CHAPTER 2

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

Defining the marketing research problem and developing a research approach

Objectives

After reading this chapter, you should be able to:

1 understand the importance of, and the process used, in defining marketing research problems;

2 describe the tasks involved in problem definition;

3 discuss in detail the nature and various components of a research brief and a research proposal;

4 discuss the environmental factors affecting the definition of the research problem;

5 clarify the distinction between the marketing decision problem and the marketing research problem;

6 explain the structure of a well-defined marketing research problem, including the broad statement and the specific components;

7 understand the role of theory in the development and execution of applied marketing research;

8 acquire an appreciation of the complexity involved in defining the problem and developing a research approach in international marketing research;

9 understand the ethical issues and conflicts that arise in defining the problem and developing a research approach.

The correct diagnosis of marketing research problems cannot be compromised. Regardless of how well subsequent stages are conducted, the whole process may be worthless if the diagnosis is weak.

Overview

This chapter covers the first two of the six steps of the marketing research process described in Chapter 1: defining the marketing research problem and developing a research approach to tackle the problem. Defining the problem is the most important step, since only when a problem has been clearly and accurately identified can a research project be conducted properly. Defining the marketing research problem sets the course of the entire project. Regardless of how well a research plan is designed and subsequent stages are carried out, if the problem is not correctly diagnosed, research findings could be misleading or even dangerous. In this chapter, we allow the reader to appreciate the complexities involved in defining a problem, by identifying the factors to be considered and the tasks involved.

In practical terms, the means to communicate and facilitate the diagnosis of research problems is achieved through the preparation of a research brief and research proposal. The rationale and components of the research brief and research proposal are presented. We provide guidelines for appropriately defining the marketing research problem and avoiding common types of errors. We also discuss in detail the characteristics or factors influencing the research design and components of an approach to the problem: objective/theoretical framework, analytical models, research questions and hypotheses. The special considerations involved in defining the problem and developing a research approach in international marketing research are discussed. Finally, several ethical issues that arise at this stage of the marketing research process are considered.

We introduce our discussion with an example. The ABC Global Kids study illustrates that starting from broad research questions, a clear set of research questions can be developed. There are many difficulties in designing a research approach that will allow comparable findings from six countries in three continents and in questioning children. Without a precise diagnosis of marketing and research problems, such a complicated research approach would be doomed to failure.

example

Is there one global village for our future generation?[1]

The ABC Global Kids Study was conducted in the spring of 1996 among 2,400 children aged 7 to 12 years and their mothers, in China, Japan, France, Britain, Germany and the United States. The study was sponsored by multinational corporations such as Mars, Kodak and McDonald's. The key topic areas were as follows:

- Child wealth and spending patterns
- Influence on household purchases
- Media habits
- Technology ownership and usage
- Social issues and concerns
- Daily activities
- Food and beverages
- Toys and games
- Cartoon and movie awareness and attitudes
- Recreation.

The study was designed to quantify the size of business opportunities in given product categories and to provide fact-based direction on how to create an exciting child product portfolio and marketing programme.

While uniformity of survey, method and instrument were maintained for cross-country comparison, adaptations were sought locally to capture unique retail and cultural characteristics. A pictorial response scale was used when interviewing children on emotions and preferences. Product usage frequency was asked of mothers, instead of children.

The survey revealed considerable spending power for children aged 7–12, as well as active participation from children in making family purchase decisions in a number of product categories. It was apparent that, worldwide, children basically have many common dreams and aspirations. ■

Importance of defining the problem

Problem definition
A broad statement of the general problem and identification of the specific components of the marketing research problem.

Although each step in a marketing research project is important, problem definition is the most important step. As mentioned in Chapter 1, for the purpose of marketing research, problems and opportunities are treated interchangeably. **Problem definition** involves stating the general problem and identifying the specific components of the marketing research problem. Only when the marketing research problem has been clearly defined can research be designed and conducted properly. 'Of all the tasks in a marketing research project, none is more vital to the ultimate fulfilment of a client's needs than an accurate and adequate definition of the research problem. All the effort, time, and money spent from this point on will be wasted if the problem is misunderstood and ill-defined.'[2] An analogy to this is the medical doctor prescribing treatment after a cursory examination of a patient – the medicine may be even more dangerous than the condition it is supposed to cure!

