

Steps in Creating Market Insights and the Growing Role of Marketing Analytics

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LEARNING OBJECTIVES

1. Comprehend the marketing environment within which managers must make decisions.
 2. Examine the growing impact of marketing analytics.
 3. Analyze the problem definition process.
 4. Learn the steps involved in the marketing research process.
 5. Understand the components of the research request.
 6. Appreciate the importance of the marketing research proposal.
 7. Comprehend the impact of marketing analytics, big data, and the growth of unsupervised learning.
 8. Examine what motivates decision makers to use marketing research information.
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Marketing Research and Developing Market Insights

Marketing research plays two key roles in the marketing system. First, as part of the marketing intelligence feedback process, marketing research provides decision makers with data on the effectiveness of the current marketing mix and offers insights into necessary changes. Second, marketing research is a tool for exploring new opportunities in the marketplace. Segmentation research and new product research help managers to identify the most lucrative opportunities for a firm. New analytic tools for gleaning information from massive amounts of data are providing managers insights like never before.

Marketing Research Defined

The American Marketing Association defines marketing research as follows:

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 the results, and communicates the findings and their implications.

marketing research The planning, collection, and analysis of data relevant to marketing decision-making and the communication of the insights to management.

We prefer another definition: **Marketing research** is the planning, collection, and analysis of data relevant to marketing decision-making and the communication of the insights to management.

Importance of Marketing Research to Management

descriptive function The gathering and presentation of statements of fact.

Marketing research can be viewed as playing three functional roles: descriptive, diagnostic, and predictive. Its **descriptive function** includes gathering and presenting statements of fact. What is the historic sales trend in the industry? What are consumers' attitudes and beliefs toward a product? Opening a pack of bacon is a messy job. Bacon lovers have to reach into the package, and if they only pull out a few slices, there's no easy way to store the remainder. Oscar Mayer marketing researchers hear plenty from consumers about what they disliked about its former bacon packaging. So marketers figured the best solution would be a packaging innovation that eliminated the chore of placing the opened pack in a resealable plastic bag or wrapping it in plastic or foil. This unwanted task was done so that the last piece of bacon would be as fresh as the first.

Oscar Mayer Center Cut Bacon was introduced in a new "Stay-Fresh Reclosable Tray." The flip-top lid allows easy access to the bacon inside. The top snaps closed, making it readily resealable. The flat tray makes for simplified storage in the refrigerator.

diagnostic function The explanation of data or actions.

The second role of research is the **diagnostic function**, wherein data and/or actions are explained. For example, what was the impact on sales when the Oscar Mayer package design was changed? How can product/service offerings be altered to better serve customers and potential customers? Since kids eat over 5 billion ounces of ketchup each year, Heinz decided that the heavy users (kids) should have a lot to say (via marketing research) about how to make ketchup fun. Heinz listened and watched children using ketchup, which resulted in a new bottle design and name selection. The true ketchup connoisseurs helped create Heinz EZ Squirt ketchup!

predictive function Specification of how to use descriptive and diagnostic research to predict the results of a planned marketing decision.

The final role of research is the **predictive function**. How can the firm best take advantage of opportunities as they arise in the ever-changing marketplace? Bonobos is the largest apparel brand ever built on the Web in the United States. They attribute customer dialogue (marketing research) for helping them create a signature line of better-fitting men's pants. Their research brings the customer into the design process to create successful product offerings. Marketing research has identified different target markets for Bonobos such as the "Sporty Guy," "Guy Next Door," and "Men Who Wear Red Pants."

Paramount Importance of Keeping Existing Customers An inextricable link exists between customer satisfaction and customer loyalty. Long-term relationships

don't just happen; they are grounded in the delivery of service and value. Customer retention pays big dividends for firms. Powered by repeat sales and referrals, revenues and market share grow. Costs fall because firms spend less funds and energy attempting to replace defectors. Steady customers are easy to serve because they understand the modus operandi and make fewer demands on employees' time. A firm's ability to retain customers also drives job satisfaction and pride, which leads to higher employee retention. In turn, long-term employees acquire additional knowledge that increases productivity.

The ability to retain customers is based on an intimate understanding of their needs. This knowledge comes primarily from marketing research. Illycaffè, the famous Italian coffee brand, sold its coffee primarily through traditional retailers. The changing market place led management to also create an online store, <https://www.illy.com/en-us/home>, as well as to open coffee shop cafés. Illy now has about 20 cafés in the United States that are used to build the brand. If a person discovers the brand in a café, they can buy coffee right then, go online, or pick it up when they are grocery shopping.¹

Understanding the Ever-Changing Marketplace

Marketing research also helps managers to understand trends in the marketplace and to take advantage of opportunities. Marketing research has been practiced for as long as marketing has existed. The early Phoenicians carried out market demand studies as they traded in the various ports on the Mediterranean Sea. Marco Polo's diary indicates he was performing a marketing research function as he traveled to China. There is evidence that the Spanish systematically conducted marketing surveys as they explored the New World, and examples exist of marketing research conducted during the Renaissance.

Social Media and User-Generated Content

In the past decade, the world of promotion has been turned upside down. Previously, marketers created a message and then one, or a series, of traditional media, TV, print, radio, and billboards to deliver that message to a target market. Now, more people than ever participate in blogs, forums, online communities, product/service reviews—think Trip Advisor—and social media sites that created user-generated content. The opinions expressed in the venues are unsolicited, typically honest, candid, and passionate and can be extremely thoughtful. Social media such as Twitter, Facebook, and LinkedIn generate millions of comments a day about products and services. Facebook has over two billion active users. Ninety-seven percent of the advertisers using social media as an advertising platform claim that Facebook is the most used and useful media site.²

Marketing researchers are tapping into these huge streams of data to determine what people think about their products and services, as well as those of the competition. Researchers are building profiles of persons online and using this data to target their promotional efforts. Other researchers use online communities to create new products and services.

Smartphones are causing major changes in the way media are used and buying decisions are made. Add in tablets, traditional computers, and TV, and one finds that the consumer may be looking at four or more different screens at the same time! Researchers must now measure consumers' consumption of content and their exposure to advertising across all four screens. ESPN, the sports network, is now gathering data across five platforms: radio, television, computers, smartphones, and tablets. To learn more about viewers and their feelings, ESPN introduced LiveConnect, a product for advertisers that researches the emotional state of fans to determine which advertising will resonate best in the live

sports environment. ESPN is working with its advertisers to create a variety of brand messages and then deliver ads based upon the outcomes of live games and how fans may feel. ESPN fans watching an event out-of-home tend to be younger, more female, multicultural, and more attentive.³

Proactive Role of Marketing Research

Understanding the nature of the marketing system is a necessity for a successful marketing orientation. By having a thorough knowledge of factors that have an impact on the target market and the marketing mix, management can be proactive rather than reactive. Proactive management alters the marketing mix to fit newly emerging patterns in economic, social, technological, and competitive environments, whereas reactive management waits for change to have a major impact on the firm before deciding to take action. It is the difference between viewing the turbulent marketing environment as a threat (a reactive stance) and seeing it as an opportunity (a proactive stance). America's traditional auto manufacturers, such as Ford and General Motors, are waking up to the importance of self-driving vehicles. Waymo took the lead in December 2018 when it launched a self-driving robotaxi service in the Phoenix area. The market for self-driving autos is expected to grow to over \$556 billion by 2026.⁴

Marketing Analytics Moves to the Forefront

Over the 12 editions of this book, we have observed many changes in the practice of marketing research. Over these editions, we have reflected these changes in the text content—online data collection, Internet respondent panels, the decline of telephone interviewing, the growing importance of the internet, social media, and the growing use of analytical techniques.

