Research in Action 1.7

### ■ DATA DISPOSAL

CMOR (Council for Marketing and Opinion Research) is an organization that deals with state and federal legislation that affects market and opinion research. Some of its tasks include monitoring telephone solicitation bills, electronic monitoring legislation, data privacy, consumer list legislation, caller ID/call blocking, and political telemarketing.

According to CMOR, personal or client information discarded in the trash, any data stored on discarded or donated computer technology (such as hard drives and thumb drives), any data stored on devices that are thrown away or donated to charity, is legally and effectively open to anyone. Furthermore, electronic data kept beyond its usefulness invites mischief or accidental breach. Some of the reasonable measures could include establishing and complying with policies to:

- Burn, pulverize, or shred papers and destroy or erase electronic files or media containing personal data so that

the information cannot be read or reconstructed. This includes any items destined for recycling, charity, or some other form of use;

- Only maintain data as long as necessary;
- Audit your organization's data holdings on a regular basis and keep track of what data is disposed when—and how;
- Conduct due diligence and hire a document destruction contractor to dispose of material specifically identified as personal data.

Some of the due diligences that can be adopted by researchers are as follows:

- Reviewing an independent audit of a disposal company's operations and/or its legal compliance;
- Obtaining information about the disposal company from several references;
- Requiring that the disposal company be certified by a recognized trade association;
- Reviewing and evaluating the disposal company's information security policies or procedures.

For more information on CMOR, go to [www.cmor.org](http://www.cmor.org).

Source: [http://www.mra-net.org/ga/documents/bestpractices/datadisposal\\_mra\\_best\\_practices.pdf](http://www.mra-net.org/ga/documents/bestpractices/datadisposal_mra_best_practices.pdf).

- *Improper execution of research.* Suppliers are required to conduct marketing research projects in an objective manner, free from personal biases and motives. Improper execution also includes using biased sampling, ignoring relevant data, or misusing statistics, all of which lead to erroneous and misleading results. Marketing Research in Action 1.5 gives a brief listing of federal and state legislation that affects market and opinion research.

## Abuse of Respondents

Abuse of respondents is perhaps the most frequent and controversial problem that crops up regarding ethics in conducting research. Any form of violation of a respondent's rights amounts to unethical treatment or abuse of the respondent.

## International Marketing Research

The increase in international trade and the emergence of global corporations resulting from increased globalization of business have had a major impact on all facets of business, including marketing research. The increase in global competition, coupled with the formation of regional trading blocs such as the European Community (EC) and the North American Free Trade Agreement (NAFTA), have spurred the growth of global corporations and the need for international marketing research. The need to collect information relating to international markets, and to monitor trends in these markets, as well as to conduct research to determine the appropriate strategies that will be most

effective in international markets, is expanding rapidly. For example, Panda Express, a fast casual American-based Chinese restaurant serving American-Chinese cuisine, opened its first store in Mexico City on September 3, 2011, due to the growing demand for diversified taste palette among mature consumers. However, to understand the market first, Panda Express partnered with master franchiser Grupo Gigante for its development and operations in Mexico. Panda Express achieved success in this venture by developing deep relationships with the Grupo Gigante team. Research revealed that awareness of Panda Express items is quite high among Mexican consumers and that they place a great deal of emphasis on American products (which are better from the consumers' perspective). The popularity allowed Panda Express to move into Mexico seamlessly. As of March 2015, there are 18 outlets in Mexico and plans on opening 10 more by the end of the year.<sup>34</sup>

The marketing research industry in the United States is increasingly growing into an international industry, with more than one-third of its revenues coming from foreign operations. The increase in the importance of global business has caused an increase in awareness of the problems related to international research. **International marketing research** can be defined as marketing research conducted either simultaneously or sequentially to facilitate marketing decisions in more than one country.<sup>35</sup> As such, the basic functions of marketing research and the research process do not differ in domestic and multicountry research; however, the international marketing research process is much more complicated and the international marketing researcher faces problems that are different from those of a domestic researcher. Marketing Research in Action 1.8 talks about Uber's challenges in emerging markets.