The importance of clearly identifying and defining the research problem cannot be overstated. The foundation of defining a research problem is the communication that develops between marketing decision-makers and marketing researchers. In some form or another the marketing decision-makers must communicate what they see as being the problems they face and what research support they need. This communica-

Another big fish that wriggles off the hook.

tion usually comes in the form of a research brief. The marketing researcher responds to the research brief with a research proposal, which encapsulates their vision of a practical solution to the set research problem. The following example illustrates that a research brief may not always be particularly well thought out. The marketing researcher is expected to develop the brief into a research proposal and in doing so has a vital role to play in the diagnosis of research problems.

example

How to bait the interview hook for those Top 1000 big fish[3]

The groans from researchers when another brief arrives asking for 100 or 200 interviews with Chief Executive Officers (CEOs) or equivalents within the *Times* Top 1000 companies typify the attitude generated by business-to-business marketers' constant demand to reach this audience. When the research brief arrives, it is certainly worth examining whether, practically, what is requested can actually be done. The research proposal developed must reflect the practicalities of questioning managers who are constantly bombarded with requests to respond to research questions. The number of interviews, the time scale, the nature of questions and the structure of the sample all need to be taken into account. For example, is it really worth undertaking 200 interviews within any single European country? If we were limited to one per organisation, we would be interviewing to strike rates of between 1 in 2.5 and 1 in 5. If the research targets companies throughout Europe, individual countries such as Britain and France may have few large companies compared with the USA, while Italy has a limited number of very large companies and a great many smaller ones. In actually reaching the target audience, a number of issues need to be taken into account. International business-to-business research with senior business audiences brings with it not only the particular difficulties of reaching them but also the need to understand both country and cultural issues that impact on the research. Telephone interviews (even if possible) are considered inappropriate for these audiences in many Far East and Middle East markets, especially South Korea and Japan, while in Singapore and Hong Kong, provided the interviews are not too long (over 15 minutes), telephone is fine. ■

The marketing research brief

Research brief
A document produced by the users of research findings or the buyers of a piece of marketing research. The brief is used to communicate the perceived requirements of a marketing research project.

The marketing **research brief** is a document produced by the users of research findings or the buyers of a piece of marketing research. The brief may be used to communicate the perceived requirements of a marketing research project to external agencies or internally within an organisation to marketing research professionals. It should act as the first step for decision-makers to express the nature of a marketing and research problem as they see it. This first step is vital in developing an agreement of an appropriate research approach. As a first step, *the marketing research brief should not be carved in tablets of stone!*

It has been contended that the greatest form of potential error in marketing research lies in the initial relationship between marketing decision-makers and marketing researchers.[4] In developing a sound initial relationship, the research brief plays a vital role. Without some formal method of communicating the nature of a marketing problem, there is great potential for ambiguities, illogical actions (by both parties), misunderstandings and even forgetfulness.

The purpose of a written marketing research brief may be summarised as:

- It makes the initiator of the brief more certain of how the information to be collected will support decision-making.
- It ensures an amount of agreement or cohesion among all parties who may benefit from the research findings.
- It helps both the marketer and the researcher to plan and administer the research programme.

- It helps to reduce disputes that can occur when the gaps in marketers' knowledge are not 'filled' as intended.
- It can form the basis for negotiation with a variety of research organisations.

In all, the research brief saves resources in time and money by helping to ensure that the nature of the problem or opportunity under investigation has been thought through.

Components of the marketing research brief

The rationale for a marketing research brief may seem logical, but actually generating a brief from marketing decision-makers can be extremely difficult. These difficulties will be tackled later in this chapter. The following format for a research brief has advantages from the perspective of the decision-maker and the researcher. First, it does not demand that decision-makers have a great deal of technical knowledge about research. Their focus can remain upon the gaps in their knowledge, the nature of support they need, not the technicalities of how data are to be collected and analysed. Second, it allows the researchers the opportunity to demonstrate their creative abilities. Using their experiences from problems faced by other decision-makers, perhaps from a great variety of contexts and industries, researchers have the possibility of examining the marketing and research problem from many different perspectives. They can create, develop and adapt a research design to the research problem that supports the marketing decision-maker within clear time and cost parameters.

1 *Background information*. The background serves to put research objectives into context, helping the researcher to understand *why* certain research objectives are being pursued. The marketer would detail what they see as being the main events that have caused or contributed to the problem under study. Such a background gives a framework for the researcher to investigate other potential events, contributory factors or causes.
2 *Objectives*. The first part of this section would detail which marketing decisions are to be completed once the research has been undertaken. This requires the decision-maker to explain what they see as the focus of the decisions they plan to make. They then go on to explain what gap(s) they see in their knowledge. Those gaps create the focus to planned research activities and set the research objectives. The formulation of the marketing objectives can encompass two areas: organisational