For this edition, the stars have aligned, and we have reached the tipping point, where the emphasis is more on marketing analytics. **Marketing analytics** is the discovery, interpretation, and communication of meaningful patterns in data. These insights enable marketing managers to understand markets and to create the right marketing mix to drive customer satisfaction and retention. In essence, marketing analytics is a powerful addition to the marketing researcher's toolbox.

marketing analytics The discovery, interpretation, and communication of meaningful patterns in data.

The Research Process

Correctly defining the problem is the crucial first step in the marketing research process. If the research problem is defined incorrectly, the research objectives will also be wrong, and the entire marketing research process will be a waste of time and money. A large consumer packaged-goods company wanted to conduct a study among a brand's heavy users in order to understand the brand's equity. More specifically, it wanted to expand that equity into new products. The brand had very low penetration, so the company needed new products to meet the upcoming fiscal year's volume goal of double-digit growth. Notice the absence of tying research learning—understanding the brand's equity—to the business objective.

The brand had a small base from which to grow, so simply investigating the brand's equity among its most loyal users wouldn't help decision makers reach a double-digit growth rate. Upon reflection, the business objective focused on identifying marketing levers

that would increase brand penetration—and thus growth. Accordingly, the research objectives transformed into understanding barriers to current brand purchase and identifying bridges that would motivate category users to buy the brand.

Study results showed that the brand chiefly suffered from awareness problems. Both brand and category users liked the product, but didn't use it as often as others in the category because they simply forgot about the brand. Reminders—in the form of social media advertising, blogs, incentives, and new products—became the levers that could improve brand penetration and growth. Conducting an equity study among heavy users clearly wouldn't have caught this.

The process for defining the problem is shown in **Exhibit 1.1**. Note that the ultimate goal is to develop clear, concise, and meaningful research objectives. Researching such objectives will yield precise decision-making information for managers.

Recognize the Problem or Opportunity

The marketing research process begins with the recognition of a marketing problem or opportunity. As changes occur in the firm's external environment, marketing managers are faced with the questions, "Should we change the existing marketing mix?" and, if so, "How?" Marketing research may be used to evaluate products and services, promotion, distribution, and pricing alternatives. In addition, it may be used to find and evaluate new opportunities, in a process called **opportunity identification**.

Let's look at an example of opportunity identification. Annual U.S. salsa sales are about \$1.5 billion and are more than twice that of hummus. Hummus is made by blending steamed chickpeas with a paste called tahini made from shelled sesame seeds. Hummus is generally flavored with olive oil, lemon juice, and garlic. New flavors such as black olive and roasted red pepper have helped drive demand. Yet, only 18 percent of U.S. households have ever bought hummus. Western states, such as California and Arizona, usually are quick to accept new, nonmeat food items. Yet, the west has the lowest average weekly hummus sales per store (\$382), followed by the south (\$406), the central states (\$493), and the east (\$762). It seems that opportunity abounds in the hummus market. After all, hummus is just another dip like salsa or a sour cream-based dip. To grow the hummus market to match or exceed the demand for salsa will require innovative marketing strategy. Part of that strategy will be to raise the percentage of the population



EXHIBIT 1.1 Problem Definition Process

opportunity identification Using marketing research to find and evaluate new opportunities.

that has tried the product. Another key will be to raise hummus consumption in the west and south.⁵

Of course, marketing research doesn't always deal with opportunities. Managers might want to know, for example, "Why are we losing marketing share?" or "What should we do about Ajax Manufacturing lowering its prices by 10 percent?" In these instances, marketing researchers can help managers solve problems.

Find Out Why the Information Is Being Sought

Large amounts of money, effort, and time are wasted because requests for marketing information are poorly formulated or misunderstood. For example, managers may not have a clear idea of what they want or may not phrase their questions properly. Therefore, marketing researchers often find the following activities helpful:

- Discuss what the information will be used for and what decisions might be made as a result of the research. Work through detailed examples to help clarify the issue.
- Try to get the client or manager to prioritize their questions. This helps to sort out central questions from those of incidental interest.
- Rephrase the questions in several slightly different forms and discuss the differences.
- Create sample data and ask if such data would help answer the questions. Simulate the decision process.
- Remember that the more clear-cut you think the questions are and the more quickly you come to feel that the questions are straightforward, the more you should doubt that you have understood the real need.

Understand the Decision-Making Environment with Exploratory Research

Once researchers understand the motivation for conducting the research, often they need additional background information to fully comprehend the problem. This may mean simply talking to brand managers or new product managers, doing some research online, reading company reports, visiting production facilities and retail stores, and perhaps talking with suppliers. If the industry has a trade association, researchers might peruse its website for information published by the association. The better the marketing researcher understands the decision-making environment, including the industry, the firm, its products or services, and the target market, the more likely it is that the problem will be defined correctly. This step may be referred to as conducting a **situation analysis**.

Sometimes informed discussions with managers and suppliers and on-site visits aren't enough. **Exploratory research** may be conducted to obtain greater understanding of a concept or to help crystallize the definition of a problem. It is also used to identify important **variables** to be studied. Exploratory research is preliminary research, not the definitive research that is used to determine a course of action.

Exploratory research can take several forms: pilot studies, experience surveys, secondary data analysis, pilot studies case analysis, and focus groups. **Pilot studies** are surveys using a limited number of respondents and often employing less rigorous sampling techniques than are employed in large, quantitative studies. As the researcher moves through the exploratory research process, a list of research problems and subproblems should be developed. The investigator should identify all factors that seem to be related to

situation analysis

Studying the decision-making environment within which the marketing research will take place.

exploratory research

Preliminary research conducted to increase the understanding of a concept, to clarify the exact nature of the problem to be solved, or to identify important variables to be studied.

variable A symbol or concept that can assume any one of a set of values.

pilot studies Surveys using a limited number of respondents and often employing less rigorous sampling techniques than are employed in large, quantitative studies.

the problem area, as these are probable research topics. This stage of problem definition requires a brainstorming-type approach, but one guided by the previous stage's findings. All possibilities should be listed without regard to the feasibility of addressing them via research.

Nickelodeon, for example, was well aware of the new baby boom and wanted to know what it meant for the network. Exploratory research found that a long-held assumption about kids' attitudes was not accurate: the belief that female images in TV programming generally work with girls but alienate boys. The exploratory research consisted of a small-scale pilot study on the Internet and focus groups in which children were brought together to discuss their attitudes toward television. Like Nickelodeon's research, much exploratory research is highly flexible, with researchers following ideas, clues, and hunches as long as time and money constraints permit. Often, ideas are obtained from so-called experts in the field. Nickelodeon, for example, could have spoken with child psychologists.

Experience Survey Analysis A second form of exploratory research is **experience surveys**. Experience surveys involve talking with knowledgeable individuals, both inside and outside the organization, who may provide insights into the problem. Rarely do experience surveys include a formal questionnaire. Instead, the researcher may simply have a list of topics to be discussed. The survey, then, is much like an informal discussion. For example, if Jet Blue is redesigning the interior of its aircraft, it may use experience surveys to speak with interior designers, frequent flyers, flight attendants, and pilots.

experience surveys

Discussions with knowledgeable individuals, both inside and outside the organization, who may provide insights into the problem.