Throughout this book, we will be discussing the international aspect of the marketing research process, and, when applicable, we will be highlighting the differences between domestic and international research.

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## Marketing Research in Action 1.8

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### ■ CASH WOULD WORK!

When Uber entered the Indian ridesharing market in 2013, it was already a well-known name in the on-demand services space, with a seamless payment system based on debit/credit cards. But Uber's experience in the Indian market brought home the fact that ownership of credit cards is not always the norm in some parts of the world and that different markets function with different payment systems. Credit card penetration was as low as 2 percent of the population in India, with the figure being less than 10 percent of the population in most emerging markets.

Since Uber did not support cash payments, they introduced an option to pay via Paytm's prepaid digital wallet, which allowed customers to deposit money into their accounts without cards, to comply with the Reserve Bank of India's regulations that required all online transactions to pass through domestic payment systems. On the other hand, Ola, the market leader in India had long been

supporting cash payments. In fact, half its income came from cash-based payments, and the remaining from Ola Money, its own money wallet service that could be used to pay other bills and services beyond Ola cab rides.

With the aim of better serving the market and adapting to the market reality, Uber launched a pilot program in 2015, to test cash payments in Hyderabad, India, which had a sizeable and sophisticated driver and rider community. Uber customers were able to pay their fare in cash, using the new option that was made available on the mobile app.

Following the successful pilot, cash payment was expanded across all of Southeast Asia, Kenya, Nigeria, parts of the Middle East, and Peru. Since then, Uber has realized exponential growth in sign-ups and new user activity in markets where it accepts cash. For Uber, doing away with one of its basic pillars and modifying its strategy helped it to compete in emerging markets that valued a more basic approach.

Sources: J. Russell, "Uber Is Testing Cash Payments In India," *TechCrunch*, May 11, 2015, <https://techcrunch.com/2015/05/11/uber-is-testing-cash-payments-in-hyderabad-india/>; and J. Russell, "Uber Begins To See The Payout From Accepting Cash Payments," *TechCrunch*, February 8, 2016, <https://techcrunch.com/2016/02/08/uber-begins-to-see-the-payout-from-accepting-cash-payments/>.

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The task of marketing research is to find a sizable segment with homogeneous tastes. The growing presence of an international market in the United States has been influenced by both domestic and foreign markets. In the domestic arena, ethnic groups range from Chinese to Turkish, each lending a piece of its culture to the U.S. market. Within each ethnic group, the product preference is diverse. These facts present a challenge to marketing research to find a homogeneous group among the “melting pot” of international products. Complicating matters is the rise in foreign manufacturers selling their goods in the United States.

## SUMMARY

Marketing research links the organization with its market environment. It involves the specification, gathering, analysis, and interpretation of information to help management understand that particular market environment, identify its problems and opportunities, and develop and evaluate courses of marketing action. The marketing

management process involves situation analysis, strategy development, and marketing program development and implementation. Each of these areas includes a host of decisions that need to be supported by marketing research information. Marketing research, to be effective, should be relevant, timely, efficient, accurate, and ethical.

