An Introduction to Marketing Research
Marketing Research: Part of Marketing?

• Marketing research is part of marketing, and you cannot fully appreciate marketing research unless you know how it fits into the marketing process
What is Marketing?

• Marketing has been defined by the AMA as: An organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.
What is Marketing? Cont.

• The AMA definition recognizes that marketing is:
  • An organizational function
  • A set of processes that creates something of value
  • Communicates or promotes value
  • Delivers or distributes the value...and...
What is Marketing? Continued…

• The AMA definition also recognizes that marketers need to manage customer relationships and that marketing is carried out for the benefit of the organization and its stakeholders
Why Do We Need to Learn About Marketing?

• To make the best decisions as a marketing professional, information is essential
• The Service Dominant Logic for Marketing and other current definitions and frameworks call for a more important role for information in marketing decisions
Hearing the Consumer

- Successful firms “hear the voice of the consumer”
- Not all firms can conceive products or services that meet the needs and wants of the market
Not Hearing the Consumer

- **Ice Breakers Pacs:**
  - Discontinued due to customer complaints about packaging

- **Coca-Cola Blak:**
  - Discontinued due to lack of interest and repeat buyers
Why do we need to know about marketing to understand Marketing Research?

• How can a marketer know and understand how to deliver value to the customers?
• The need for information about consumers makes marketing research part of marketing.
• This information allows marketers to market ideas, goods, and services properly.
• The need for information to practice marketing and marketing research provides that information!
What is A Philosophy?

• To market ideas, goods, and service properly a marketer must have the right philosophy

• A philosophy is a system of values, or principles, by which you live

• Philosophies are important because they are the foundation for the decisions you make everyday

• Marketers have philosophies which dictate the decisions they make
How does your philosophy affect your day-to-day decisions?

- Don’t you have a philosophy that may be described as: “A higher education degree will allow me to enjoy the standard of living I desire to live.”

- And, doesn’t this philosophy affect your day-to-day decisions? Aren’t you studying now? Aren’t you attending college classes?
A Manager may have different philosophies...

- Production Philosophy: “We are in the widget business and my goal is to do the best job I can making widgets.”

- A Sales Philosophy: “We must sell, sell, sell in order to achieve our goals!”

- These philosophies do not seem to work in the long run...a better philosophy is called “The Marketing Concept.”
What is the Marketing Concept?

- Marketing Concept: is a business philosophy that holds that the key to achieving organizational goals consists of the company’s being more effective than competitors in creating, delivering, and communicating customer value to its chosen markets.

Note: this philosophy leads to success because the focus is on the customer...being better at delivering value to the customer.
Why is the Marketing Concept the “Right” Philosophy?

• The term “marketing concept” is often used interchangeably with other terms such as “customer oriented” or “market driven”

• The key point is that the marketing concept is a philosophy that puts the customer first!
What is Marketing Strategy?

• A Marketing Strategy: consists of selecting a segment of the market as the company’s target market and designing the proper “mix” of the product/service, price, promotion, and distribution system to meet the wants and needs of the consumers within the target market.

• A strategy should involve a plan that should anticipate competitors’ reactions.
What is the “Right” Strategy?

• To develop a strategy managers must make many decisions in order to answer questions such as:
  • What is the market?
  • How do we segment the market?
  • What are the wants and needs of our segment?

Managers need information to develop strategies!
Making the Right Decision

• In order to make the right decisions, managers must have information that is:
  • Timely
  • Objective
  • Accurate
  • Constantly Updated

This information is provided by Marketing Research!
What is Marketing Research?

• Marketing research as defined by Burns & Bush: is the process of designing, gathering, analyzing, and reporting information that may be used to solve a specific marketing problem.
What is Marketing Research?

AMA Definition

• 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 the understanding of marketing as a process.
• Market research is the “systematic gathering, recording, and analyzing of data with respect to a particular market, where ‘market’ refers to a specific group in a specific geographic area.”
What is the Purpose of Marketing Research?

- To link the consumer to the marketer by providing information that can be used in making marketing decisions
Sometimes Marketing Research is Wrong!

• Marketing research has predicted success when products/services failed.
• Marketing research has predicted failure when products/services have been a success!

_The highly successful TV show, Seinfeld, was predicted to be a failure by marketing research!_
Marketing Research is Useful

• Infallibility does not imply that marketing research is not useful
• Most marketing research projects are trying to understand and predict customer behavior—a very hard task
• If the industry had no value, it would not exist...marketing research works!
What are the Uses of Marketing Research?

• Identify marketing opportunities and problems
• Generate, refine, and evaluate potential marketing actions
• Monitor marketing performance, and...
• Improve marketing as a process
Identifying marketing opportunities and problems...examples of studies...

• Market-demand determination
• Market segments identification
• Marketing audits SWOT analysis
• Problem: Does our advertising work?
Generating, refining, and evaluating potential marketing actions...examples..

• Proposed marketing-mix evaluation testing
• New-product prototype testing
• Advertising pre-testing
Monitoring marketing performance...examples...

• Image analysis, i.e. bank image analysis
• Tracking studies, i.e. sales, market shares of all brands in our category
• Customer satisfaction studies
Improving marketing as a process

• The purpose of these studies is to expand knowledge (Basic research) of marketing as a process rather than to solve a specific problem (Applied research) facing a company.
Classifying Marketing Research Studies, Cont.

- Some examples: How does background music affect perceptions of products? How does pre-shopping information affect product returns....Understanding cultural differences in consumer impatience...all in the Journal of Marketing.
The Marketing Information System

• An MIS: is a structure consisting of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.
Components of an MIS

• **Internal Reports System**: Gathers information generated by internal reports, which includes orders, billing, inventory levels, etc.

• **Marketing Intelligence System**: A set of procedures and sources used by managers to obtain everyday information about pertinent developments in the environment.
• Marketing Decision Support System (DSS) ...collected data that may be accessed and analyzed using tools and techniques that assist managers in decision making

• Marketing Research System... How Different from the above????
The Marketing Research System in MIS

• It gathers information not gathered by the other MIS component subsystems.
• Marketing research studies are conducted for a specific situation facing the company...

GM execs want to know reactions to different designs of a proposed new car. This information cannot come from any other component of the MIS other than Marketing Research!
• Marketing research projects unlike other MIS components are not continuous – they have a beginning and an end. Ad hoc studies/Projects