Secondary Data Analysis Secondary data analysis is another form of exploratory research. Because secondary data analysis is covered extensively in Chapter 4, we will touch on it only lightly here. *Secondary data* are data that have been gathered for some purpose other than the one at hand. Researchers normally use the Internet to access countless sources of secondary data quickly and at minimal expense. There are few subjects that have not been analyzed at one time or another. With a bit of luck, the marketing researcher can use secondary data to help precisely define the problem.

Case Analysis **Case analysis** represents the fourth form of exploratory research. The purpose of case analysis is to review information from a few other situations those are similar to the current research problem. For example, electric utilities across the United States are scrambling to become more customer-oriented; these utilities are conducting market segmentation research, customer satisfaction studies, and customer loyalty surveys. To better understand the deregulation of the electric utility industry, researchers are examining case studies on the deregulation of the airline industry. Researchers, however, must always take care to determine the relevancy of any case study to the present research problem.

case analysis Reviewing information from situations those are similar to the current one.

Focus Groups Focus groups are in-depth discussions, usually consisting of 8 to 12 participants, which are led by a moderator and are generally limited to one particular concept, idea, or theme. The general idea is to have what one person says generate thoughts and comments by others, therefore creating group dynamics. That is, the interplay of responses will yield more information than if the same number of persons had contributed in individual interviews. Focus groups are the primary topic of discussion in Chapter 5, so they will be lightly covered here. We mention them now because they are a common form of exploratory research.

Focus groups can, and do, cover just about any topic imaginable. We, unlike all other marketing research text authors, have conducted over 4,000 focus group sessions. When used in exploratory research, focus groups are used to help clarify and understand the problem and issues involved. A few examples of topics that we have covered include what

creates the Harley-Davidson mystique? What happens when you discover head lice in your children? Whether having a tequila made in America is a problem? What kitchen item is most difficult to clean? And the list goes on.

Using Intranets for Exploratory Research Digital information can be a very powerful tool for doing exploratory research. In very large organizations with Intranets, the researcher has the capability of determining whether needed or relevant information is available somewhere inside the organization. The corporate marketing research department at Texas Instruments (TI), for example, has developed a powerful intranet application that permits TI managers worldwide to search for past research studies and those currently in progress on the basis of keywords. They have immediate online access to a brief description of each study and can send e-mail seeking permission to view the full text of reports on old projects. Permission can be granted electronically via e-mail by the owner of the report (the person who paid for it), and the full text can be accessed online.

More and more organizations are developing similar systems to permit much more effective managerial use of information resources. In large organizations, it is common for a group in one part of the organization to conduct a research project that might have great value to managers in another part of the organization. Too often, there is no way for one group to find out what another group has already done. Intranet systems like the one at Texas Instruments will help organizations get the most mileage out of their research dollars.

marketing research online community (MROC) An online private community that people of interest to a company, such as customers and potential customers, agree to participate in topics of interest to marketing researchers over an extended time period.

Create and Use a Marketing Research Online Community A **marketing research online community (MROC)** is an online private community that people of interest to a company, such as customers and potential customers, agree to participate in topics of interest to marketing researchers over an extended time period. These groups are also called an “insights community.” Researchers can gather information about a problem or opportunity in real time through participants’ spontaneous contributions.

A MROC can help researchers better understand the nature of the research problem from a customer’s perspective. Pet food manufacturers are noting that consumers are cooking fresh food for their pets more than ever. It seems the growth in natural and organic foods is beginning to take root in the pet food market as well. So a marketing manager of a pet food manufacturer might ask, “Is this an opportunity for us?” The first step then is defining the nature of the problem. A MROC might be asked, “Do you regularly prepare human food for your pet?” or “If we offered freeze-dried human quality pet food what would your reaction be?” or “What about air-dried/dehydrated pet food with all-natural ingredients?” Other questions might relate to food preservatives, price, and packaging.

Completing Exploratory Research The end of exploratory study comes when the marketing researchers are convinced that they have found the major dimensions of the problem. They may have defined a set of questions that can be used as specific guides to a detailed research design. Or they may have developed a number of potential ideas about possible causes of a specific problem of importance to management. They may also have determined that certain other factors are such remote possibilities that they can be safely ignored in any further study. Finally, the researchers may end exploration because they feel that further research is not needed or is not presently possible due to time, money, or other constraints.

Use the Symptoms to Clarify the Problem

Marketing researchers must be careful to distinguish between symptoms and the real problem. A symptom is a phenomenon that occurs because of the existence of something

else. For example, managers often talk about the problem of poor sales, declining profits, increased customer complaints, or defecting customers. Each of these is a symptom of a deeper problem. That is, something is causing a company's customers to leave. Is it lower prices offered by the competition? Or is it better service? Focusing on the symptoms and not the true problem is often referred to as the *iceberg principle*. Approximately 10 percent of an iceberg rises out of the ocean; the remaining 90 percent is below the surface. Preoccupied with the obstacle they can see, managers may fail to comprehend and confront the deeper problem, which remains submerged.

Ensuring that the true problem has been defined is not always easy. Managers and marketing researchers must use creativity and good judgment. Cutting through to the heart of a problem is a bit like peeling an onion—you must take off one layer at a time. One approach to eliminating symptoms is to ask, “What caused this to occur?” When the researcher can no longer answer this question, the real problem is at hand. For example, when a Saint Louis manufacturer of pumps faced a 7 percent decline in sales from the previous year, managers asked, “What caused this?” A look at sales across the product line showed that sales were up or about the same on all items except large, heavy-duty submersible pumps, whose sales were down almost 60 percent. They then asked, “What caused this?” Sales of the pump in the eastern and central divisions were about the same as in the previous year. However, in the western region, sales were zero! Once again they asked, “What caused this?” Further investigation revealed that a Japanese manufacturer was dumping a similar submersible pump in Western markets at about 50 percent of the Saint Louis manufacturer's wholesale price. This was the true problem. The manufacturer lobbied the Justice Department to fine the Japanese company and to issue a cease-and-desist order.

Translate the Management Problem into a Marketing Research Problem

Once the true management decision problem has been identified, it must be converted into a marketing research problem. The **marketing research problem** specifies what information is needed to solve the problem and how that information can be obtained efficiently and effectively. The **marketing research objective**, then, is the goal statement, defining the specific information needed to solve the marketing research problem. Managers must combine this information with their own experience and other related information to make a proper decision.

In contrast to the marketing research problem, the **management decision problem** is action-oriented. Management decision problems tend to be much broader in scope and far more general than marketing research problems, which must be narrowly defined and specific if the research effort is to be successful. Sometimes several research studies must be conducted to solve a broad management decision problem.

Determine Whether the Information Already Exists

It often seems easier and more interesting to develop new information than to delve through old reports and online data to see whether the required information already exists. There is a tendency to assume that current data are superior to data collected in the past, as current data appear to be a “fix on today's situation.” And because researchers have more control over the format and comprehensiveness of fresh data, they promise to be easier to work with. Yet, using existing data can save managers time and money if such data can answer the research question.

marketing research problem A statement specifying the type of information needed by the decision maker to help solve the management decision problem and how that information can be obtained efficiently and effectively.

marketing research objective A goal statement, defining the specific information needed to solve the marketing research problem.

management decision problem A statement specifying the type of managerial action required to solve the problem.