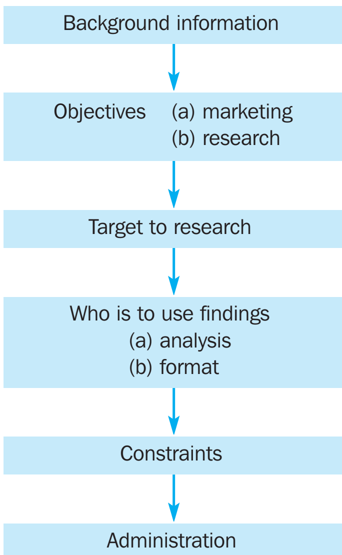


Figure 2.1
Components of the marketing research brief

objectives and personal objectives of the decision-maker. For a research project to be successful, it must serve the objectives of the organisation and of the decision-maker. For the researcher this may not be explicit or obvious to discern. It may take some time working with a decision-maker or a particular organisation to see potential conflicts in organisational and personal objectives. The problem faced by researchers is that decision-makers may not formulate marketing objectives clearly. Rather, it is likely that objectives tend to be stated in terms that have no operational significance, such as 'to improve corporate image'. Ultimately this does not matter, as this 'first-step' brief offers the opportunity for the researcher to draw out and develop a much clearer vision of marketing and research objectives. Drawing out and developing decision-makers' perspectives of objectives, even if they have no operational significance, helps the process of developing a common understanding of what the decision-maker is trying to achieve.

3 *Target to research.* Any marketing research project will measure or observe a target group of individuals. These may be distinct groups of consumers, channel members such as retailers or competitors, or company employees. In this section, details of the characteristics of the target group(s) can help in many research design decisions. These cover areas of identification, gaining access to conduct research, understanding which techniques are appropriate to measure or understand these individuals, and the best environment or context in which to conduct research.

4 *Who is to use the findings.* This section would outline brief details of the decision-makers who will use the research findings. For example, certain decision-makers may be entrepreneurial and introspective, looking for short-term tactical advantages. Presenting research findings that make tactical advantages apparent would be the best way to communicate to such managers. Managers with a background and training in statistics may expect results to be analysed and presented in a particular manner to have any credibility. Other managers may not have such training or even be distrustful of statistical analyses and seek a more qualitative interpretation. These issues have an impact upon the nature and extent of analysis conducted upon the data collected and the style and format in which research findings will be presented.

5 *Constraints.* The main limitation to marketing researchers carrying out what they may perceive as being the correct way to research a problem is the time and money that a marketer can afford. Proposing a large-scale project that would cost €200,000 when only €50,000 has been budgeted obviously will not meet management approval. In many instances, the scope of the marketing research problem may have to be reduced to accommodate budget constraints. With knowledge of time and cost constraints, the researcher can develop a research design to suit these needs. The researcher may also demonstrate other courses of action that could demand greater amounts of money or time, but could have clear benefits that the marketer may be unaware of. Other constraints, such as those imposed by the client firm's personnel, organisational structure and culture, or decision-making styles, should be identified to determine the scope of the research project. Yet, constraints should not be allowed to diminish the value of the research to the decision-maker or to compromise the integrity of the research process. In instances where the resources are too limited to allow a project of sufficient quality, the firm should be advised not to undertake formal marketing research. Thus, it becomes necessary to identify resources and constraints, a task that can be better understood when examined in the light of the objectives of the organisation and the decision-maker.

6 *Administrative considerations.* These would lay out administrative details in completing the research project. Examples could be the expected delivery of interim reports, contacts in an organisation who may be able to help supply further information, or reference to sources of materials and individuals that are needed to successfully complete the research.

With a formal marketing research brief and perhaps preliminary discussions with the organisation that is to commission the research, the marketing researcher has the necessary material to develop a research proposal.

The above outline of a marketing research brief is a format that allows the researcher to display their wide range of expertise and creative abilities. Other formats of research briefs may be far more detailed and explicit in terms of specifying methods of measurement and analysis. Such research briefs act as tender documents. In many instances, however, the marketing researcher does not enjoy the luxury of a written research brief. The marketing decision-maker may outline their ideas in an oral manner, perhaps on an informal basis. This can happen if the decision-maker is not aware of the personal benefits of producing a written research brief detailed above. They may see the brief as a time-consuming process that really is the job of the researcher. If the marketing researcher is faced with an oral brief, they can use the proposed brief outline above as a guideline to the issues they should elicit in informal discussions in order to develop an effective proposal.

The marketing research proposal

Research proposal
The official layout of the planned marketing research activity.

In response to a research brief, the marketing researcher will develop a research plan (covered in detail in Chapter 3) and will develop a **research proposal** to communicate this plan. The marketing research proposal contains the essence of the project and, in its final format, serves as a contract between the researcher and management. The research proposal covers all phases of the marketing research process. It allows the researcher to present their interpretation of the problems faced by management and to be creative in developing a research solution that will effectively support decision-makers. Although the format of a research proposal may vary considerably, most proposals address all the steps of the marketing research process and contain the elements shown in Figure 2.2.

