

Stage 1
Problem definition

Stage 2
Research approach developed

Stage 3
Research design developed

Stage 4
Fieldwork or data collection

Stage 5
Data preparation and analysis

Stage 6
Report preparation and presentation

Introduction to marketing research

Objectives

After reading this chapter, you should be able to:

- 1 understand the nature and scope of marketing research and its role in designing and implementing successful marketing programmes;
- 2 explain the role of marketing research in marketing information systems and decision support systems;
- 3 discuss the types and roles of research suppliers, including internal and external, full-service and limited-service suppliers;
- 4 describe a conceptual framework for conducting marketing research as well as the steps of the marketing research process;
- 5 understand why some marketers may be sceptical of the value of marketing research;
- 6 acquire an appreciation of the complexities involved in international marketing research;
- 7 gain an understanding of the ethical aspects of marketing research and the responsibilities that marketing research stakeholders have to themselves, each other, and to the research project;
- 8 appreciate the potential opportunities and threats of the Internet to marketing researchers.

Marketing researchers support decision-makers by collecting, analysing and interpreting information needed to identify and solve marketing problems.



Overview

Marketing research comprises one of the most important and fascinating facets of marketing. In this chapter, we describe the nature and scope of marketing research, emphasising its role of supporting marketing decision-making, and provide several real-life examples to illustrate the basic concepts of marketing research. We give a formal definition of marketing research and subdivide marketing research into two areas: problem identification and problem-solving research. We show that marketing research may be conducted on an *ad hoc* basis but is also an integral part of marketing information systems or decision support systems. Next, we provide an overview of marketing research suppliers and services. We go through a simple six-stage linear description of the marketing research process. This description is extended to illustrate many of the interconnected activities in the marketing research process. There are many successful marketing decisions that have used marketing research support; however, marketing research does not replace decision-making. The limitations of marketing research are established. To illustrate the marketing research process, we examine the GlobalCash study, a live pan-European marketing research project that is conducted biennially. GlobalCash will be used as a running example throughout this book. The topic of international marketing research is introduced. International marketing research will be discussed systematically in the subsequent chapters and will be tackled in a dedicated chapter. The ethical aspects of marketing research and the responsibilities that marketing research stakeholders have to themselves, to each other, and to the research project are presented and developed in more detail throughout the text.

What does marketing research encompass?

The term ‘marketing research’ is broad in meaning; it is related to all aspects of marketing decision-making. The following examples provide a flavour of the varied nature and applications of marketing research.

example

Listening to the customer – research at Royal Ahold¹

Royal Ahold is a world supermarket leader. In the Netherlands Ahold operates six chains with over 1,750 outlets, including the flagship Albert Heijn supermarkets. Worldwide, Ahold serves 20 million customers weekly in 3,400 stores in 17 countries across the US, Central and Western Europe, Latin America and Asia. Customer orientation is at the top of the fundamental principles of the company. Its credo is that the customer comes first: ‘However big we become, however international, it is ultimately the customer who determines our success’.

The following summarises the ways that Royal Ahold ‘listens’ to its customers to maintain its customer orientation and continued success:

- Produce economic analyses and forecasts. They do this by gathering secondary data and intelligence that give them an understanding of retail developments, competitive threats and market changes.
- Use and contribute to audit data from A.C. Nielsen to obtain global data about developments in their markets.
- See their stores as a major ‘market research laboratory’ to study customers. They know when they come in, how often and what they buy. Fundamental to these observations is the use of scanner systems and loyalty cards.
- Use focus groups as a major source of information about how customers and non-customers feel. They insist that management teams watch and listen to these discussions.

- Use observation approaches to watch how customers behave in store, using protocol tapes (where people think aloud about the purchases they are making).
- Select some researchers to supply raw data, where Ahold perform their own analyses and interpretations, whilst in other projects they use specialised strategic input from researchers to provide added value.
- Share their best practices and know-how. They have an electronic market research platform where researchers discuss their projects and any problems they have. For example, if a successful approach has been used in the Netherlands, they can consider using it in the US.
- Circulate a digest to their Corporate Executive Board and management teams all over the world. *Market Research Findings* is issued twice a year, giving details of important papers, articles and reports on retail research from inside or outside the Ahold company.

Bert L. J. van der Herberg, Vice-President Market Research, summarises the role of market researchers at Royal Ahold:

'Researchers are backroom consultants. I see the market researcher as a philosopher who can take a critical view of the internal and external world. The researcher can act as "the serious fool" to the court. The Board takes on our ideas and our language, but the market researcher is not the spokesman for the company. They are listeners and interpreters.' ■

example

Banner advertising – more than clicks²

The Internet has the potential to fulfil advertising objectives beyond a direct response to a banner advertisement. It has the potential to generate awareness and to build brands. For media planners, it is very important to gain as much knowledge as possible of the effect of Internet advertising in a media plan. In order to understand these effects, OMD Denmark and A.C. Nielsen online initiated an Internet survey entitled 'Banner Advertising Survey 2000'. The survey was carried out on 16 major Danish Websites. The importance of the Websites involved can be emphasised by the fact that 80% of Danes with Internet access from their home visit at least one of the sites on a monthly basis. Fourteen banners for a total of 14 different brands were tested. In total, 23,823 respondents participated in the survey. The approach to the study was based on a classic causal research design involving a test group and a control group. The groups were differentiated only by one known factor – one banner impression – with the purpose of examining whether an effect could be measured. The results of the survey showed that as well as generating direct responses, banner adverts build brand awareness. The vast majority of respondents saw the banners without clicking through to the Website, giving the banner great potential as a broad tool of communication. ■

example

From Armani to AIDS: the hopes, the fears, of Europe's youth³

Today's youth live in a fast-changing world, and their attitudes, behaviour and exposure to the media and to brands differ from those of their predecessors of just a few years ago. A major qualitative research study, interviewing more than 500 young people across 16 countries, has been conducted. Four workshops of seven to nine participants were held in each capital city, each lasting up to five hours. The countries covered were Austria, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Russia, Spain, Sweden, Switzerland and the UK. The target of the research was 'trend-setters', that is young opinion leaders and leading-edge youth aged 15–19 years, those who decide what is 'in', the early adopters and disseminators of opinions and tastes. Participants were given disposable cameras to take photographs ahead of the groups; these were used, with other materials, to create collages illustrating what makes them 'happy' or 'sad', and what it means to be young and living in their country. A self-completion questionnaire provided data on favourite pastimes, music and media stars, sports teams and so on, and 'awareness', 'usage' and 'preferences' of brands.

On clothing, for example, valuable insight was gained on the rationale behind both aspirational desires and actual behaviour. Male participants aspired to the most obviously status-giving brands, the opulent and clearly expensive (Versace, Armani), reflecting their

desire to buy into a world of success, money and power that everyone (they feel) would appreciate. Female participants, however, were far more interested in standing out from the crowd. They were attracted to the non-mainstream brands which also came with their own strong set of values (e.g. Mambo, Stussy), as well as the more expensive (e.g. Prada and Gucci). What was especially interesting to the researchers was the way that these girls wore brands, mixing and matching, personalising their outfits. As both the boys and girls matured and their repertoire of brands and their financial status grew, they were more inclined to temper their 'ideals'. They moved towards the more High Street designer brands of Diesel, Calvin Klein, Ralph Lauren and DKNY and 'older' stores such as Next and Gap. ■

The previous examples illustrate only a few of the methods used to conduct marketing research, which may range from highly structured surveys with large samples to in-depth interviews with small samples; from the collection and analysis of readily available data to the generation of 'new' data; from direct interaction with consumers to the distant observation of consumers. This book will introduce you to the full complement of marketing research techniques. These examples also illustrate the crucial role played by marketing research in designing and implementing successful marketing plans.⁴ Perhaps the role of marketing research can be better understood in light of the basic marketing paradigm depicted in Figure 1.1.