## QUESTIONS AND PROBLEMS

- 1.1 How might the following use marketing research? Be specific.
  - (a) A small sporting goods store
  - (b) United Airlines
  - (c) Ohio State University
  - (d) New York Yankees baseball team
  - (e) Sears Roebuck
  - (f) A major television network (CBS, NBC, or ABC)
  - (g) An online video streaming service (Netflix, Hulu, or Prime Video)
  - (h) A museum in a major city
  - (i) An indoor children’s play area in Denver
- 1.2 How might marketing research be used to support each of the steps in Figure 1.1 that describes the marketing planning process? For example, how could it help select the served market segment?
- 1.3 What are some ethical problems that marketing researchers face in designing and conducting field studies?
- 1.4 In some companies, both strategic planning and marketing research functions report to the same executive and may be more or less integrated. What are the advantages of locating the research function in this part of the organization? What arguments could be made in opposition to this arrangement?
- 1.5 Most companies have entire marketing research studies, or portions of entire studies, such as interviewing, done by outside suppliers. What factors will determine whether a firm decides to “make versus buy”—that is, to contract out most or all of a study or conduct it themselves?
- 1.6 How does marketing research directed toward strategy development differ from that directed toward marketing program development?
- 1.7 Fred Burton, the owner of a small tennis club in Wichita, Kansas, feels that a demand exists for indoor courts that presently is not being served. He is considering employing a marketing research company to conduct a study to ascertain whether a market exists for the indoor facilities.
  - (a) What factors should Mr. Burton consider before ordering market research to be conducted?
  - (b) What are the possible pitfalls that the marketing research company must avoid while conducting the study?
  - (c) After obtaining the market research recommendations, Mr. Burton decides not to use the information generated by the market research study. What factors could have influenced his decision not to use the research information?
- 1.8 Linda Phillips, a researcher, has designed an innovative technique to manufacture bricks using cigarette butts. The finding was that manufacturing clay bricks with a certain percentage of their volume being cigarette butts could not only make lighter and more efficient bricks, but also serve a social cause. She feels that this product could have commercial success if marketed to construction companies, but she has had no past experience in marketing management and does not know how to undertake the market planning and evaluation process. Acting as Ms. Phillips’s marketing consultant, suggest a course of action to help her bring this innovative product to its market.
- 1.9 Despite the presence of a written code of ethics, why are some marketing ethical problems hard to cure? Discuss this from both the sponsor and supplier points of view.

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### Case 1-1 Preteen Market—The Right Place to Be In for Cell Phone Providers?

Do parents of preteens envision a need for equipping their children with cell phones? This seems to be the million-dollar question facing cell phone makers like Firefly who view the preteen market as offering more growth opportunities than the senior market. The preteen market is unique in that the ultimate customer, the child, does not make the purchase decision. On one side of this indirect target market are parents with hectic or variable schedules and those who are more harried or worried about their children's safety. On the other side are parents who are skeptical about the misuse of cell phones by the kids themselves or others and those who consider a kid cell phone as an unnecessary investment especially considering the fact that kids are usually under some supervision or the other, not to mention their tendency to lose personal belongings.

Cell phone makers are following the trend set by other industries such as food companies and retailers in targeting the preteen market. Firefly launched its phones in February 2005 priced at \$199 offering 12 months or 1,200 minutes of phone service—whichever comes first. The Firefly phone has a number of safety features that make it simpler to use than a conventional phone but harder to abuse. It does not have a numerical keypad. Instead, parents can program up to 20 phone numbers into the device which cannot be changed without a password. Parents can also program the phone in such a way that it only accepts calls from certain numbers.

Firefly is not the only wireless carrier targeting the preteen market. Some providers offer regular cell phones at a steep discount for family plans. Whereify, a preteen phone specialist, is offering a kid phone that comes with a global positioning system locator—so parents can better track their offspring. Mattel Inc. is launching a phone with a Barbie theme.

While equipping 8- to 12-year-olds with cell phones makes it easier for parents and children to get a hold of each other and coordinate activities, parents have other issues to grapple with. Many schools do not allow students to bring cell phones to classrooms. According to one University of Chicago child psychiatrist, most 8- to 12-year-olds do not need a cell phone. So the challenge for Firefly and their competitors is "At what age do kids really need a phone?" and "Is the preteen market really worth going after?"

#### Questions for Discussion

1. Do you think preteens offer good market potential for cell phone companies?
2. While designing products for this market, what are the issues faced by the service providers?

*Source:* Adapted with permission from Mike Hughlett, "Target: Teens—Cell Phone Company Going After the Preteen Market," *Chicago Tribune*, April 12, 2005.