Research objectives must be as specific and unambiguous as possible. Remember that the entire research effort (in terms of time and money) is geared toward achieving the objectives. When the marketing researcher meets with a committee to learn the goals of a particular project, committee members may not fully agree on what is needed. We have learned from experience to go back to a committee (or the individual in charge) with a written list of research objectives. The researcher should then ask the manager, “If we accomplish the objectives on this list, will you have enough information to make informed decisions about the problem?” If the reply is yes, the manager should be asked to sign off on the objectives. The researcher should then give the manager a copy and keep a copy for the research files. Putting the agreed-on objectives in writing prevents the manager from saying later, “Hey, this is not the information I wanted.” In a busy and hectic corporate environment, such misunderstandings happen more frequently than one might imagine.

Avoid the *nice-to-know syndrome*. Even after conducting exploratory research, managers often tend to discuss research objectives in terms of broad areas of ignorance. They say, in effect, “Here are some things I don’t know.” A Starbucks executive might wonder: “You know, we already sell fresh-baked goods in our stores. . . . I wonder if people would buy frozen Starbucks pastries and rolls in supermarkets?” Maybe I’ll ask this question on our out-of-home advertising media study. Unfortunately, this scenario usually leads to disappointment. There is nothing wrong with interesting findings, but they must also be *actionable*. That is, the findings must provide decision-making information. Accomplishment of a research objective has to do more than reduce management’s level of ignorance. Unless all the research is exploratory, it should lead to a decision. Perhaps the best way to assure that research is actionable is to determine how the research results will be implemented. Asking a single question about purchase intent of Starbucks frozen baked goods in a grocery store is not actionable. So much more would have to be known—for example, type of goods, price points, packaging design, and so forth. Numerous taste tests would also have to be conducted.

Determine Whether the Question Can Be Answered

When researchers promise more than they can deliver, they hurt the credibility of marketing research. It is extremely important for researchers to avoid being impelled—either by over-eagerness to please or by managerial machismo—into an effort that they know has a limited probability of success. In most cases, you can discern in advance the likelihood of success by identifying the following:

- Instances in which you know for certain that information of the type required exists or can be readily obtained.
- Situations in which you are fairly sure, based on similar prior experiences, that the information can be gathered.
- Cases in which you know that you are trying something quite new and there is a real risk of drawing a complete blank.

State the Research Objectives

The culmination of the problem definition process is a statement of the research objectives. These objectives are stated in terms of the precise information necessary to address the marketing research problem/opportunity. Well-formulated objectives serve as a road map in pursuing the research project. They also serve as a standard that later will enable managers to evaluate the quality and value of the work by asking, “Were the objectives met?” and, “Do the recommendations flow logically from the objectives and the research findings?”

Research Objectives As Hypotheses

A **hypothesis** is an assumption or theory (guess) that a researcher or manager makes about some characteristic of the population being investigated. A hypothesis must be susceptible to data through actual testing. So a statement that claims, “There are 1000 angels on the head of a pin,” is not a hypothesis. It cannot be confronted with real-world data.

A hypothesis tends to be predictive in nature. For example, a car dealership might hypothesize that all purchasers of a new Honda car who receive a letter assuring them that they have just purchased the finest car on the market will be more content with their purchase than those who do not receive the letter.

Hypotheses are often stated in a null format. That is, “There is no difference between ___ and ___”. So, “There is no difference in contentment between Honda purchasers who received the image reinforcement letter and those who did not.” The final conclusion of the researcher will be to retain the null hypothesis or reject the null hypothesis based upon data.

Academic research is almost always cloaked in hypotheses. In practice, marketing research studies, outside of academia, rarely formally state hypotheses. However, they are inferred through statistical testing. We will delve into this topic in more detail in Chapter 13.

hypothesis An assumption or theory (guess) that a researcher or manager makes about some characteristic of the population being investigated.

Marketing Research Process

We have just discussed the first step in the research process: identifying the problem/opportunity and stating the research objectives. The other steps in the process are creating the research design, choosing the method of research, selecting the sampling procedure, collecting the data, analyzing the data, presenting the report, and following up on any recommendations that were made as a result of the report (see **Exhibit 1.2**). The overview of the process in this section forms the foundation for the remainder of the text.

Creating the Research Design

The **research design** is a plan for addressing the research objectives or hypotheses. In essence, the researcher develops a structure or framework to answer a specific research problem/opportunity. There is no single best research design. Instead, different designs offer an array of choices, each with certain advantages and disadvantages. Ultimately, trade-offs are typically involved. A common trade-off is between research costs and the quality of the decision-making information provided. Generally speaking, the more precise and error-free the information obtained, the higher the cost. Another common trade-off is between time constraints and the type of research design selected. Overall, the researcher must attempt to provide management with the best information possible, subject to the various constraints under which he or she must operate.

research design The plan to be followed to answer the marketing research objectives.

Choosing a Basic Method of Research

A research design, either descriptive or causal, is chosen based on a project’s objectives. Descriptive studies examine who, what, when where and how. Causal research attempts to determine whether a change in one variable likely caused an observed change in another. The next step is to select a means of gathering data. There are three basic research methods: (1) survey, (2) observation, and (3) experiment. Survey research is often descriptive in nature

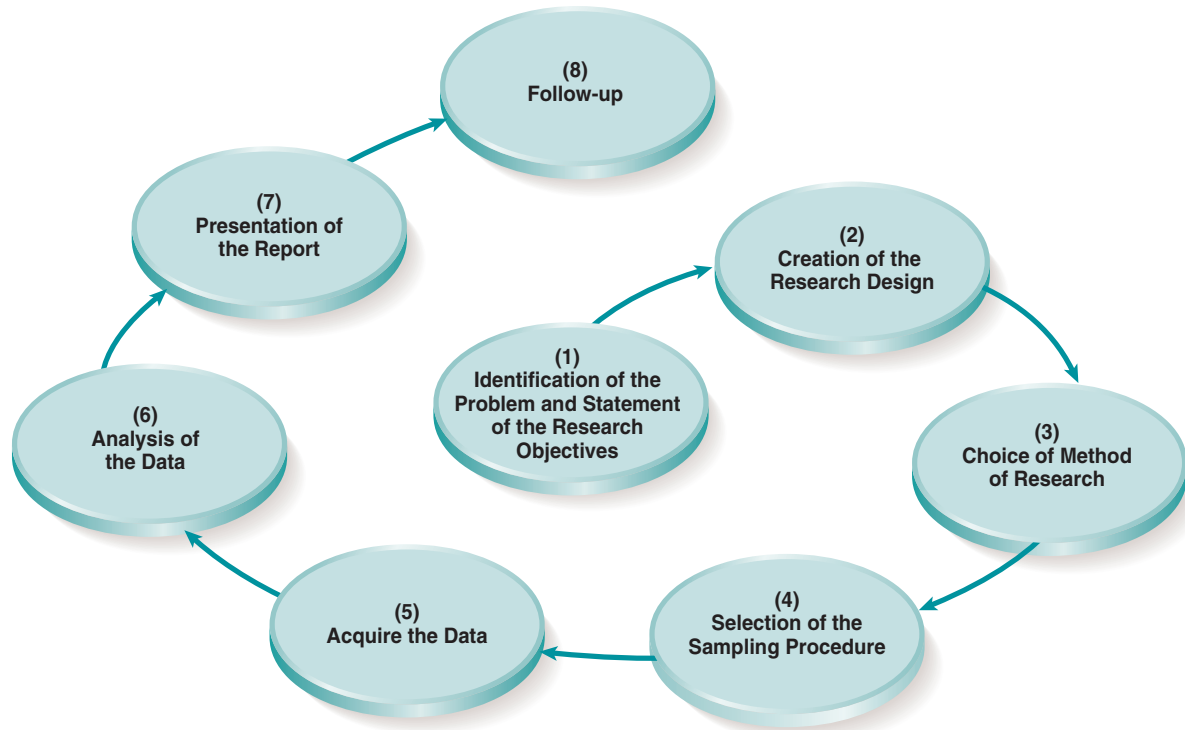


EXHIBIT 1.2 Marketing Research Process

but can be causal. Observation research has been historically descriptive, and experiment research is almost always causal.