The emphasis in marketing, as illustrated in the Royal Ahold example above, is on the identification and satisfaction of customer needs. To determine customer needs and to implement marketing strategies and plans aimed at satisfying those needs, marketing managers need information about customers, competitors and other forces in the marketplace. In recent years, many factors have increased the need for more and better information. As firms have become national and international in scope, the need for information on larger, and more distant, markets has increased. As consumers have become more affluent, discerning and sophisticated, marketing managers need better information on how they will respond to products and other marketing offerings. As competition has become more intense, managers need information on the effectiveness of their marketing tools. As the environment is changing more rapidly, marketing managers need more timely information.⁵

Marketers make decisions about what they see as potential opportunities and problems, i.e. a process of identifying issues. They go on to devise the most effective ways to realise these opportunities and overcome problems, i.e. a process of solving the issues they have identified. They do this based on a 'vision' of the distinct characteristics of the target markets and customer groups. From this 'vision' they develop,

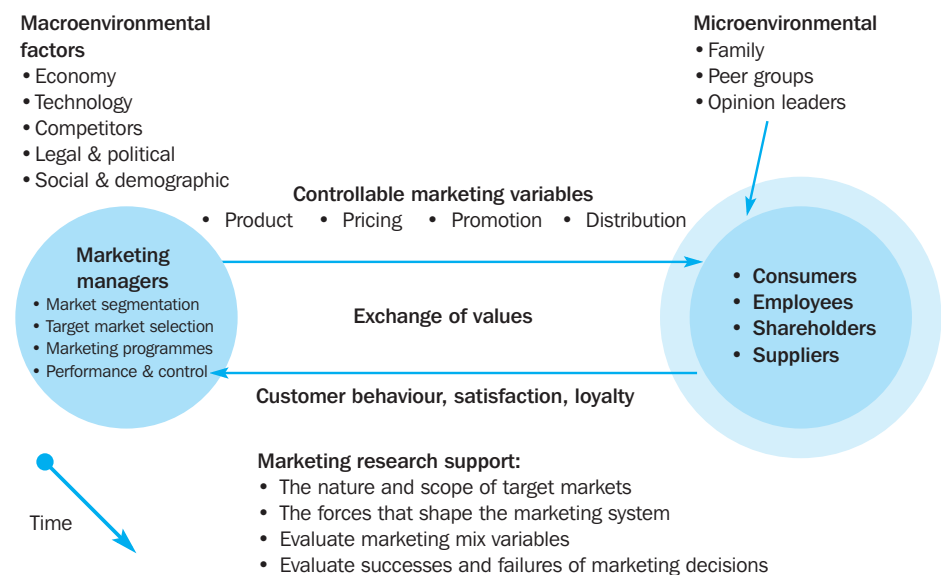


Figure 1.1
The role of marketing research within the marketing system

implement and control marketing programmes. This 'vision' of markets and subsequent marketing decisions may be complicated by the interactive effects of an array of environmental forces that shape the nature and scope of target markets. These forces also affect the marketers' ability to satisfy their chosen target markets.

Within this framework of decision-making, marketing research helps the marketing manager link the marketing variables with their environment and customer groups. It helps remove some of the uncertainty by providing relevant information about marketing variables, environment and consumers.

The role of the marketing researcher in supporting the marketing decision-maker can therefore be summarised as helping to:

- describe the nature and scope of customer groups
- understand the nature of forces that shape customer groups
- understand the nature of forces that shape the marketer's ability to satisfy targeted customer groups
- test individual and interactive marketing mix variables
- monitor and reflect upon past successes and failures in marketing decisions.

Traditionally, marketing researchers were responsible for assessing information needs and providing the relevant information, while marketing decisions were made by the managers. These roles are changing, however, and marketing researchers are becoming more involved in decision-making; conversely, marketing managers are becoming more involved with research. This trend can be attributed to better training of marketing managers and advances in technology. There has also been a shift in the marketing research paradigm, where increasingly marketing research is being undertaken on an ongoing basis rather than in response to specific marketing problems or opportunities on an *ad hoc* basis.⁶

This crucial role of marketing research is recognised in its definition.



The marketing researcher may have to support decision-makers as they reflect upon their failures.

Definition of marketing research

The European Society for Opinion and Marketing Research (ESOMAR) definition of marketing research is given below. For the purpose of this book, which emphasises the need for information in the support of decision-making, marketing research is defined as follows:

Marketing research

A key element within the total field of marketing information. It links the consumer, customer and public to the marketer through information which is used to identify and define marketing opportunities and problems; to generate, refine and evaluate marketing actions; and to improve understanding of marketing as a process and of the ways in which specific marketing activities can be made more effective.

Marketing research is a key element within the total field of marketing information. It links the consumer, customer and public to the marketer through information which is used to identify and define marketing opportunities and problems; to generate, refine and evaluate marketing actions; and to improve understanding of marketing as a process and of the ways in which specific marketing activities can be made more effective.

Several aspects of this definition are noteworthy. First, it is worth noting the term ‘total field of information’. This recognises that marketing decisions are not exclusively supported by marketing research. There are other means of information support for marketers that are now competing with a ‘traditional’ view of marketing research. For many years, marketing researchers have recognised the competition they face from an array of management consultants, who hope to add value to the data they gather by claiming unique insights and interpretations.⁷ In recent years, additional competition has emerged from raw data providers such as call centres, direct marketing, database marketing and telebusinesses.⁸ The methods of these competitors may not be administered with the same scientific rigour and/or ethical standards applied in the marketing research industry. Nonetheless, many marketers use these other sources. Marketing research students should be aware of these other sources and appreciate their strengths and weaknesses. Second, it reinforces the notion of basing marketing decisions upon a strong understanding of target customers. It stresses the role of ‘linking’ the marketer to the consumer, customer and public to help improve the whole process of marketing decision-making.

ESOMAR further qualifies its definition of marketing research by stating:

Marketing research specifies the information required to address these issues [of linking the consumer, customer and public to the marketer]; designs the method for collecting information; manages and implements the data collection process; analyses the results; and communicates the findings and their implications.

The above qualification of the definition of marketing research encapsulates the **marketing research process**. The process is founded upon an understanding of the marketing decision(s) needing support. From this understanding, research aims and objectives are defined. To fulfil defined aims and objectives, an approach to conducting the research is established. Next, relevant information sources are identified and a range of data collection methods are evaluated for their appropriateness, forming a research design. The data are collected using the most appropriate method; they are analysed and interpreted, and inferences are drawn. Finally, the findings, implications and recommendations are provided in a format that allows the information to be used for marketing decision-making and to be acted upon directly.

Marketing research should aim to be objective. It attempts to provide accurate information that reflects a true state of affairs. It should be conducted impartially. Although research is always influenced by the researcher’s research philosophy, it should be free from the personal or political biases of the researcher or the management. Research motivated by personal or political gain involves a breach of professional standards. Such research is deliberately biased to result in predetermined findings. The motto of every researcher should be ‘Find it and tell it like it is’.

Marketing research process

A set of six steps which define the tasks to be accomplished in conducting a marketing research study. These include problem definition, developing an approach to the problem, research design formulation, fieldwork, data preparation and analysis, and report generation and presentation.

ESOMAR's view of the distinctive contribution of marketing research

ESOMAR distinguishes marketing research from other competitive forms of data gathering, through the issue of the anonymity of respondents. It stresses that in marketing research the identity of the provider of information is not disclosed. It makes a clear distinction between marketing research and database marketing where the names and addresses of the people contacted are to be used for individual selling, promotional, fund-raising or other non-research purposes. These issues will be explored more fully in the 'Ethics in marketing research' section in this chapter. The distinction between marketing research and the database as a research tool is not so clear. There is a growing amount of support given to marketing decision-makers from database analyses that are not 'respondent specific'. It is possible to perform database analyses with the same level of professional standards as is applied in the marketing research industry.

There are many instances where database analyses can add clarity and focus to marketing research activities. For example, since the start of 1995 the highly respected marketing research agency, Taylor Nelson AGB, has been building the European Toiletries & Cosmetics Database (ETCD). Some 14,000 usage diaries of personal care products are collected each year, across Britain, France, Germany, Italy and Spain. Given the huge impact that database analyses are having upon marketing decision-making, these issues will be developed more fully in Chapter 5. In the meantime, the maxim stated by ESOMAR of preserving the anonymity of respondents is vital for the continuing support of respondents and the ultimate health of the marketing research industry.

A classification of marketing research

The ESOMAR definition encapsulates two key reasons for undertaking marketing research: (1) to identify opportunities and problems, and (2) to generate and refine marketing actions. This distinction serves as a basis for classifying marketing research into problem identification research and problem-solving research, as shown in Figure 1.2.

Problem identification research
 Research undertaken to help identify problems that are not necessarily apparent on the surface, yet exist or are likely to arise in the future.

Problem identification research is undertaken to help identify problems that are, perhaps, not apparent on the surface and yet exist or are likely to arise in the future. Examples of problem identification research include market potential, market share,

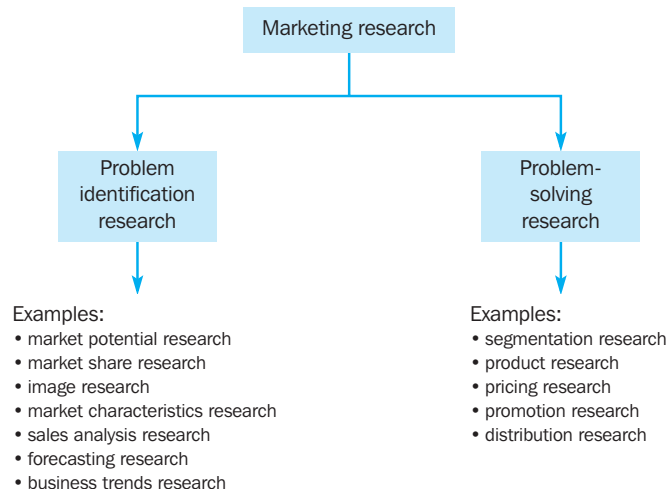


Figure 1.2
A classification of marketing research

brand or company image, market characteristics, sales analysis, short-range forecasting, long-range forecasting and business trends research. Research of this type provides information about the marketing environment and helps diagnose a problem. For example, a declining market potential indicates that the firm is likely to have a problem achieving its growth targets. Similarly, a problem exists if the market potential is increasing but the firm is losing market share. The recognition of economic, social or cultural trends, such as changes in consumer behaviour, may point to underlying problems or opportunities.

example

Beer research shows overspill⁹

The proliferation of new brands in Europe’s booming beer market could result in shorter product lifecycles and, ultimately, destroy brand loyalty. The report ‘Western European Beer’ reveals that the industry is in danger of an overspill of brands, with the number of brands available exceeding demand. As a result, consumers are likely to fall back on ‘tried and tested brands’, normally owned by large manufacturers, at the expense of lesser known brands, which are likely to fall by the wayside. In Western Europe, there is an average per head consumption of 84 litres per year, the highest level in the world. ■

The above research presents either a problem or an opportunity for beer manufacturers, depending largely upon whether your brand is ‘tried and tested’ or not. The research could be classified as ‘business trends research’ or even ‘market potential research’. It could be followed by individual beer manufacturers conducting their own ‘image research’ to reveal the extent to which their brand(s) are perceived as being ‘tried and tested’.