### Case 1-2 Best Buy on a Segmentation Spree

With \$24.5 billion in 2005 sales, Best Buy Co. is the nation's largest seller of consumer electronics. Its spacious store and large inventory has helped it to increase market share, even as its rivals such as Circuit City Stores Inc. and Sears, Roebuck & Co., have struggled. In fiscal 2004 that ended in February, Best Buy reported net income of \$570 million. Though up from \$99 million during the 2003 fiscal period, it was still below the \$705 million it earned in fiscal 2002.

Best Buy estimates that nearly 20 percent of its 500 million visitors each year are undesirable and wants to get rid of these customers. Behind this approach is Best Buy's chief executive officer, Brad Anderson. While most chains use their marketing budgets primarily to maximize customer traffic in the view that more visitors will lift revenue and profit, Best Buy uses it to shun its unwanted customers. This would mean dumping nearly 100 million of their unprofitable customers.

A variation of this approach is being used in the financial-services industry, wherein attention is lavished on the best customers and the unprofitable customers are penalized with fees for using ATMs or tellers or for obtaining bank records.

From Best Buy's 1.5 million daily customers, Mr. Anderson wants to separate the "angels" from the "devils." Angels are customers who boost profits by snapping up high-definition televisions, portable electronics, and newly released DVDs without waiting for markdowns or rebates. The devils are Best Buy's worst customers. They buy products, apply for rebates, return the purchases, and then buy them back at returned-merchandise discounts. They load up on "loss leaders," then flip the goods at a profit on eBay, slap down rock-bottom price quotes from websites and demand that Best Buy make good on its lowest-price pledge. At dozens of websites such as fatwallet.com, slickdeals.net, and techbargains.com, the devil customers trade electronic coupons and tips from former clerks and insiders, hoping to gain extra advantages against the stores.

Best Buy has rolled out its angel-devil strategy in about 100 of its 670 stores. It is examining sales records and demographic data and devouring databases to identify good and bad customers. To lure the high-spenders, it is stocking more merchandise and more appealing service options. To keep the undesirables away, the company is cutting back on promotions and sales tactics that tend to draw them. However, the risk attached to such an exercise is significant. The pilot stores have proved more costly to operate and since different pilot stores target different types of customers, they threaten the company's economies of scale.

After a series of analyses, Best Buy concluded that most of its business came from five distinct customer groups: upper-income men, also referred internally as "Barrys"—who tend to be enthusiasts of action movies and cameras; "Jills"—who are suburban mothers; busy but usually willing to talk about helping their families; small-business owners; "Buzzes"—technology enthusiasts, also known as early adopters and interested in buying and showing off the latest gadgets. Mr. Anderson decided that each store should study the demographics of the local market and realign themselves by stocking merchandise accordingly. Armed with this information, Best Buy began working on ways to avoid unprofitable customers. They just could not bar them from entering their stores. But in summer 2004, they took steps to put an end to one of the biggest problems. They enforced a restocking fee of 15 percent of the purchase price on returned merchandise. To discourage customers who return items with the intention of repurchasing them at an "open box" discount, they are experimenting with reselling

them over the Internet, so that the goods do not reappear in the stores where they were originally purchased. In July 2004, they cut ties with fatwallet.com, an online affiliate that collected referral fees for delivering customers to Best Buy's website, for revealing information about Best Buy's planned Thanksgiving Weekend sale.

Training of store clerks plays a vital role in identifying desirable customers by concentrating on their shopping preferences and behavior. Staffers use quick interviews to identify profitable customers. For instance, if a customer says his family has a regular "movie night," he is a prime candidate for home-theater equipment. Likewise, shoppers with large families are shown larger appliances and time-saving products. The company attempts to entice the Barrys and Jills by providing services like a "personal shopper," to locate unusual items, alert them on preferred items, and coordinate service calls.