survey research

Research in which an interviewer (except in mail and Internet surveys) interacts with respondents to obtain facts, opinions, and attitudes.

observation research

Typically, descriptive research that monitors respondents' actions without direct interaction.

experiments Research to measure causality, in which the researcher changes one or more independent variables and observes the effect of the changes on the dependent variable.

Surveys **Survey research** involves using a questionnaire to ensure an orderly and structured approach to data gathering. Survey research is typically done on the Internet, smartphone, or perhaps with an interviewer.

Observations **Observation research** is examining patterns of behavior as opposed to asking consumers why they do what they do. This may involve people watching consumers or the use of a variety of machines. In the past, consumer goods companies such as Proctor and Gamble and Colgate Palmolive would build physical store layouts and ask people to “push a basket and shop the store.” The researchers could test pricing alternatives, shelf placement, packaging, and other variables. Today, this process is done more efficiently and less expensively using virtual reality.

Experiments **Experiments** are the third method researchers use to gather data. Experiment research is distinguished by the researcher's changing one or more independent variables—price, package, design, shelf space, mobile advertising theme, or advertising expenditures—and observing the effects of those changes on a dependent variable (usually sales). The objective of experiments is to measure causality. The best experiments are those in which all factors other than the ones being manipulated are held constant. This enables the researcher to infer with confidence that changes in sales, for example, are caused by changes in the amount of money spent on advertising.

Holding all other factors constant in the external environment is a monumental and costly, if not impossible, task. Factors such as competitors' actions, weather, and economic conditions in various markets are beyond the control of the researcher. One way researchers attempt to control factors that might influence the dependent variable is to use a laboratory experiment—that is, an experiment conducted in a test facility or use virtual reality rather than in the natural environment. Experiments are discussed in detail in Chapter 11.

Selecting the Sampling Procedure

A sample is a subset from a larger population. Although the basic nature of the sample is specified in the research design, selecting the sampling procedure is a separate step in the research process. Several questions must be answered before a sampling procedure is selected. First, the population or universe of interest must be defined. This is the group from which the sample will be drawn. It should include all the people whose opinions, behaviors, preferences, attitudes, and so on will yield information needed to answer the research problem—for example, all persons who eat Mexican food at least once every 60 days.

After the population has been defined, the next question is whether to use a probability sample or a nonprobability sample. A **probability sample** is a sample for which every element in the population has a known nonzero probability of being selected. Such samples allow the researcher to estimate how much sampling error is present in a given study. All samples that cannot be considered probability samples are nonprobability samples. **Non-probability samples** are those in which the chances of selection for the various elements in the population are unknown. Researchers cannot statistically calculate the reliability of a nonprobability sample; that is, they cannot determine the degree of sampling error that can be expected. Sampling is discussed in detail in Chapter 5.

probability sample A subset of a population where every element in the population has a known nonzero chance of being selected.

nonprobability sample A subset of a population in which the chances of selection for the various elements in the population are unknown.

Collecting the Data

Most survey-based data are collected on the Internet or on mobile devices. Interviewer-based data collection is usually done by marketing research field services. Field service firms, found throughout the country, specialize in collecting data through personal and telephone interviewing on a subcontract basis. A typical interviewer-based research study involves data collection in several cities and requires working with a comparable number of field service firms. To ensure that all subcontractors do everything exactly the same way, detailed field instructions should be developed for every job. Nothing should be left to chance; in particular, no interpretations of procedures should be left to the subcontractors.

In addition to doing interviewing, field service firms often provide group research facilities, mall intercept locations, test product storage, and kitchen facilities for preparing test food products.

Analyzing the Data

After the data have been collected, the next step in the research process is data analysis. The purpose of this analysis is to interpret and draw conclusions from the mass of collected data. The marketing researcher may use a variety of techniques, beginning with simple frequency analysis and culminating in complex multivariate techniques. Data analysis will be discussed in Chapter 12.

Presenting the Report

After data analysis is completed, the researcher must prepare the report and communicate the conclusions and recommendations to management. This is a key step in the process because a marketing researcher who wants project conclusions acted on must convince the manager that the results are credible and justified by the data collected.

In today's fast-paced world of marketing research, long, elaborately written reports are virtually a thing of the past. Decision makers today typically want summary data delivered to an online portal that contains statistical tools for the client to examine the findings in a number of different ways.

Judging the Quality of a Report Because most people who enter marketing become research users rather than research suppliers, it is important to know what to look for in a research report. The ability to evaluate a research report is crucial. As with many other items we purchase, the quality of a research report is not always readily apparent. Nor does paying a high price for a project necessarily guarantee superior quality. The basis for measuring a report's quality lies in the research proposal. Does the report meet the objectives established in the proposal? Has the methodology outlined in the proposal been followed? Are the conclusions based on logical deductions from the data analysis? Do the recommendations seem prudent, given the conclusions?

Following Up

After a company has spent a considerable amount of effort and money on marketing research and the preparation of a report, it is important that the findings be used. Management should determine whether the recommendations were followed and, if not, why not. As you will learn in the next section, one way to increase the likelihood that research conducted by a corporate marketing department will be used is to minimize conflict between that department and other departments within the company.

Managing the Research Process

The Research Request

Before conducting a research project, a company such as Ford or FritoLay might require approval of a formal research request. Moderate- and large-size retailers, manufacturers, and nonprofit organizations often use the **research request** as a basis for determining which projects will be funded. Typically, in larger organizations there are far more requests by managers for marketing research information than monies available to conduct such research. Requiring a research request is a formalized approach to allocating scarce research dollars.

It is very important for the brand manager, new product specialist, or whoever is in need of research information to clearly state in the formal research request why the desired information is critical to the organization. Otherwise, the person with approval authority may fail to see why the expenditure is necessary.

In smaller organizations, the communication link between brand managers and marketing researchers is much closer. Their day-to-day contact often removes the need for

research request An internal document used by large organizations that describes a potential research project, its benefits to the organization, and estimated costs; it must be formally approved before a research project can begin.

a formal research request. Instead, decisions to fund research are made on an ad hoc basis by the marketing manager or the director of marketing research.