Problem-solving research
Research undertaken to help solve specific marketing problems.

Once a problem or opportunity has been identified, **problem-solving research** may be undertaken to help develop a solution. The findings of problem-solving research are used to support decisions that tackle specific marketing problems. Problem-solving research is illustrated by the following example of revamping the image of Kellogg’s Frosties.

example

Kellogg’s Frosties¹⁰

During 2000, Kellogg wanted to revamp the image of its breakfast cereal Frosties and, more particularly, brand icon Tony the tiger. Tony has been around since 1956, and according to *Advertising Age* magazine is one of the top ten icons of the twentieth century. Kellogg wanted to make sure that Tony was not tired and jaded but a fresh proposition to children.

Their research involved a series of group discussions with 7 to 10 year olds. This involved showing them different ideas and concepts, putting together different images and advertisements. The researchers then observed the children’s reactions, to see what made them laugh and got further input, using picture-led questionnaires. The research revealed that there was still a huge affection for Tony but that they wanted him to be a bit sharper and witty while retaining his fun character. The findings also pointed to a repositioning for Tony, away from his traditional sports coach image to that of an action hero. ■

The Frosties example illustrates the refinement of marketing actions. With a brand that has been so successful for many years, Kellogg had to be extremely careful in making changes to the image of Tony. The example illustrates promotions research supporting decisions on advertising copy. This example is clearly one of problem-solving research. A problem-solving perspective enabled management to focus on the promotions development of Frosties. Table 1.1 shows the different types of issues that can be addressed using problem-solving research.

Problem identification research and problem-solving research go hand-in-hand, however, and a given marketing research project may combine both types of research. A

Table 1.1 Examples of problem-solving research

Segmentation research	Determine basis of segmentation Establish market potential and responsiveness for various segments Select target markets and create lifestyle profiles: demography, media, and product image characteristics
Product research	Test concept Determine optimal product design Package tests Product modification Brand positioning and repositioning Test marketing
Pricing research	Importance of price in brand selection Pricing policies Product line pricing Price elasticity of demand Initiating and responding to price changes
Promotions research	Optimal promotional budget Optimal promotion mix Copy decisions Creative advertising testing Evaluation of advertising effectiveness
Distribution research	Attitudes of channel members Intensity of wholesale and retail coverage Channel margins Retail and wholesale locations

marketing research project for a European beer manufacturer that sees its market share diminish may determine through image research that its brand is perceived in a most positive manner. This may indicate that the brand be extended into other types of beer or even into clothes and fashion accessories! Appropriate target markets may be selected, with detailed profiles of potential customers and an associated media and product image. These decisions can clearly be supported with problem-solving research.

The role of marketing research in MkIS and DSS

Information obtained through the process of marketing research and from sources such as internal records stored on databases and marketing intelligence becomes an integral part of a firm's marketing information systems (MkIS). A **marketing information system (MkIS)** is a formalised set of procedures for generating, analysing, storing and distributing pertinent information to marketing decision-makers on an ongoing basis. At face value, it may seem that the definition of a MkIS is similar to that of marketing research. The difference lies in the MkIS providing information on a continuous basis, guided by a marketing plan. Marketing research forms a component of the MkIS, providing primarily *ad hoc* studies that focus upon new and problematic issues faced by decision-makers. The design of the MkIS takes a much broader view of the support for decision-makers. The MkIS focuses upon each marketing decision-maker's responsibilities, information needs and decision style. The MkIS is designed around information gathered from a variety of sources, such as

Marketing information system (MkIS)

A formalised set of procedures for generating, analysing, sorting and distributing pertinent information to marketing decision-makers on an ongoing basis.

customer analyses from invoices and competitor intelligence reported by sales personnel. The continuously gathered information is combined and presented in a format that can be readily used in decision-making. More information can be obtained from an MkIS than from *ad hoc* marketing research projects. However, an MkIS may be limited in the nature of information it provides and the manner in which the information is structured, and cannot easily be manipulated.

Developed to overcome the limitations of the MkIS, decision support systems (DSS) enable marketing decision-makers to interact directly with databases and analysis models.¹¹ A **decision support system (DSS)** is an integrated information system, including hardware, communications network, database, model base, software base and the marketing decision-maker, that collects and interprets information for decision-making. Marketing research contributes research data to the database, marketing models and analytical techniques to the model base, and specialised programs for analysing marketing data to the software base. DSSs differ from MkISs in various ways (see Figure 1.3).¹² A DSS can combine the use of models or analytical techniques with the traditional access and retrieval functions of an MkIS. They are easier to use in an interactive mode and can be adapted as changes in the marketing system occur, as well as to the decision-making approach of the user. In addition to improving efficiency, a DSS can also enhance decision-making effectiveness by using ‘what if’ analyses, allowing the creativity of the marketing decision-maker to be reflected in the search and connection between different internal and external data sources. An example of a DSS is the use of geodemographic information systems, which will be covered in more detail in Chapter 5 but is illustrated in the following example.

Decision support system (DSS)

An information system that enables decision-makers to interact directly with both databases and analysis models. The important components of a DSS include hardware and a communication network, database, model base, software base and the DSS user (decision-maker).

example

Geographic marketing at Banco Central Hispanoamericano¹³

There are two important geographic features of the Spanish banking market: the concentration of the population in cities and the large number of bank branches. Forty-two per cent of the population is concentrated in cities with more than 100,000 inhabitants. In these cities, a DSS in the form of a geodemographic information system (GIS) (which combines customer data with the geographic data on a map of a city) is very useful to define customer distribution areas based on their banking behaviour.

Banco Central Hispanoamericano have designed a model within their GIS which allows them to assign customers to branches, maximising the number of customers assigned to each branch while minimising the distance they have to travel. To do this, the system considers the maximum distance (by street) that a customer is capable of travelling to go to a branch, the maximum number of branches along which to distribute the customers, the total number of branches to analyse, and the maximum distance over which to carry out the analysis.

The system also allows the bank to select new locations for automated teller machines (ATMs) in an ‘intelligent’ way. When opening a new ATM, it is possible to select customers of the Bank who use the machines of competitor banks close by and who also live in its area of influence. This facilitates promotions activities, targeted at customers with the greatest likelihood of using the new service. ■

As shown by the experience of Banco Central Hispanoamericano, a DSS can greatly enhance the support given to marketing decision-makers. To make an MkIS or a DSS work properly, the data used in the systems have to be accurate and totally

MkIS	DSS
<ul style="list-style-type: none"> • structured problems • reports ‘fed’ to decision-makers • rigid structure • information display restricted • combines quantitative and qualitative data 	<ul style="list-style-type: none"> • unstructured problems • use of models • user-friendly interaction • adaptability • uses ‘what if’ analyses

Figure 1.3
Marketing information systems versus decision support systems

dependable. To generate accurate data, management relies upon well-devised internal data systems and on the generation of external data through marketing research suppliers and services.

Marketing research suppliers and services

Marketing research suppliers provide most of the information needed for making marketing decisions. Figure 1.4 classifies marketing research suppliers and services. Broadly speaking, research suppliers can be classified as internal or external. An **internal supplier** is a marketing research department or function located within a firm. Many firms, particularly large ones, maintain in-house marketing research departments. A marketing research department's place in an organisation structure may vary quite considerably. At one extreme, the research function may be centralised and located at the corporate headquarters, allowing the development of a range of skills and expertise to be built up in a team. At the other extreme is a decentralised structure in which the marketing research function is organised along divisional lines, allowing specific and focused expertise to be developed but without the breadth of experience that may lie in a centralised team. In a decentralised scheme, the company may be organised into divisions by products, customers or geographical regions, with marketing research personnel assigned to the various divisions. These personnel generally report to a division manager rather than to a corporate-level executive. In addition, between these two extremes is a variety of types of organisation. Even if a firm has its own marketing research specialists, it may still turn to external suppliers to perform specific marketing research tasks.