Best Buy's Westminster, California, store is one of 100 using this technique. It targets upper-income men with a wide range of pricey home-theater systems and small-business owners with network servers and office PC solutions. During DVD releases, the store clerks identify promising customers and guide them into a back room that displays \$12,000 high-definition home-theater systems. The room has easy chairs, a leather couch, and a basket of popcorn to simulate a theater atmosphere. At stores popular with Buzzes, Best Buy is setting up video game sections furnished with leather chairs and players hooked to giant plasma-screen televisions. Mr. Anderson says early results indicate pilot stores performed far better than conventional stores, following which the company began converting another 70 stores.

Best Buy intends to customize the rest of its stores over the next three years. With customization of stores, stock maintenance becomes crucial as it could topple the sales and customer goodwill. Periodic design changes and customizations cause the costs to go up, but Mr. Anderson says that as stores share the successful ideas for acquiring customers, the average cost per store should fall.

#### *Questions for Discussion*

1. What benefits can Best Buy hope to gain from its customer segmentation tactics?
2. Do you think Best Buy is making adequate use of marketing intelligence practices for its business decisions?

*Source:* Adapted with permission from Gary Mc Williams, "Analyzing Customers, Best Buy Decides Not All Are Welcome," *The Wall Street Journal*, November 8, 2004, p. A.1.

### Case 1-3 Ethical Dilemmas in Marketing Research<sup>1</sup>

The following scenarios present a set of ethical dilemmas that might arise in marketing research. Your assignment is to decide what action to take in each instance. You should be prepared to justify your decision. Bear in mind that there are no uniquely right answers: Reasonable people may choose different courses of action.

1. You are the market research director of a pharmaceutical company, and the executive director suggests to you that company interviewers telephone physicians under the name of a fictitious market research agency. The purpose of the survey is to help assess the perceived quality of the company's products, and it is felt that the suggested procedure will result in more objective responses.

#### What action would you take?

2. You are employed by a marketing research firm and have conducted an attitude study for a client. Your findings indicate that the product's marketing efforts are not effective. This finding is badly received by the client's product management team. They request that you omit that data from your formal report, which you know will be widely distributed, on the grounds that the oral presentation was adequate for their needs.

#### What do you do?

3. You are a study director for a research company undertaking a project for a regular client of your company. A study you are working on is about to go into the field when the questionnaire you sent to the client for final approval comes back drastically modified. The client has rewritten it, introducing leading questions and biased scales. An accompanying letter indicates that the questionnaire must be sent out as revised. You do not believe that valid information can be gathered using the revised instrument.

#### What action would you take?

4. A well-respected public figure is going to face trial on a charge of failing to report his part ownership of certain

regulated companies while serving as a Canadian provincial minister. The defense lawyers have asked you, as a market research specialist, to do a research study to determine the characteristics of people most likely to sympathize with the defendant and hence to vote for acquittal. The defense lawyers have read newspaper accounts of how this approach has been used in a number of instances.

#### What action would you take?

5. You are the market research director for a large chemical company. Recent research indicates that many of your company's customers are misusing one of its principal products. There is no danger resulting from this misuse, though customers are wasting money by using too much of the product at one time. You are shown the new advertising campaign by the advertising agency. The ads not only ignore this problem of misuse, they actually seem to encourage it.

#### What action would you take?

6. You show up your first day for a summer internship to meet your supervisor and get your first assignment. She gives you a questionnaire with specific marketing planning questions and tells you that she would like you to contact the company's main three competitors and tell them you are a student doing a study on the industry and get the answers to the questions. She says you should not tell them you are working for the company over the summer and adds "there is nothing wrong with not telling them—omitting the fact is not really lying." You ask her what you should do if they ask, and she says "just tell them you are a student working on a paper and you don't want to get a poor grade on the assignment."

#### What action would you take?

<sup>1</sup> These vignettes were provided through the courtesy of Professor Charles Weinberg, University of British Columbia, and are reproduced with his permission.