1. *Executive summary*. The proposal should begin with a summary of the major points from each of the other sections, presenting an overview of the entire proposal.
2. *Background*. The researcher would be expected to have developed ideas beyond those presented in the brief 'background'. Other potential causes of the problems faced or alternative interpretations of the factors that shape the background in an environmental context should be presented.
3. *Problem definition*. Again, if necessary, the researcher may go beyond the problem definition presented in the brief. If the researcher sees potential to add value for the marketer through alternative diagnoses of the problem presented in the brief, then these should be shown. If the researcher sees a problem in the brief that is ambiguous or unattainable, again alternative diagnoses should be presented. From this section, the marketer's gaps in knowledge should be apparent.
4. *Research objectives*. These may be presented in the form of clear hypotheses that may be tested. They may also cover broader areas in terms of 'research questions' that are to be explored rather than formally measured in a conclusive manner.
5. *Research design*. The research design to be adopted, in broad terms classified as exploratory, descriptive or causal, should be specified. Beyond such a broad classification should be details of the individual techniques that will be adopted and how they will unfold and connect to each other. This means that the reader will clearly see methods of collecting the desired data, justification for these methods, and a sampling plan to include details of sample size(s). This applies to both quantitative and qualitative approaches.

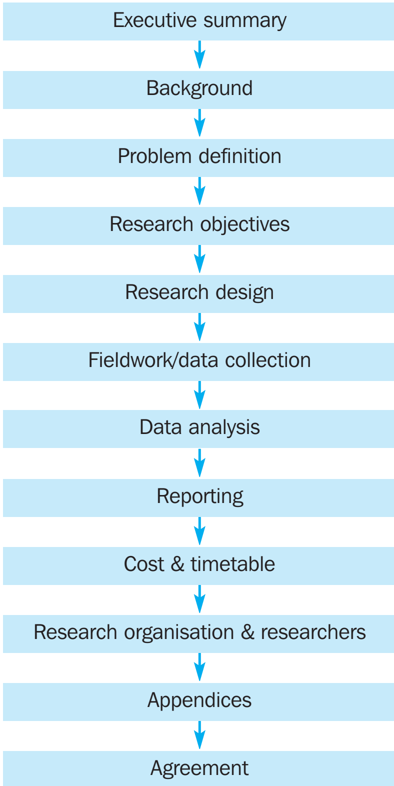


Figure 2.2
Components of the marketing research proposal

6 *Fieldwork/data collection*. The proposal should discuss how the data will be collected and who will collect it. If the fieldwork is to be subcontracted to another supplier, this should be stated. Control mechanisms to ensure the quality of data collected should be described.

7 *Data analysis*. This should describe the kind of data analysis that will be conducted, e.g. content analysis, simple cross-tabulations, univariate analysis or multivariate analysis. If software packages are to be used in these analyses, they should be specified, as they will be indicative of the potential analyses that can be conducted. There should be further description of the extent to which the results will be interpreted in light of the set marketing objectives, beyond the specified analysis techniques.

8 *Reporting*. The proposal should specify the nature of any intermediate reports to be presented, what will be the form of the final report, and whether an oral presentation of the results will be made.

9 *Cost and timetable*. The cost of the project and a time schedule, broken down by phases, should be presented. A critical path method chart might be included. In large projects, a payment schedule is also worked out in advance.

10 *Research organisation and key researchers working on the project*. When an organisation is working with researchers for the first time, some idea of past research projects and clients should be displayed. This can help the marketer to trust the researcher in problem diagnosis, research design and implementation (e.g. how credible the researchers may be seen by the individuals they are to research and how this may affect respondent openness and honesty), and interpretation of the findings.

11 *Appendices*. Any statistical or other information of interest to only a few people should be contained in appendices.

12 *Agreement*. All parties concerned in fulfilling the research plan should sign and date their agreement to the proposal.

Preparing a research proposal has several advantages. It ensures that the researcher and management agree about the nature of the project, and it helps sell the project to a wider array of decision-makers who may contribute to and benefit from the research findings. As preparation of the proposal entails planning, it helps the researcher conceptualise and execute the marketing research project. The following example illustrates the language problems in writing a pan-European research proposal. In this example, a problem lies with English speakers wanting to negotiate and work with other English speakers and having little experience of the countries in which they will undertake research.

example

Some dos and don'ts of pan-European research[5]

Many European studies are commissioned by English speakers who want to work with English speakers. They want to agree questionnaires in English, and they want reports and tables in English. And so they come to Britain.

In addition, it is simpler for someone commissioning international research to accept an English proposal written by a first-language English speaker. Even the best European – used here in its not-British sense – English speaker finds it hard to write a creative proposal in good idiomatic English. *But it is creativity that sells proposals*.

A problem in writing proposals for research in Europe is often lack of familiarity with European habits and behaviour. Most British researchers' experience of Europe is derived from holidays backed up (in all too few cases) by limited work experience in one or more countries. Faced by a proposal on TV viewing, on grocery purchasing, on holiday habits or on headache remedies, few British researchers have any notion of how Italians, Spaniards or Germans treat these subjects. Hence the first step in writing an international proposal on an unfamiliar subject is secondary research. This may also involve calling a dozen homes in the relevant country, and chatting on the phone for an hour or two with locals. Soon you start to identify how Italians, Spaniards and Germans differ from the British and what these main differences are. Designing a piece of European research in an unfamiliar area without taking this first simple step is like taking up power boating without learning to swim. It is a route to disaster, not maybe with the proposal, but with the research when commissioned.