External suppliers are outside firms hired to supply marketing research data. These external suppliers collectively comprise the marketing research industry. These suppliers range from small (one or a few persons) operations to very large global corporations. Table 1.2 lists the top 12 marketing research suppliers in the world. Table 1.3 lists the spending on marketing research in different countries; the growth in spend and population sizes are shown to indicate the relative importance of the industry to the economy. One country of note in Table 1.3 is Hungary, whose developing economy is supported by a high growth and dynamic marketing research

Internal supplier
Marketing research department located within a firm.

External suppliers
Outside marketing research companies hired to supply marketing research services.

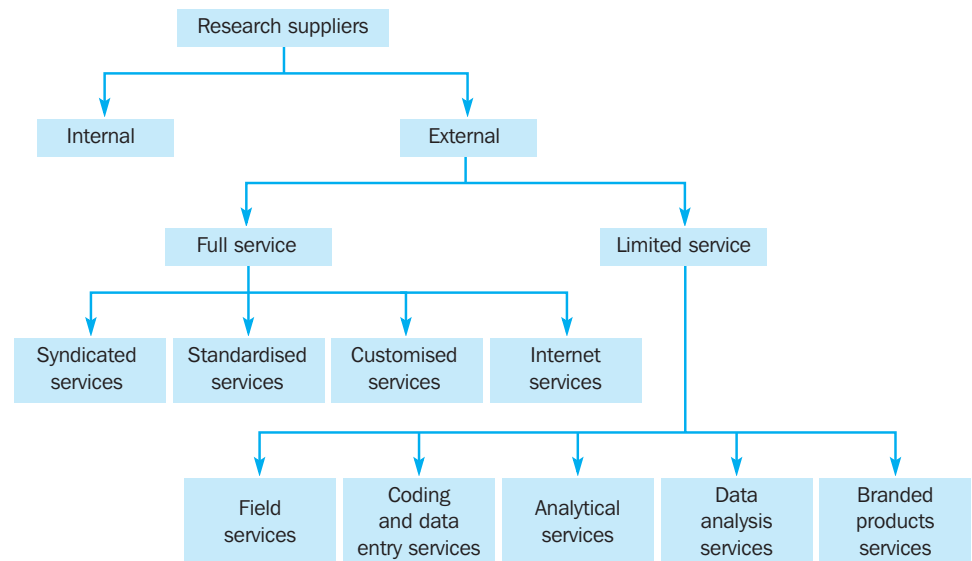


Figure 1.4
Marketing research suppliers

Table 1.2 World top 12 market research companies, 2000¹⁴

Company	Global research revenues (euro m)	Countries with offices	Head office location	Number of full-time employees	Percentage of revenues from outside home country
1 AC Nielsen Corp.	1,680	80	USA	21,000	67%
2 IMS Health, Inc.	1,205	74	USA	8,000	63%
3 The Kantar Group	989	59	UK	5,800	71%
4 Taylor Nelson Sofres Plc	756	41	UK	7,125	75%
5 Information Resources, Inc.	566	17	USA	4,000	25%
6 VNU, Inc.	561	21	USA	2,916	3%
7 NFO WorldGroup, Inc.	496	38	USA	3,500	63%
8 GfK Group	473	34	Germany	4,212	64%
9 Ipsos Group SA	324	24	France	2,437	78%
10 Westat, Inc.	282	1	USA	1,430	0%
11 NOP World	262	6	UK	1,302	60%
12 Aegis Research	247	12	UK	1,980	60%

industry. Below Table 1.3 is an example which explains the role of marketing research in Hungary's development in more detail. Table 1.4 lists where marketing research monies are spent worldwide through external suppliers. External suppliers can be classified as full-service or limited-service suppliers.

Table 1.3 World marketing research turnover in euros, with growth, adspend and population, 2000¹⁵

Country	Turnover (euro m)	Percentage growth in local currencies compared with 1999 (adjusted for inflation)	Advertising spend (euro m)	Population in millions
USA	6,307	5%	128,015	273.2
UK	1,728	6%	19,065	58.7
Germany	1,374	3%	21,339	82.1
Japan	1,284	8%	35,742	126.5
France	1,020	8%	10,293	59.1
Italy	442	9%	7,553	57.3
Spain	291	0%	5,660	39.4
Netherlands	243	-1%	4,136	15.8
Sweden	243	2%	2,033	8.9
China	193	25%	4,428	1266.8
Switzerland	126	9%	2,781	7.1
Belgium	121	6%	2,115	10.2
Austria	84	-2%	2,063	8.2
Denmark	82	-1%	1,460	5.3
Finland	81	11%	1,236	5.1
Poland	75	10%	1,412	38.7
Norway	73	9%	1,190	4.4
Portugal	49	8%	1,128	10
Greece	47	9%	1,268	10.6
Ireland	42	9%	650	3.8
Hungary	34	17%	567	10.1
Czech Rep.	32	12%	616	10.3

Table 1.4 Europe still has the largest research market in the world – just!¹⁶

Region	Turnover (euro m)*	Percentage of world turnover	Increase based on euro 1999/2000 (%)
Europe	6,452	39	11.1%
USA	6,428	39	26.0%
Central/South America	766	5	27.7%
Japan	1,309	8	31.3%
Asia Pacific	969	6	28.6%
Other	619	4	35.8%
Total world	16,543	100	20.3%

* Excludes in-house research by marketing departments, advertising agencies, governmental and academic institutions.

Full-service suppliers

Companies that offer the full range of marketing research activities.

Syndicated services

Companies that collect and sell common pools of data designed to serve information needs shared by a number of clients.

Standardised services

Companies that use standardised procedures to provide marketing research to various clients.

Customised services

Companies that tailor research procedures to best meet the needs of each client.

Internet services

Companies which specialise in the use of the Internet to collect, analyse and distribute marketing research information.

Limited-service suppliers

Companies that specialise in one or a few phases of a marketing research project.

Full-service suppliers offer the entire range of marketing research services, for example defining a problem, developing a research design, conducting focus group interviews, designing questionnaires, sampling, collecting, analysing and interpreting data, and presenting reports. They may also address the marketing implications of the information they present. The services provided by these suppliers can be further broken down into syndicated services, standardised services and customised services (see Figure 1.4).

Syndicated services collect information that they provide to subscribers. Surveys, diary panels, scanners and audits are the main means by which these data are collected.

Standardised services are research studies conducted for different clients but in a standard way. For example, procedures for measuring advertising effectiveness have been standardised so that the results can be compared across studies and evaluative norms can be established.

Customised services offer a variety of marketing research services specifically designed to suit a client's particular needs. Each marketing research project is treated uniquely.

Internet services offer a combination or variety of secondary data and intelligence gathering, survey or qualitative interviewing, and the analysis and publication of research findings, all through the Internet.

Limited-service suppliers specialise in one or a few phases of a marketing research project. Services offered by such suppliers are classified as field services, coding and data entry, analytical services, data analysis, and branded products.

example

Marketing and opinion research in Hungary grows more than 20% each year¹⁷

Marketing and opinion research is a fast-growing industry in an emerging market such as Hungary, and shows more dynamic growth than the economy itself. Ten years ago, marketing research was a small sector and its contribution to the decision-making process in business and society was not very well known in Hungary. Basic market research did exist in some state-owned organisations, but few people were knowledgeable about the key research methods – quantitative research, qualitative research, focus groups, or what they meant.

Contrast this with the situation today where the turnover of the Hungarian research industry reached about 30 million US dollars in 2000, according to ESOMAR's latest global market research study. Following a period of dynamic growth, the sector grew by 20% in 2000 (17% adjusted for inflation) over the previous year. The research industry in Hungary employs around 5,000 people of whom 4,000 are interviewers and 1,000 are researchers, data processors and support staff. The market research industry in Hungary is young with all the advantages and potential of a young sector. It is dynamic, talented, is open for new things and learning fast. ■

Field services

Companies whose primary service offering is their expertise in collecting data for research projects.

Coding and data entry services

Companies whose primary service offering is their expertise in converting completed surveys or interviews into a usable database for conducting statistical analysis.

Analytical services

Companies that provide guidance in the development of research design.

Data analysis services

Firms whose primary service is to conduct statistical analysis of quantitative data.

Branded marketing research products

Specialised data collection and analysis procedures developed to address specific types of marketing research problems.

Field services collect data through mail, personal interviews or telephone interviews, and firms that specialise in interviewing are called field service organisations. These organisations may range from small proprietary organisations that operate locally to large multinationals. Some organisations maintain extensive interviewing facilities across the country for interviewing shoppers. Many offer qualitative data collection services such as focus group interviewing (discussed in detail in Chapter 7).

Coding and data entry services include editing completed questionnaires, developing a coding scheme, and transcribing the data on to diskettes or magnetic tapes for input into a computer.

