Learning Objectives

Upon completion of this unit, students should be able to:

1. Discuss the marketing research process.
2. Discuss common marketing research approaches.
3. Define the tools of marketing productivity.
4. Explain customer loyalty, empowerment, and value and the key elements of each concept.
5. Analyze the impact of cultivating customer relationships.

Written Lecture

You may have seen the Swiffer Sweeper commercials of women dancing around their house dusting items and making it look like a breeze. But have you seen the commercial of the family arguing over who will dust the house this week when they divvy up the family chores? The family is not arguing because someone has to dust, they are arguing over who gets to dust because they all want to use the Swiffer. The family does not even call the chore dusting; instead, they call it “Swiffering.”

You have not seen the commercial because it does not exist, but the situation is real. IDEO, the largest design company in the United States, created the Swiffer Sweeper. They employ a marketing research method called design thinking, which is based on a “human-centered” methodology. Looks like they created a major “hit” with their Swiffer Sweeper.

IDEO may be the exception to the rule. Typically, the roots of a successful marketing campaign are rather un-sexy. Before packaging and distribution, television buys are decided on and one or thousands gave their opinion about the product or service. The marketing research process begins with systematic design, collection, analysis, and data reporting. Companies of all sizes utilize one or more marketing research strategies. Methods can be as involved as challenging college and university students to devise a strategy or engaging high powered custom marketing research firms. Gathering a rival’s information using the internet or partnering with a vendor are other less-involved methods of gathering marketing research.

Marketing research uses the following pre-defined methods of scientific research: define the problem and research the objectives, develop the research plan, collect the information, analyze the information, present the findings, and make the decision. Defining the plan is best done with a narrow focus lest useless information is gathered. Once the focus is known, the research objectives can be logically stated and a plan solidified. Will the data sources be primary (recently gathered for the specific purpose of the marketing project) or secondary (information compiled for another purpose)? Key fobs are a good example of secondary marketing research that utilizes technology and is shared with manufacturers, retailers, and vendors. They provide shopping intelligence concerning a consumer’s purchasing choices.

Key Terms

1. Building loyalty
2. Customer empowerment
3. Customer perceived value
4. Customer profitability
5. Customer relationship management
6. Marketing dashboard
7. Marketing metric
8. Marketing mix modeling
9. Marketing research
Key fobs (small cards that can be attached to key chains) have become very popular during the first decade of the new millennium. Some stores have even gone as far as tracking the customer's purchasing decisions. Why would any knowledgeable consumer agree to constant observation? The promise of cost savings, i.e. manufacturer coupons, dollars/cents off coupon, frees movie tickets, restaurant coupons, etc. This research instrument is unobtrusive to the degree that most consumers have no idea that their buying patterns—including payment methods—are being observed and compiled.

Using focus groups is one research approach that allows for a "deep-dive" into the psyche of consumer behavior. When led by a skilled facilitator, a company can obtain findings because of the opportunity to listen, and observe. There is a concern, however, that focus groups have lost their place as one of the more trustworthy sources for gathering marketing information. Because consumers are deluged with so much information, it is sometimes difficult to discern one product or experience from another. Securing a population sample that compliments the average buyer of a company's goods or services can be difficult. Researchers have to be knowledgeable of different sectors of the country. A focus group in Westchester County, New York will be quite different from Kings County, New York, although they are very close in proximity. Focus groups can be expensive since participants are paid, a proper (inviting) setting must be secured and supplied (materials and food), and a marketing research firm is usually contracted.

Once the research is compiled, productivity is measured. The recent economic climate has made it more imperative than ever for a marketing campaign to exhibit a return on value. If proven unsuccessful, sales will not meet expectations, thereby affecting the bottom line. The following are two most common approaches that are complementary in achieving accountability: marketing metrics and marketing-mix modeling.

The types of metrics available are varied and those selected usually depend on the desired outcome of a marketing program. Table 4.3 in your textbook summarizes some types of internal and external marketing metrics. Marketers must give serious consideration as what to measure so that the research validates the goals of the marketing program. In contrast, the marketing-modeling mix conducts multivariate analysis, like regression analysis, to differentiate external effects caused by brand sales or market share. General Mills and General Foods will have a very similar marketing mix. But, General Foods and DANONE (parent company to Dannon Yogurt) will have a less similar marketing mix.

Our last unit explored the importance of holistic marketing in the global economy. Why? Simply put, loyalty equates with long-term purchasing. A customer for life is far more profitable than a customer for the immediate future. Figure 5.1 in your textbook highlights the modern customer-oriented organization chart. Customer care ranks highest and touches every level of the organization. More informed with more choices than ever before, even for the costliest goods, customers always have alternatives. The customer-perceived value model has corresponding dual determinants for the company and the customer. Customer-profitability takes a heighten sense of urgency when the value of the current relationship can be forecast.

Customer empowerment is one of the most powerful weapons consumers have at their disposal. Used appropriately, it can coerce a company to buy-in to a social or environmental issue it had not previously considered. Communication is shared around the world in a matter of minutes using different mediums: social media, blog post, YouTube videos, etc. Legal filings and public records searches
yield fruitful information as well. A wrongful foreclosure gave a Florida couple the impetus to turn the table on Bank of America. Using information that was readily available, a branch of the bank was foreclosed on by the couple in a *coup d'état* that went viral in a climate that was less than positive for the American banking industry. Almost 40,000 people “Liked” this ABC News story on Facebook. How many other media outlets, large and small, have similar Facebook pages? Building loyalty is increasingly important if only to offset the potential for negative customer empowerment.

Remember to keep working on your marketing plan. An additional component should be completed this week and can be found under the assignments section of the study guide. Manage your time wisely, and complete your components early in order to receive timely feedback from your instructor.