The process of defining the problem and developing a research approach

By formally developing and exchanging a marketing research brief and research proposal, the marketing decision-maker and the marketing researcher utilise their distinctive skills. They ensure that the marketing problem and research problems have been correctly defined and an appropriate research approach is developed. The research brief and the research proposal are the formal documents that ensure each party is clear about the nature and scope of the research task. These documents allow decision-makers and researchers to formally present their perspective of the task in hand. The following section details the process that needs to be undertaken in order to produce these documents. The detail of defining the nature of problems and developing an appropriate research approach to the point of creating a research design is shown in Figure 2.3.

The tasks involved in problem definition consist of discussions with decision-makers, qualitative interviews with industry experts and other knowledgeable individuals, and analysis of readily available secondary data. These tasks help the researcher to understand the background of the problem by analysing the environmental context. Certain essential environmental factors bearing on the problem should be evaluated. An understanding of the environmental context facilitates the identification of the marketing decision problem. Then, the marketing decision

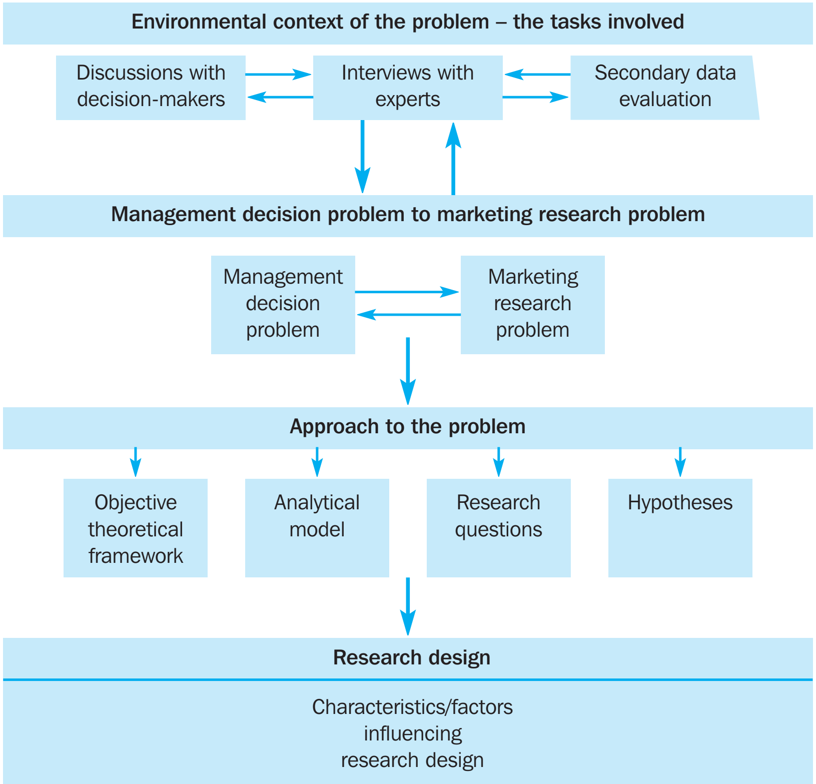


Figure 2.3
The process of defining the problem and developing an approach

problem is translated into a marketing research problem. Based on the definition of the marketing research problem, an approach to the problem is established and an appropriate research design is developed. The components of the approach may consist of an objective/theoretical framework, analytical models, research questions and hypotheses. Further explanation of the problem definition process begins with a discussion of the tasks involved.

Environmental context of the problem

The tasks involved in understanding the environmental context of the marketing and research problem can include discussions with decision-makers, qualitative interviews with industry experts, and secondary data analysis. The purposes of these tasks are to develop an understanding of forces that may affect the nature of decision-makers' problems and related research problems.

Discussions with decision-makers

Discussions with the decision-makers beyond the formal presentation of a research brief and research proposal are usually vital. The decision-maker needs to understand the capabilities and limitations of research.[6] Research provides information relevant to management decisions, but it cannot provide solutions, because solutions require managerial creativity and judgement. Conversely, the researcher needs to understand the nature of the decision the managers face – the marketing problem, and what they hope to learn from the research.

To identify the marketing problem, the researcher must possess considerable skill in interacting with the decision-maker. Several factors may complicate this interaction. Access to the decision-maker may be difficult, and some organisations have complicated protocols for access to top executives. The organisational status of the researcher or the research department may make it difficult to reach the key decision-maker in

Gaining access to key decision-makers can be easier said than done.

the early stages of the project. Finally, there may be more than one key decision-maker, and meeting collectively or individually may be difficult. All of the problems make it difficult to develop a research brief. Despite these problems, though, it is necessary that the researcher interact directly with the key decision-makers.[7]

Problem audit
A comprehensive examination of a marketing problem to understand its origin and nature.