Completion and approval of the request represent a disciplined approach to identifying research problems and obtaining funding to solve them. The degree of effort expended at this step in the research process will be reflected in the quality of the information provided to the decision maker because a well-conceived research request will guide the design, data-gathering, analysis, and reporting processes toward a highly focused objective. The sections of a formal research request are as follows:

1. *Action*. The decision maker should describe the action to be taken on the basis of the research. This will help the decision maker focus on what information should be obtained and guide the researcher in creating the research design and in analyzing the results.
2. *Origin*. The decision maker should state the events that led to a need for a decision. This will help the researcher understand more deeply the nature of the management decision problem.
3. *Information*. The decision maker should list the questions that she or he needs to have answered to take action. Carefully considering the questions will improve the efficiency of the research.
4. *Use*. This section should explain how each piece of information will be used to help make the actual decision. By giving logical reasons for each part of the research, it will ensure that the questions make sense in light of the action to be taken.
5. *Target groups and subgroups*. By describing those from whom information must be gathered to address the research problem, this section will help the researcher design the sample procedure for the research project.
6. *Logistics*. Time and budget constraints always affect the research technique chosen for a project. For this reason, approximations of the amount of money available and the amount of time left before results are needed must be included as a part of the research request.
7. *Comments*. Any other comments relevant to the research project must be stated so that, once again, the researcher can fully understand the nature of the problem.

Request for Proposal

The research request is an internal document used by management to determine which projects to fund. A **request for proposal (RFP)** is a solicitation sent to marketing research suppliers inviting them to submit a formal proposal to conduct research, including a bid. The RFP is the lifeblood of a research supplier. Receiving it is the initial step in getting new business and, therefore, revenue.

A typical RFP provides background data on why a study is to be conducted, outlines the research objectives, describes a methodology, and suggests a time frame. In some RFPs, the supplier is asked to recommend a methodology or even help develop the research objectives. Most RFPs also ask for (1) a detailed cost breakdown, (2) the supplier's experience in relevant areas, and (3) references. Usually, a due date for the proposal will be specified.

Suppliers must exercise care in preparing their proposals in response to the RFP. More than one client has said, "We find the quality of the proposals indicative of the quality of work produced by the firm." Thus, a research supplier that doesn't have the necessary time to adequately prepare a proposal should simply not submit a bid.

request for proposal (RFP) A solicitation sent to marketing research suppliers inviting them to submit a formal proposal, including a bid.

research proposal A document developed, usually in response to an RFP, that presents the research objectives, research design, timeline, and cost of a project.

The Marketing Research Proposal

When marketing research suppliers receive an RFP, they respond to the potential client with a research proposal. The **research proposal** is a document that presents the research objectives, research design, timeline, and cost of a project. We have included an actual proposal (disguised) prepared by two project managers at Decision Analyst (a large international marketing research firm) in Appendix 1-A. Most research proposals today are short (three to five pages) and are transmitted back to the potential client as an e-mail attachment. A proposal for the federal government can run 50 pages or longer. The federal proposal will include a number of standard forms mandated by the government.

Most proposals contain the following elements:

I. Title Page

This includes the title of the project from the RFP, the names of the preparers of the proposal, and contact information; who the proposal is being prepared for; and the date.

II. Statement of the Research Objectives

The objectives are often stated in the RFP. If not, they must be determined as described earlier in the chapter.

III. Study Design

This presents a statement of how the data will be gathered and who will be sampled and the sample size.

IV. Areas of Questioning

This is not found in all proposals, but in our experience we have found it to be very helpful. It is a tentative list of survey topics based on the research objectives.

V. Data Analysis

This states which techniques will be used to analyze the data.

VI. Personnel Involved

This provides a complete list of all supervisory and analytical personnel who will be involved in the project and a short vita of each. Each person's responsibility is also outlined. This element is typically not included when the client and supplier have an ongoing relationship. It is mandatory in most government work.

VII. Specifications and Assumptions

Most RFPs are relatively short and don't spell out every detail. In order to make certain that the supplier and potential client are on the same page, it is a good idea to list the specifications and assumptions that were made when creating the proposal (see Appendix 1-A).

VIII. Services

This spells out exactly what the research supplier will do (see Appendix 1-A). For example, who is designing the questionnaire? Is it the client, the supplier, or is it a joint effort? Again, the purpose is to make sure that the client and the research supplier operate from the same set of expectations.

IX. Cost

This specifies the cost and payment schedule.

X. Timing

This states when various phases of the project will be completed and provides a final completion date.

Preparing proposals may be the most important function a research supplier performs, inasmuch as proposals, and their acceptance or rejection, determine the revenue of the firm. If a research firm's proposals are not accepted, the company will have no funds and will

ultimately go out of business! Moreover, if the price that is quoted is too low, the researcher may get the job but lose money. If the price is too high, the proposal may be outstanding, but the researcher will lose the work to a competitor.

What to Look for in a Marketing Research Supplier

Market Directions, a Kansas City marketing research firm, asked marketing research clients around the United States to rate the importance of several statements about research companies and research departments. Replies were received from a wide range of industries, resulting in the following top 10 list. A desirable marketing researcher

1. Maintains client confidentiality.
2. Is honest.
3. Is punctual.
4. Is flexible.
5. Delivers against project specifications.
6. Provides high-quality output.
7. Is responsive to the client's needs.
8. Has high-quality control standards.
9. Is customer-oriented in interactions with client.
10. Keeps the client informed throughout a project.⁶

The two most important qualities, confidentiality and honesty, are ethical issues; the remaining factors relate to managing the research function and maintaining good communications.

Good communications are a necessity. Four of the qualities on the top 10 list—flexibility, responsiveness to clients' needs, customer orientation, and keeping the client informed—are about good communications. A successful marketing research organization requires good communications both within the research company and with clients.

Modifying the Research Process—Marketing Analytics, Big Data, and Unsupervised Learning

The growing popularity of marketing analytics, defined earlier, coupled with the popularity of big data has meant that the traditional research process is not always followed. **Big data** is the accumulation and analysis of massive quantities of information that is especially, but not exclusively, related to human behavior and interactions. Rather than looking at classifications such as urban or rural; groups, for example, incomes below \$70,001–\$120,00 or above; big data enables researchers to gain deeper insights by examining all the individuals, all the products, all the services, all the parts, all the events, and all the transactions. More importantly, big data enables researchers to gain broader insights by taking into account all of the data both structured and unstructured to understand the complex, evolving, and interrelated conditions to produce more accurate insights.

While companies have been gathering structured data for years, for example, age, purchase transactions, income, and so on, the real growth in data acquisition is unstructured data, for example, social media postings, YouTube videos, tweets, in-store aisle cameras, and sensor data. It is estimated that 80 to 90 percent of the usable business information originates in an unstructured form, of which around 68 percent is generated by consumers.⁷

big data The accumulation and analysis of massive quantities of information.

structured data The clearly defined data types that are found in numeric fields.

unstructured data The data that does not have a predefined data model or is not organized in a predefined manner.

supervised learning The researcher follows the process defining the problem, specifying the research method and so forth.

algorithm A process or set of rules to be followed in calculations, especially by a computer.

unsupervised learning An algorithm examine the data and try to make sense of it by extracting features and patterns on its own.

Structured data then is clearly defined data types that are found in numeric fields. **Unstructured data** does not have a predefined data model or is not organized in a predefined manner.