Analytical services include designing and pretesting questionnaires, determining the best means of collecting data, and designing sampling plans, as well as other aspects of the research design. Some complex marketing research projects require knowledge of sophisticated procedures, including specialised experimental designs (discussed in Chapter 10) and analytical techniques such as conjoint analysis and multidimensional scaling (discussed in Chapter 24). This kind of expertise can be obtained from firms and consultants specialising in analytical services.

Data analysis services are offered by firms, also known as tab houses, that specialise in computer analysis of quantitative data such as those obtained in large surveys. Initially, most data analysis firms supplied only tabulations (frequency counts) and cross-tabulations (frequency counts that describe two or more variables simultaneously). Now, many firms offer sophisticated data analysis using advanced statistical techniques. With the proliferation of microcomputers and software, many firms now have the capability to analyse their own data, but data analysis firms are still in demand.

Branded marketing research products and services are specialised data collection and analysis procedures developed to address specific types of marketing research problems. These procedures may be patented, given brand names, and marketed like any other branded product. *Microscope* by Retail Marketing (In-Store) Services is an example of a branded product. It is a test marketing package for new product development that supplies cost-effective measurements of new product performance.

The marketing research process

The marketing research process consists of six broad stages. Each of these stages is discussed in detail in subsequent chapters; thus, the discussion here is brief. The process illustrated in Figure 1.5 is of a simple linear nature. Figure 1.6 takes the process a stage further to show the many iterations and connections between stages. This section will explain the stages and illustrate the connections between the stages.

Step 1: Problem definition. The logical starting point in wishing to support the decision-maker is trying to understand what marketing problem is being tackled. Marketing problems are not simple 'givens', as will be discussed in Chapter 2, and the symptoms and causes of a problem are not as neatly presented as they may be in a case-study such as those found in marketing texts. In Figure 1.6, the first three stages show the iterations between *environmental context of the problem*, *management decision problem* and *marketing research problem*. Understanding the environmental context of the problem has distinct stages that will be discussed in Chapter 2. It involves discussion with decision-makers, in-depth interviews with industry experts, and the collection and analysis of readily available published information (from both inside and outside the firm). Once the problem has been precisely defined, the researcher can move on to designing and conducting the research process with confidence.

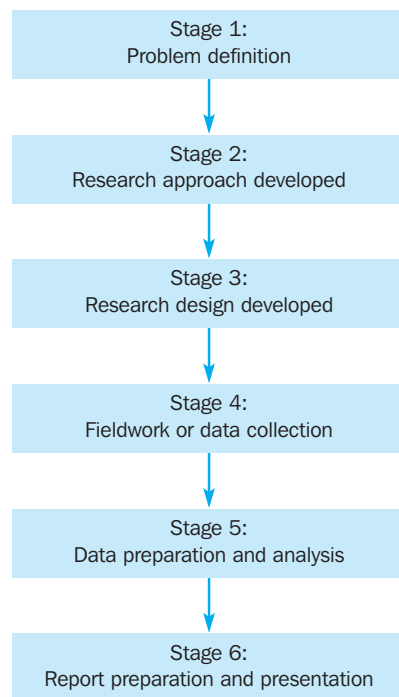


Figure 1.5
Simple linear
description of the
marketing research
process

Step 2: Development of an approach to the problem. The development of an approach to the problem involves identifying factors that go on to influence research design. A key element of this stage involves the selection, adaptation and development of an appropriate theoretical framework. Understanding the interrelated characteristics of the nature of target respondents, the issues to be elicited from them and the context in which this will happen rely upon ‘sound’ theory. ‘Sound’ theory helps the researcher to decide ‘what should be measured or understood’ and ‘how best to encapsulate and communicate the measurements or understandings’. In deciding what should be either measured or encapsulated, the researcher also develops a broad appreciation of how the data they collect will be analysed. The issues involved in developing an approach are tackled in more detail in Chapter 2.

Step 3: Research design developed. A research design is a framework or blueprint for conducting a marketing research project. It details the procedures necessary for obtaining the required information. Its purpose is to establish a study design that will either test the hypotheses of interest and/or determine possible answers to set research questions, and ultimately provide the information needed for decision-making. Conducting any exploratory techniques, precisely defining variables to be measured, and designing appropriate scales to measure variables can also be part of the research design. The issue of how the data should be obtained from the respondents (for example, by conducting a survey or an experiment) must be addressed. These steps are discussed in detail in Chapters 3 to 13.

Step 4: Fieldwork or data collection. In Figure 1.5, this stage could be simplified to ‘collecting the required data’. In Figure 1.6, a whole array of relationships between stages of data collection is shown, starting at *Secondary data collection and analysis* through to *Quantitative research* or *Qualitative research*. The process starts with a more thorough collection and analysis of secondary data sources. Secondary data are data collected for some other purpose than the problem at hand. They may be held within the organisation such as databases that detail the nature and frequency of customer purchases, through to surveys that may have been completed some time ago

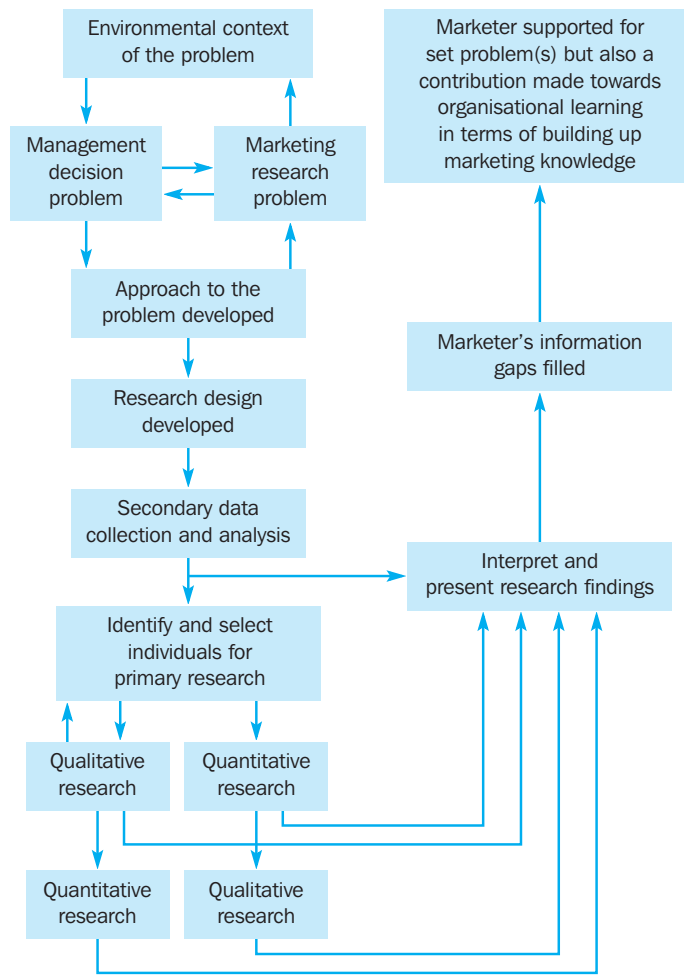


Figure 1.6
The marketing research process, detailing iterations between stages

that may be accessed through libraries, CD-ROMs or the Internet. Going through this stage avoids replication of work and gives guidance in sampling plans and in deciding what to measure or encapsulate using quantitative or qualitative techniques. Secondary data collection and analysis may complete the research process, i.e. sufficient information may exist to interpret and report findings to a point whereby the information gaps that the decision-maker has are filled. The case may be that the secondary data form a vital foundation and a clear focus to primary data collection.

In Figure 1.6, the stage of *Identify and select individuals for primary research* covers sampling issues for both quantitative and qualitative studies. This stage may include the selection of individuals for in-depth qualitative research. In qualitative research, issues of ‘representativeness’ are less important than the quality of individuals targeted for investigation and the quality of response elicited. However, as can be seen from the line leading up from *Qualitative research* to *Identify and select individuals for primary research*, the qualitative research process may help in the identification and classification of individuals who may be targeted using more formal sampling methods. These sampling methods are covered in detail in Chapters 14 and 15.

Beyond issues of identifying and selecting individuals, the options available for primary data collection vary considerably. A stage of *Qualitative research* alone may be sufficient to support the decision-maker, as indeed could a stage of *Quantitative research*. The following example illustrates the use of qualitative observation to support marketing decision-making. This example mirrors one of the research

techniques used by Royal Ahold (presented at the start of this chapter), helping them to build up a 'picture' of their customers. As a technique in its own right, it does not necessarily have to be followed by a survey or quantitative work to confirm the observations. This technique will be developed under the heading 'Ethnographic research' in Chapter 6.

example

Supermarket sweep¹⁸

Video camera analysis can be used to gain vital information about the way in which supermarket consumers spend their money. People behave in certain ways within the supermarket environment, according to store design specialist company ID Magasin. Patterns of consumer behaviour can be used to maximise profits. Store managers who work on store design without video footage are sometimes wrong about their conclusions. Consumers, for example, often ignore the products placed on shelves at eye-level, despite popular belief to the contrary. ■

The research problem may require a stage of qualitative and quantitative research to run concurrently, perhaps measuring and encapsulating different characteristics of the problem under investigation.