A **problem audit** provides a useful framework to develop ideas from a brief, allowing the researcher to interact with the decision-maker and identify the underlying causes of the problem. A problem audit, like any other type of audit, is a comprehensive examination of a marketing problem with the purpose of understanding its origin and nature.[8] A problem audit involves discussions with the decision-maker on the following issues:

1. The events that led to the decision that action is needed, or the history of the problem.
2. The corporate culture as it relates to decision-making.[9] For example, in some firms, the decision-making process is dominant; in others, the personality of the decision-maker is more important.
3. The alternative courses of action available to the decision-maker. The set of alternatives may be incomplete at this stage, and qualitative research may be needed to identify the more innovative courses of action.
4. The criteria that will be used to evaluate the alternative courses of action. For example, new product offerings might be evaluated based on sales, market share, profitability, or return on investment.
5. What the decision-maker perceives to be gaps in their knowledge.
6. The manner in which the decision-maker will use each item of information in making the decision.

It may be necessary to perform a problem audit, because the decision-maker may have only a vague idea of what the problem is. For example, the decision-maker may know that the firm is losing market share but may not know why; decision-makers may tend to focus on symptoms rather than on causes. Inability to meet sales forecasts, loss of market share and decline in profits are all symptoms. The researcher should treat the underlying causes, not merely address the symptoms. For example, loss of market share may be caused by much better advertising campaigns by the competition, inadequate distribution of the company's products, or any number of other factors. Only when the underlying causes are identified can the problem be successfully addressed.

A problem audit, which involves extensive interaction between the decision-maker and the researcher, can greatly facilitate problem definition by determining the underlying causes. The interaction between the researcher and the decision-maker is facilitated when one or more people in the client organisation serve to liaise and form a team with the marketing researcher. To be fruitful, the interaction between the decision-maker and the researcher can be characterised by the following:

1 *Communication*. A free exchange of ideas between the decision-maker and the researcher is essential.
2 *Cooperation*. Marketing research is a team project in which both parties (decision-maker and researcher) must cooperate, from problem diagnosis through to the interpretation and presentation of findings.
3 *Confidence*. Mutual trust of each other's distinct skills and contribution should underlie the interaction between the decision-maker and the researcher.
4 *Candour*. There should not be any hidden agendas, and an attitude of openness should prevail.
5 *Closeness*. An understanding of each other's problems should result in a closeness that should characterise the relationship between the decision-maker and the researcher.
6 *Continuity*. The decision-maker and the researcher must interact continually rather than sporadically.
7 *Creativity*. The interaction between the decision-maker and the researcher should be creative rather than formulaic. Though the research process may be laid out in 'easy-to-follow' steps, in reality great amounts of creativity are needed at every stage.

Interviews with industry experts

In addition to discussions with decision-makers, qualitative interviews with industry experts, individuals knowledgeable about the firm and the industry can help in diagnosing the nature of the marketing and research problem.[10] These experts may be found both inside and outside the firm. Typically, expert information is obtained by unstructured personal interviews, without a formal questionnaire. It is helpful, however, to prepare a list of topics to be covered during the interview. The order in which these topics are covered and the questions to ask should not be predetermined. Instead, they should be decided as the interview progresses, which allows greater flexibility in capturing the insights of the experts (see Chapter 8 for full details of depth interviewing techniques). The list of topics to cover and the type of expert sought should evolve as the researcher becomes more attuned to the nature of the marketing problem. The purpose of interviewing experts is to explore ideas, make new connections between ideas, and create new perspectives in defining the marketing research problem. If the technique works well, and an amount of trust and rapport is developed, the potential to generate and test ideas can be immense. Experts may have other contacts that the researcher may not be aware of or may not be able to get access to. They may also have secondary data which, again, the researcher may not be aware of or have access to. Unfortunately, two potential difficulties may arise when seeking advice from experts:

1 Some individuals who claim to be knowledgeable and are eager to participate may not really possess expertise.
2 It may be difficult to locate and obtain help from experts who are outside the client organisation, i.e. access to these individuals may be problematic.