A Shifting Paradigm

The Research Process, described above, relies on **supervised learning**. Here, the researcher follows the process defining the problem, specifying the research method and so forth. The result is a labeled dataset determined via the research process. The algorithm then learns from the labeled dataset which, hopefully, will provide insights and answers to the specified problem. An **algorithm** is a process or set of rules to be followed in calculations, especially by a computer. Thus, if Starbucks wants to know how many people purchased Pumpkin Spice Latte last October, in Phoenix, Arizona and how many plan to purchase it this year, this goal will be met by supervised learning.

Unsupervised learning lets an algorithm examine the data and try to make sense of it by extracting features and patterns on its own. Companies such as Amazon, FedEx, Walmart, American Express, and Airbnb each have billions of data points about buyers and nonbuyers. These data points can serve as inputs for unsupervised learning.

The traditional supervised learning process limits exploration to what the mind can imagine. Now big data enables researchers to see what it tells us. So, marketing analytics may be coupled with big data to tell the researchers more about “what” and “why.” There are many contexts where “why” is a luxury and “what” is good enough. When Amazon uses marketing analytics on sales data to find books that are often bought together, the manager doesn’t need to know why many customers who bought *War and Peace*, for instance, also bought *The Idiot*. Amazon may not care why the two books were linked. But it can pitch *War and Peace* to the *Idiot* buyers and vice versa.

Sometimes after the “what” is revealed, then traditional research may be needed to answer “why.” For example, if Big Data tells healthcare researchers that people who walk are less obese, then, logically, the next important question is, “Why do so few people walk?” And what will happen if we give overweight people a wearable device such as an Apple watch to help them track physical activity? These questions are usually the job of traditional marketing research.

What Motivates Decision Makers to Use Research Information?

When research managers communicate effectively, generate quality data, control costs, and deliver information on time, they increase the probability that decision makers will use the research information they provide. Yet academic research shows that political factors and preconceptions can also influence whether research information is used. Specifically, the determinants of whether or not a manager uses research data are: (1) conformity to prior expectations, (2) clarity of presentation, (3) research quality, (4) political acceptability within the firm, and (5) lack of challenge to the status quo.⁸ Managers and researchers both agree that technical quality is the most important determinant of research use. However, managers are less likely to use research that does not conform to preconceived notions or is not politically acceptable. This does not mean, of course, that researchers should alter their findings to meet management’s preconceived notions.

Marketing managers in industrial firms tend to use research findings more than do their counterparts in consumer goods organizations.⁹ This tendency among industrial managers is attributed 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 collected.

Summary

Marketing research plays a key part in providing the information for managers to shape the marketing mix. Marketing research has grown in importance because of management's focus on customer satisfaction and retention. It also is a key tool in proactive management. Marketing research should be undertaken only when the perceived benefits are greater than the costs.

Marketing analytics has become a major force in marketing research. Powerful analytical tools are enabling managers to make quicker and better decisions. As marketing research has embraced a number of new tools managements around the globe are now renaming the research department "Market Insights" or "Customer Insights.

The process for defining the research problem consists of a series of steps: (1) recognize the problem or opportunity, (2) find out why the information is being sought, (3) understand the decision-making environment, (4) use the symptoms to help clarify the problem, (5) translate the management problem into a marketing research problem, (6) determine whether the information already exists, (7) determine whether the question can be answered, and (8) state the research objectives. If the problem is not defined correctly, the remainder of the research project will be a waste of time and money.

The steps in the market research process are as follows:

1. Identification of the problem/opportunity and statement of the marketing research objectives
2. Creation of the research design
3. Choice of the method of research
4. Selection of the sampling procedure
5. Acquire the data
6. Analysis of data
7. Preparation and presentation of the research report
8. Follow-up

Three basic research methods are: survey, observation, or experiment. Survey research involves using a questionnaire to ensure an orderly and structured approach to data gathering. It is typically done on the Internet, smartphone, or perhaps with an interviewer. Observation research, in contrast, monitors respondents' actions and does not rely on direct interaction with people. An experiment is distinguished by the fact that the researcher changes one or more variables and observes the effects of those

changes on another variable (usually sales). The objective of most experiments is to measure causality.

A sample is a subset of a larger population. A probability sample is one for which every element in the population has a known nonzero probability of being selected. All samples that cannot be considered probability samples are nonprobability samples. Any sample in which the chances of selection for the various elements in the population are unknown can be considered a nonprobability sample.

In larger organizations, it is common to have a research request prepared after the statement of research objectives. The research request generally describes the action to be taken on the basis of the research, the reason for the need for the information, the questions management wants to have answered, how the information will be used, the target groups from whom information must be gathered, the amount of time and money available to complete the project, and any other information pertinent to the request. The RFP is the document used by clients to solicit proposals from marketing research suppliers.

Marketing research proposals are developed in response to an RFP. In some cases, the proposals are created based on an informal request such as in a telephone conversation between a client and research supplier. The research proposal gives the research objectives, research design, timeline, and cost. Research proposals are the tool that generates revenue for the research firm.

Big data is the accumulation and analysis of massive quantities of information that is especially, but not exclusively, related to human behavior and actions. Structured data is found in numeric fields and unstructured data does not have a predefined data model nor is organized in a predefined manner. The traditional research process relies on supervised learning resulting in a labeled data set determined by the research process. Today, researchers are often relying on unsupervised learning, using big data, which lets a powerful algorithm examine the data and try to make sense of it by extracting features and patterns on its own.

The traditional research process is based upon supervised learning. It limits exploration of data to what the mind can imagine. Powerful new quantitative algorithms allow for unsupervised learning.

Good communications are the foundation of research management and the basis for getting decision makers to use research information. The information communicated to a decision maker depends on the type of research being conducted.

Key Terms

algorithm 18
big data 17
case analysis 7

descriptive function 2
diagnostic function 2
experience surveys 7

experiments 12
exploratory research 6
hypothesis 11

management decision problem 9
 marketing analytics 4
 marketing research 2
 marketing research objective 9
 marketing research online
 community (MROC) 8
 marketing research problem 9
 nonprobability sample 13

observation research 12
 opportunity identification 5
 pilot studies 6
 predictive function 2
 probability sample 13
 request for proposal (RFP) 15
 research design 11
 research proposal 16

research request 14
 situation analysis 6
 structured data 18
 supervised learning 18
 survey research 12
 unstructured data 18
 unsupervised learning 18
 variable 6