A stage of qualitative research could be used to precede a stage of quantitative research. For example, a series of focus groups may help to generate a series of statements or expectations that are subsequently tested out in a survey to a representative sample. Conversely, a survey may be conducted and, upon analysis, there may be clear statistically significant differences between two distinct target markets. A series of qualitative in-depth interviews may follow to allow a more full exploration and understanding of the reasons for the differences between the two groups.

Step 5: Data preparation and analysis. Data preparation includes the editing, coding, transcription and verification of data. In Figure 1.6, this stage is not drawn out as a distinct stage in its own right, but is seen as integral to the stages of *Secondary data collection and analysis* through to *Quantitative research* or *Qualitative research*. The process of data preparation and analysis is essentially the same for both quantitative and qualitative techniques, for data collected from both secondary and primary sources. Considerations of data analysis do not occur after data has been collected; such considerations are an integral part of the development of an approach, the development of a research design, and the implementation of individual quantitative or qualitative methods. If the data to be collected are qualitative, the analysis process can occur as the data are being collected, well before all observations or interviews have been completed. An integral part of qualitative data preparation and analysis requires the researcher to reflect upon their own learning and the ways they may interpret what they see and hear. These issues will be developed in Chapters 6 to 9.

If the data to be analysed are quantitative, each questionnaire or observation form is inspected or edited and, if necessary, corrected. Number or letter codes are assigned to represent each response to each question in the questionnaire. The data from the questionnaires are transcribed or keypunched into a proprietary data analysis package. Verification ensures that the data from the original questionnaires have been accurately transcribed, whereas data analysis gives meaning to the data that have been collected. Univariate techniques are used for analysing data when there is a single measurement of each element or unit in the sample; if there are several measurements of each element, each variable is analysed in isolation (see Chapter 18). On the other hand, multivariate techniques are used for analysing data when there are two or more measurements of each element and the variables are analysed simultaneously (see Chapters 18 to 24).

Step 6: Report preparation and presentation. The entire project should be documented in a written report that addresses the specific research questions identified, describes the approach, research design, data collection and data analysis procedures adopted, and presents the results and major findings. Research findings should be presented in a comprehensible format so that they can be readily used in the decision-making process. In addition, an oral presentation to management should be made using tables, figures and graphs to enhance clarity and impact. This process is encapsulated in Figure 1.6 with the reminder that the marketer's information gaps are filled and that the marketer is supported for the set problem but also a contribution is made towards organisational learning in terms of building up marketing knowledge (see Chapter 25).

Our description of the marketing research process is typical of the research being done by major corporations. The following case of Land Rover illustrates some of the activities involved in the marketing research process. Most importantly it shows the vital link between marketing decision-makers and marketing researchers in generating information that can give a clear competitive edge.

e x a m p l e

Land Rover brand values across Europe¹⁹

For Land Rover, it is vitally important to regularly measure consumers' knowledge, image and desirability of the Land Rover brand. To this end, Land Rover monitors its brand values across Europe via its image tracking study, CATS, which provides a measure of the health of the brand and its composite values in each country surveyed. Since Europe is the most important region for Land Rover in terms of product sales, this defined the focus of their research. The countries covered on a continuous basis were Britain, France, Germany, Italy, Portugal and Spain.

The need for research to address the issue of brand values within Rover Group Marketing Research stemmed from the fact that they were embarking on a global strategy of brand value focus. The challenge was how to convert the strategy into something that was measurable, in other words, how to make the marketing information requirements operational from a research standpoint. Translating this challenge into the development of a research design set the challenge of how to quantify the overtly emotional brand values and those values that are based on the more concrete products. This had to be achieved, keeping the study as simple and elegant as possible.

The data collection methodology adopted used Computer Assisted Personal Interviewing (CAPI). New car buyers were interviewed covering the sectors that Land Rover competes in:

- 4x4 sector – with Range Rover, Discovery and Defender
- Luxury sector – with Range Rover
- 4x2 sector – with Discovery and Range Rover.

With a clear research design, the most important element to address Land Rover's set of objectives was to design a workable international questionnaire. The most important needs in developing the questionnaire were as follows:

- To develop common measures to be adopted across all markets
- To distinguish between the emotional and rational elements of brand image
- To measure the Land Rover brand in a meaningful context.

These requirements resulted in a questionnaire development process of four stages:

- 1 Contents determination, e.g. image dimensions
- 2 Questionnaire piloting – using a qualitative studio facility
- 3 Questionnaire translation
- 4 Agency face-to-face briefing (in individual countries where the fieldwork was to be conducted).

A great deal of time was allocated to the structure of the reports to ensure that they focused on the most salient findings of Land Rover's progress in its competitive context. The information was carefully marshalled to provide brand management with input into the brand planning cycle without swamping them with masses of data.

The philosophy of taking data to wisdom is at the heart of Rover Group Marketing Research. The objective was to transform data along the continuum to information, then knowledge and ultimately wisdom. Land Rover clearly sees the wisdom of being focused and driven by the consumer. Such a focus requires regular, timely and actionable consumer-based research. By being passionate about the brand and the customer, Land Rover survives and indeed thrives in today's fiercely competitive environment. ■

The limitations of marketing research

If decision-makers have gaps in their knowledge, if they perceive risk and uncertainty in their decision-making and cannot find support at hand within their organisation, they can gain support from marketing research. However, many marketers can recount cases where the use of marketing research has resulted in failure or where decisions based upon gut feeling or intuition have proved to be successful. Such cases present a challenge to marketing researchers, especially in light of the competition faced by the industry from alternative information sources as discussed earlier. Reflecting upon such cases should remind marketing researchers to maintain a focus of offering real and valuable support to decision-makers. Understanding what real and valuable support means should underpin the whole array of creative data collection and analysis procedures available to the marketing researcher. The following example starts this reflection process with a case that is very close to home!



Uncle Jim heads off to the Caribbean for his summer holidays, using the money he saved by not conducting marketing research.

example

What's this marketing research then, Dave?

James Birks founded and successfully ran a kiln construction company for over 40 years. He designed, built and maintained kilns for some of the most demanding porcelain and ceramics manufacturers worldwide, including Wedgwood, Doulton and Spode. At retirement age he sold his company as a going concern – a very wealthy man.

James was presented with a copy of the first edition of this text by his nephew, David Birks. He was very pleased with the present but was intrigued by the title and asked 'what's this marketing research then, Dave?'. He certainly had a clear idea of what marketing meant to his business and what was involved in being a successful marketer in his industry, but the notion of researching marketing activities was alien to him. ■

The intriguing aspect of this question is that James Birks had run a successful business on an international basis for over 40 years without the need to be aware of or to use marketing research. Had he used marketing research, could he have been even more successful, or would it have been a wasted investment? Could he have been practising marketing research 'activities' in a very informal manner to support marketing decisions? In his business-to-business marketing situation, he knew his customers and competitors well, he knew what shaped their demands. This knowledge he acquired on a day-to-day basis, nurturing a curiosity about opportunities and how to realise them – without resorting to support from formal *ad hoc* marketing research. The example of James Birks shows that decision-makers do not rely solely upon marketing research, and in certain circumstances can survive and perform well without it.

Another view to reflect upon is the damning comment from Anita Roddick of The Body Shop, who said that ‘market research is like looking in the rear view mirror of a speeding car’.²⁰ This may be a valid point if one sees the relationship of marketing and marketing research from the perspective illustrated by the respected research practitioner, Wendy Gordon:

*Traditional marketers delegate responsibility to the processes of marketing research. They believe that you can ask people what they want and need in the future and then deliver it to them. It is a fallacy. Marketing research removes people from experiencing reality, where the signs of change bubble up in unexpected places. Sitting in comfort behind a one-way mirror, listening to a debrief from researchers describing the world ‘out there’ or reading statistical reports on markets and the ‘aggregate consumer’ is not real, it is sanitised and second-hand.*²¹

Given the above criticisms, it is a fair point to acknowledge that there are cases where the use of marketing research has resulted in poor decision-making or even failure. Ultimately, this examination should lead to a stronger justification of what ensures strong and valuable marketing research support. It may be a painful path to tread but this journey has to be made!

There are two areas of misconception of the role of marketing research:²²

- 1 *Marketing research does not make decisions.* The role of marketing research is not to make decisions. Rather, research replaces hunches, impressions or a total lack of knowledge with pertinent information.
- 2 *Marketing research does not guarantee success.* Research, at best, can improve the odds of making a correct decision. Anyone who expects to eliminate the possibility of failure by doing research is both unrealistic and likely to be disappointed. The real value of research can be seen over a long period where increasing the percentage of good decisions should be manifested in improved bottom-line performance and in the occasional revelation that arises from research.

The last point shows the long-term benefits of conducting marketing research, i.e. that the results of a study may help decision-makers with an immediate problem, but by building their knowledge they can also have long-term benefits.