For these reasons, interviews with experts are more useful in conducting marketing research for industrial firms and for products of a technical nature, where it is relatively easy to identify and approach the experts. This method is also helpful in situations where little information is available from other sources, as in the case of radically new products. Experts can provide valuable insights in modifying or repositioning existing products, as illustrated in the following example by the development of brand values at Visa.

example

Visa to travel[11]

Visa ran a major brand-building campaign spanning Europe. The aim of the campaign was to create the same brand values in different countries. Although the benefits of uniform branding are obvious, many companies have found that targeting a number of countries with the same campaign is fraught with danger. However, with research that revealed perceptions of Visa and cash to be consistent across Europe that 'plastic is better than cash', the message was simple to translate – simple if one is aware of cultural sensibilities and the relationship between countries, the company and the target audience. With industry expertise emphasising the appeal of locally produced campaigns, Visa have succeeded. As an example, they have been running a separate campaign for the Electron debit card in Spain, Portugal and Italy for some time. It has won many awards in Spain where they think it is a Spanish campaign, but then they think the ad is locally produced in Italy and Portugal as well. ■

Initial secondary data analyses

Secondary data collection and analysis will be addressed in detail in Chapters 4 and 5. A brief introduction here will demonstrate the worth of secondary data at the stage of problem diagnosis. **Secondary data** are data collected for some purpose other than the problem at hand. **Primary data**, on the other hand, are originated by the researcher for the specific purpose of addressing the research problem. Secondary data include data generated within an organisation, information made available by business and government sources, commercial marketing research firms, and computerised databases. Secondary data are an economical and quick source of background information. Analysis of available secondary data is an essential step in the problem definition process: primary data should not be collected until the available secondary data have been fully analysed. Past information and forecasts of trends with respect to sales, market share, profitability, technology, population, demographics and lifestyle can help the researcher to understand the underlying marketing research problem. Where appropriate, this kind of analysis should be carried out at the industry and firm levels. For example, if a firm's sales have decreased but industry sales have increased, the problems will be very different from if the industry sales have also decreased. In the former case, the problems are likely to be specific to the firm. Past information and forecasts can be valuable in uncovering potential opportunities and problems.

Secondary data
Data collected for some purpose other than the problem at hand.

Primary data
Data originated by the researcher specifically to address the research problem.

Marketing decision problem and marketing research problem

The **marketing decision problem** asks what the decision-maker needs to do, whereas the **marketing research problem** asks what information is needed and how it can best be obtained.[12] The marketing decision problem is action oriented. It is concerned with the possible actions the decision-maker can take. How should the loss of market share be arrested? Should the market be segmented differently? Should a new product be introduced? Should the promotional budget be increased?

Marketing decision problem
The problem confronting the marketing decision-maker, which asks what the decision-maker needs to do.

Marketing research problem
A problem that entails determining what information is needed and how it can be obtained in the most feasible way.

In contrast, the marketing research problem is information oriented. It involves determining what information is needed and how that information can be obtained effectively and efficiently. Consider, for example, the loss of market share for a particular product line. The decision-maker's problem is how to recover this loss. Alternative courses of action can include modifying existing products, introducing new products, changing other elements in the marketing mix, and segmenting the market. Suppose that the decision-maker and the researcher believe that the problem is caused by inappropriate segmentation of the market and wanted research to provide information on this issue. The research problem would then become the identification and evaluation of an alternative basis for segmenting the market. Note that this process requires much interaction, in the sense that both parties critically evaluate, develop and defend each other's ideas to clarify the nature of decision and research problems, and to ensure there is a clear and logical connection between them. The GlobalCash Project illustrates further the distinction between the marketing decision problem and the marketing research problem as well as the interactive nature of the problem definition process.

example
GlobalCash Project

Defining the problem

Bank X: We are experiencing a loss of market share in Ireland in corporate banking.
Researcher: Is it just Ireland?
Bank X: No, but as we conduct the majority of our business there, the loss is causing us the greatest amount of concern.
Researcher: Why do you think you are losing market share?
Bank X: We wish we knew!
Researcher: How are your competitors coping?
Bank X: We suspect that other Irish banks are also suffering, but that the multinational banks are capturing market share.
Researcher: How do your customers feel about the quality of services you deliver?
Bank X: We recently attained our ISO 9000 for service quality, which we are proud of!
Researcher: But how does your service delivery compare with your competitors?

After a series of discussions with key decision-makers, analysis of secondary data within the bank and from other sources, the problem was identified as follows:

- *Marketing decision problem*
  What should be done to arrest the decline in market share of Bank X?
- *Marketing research problem*
  Determine the relative strengths and weaknesses of Bank X, vis-à-vis other major competitors in Ireland. This would be done with respect to factors that influence a company in its choice of a bank to handle its transactions.

The GlobalCash Project shows the interactive nature of the process to identify the marketing decision problem and the marketing problem. The following examples further distinguish between the marketing decision problem and the marketing research problem.

Marketing decision problem	Marketing research problem
Should a new product be introduced?	To determine consumer preferences and purchase intentions for the proposed new product.
Should the advertising campaign be changed?	To determine the effectiveness of the current advertising campaign.
Should the price of the brand be increased?	To determine the price elasticity of demand and the impact on sales and profits of various levels of price changes.

Defining the marketing research problem

The general rule to be followed in defining the research problem is that the definition should:

1 allow the researcher to obtain all the information needed to address the marketing decision problem;
2 guide the researcher in proceeding with the project.