Questions for Review & Critical Thinking

1. The role of marketing is to create exchanges. What role might marketing research play in facilitating the exchange process?
2. Marketing research traditionally has been associated with manufacturers of consumer goods. Today, an increasing number of organizations, both profit and nonprofit, are using marketing research. Why do you think this trend exists? Give some examples.
3. Comment on the following statement by the owner of a restaurant in a downtown area: “I see customers every day whom I know on a first-name basis. I understand their likes and dislikes. If I put something on the menu and it doesn’t sell, I know that they didn’t like it. I also read the magazine *Modern Restaurants* to keep up with industry trends. This is all the marketing research I need to do.”
4. Why is marketing research important to marketing executives? Give several reasons.
5. What differences might you note among marketing research conducted for (a) a retailer, (b) a consumer goods manufacturer, (c) an industrial goods manufacturer, and (d) a charitable organization?
6. Comment on the following: Ralph Moran is planning to invest \$1.5 million in a new restaurant in Saint Louis. When he applied for a construction financing loan, the bank officer asked whether he had conducted any research. Ralph replied, “I checked on research, and a marketing research company wanted \$20,000 to do the work. I decided that with all the other expenses of opening a new business, research was a luxury that I could do without.”
7. Why do you think that marketing analytics has become so important to businesses?
8. What is structured and unstructured data? Give examples of each.
9. Explain the concept of Big Data.
10. The definition of the research problem is one of the critical steps in the research process. Why? Who should be involved in this process?
11. What role does exploratory research play in the marketing research process? How does exploratory research differ from other forms of marketing research?
12. Give some examples of symptoms of problems and then suggest some underlying real problems.
13. Critique the following methodologies and suggest more appropriate alternatives:
 - a. A supermarket is interested in determining its image. Cashiers drop a short questionnaire into the grocery bag of each customer prior to bagging the groceries.
 - b. To assess the extent of its trade area, a shopping mall stations interviewers in the parking lot every Monday and Friday evening. After people park their cars, interviewers walk up to them and ask them for their zip codes.
 - c. To assess the potential for new horror movies starring alien robots, a major studio invites people to call a 900 number and vote yes if they would like to see such movies or no if they would not. Each caller is billed a \$2 charge.
14. You have been charged with determining how to attract more business majors to your school. Outline the steps you would take, including sampling procedures, to accomplish this task.
15. What can researchers do to increase the chances that decision makers will use the marketing research information they generate?
16. Explain the critical role of the research proposal.

Working the Net

1. Go to the Internet and search on “market analysis.” Report your findings to the class.
2. What can researchers do to make research reports “go viral” within a client’s organization?
3. Go to a search engine and type “writing RFPs.” Explain what kind of help is available to prepare RFPs.

Real-Life Research

1.1 Can Anyone Be a Market Researcher?

Recently, Google announced that it was offering Google Consumer Surveys (<https://marketingplatform.google.com/about/surveys/how-it-works/>) to anyone wanting to do marketing research. Google says that the service is for anyone from Fortune 500 companies to “the local bike shop.” It is promoted as a fast, accurate, and low-cost alternative to traditional marketing research. The Google survey website notes, “With Google Consumer Surveys, you choose your target audience, type your question, and watch

the results roll in within hours. Get complete results in days; not weeks.” Google notes that users can test product concepts, track brands, measure consumer satisfaction, and more.

Questions

1. Go to Google’s Consumer Survey website. After clicking through how it works and examples, do you feel competent to create an Internet survey? Why or why not?
2. Do you think that the marketing research industry should be concerned about Google Consumer Surveys? Why?

1-A Appendix: A Marketing Research Proposal

Decision Analyst, Inc. Proposal to Conduct a Brand Equity Study

Confidential

Prepared For:

Fun City Gaming, Inc.

Prepared by:

Kathi McKenzie & Sally Danforth, January 2021

Background

Fun City Gaming, Inc. currently operates a multilevel dockside riverboat casino and a land-based pavilion with three restaurants and a hotel, all located on the Arlen River. The casino offers 1,500 slot machines and 70 table games and is the “flagship” of the Fun City franchise. The Fun City Casino has four primary competitors currently operating in the area, all within a roughly 30-mile radius of the Fun City. The Fun City Casino ranks second in revenue but first in profit among these competitors. In addition to these competitors, additional competition will be provided by the planned “River Wild” casino, which will likely begin construction in about a year. This casino will be located in Saint George, minutes from the Fun City Casino.

Fun City is currently undergoing a large redevelopment, involving construction of a completely new gaming vessel, significant upgrades to the pavilion, addition of new restaurants, and a new parking garage. The gaming vessel will feature 2,500 slot machines, 84 table games, high-limit gaming areas, and upgraded décor. The new Fun City will offer superior features to the current product as well as to primary competitors.

In order to be financially feasible, this project must increase business from current customers as well as attract

customers from competitive casinos, some of whom may have to travel past competitive casinos to arrive at Fun City. In addition, the new offering should be especially attractive to premium casino players.

Objectives

The overall objective of this study would be to help management position the new Fun City offering. Key questions to be addressed include the following:

- What should be the positioning of the new casino?
- Should the Fun City name be used, or should it be rebranded?
- If rebranded, what name should be used?

Study Design

This study would be conducted using a targeted telephone survey among 800 gamblers within a 100-mile radius of the Fun City Casino location. Specifically, we will survey 400 within the Arlen Valley portion of this area and 400 in the area eastward, where the majority of current/future competition lies. Respondents will be screened based on past 12-month casino usage.

Areas of Questioning

Decision Analyst would work closely with Fun City Gaming in developing the questionnaire. Assuming that we have three to four potential positionings to test, tentative survey topics would include the following:

- Current casino usage and gambling behavior.
- Awareness and overall rating for the Fun City name, as well as names of key competitors and other names

owned by Fun City Gaming that might be used for the new casino.

- Rating of the Fun City and key competitors on several (8–10) image attributes.
- Exposure to brief description of the “new” (redeveloped) casino. Each respondent would be exposed to the description with *one* of the potential positionings. This will result in a readable sample size for each positioning.
- Overall rating and rating on key image attributes for the “new” casino.
- Rating of the Fun City name and other potential names on overall appeal and fit with this description.
- Projected use of new casino; effect on gambling habits and share of casino visits.

Data will be analyzed both by area of residence and by gambling value (high/medium/low value gamblers).

Data Analysis

Factor analysis will be conducted, and the factors that are most related to the overall rating of the casino will be identified. On the basis of these factors, a perceptual map will be created to show visually the relationship between the current Fun City and competitive brands, based on brand image. The image projected by the new casino description will also be shown on this map, and a gap analysis conducted to highlight possible differences in image projected by each of the three to four positionings.

Personnel Involved

This project will be supervised by Kathi McKenzie and Sally DanGorth. Kathi will be the overall supervisor and Sally will be responsible for the data analysis and presentation. (*Note:* A short bio of each person would normally be attached.)

Specifications/Assumptions

The cost estimate is based on the following assumptions:

- Number of completed interviews = 800
- Average interview length = 20 minutes
- Average completion rate = 0.62
- Complete per hour assumed incidence = 25%

- No open-ended questions
- Type of sample: targeted random digit
- Up to two banners of statistical tables in Word format
- Factor analysis, two perceptual maps (total sample and high-value gambler), and gap analysis
- Report personal presentation, if desired

Services

Decision Analyst, Inc. would

- Develop the questionnaire, in conjunction with Fun City Gaming management.
- Generate sample within the target area.
- Program the survey.
- Manage and administer the project.
- Monitor and oversee all telephone interviewing.
- Process data, specify cross-tabulations, and compile statistical tables.
- Analyze the data and prepare presentation-style report, if desired.

Cost

The cost to conduct this study, as described, would be \$61,900, plus or minimum a 10 percent contingency fee, which would only be spent with specific prior approval of Fun City Gaming. This cost estimate does not include the cost of any travel outside of the Dallas–Fort Worth area. Any overnight deliveries or travel expenses would be billed at cost at the end of the study.

Decision Analyst would closely monitor data collection. If the actual data collection experience differed from the stated specifications and assumptions, we would notify you immediately to discuss the options available.

Timing

After approval of the final questionnaire, the project would require approximately five to six weeks, as outlined below:

Survey programming and quality control	3–4 days
Data collection	3 weeks
Final data tabulations	3 days
Final report	1–2 weeks