A great proportion of marketing research money has been spent on developing and testing new products. Questions have been posed that examine the role marketing research plays in poor success rates of new products across a wide range of industries.²³ Clearly, marketing research cannot be blamed for every failure, and the following two reasons may explain why decision-makers can make poor decisions when sound research has been conducted:²⁴

- 1 *Blind optimism/disbelief in research.* Many patently bad products have been launched because marketing management did not believe research findings.
- 2 *Political pressures.* Given how many personal reputations may be at stake in the lengthy and costly process of new product development, there may be political pressures to launch a ‘borderline’ case.

The following example illustrates where research was used in new product development but the designer and entrepreneur chose to ignore the findings, and ultimately achieved immense levels of success.

example

Doing a Dyson²⁵

Just 23 months after its launch in the UK, the Dyson bagless vacuum cleaner became Britain’s best seller, overtaking sales of Hoover, Electrolux, Panasonic, Miele and all other vacuum cleaners. The Dyson clear bin was given a resounding thumbs-down in marketing research. People said they did not like the dirt being visible in the bin in case their neighbours

saw how much dirt had been picked up in their homes. Some retailers said they would not want to have dust on display in demonstration machines. Yet, the dust was there because they began using Dyson display machines to clean their shops. Dyson felt compelled to launch their vacuum cleaner with a clear bin, believing that it is important to see when it is full. Moreover, what better way was there to show stockists, sales staff and customers proof of its increased efficiency than to see the dirt being collected?

How would consumers react to a new vacuum cleaner with totally radical styling, revolutionary internal engineering and a price tag almost twice that of the current brand leader? The public's response proved immediately that innovative products do sell, even at a premium price. However, marketing research did not point to this product having the potential to be a success. Dyson argued that 'marketing research will only tell you what has happened. No research can tell you what is going to happen'. ■

Other researchers offer reasons why decision-makers may reject research findings. These go beyond the confines of developing and testing new products. Examples of these reasons include:²⁶

- 1 *Invalidity of research methods.* If the decision-maker suspects the accuracy or appropriateness of the methods for the problem faced, lack of confidence would lead to a rejection of findings.
- 2 *Faulty communication.* This would lead to the findings being difficult to comprehend or utilise, or being unconvincing.
- 3 *Irrelevance.* The decision-maker may see the findings as irrelevant to the perceived marketing problem.

If decision-makers reject research findings, and have been taken to task as a consequence, they can easily support their stance. They could question the time taken to conduct research (and the possible consequences of delays in decision-making), and the cost required (not only in paying for marketing research projects but also in managerial effort). They could point to the few reliable methods of evaluating the return on investment. They may also question the amount of support that can be given from a researcher who may have little understanding of the context and environment in which the decisions are made.

Collectively, the examples in this section illustrate that out of the array of research and information support approaches, there is no one guaranteed approach, research design or technique that can create the perfect means to support decision-makers. Given the vast array of marketing decisions and styles of marketing decision-maker, the hallmark of marketing decision-making is creativity. Creativity in decision-making can be supported well by accurate and relevant information. Generating accurate and relevant information is also a creative act. The diagnosis of problems, the measurement of consumers and the interpretation of those measurements are all creative acts, not a set system.

If decision-makers complain that research is misleading or is only telling them what they already know, the marketing researcher may argue that the fault lies with managers who pose the wrong questions or problem in the first place. If one takes the narrow view that the decision-maker poses the questions and the researcher finds the answers, there may be some validity in such an argument. It does not hold if one considers that the decision-maker and the researcher have a joint commitment to solve problems, that they have quite distinct but complementary creative skills that they can bring together to understand what problem they should be researching, how they conduct the research, and how they interpret their findings.

The above perspective is neatly encapsulated in the views of two marketing research practitioners in the Professional Perspectives section on the Companion Website. See Professional Perspective 1 for Wendy Gordon's article 'Be creative to innovate: market



See *Professional Perspectives 1, 2, 3 and 13.*

research can be the enemy of innovation' and Professional Perspective 2 for Miranda Forestier-Walker's article 'Research is not a substitute for talent and skills'.

Professional Perspective 3 by Magnus Kristjansson and Magnus Baldursson contends that marketing research is not just about questioning what consumers 'want'. They go on to argue, and illustrate, the role of marketing research in 'creating' customers. See also Professional Perspective 13, based on a speech by the Chairman of Heineken to an audience of European marketing researchers. His speech poses questions about the role that marketing researchers play in supporting decision-makers.

Can marketing researchers survive in an age of increasing competition from other information providers? How can the industry fend off the challenge from the armies of consultants and other information suppliers? To achieve this, the industry has to offer clients insights rather than just data analysis. The marketing researcher's input must be seen to benefit the bottom line. Initiatives that bring clients and researchers closer together are needed – initiatives that educate buyers that marketing research has as much if not more to offer than very expensive consultancy firms.²⁷

Supporting decision-makers in pan-European banking

example

GlobalCash Project

Supporting pan-European banking decisions

A research project designed to understand the cash management and electronic banking practices of Europe's largest companies is used to provide examples throughout this text. The examples illustrate particular techniques and data analysis procedures. They may be read as a case that runs throughout the book or individually; all that is needed is to appreciate the context of the study presented here.

GlobalCash has been directed by the English co-author, coordinating 19 business schools throughout Europe in 1996, 1998, 2000 and 2002. It is a study conceived, financed and administered by The Bank Relationship Consultancy using a mixture of quantitative and qualitative techniques. The targets to be researched are the largest companies in 19 European countries, including the Eastern European countries of the Czech Republic, Hungary and Poland. The whole project is funded by major banks from Britain, France, Germany, Ireland, Spain and the USA, with additional sponsorship from Treasury Management Associations in individual countries. The subjects tackled in the study focus upon cash management practices, service quality, electronic banking and the impact of European Monetary Union. Of particular importance to banks are questions that indicate changes in market share in individual countries, evaluations by companies of their service delivery, and companies' plans for the future.

The main methods used were:

- a postal survey of companies
- a telephone survey focused upon the impact of the euro
- an Internet survey focused upon innovations in response to the euro
- in-depth interviews in each European country
- a feedback workshop in Brussels, whereby the survey findings were presented to questionnaire respondents followed by qualitative workshops.

The findings of the GlobalCash studies were used to develop the marketing, operational and IT strategies of major banks operating in Europe. As the study is conducted every two years, measurement of the effect or outcome of past strategies can be conducted. ■



International marketing research

With the spread of marketing and research skills has come a noticeable decline in a 'national research culture'. There was a time when each country had a stubbornly distinctive approach to research, making it extremely difficult to get a consistent research design across markets. Most people are aware now that there are different, equally legitimate, ways to approach research problems and that no one school of thought has absolute authority for all types of problem. This greater flexibility has made multi-country coordinated projects much more feasible – not easier, as they represent intellectually, logistically and diplomatically the most demanding of problems.

Conducting international marketing research is much more complex than conducting domestic marketing research. All research of this kind will be discussed and illustrated in individual chapters as individual techniques are developed and in greater detail in Chapter 26. The marketing, government, legal, economic, structural, socio-cultural and informational environments prevailing in target international markets, and the characteristics of target consumers that are being studied, influence the manner in which the marketing research process should be performed. Examples of these environmental factors and their impact on the marketing research process are illustrated in detail in subsequent chapters. The following example illustrates the problems and challenges faced by researchers in the European context.

example

Crossing borders²⁸

What is this thing called Europe? Over a decade after the collapse of the Berlin Wall and with the levelling force of globalisation at play, arriving at a meaningful definition is harder than ever. Despite binding influences like a single currency, Europe's national marketing research markets have distinct cultural, cost and quality characteristics. For example, German marketing research still feels the effects of reunification, while Spanish agencies are trying to leverage Spain's historical links with Latin America to capture a slice of the coordination market there.

For research buyers and users, the diversity of Europe is very real, and the trickiest part of their remit is to get comparable data systems across the different country markets. Andrew Grant, European Research Director at Ford, says: 'From our perspective, actually getting to a single methodology, a single questionnaire, a single data collection method and a single set of attributes that means the same thing across markets is a hugely difficult part of what we do.'

Europe may be moving towards becoming a single market, but from a research cost perspective it is still far from being a level playing field. In the absence of tax and social cost harmonisation across Europe, countries like France and Sweden are two of the region's most expensive places to conduct research. The euro will have an increasingly positive effect, agencies say, for those countries that participate. 'It makes contracting and financing easier,' says Klaus Wübbenhorst, Chief Executive of German-based group GfK. 'The euro won't mean that prices in all European countries will be the same, you have to take into account different levels of productivity and efficiency. But it makes pricing more transparent between countries.'

Against a background of centralisation, standardisation and increasing cooperation, Europe's researchers believe that the region's defining diversity will survive. 'The fact that we're multi-cultural means that we have great creative potential,' says Meril James of GIA. ■



Ethics in marketing research

Ethical issues arise in marketing research for several reasons. Marketing research often involves contact with the respondents and the general public, usually by way of data collection, dissemination of the research findings, and marketing activities such as advertising campaigns based on these findings. Thus, there is the potential to abuse or misuse marketing research by taking advantage of these people, for example by misrepresenting the research findings in advertising. As explained earlier, marketing research is generally conducted by commercial (i.e. for-profit) firms which are either independent research organisations (external suppliers) or departments within corporations (internal suppliers). Most marketing research is conducted for clients representing commercial firms. The following example summarises the basic principles of the Code of Conduct as presented by ESOMAR. The full array of ESOMAR codes of conduct can be viewed on: www.esomar.nl/codes_and_guidelines.html.

The principles detailed in these codes will be developed and illustrated at the end of most chapters.

example

ESOMAR Code of Practice: basic principles

Effective communication between the suppliers and the consumers of goods and services of all kinds is vital to any modern society. Growing international links make this even more essential. For a supplier to provide in the most efficient way what consumers require they must understand their differing needs, how best to meet these needs, and how they can most effectively communicate the nature of the goods or services under offer. This is the objective of marketing research.

Such research depends upon public confidence: confidence that it is carried out honestly, objectively, without unwelcome intrusion or disadvantage to respondents, and that it is based upon their willing cooperation. This confidence must be supported by an appropriate professional Code of Practice, which governs the way in which marketing research projects are conducted.

The first such Code was published by ESOMAR in 1948. This was followed by a number of Codes prepared by national marketing research societies and by other bodies such as the International Chamber of Commerce (ICC), which represents the international marketing community. In 1976 ESOMAR and the ICC decided that it would be preferable to have a single International Code instead of two differing ones, and a joint ICC/ESOMAR Code was therefore published in the following year (with revisions in 1986).

Subsequent changes in the marketing and social environment, new developments in marketing research methods and a great increase in international activities of all kinds, including legislation, led ESOMAR to prepare a new version of the International Code in 1994. This new version sets out as concisely as possible the basic ethical and business principles which govern the practice of marketing and social research. It specifies the rules which are to be followed in dealing with the general public and with the business community, including clients and other members of the profession. ■

Classic examples of breaches of these principles come in the guise of **sugging** and **frugging**. Sugging occurs when surveys are used to gain access to respondents to deliver a sales pitch or to generate sales by other means. Frugging occurs when surveys are used to raise funds for a charity or other cause under the guise of conducting research.

Sugging

The use of marketing research to deliberately disguise a sales effort.

Frugging

The use of marketing research to deliberately disguise fundraising activities.



Internet and computer applications

According to most estimates, the global online population has grown to over 400 million and is destined to grow even further with the increasing use of palm-tops, WAP phones, interactive television and other access modes. In line with this development, online research is growing rapidly with triple-digit growth in the last few years and turnover estimated to exceed €320 million last year.²⁹ This online population cannot be treated as one homogeneous mass, as there are some clear differences between the European and US Internet markets. In Europe the Internet has become a feature of a new-media environment that includes other interactive media such as digital television, whereas in the US the research focus is on the Internet, which has grown faster than other new media. Internet growth in Europe has also been shaped by environmental factors unheard of in the States: data protection legislation and telecoms charging.³⁰

The Internet has generated massive changes in how business is conducted and how different businesses, stakeholders and consumers communicate. Given the level of growth and turnover highlighted above, the Internet has generated a great array of opportunities and threats for the marketing research industry. There are few in the marketing research industry that would dispute the potential of the Internet. From initially being used in desk research, the Internet is being applied increasingly in both quantitative and qualitative techniques. As well as being a very effective tool for gathering data, the Internet, intranets and extranets are being used very effectively to disseminate information.³¹ The key benefits of using the Internet when compared with traditional data collection methods lie in the speed, economy, control and elements of data quality, e.g. 'People are more likely to give an honest opinion on the Internet. A recent study showed that people are willing to disclose up to four times as much over the Net because they can't see each other – they are more focused and less concerned about being judged'.³² The key limitations lie in sampling issues, technical problems and elements of data quality. Given the strength of the undoubted benefits of the Internet in conducting marketing research, the initial trickle of research agencies dabbling in Internet research has turned into a flood. This 'flood' has been precipitated by fears that agencies which continued to watch and wait could find themselves out of business.³³ So, as well as opportunities, the marketing research industry is faced by new threats, not just from traditional competitors but also from completely new competitors in the marketplace. The one factor that will intensify competition for the marketing research industry is the Internet. The Internet enables anybody to be a 'data collector', including marketing clients, i.e. research buyers and users. More generally, a growing market for automated research tools potentially makes it easy for anybody to become a researcher.

With the relative ease of becoming a 'researcher', the growth rate of the number of online surveys is generating concern and sparking debate. At risk are the levels of quality and ethical standards that have been nurtured and valued in the industry over many years. Millward Brown Intelliquest, for example, recently published figures estimating that up to 95% of marketing research in the European Community by 2005 could be conducted through the Internet.³⁴ Because it has become cheap and relatively straightforward to produce surveys through the Internet, those companies with an eye on the bottom line may be tempted to use organisations that do not apply the quality standards prevalent in traditional forms of research. It is a relatively simple task to put together an email questionnaire, send it out to addresses compiled from any number of newsgroups and wait for the response. Most likely in this scenario are results that have the potential to be grossly misleading.

Responding to the threats, it has been argued that the availability of data on the Web means that survival of the marketing research industry will depend more on what it can do with the information it collects and less with how it is collected.³⁵ The marketing research industry must therefore evolve its current offering, adapting to the demands of decision-makers that recognise the value of good research. The industry must understand the technology and use it effectively, but it must be careful not to lose sight of the human element of the accumulated knowledge and added value that good researchers can bring.³⁶ What must not be compromised are the levels of quality in data collection and analysis and the ethical standards that have been nurtured and valued in the industry over many years.

Given the importance of the Internet and developing technologies to the marketing research process and industry, key issues and debates in this subject will be continually addressed. Throughout this book we show how the stages of the marketing research process are facilitated by the Internet and other developing technologies and software. On the Companion Website to this text, demonstration versions of marketing research software will illustrate the use of computing technology in the process of questionnaire design, data entry, data analysis and reporting, and the application of geodemographic information systems.

Summary

Marketing research provides support to marketing decision-makers by helping to describe the nature and scope of customer groups, understand the nature of forces that shape the needs of customer groups and the marketer's ability to satisfy those groups, test individual and interactive controllable marketing variables, and monitor and reflect upon past successes and failures in marketing decisions. The overall purpose of marketing research is to assess information needs and provide the relevant information in a systematic and objective manner to improve marketing decision-making. Marketing research may be classified into problem identification research and problem-solving research. Information obtained using marketing research can become an integral part of a Marketing Information System (MkIS) and a Decision Support System (DSS). The contribution of marketing research to such systems illustrates that research has a role in developing marketing learning within organisations.

Marketing research may be conducted internally (by internal suppliers) or may be purchased from external suppliers. Full-service suppliers provide the entire range of marketing research services, from problem definition to report preparation and presentation. The services provided by these suppliers can be classified as syndicated services, standardised services or customised services. Limited-service suppliers specialise in one or a few phases of the marketing research project. Services offered by these suppliers can be classified as field services, coding and data entry, data analysis, analytical services or branded products.

The marketing research process consists of six broad steps that must be followed systematically. The process involves problem definition, research approach development, research design formulation, fieldwork or data collection, data preparation and analysis, and report preparation and presentation. Within these six broad steps are many iterations and routes that can be taken, reflecting the reality of practising marketing research.

Marketing research is not a panacea for all marketing problems. There are examples where marketing research has not adequately supported decision-makers. Many of the problems that arise from poor marketing research derive from poor communications

between decision-makers and researchers. International marketing research is much more complex than domestic research because the researcher must consider the environments prevailing in the international markets being researched. Research is founded upon the willing cooperation of the public and of business organisations. Ethical marketing research practices nurture that cooperation allowing a more professional approach and more accurate research information. Marketing research makes extensive use of the great opportunities afforded by the Internet. There are also many competitive threats to the marketing research industry that have been exacerbated by the Internet.

Questions



- 1 Describe the task of marketing research.
- 2 What decisions are made by marketing managers? How does marketing research help in supporting these decisions?
- 3 Define marketing research.
- 4 What problems are associated with using consumer databases in marketing research?
- 5 Describe one classification of marketing research.
- 6 What is a marketing information system and how does it differ from a decision support system?
- 7 Explain one way to classify marketing research suppliers and services.
- 8 What are syndicated services?
- 9 Describe the steps in the simple linear marketing research process.
- 10 Explain why there may be the need for iterations between stages of the marketing research process.
- 11 What arguments can be used by sceptics of marketing research?
- 12 What arguments would you use to defend investment in marketing research?
- 13 What factors fuel the growth of international marketing research?
- 14 Discuss the ethical issues in marketing research that relate to (a) the client, (b) the supplier, and (c) the respondent.
- 15 Summarise the nature of threats and opportunities that the Internet offers the marketing researcher.

Notes

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