Researchers make two common errors in problem definition. The first arises when the research problem is defined too broadly. A broad definition does not provide clear guidelines for the subsequent steps involved in the project. Some examples of excessively broad marketing research problem definitions are: developing a marketing strategy for a brand, improving the competitive position of the firm, or improving the company's image. These are not specific enough to suggest an approach to the problem or a research design.

The second type of error is just the opposite: the marketing research problem is defined too narrowly. A narrow focus may preclude consideration of some courses of action, particularly those that are innovative and not obvious. It may also prevent the researcher from addressing important components of the marketing decision problem. For example, in a project conducted for a consumer products firm, the marketing problem was how to respond to a price cut initiated by a competitor. The alternative courses of action initially identified by the firm's research staff were to:

1 decrease the price of the firm's brand to match the competitor's price cut;
2 maintain price but increase advertising heavily; or
3 decrease the price somewhat, without matching the competitor's price, and moderately increase advertising.

None of these alternatives seemed promising. When outside marketing research experts were brought in, the problem was redefined as improving the market share and profitability of the product line. Qualitative research indicated that in blind tests consumers could not differentiate products offered under different brand names. Furthermore, consumers relied on price as an indicator of product quality. These findings led to a creative alternative: increase the price of the existing brand and introduce two new brands – one priced to match the competitor and the other priced to undercut it.

Broad statement of the problem
The initial statement of the marketing research problem that provides an appropriate perspective on the problem.

Specific components of the problem
The second part of the marketing research problem definition that focuses on the key aspects of the problem and provides clear guidelines on how to proceed further.

The likelihood of committing either error of problem definition can be reduced by stating the marketing research problem in broad, general terms and identifying its specific components (see Figure 2.4). The **broad statement of the problem** provides perspective and acts as a safeguard against committing the second type of error. The **specific components of the problem** focus on the key aspects and provide clear guidelines on how to proceed further, and act as a safeguard against committing the first type of error. Examples of appropriate marketing research problem definitions are provided in the following two examples.

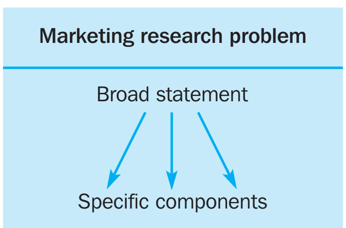


Figure 2.4
Proper definition of the marketing research problem

example

Net has yet to prove its value[13]

As the stampede to set up Websites continues, those companies without a clear long-term strategy are looking increasingly rudderless as they search for ways to capitalise on their investment. A recent survey by Gallup and the *Wall Street Journal* of 603 board-level executives in Britain, France and Germany has revealed that Europe's businesses continue to embrace the Internet on the somewhat vague grounds that it is in the interests of their 'competitiveness'. Yet, they remain unsure about how, specifically, to use the medium for generating profits in the longer term.

The notable exception has been the financial services sector. Exploratory secondary data gathering and analyses revealed the opportunities that have been grasped by this sector. It also revealed the strategies adopted by financial companies. To develop these ideas into relevant actions, case histories of exemplary financial companies were built, key decision-makers targeted and questions focused upon technology, design and financial returns were developed.

Specifically the following issues could be addressed (as examples of many) for a company embarking on developing a website:

1. To what extent is the Net used by competitors?
2. What specific information types and services do they offer?
3. How can the Net generate knowledge of customers?
4. How can the Net add to marketing communication strategies?
5. How can the Net help to generate actual sales?
6. What types of existing or potential customers could use our site? ■

Problem definition in the GlobalCash Project followed the following pattern.

example
GlobalCash Project

Problem definition

In the GlobalCash Project, the marketing research problem was to determine the relative strengths and weaknesses of Bank X, vis-à-vis other major competitors in Ireland. This would be done with respect to factors that influence a company in its choice of a bank to handle its transactions. Specifically, research provided information on the following questions:

1. What criteria do companies use when choosing a bank for the first time?
2. What criteria do companies use to allocate business between existing banks?
3. Which banks are used for domestic business and pan-European business?
4. How do those banks fare on a range of service quality delivery criteria?
5. What is the market share of Bank X and its competitors in Ireland?
6. What is the profile of companies that use Bank X? Does it differ from the profile of customers from competing banks?

Once the marketing research problem has been broadly stated and its specific components identified, the researcher is in a position to develop a suitable approach. ■

Components of the research approach

Paradigm
A set of assumptions consisting of agreed-upon knowledge, criteria of judgement, problem fields and ways to consider them.

Once the marketing decision-maker and researcher have clarified the decision problem and established the research problem they face, it has to be decided how to approach this problem. The research problem may be very clear in the sense that there are strong established theories of what should be measured and how to conduct the measurements. Conversely, the research problem may lack theoretical foundation, with the researcher trying to cope with a broad set of issues that have not been sufficiently researched beforehand and unable to trust existing theories. How the researcher perceives the research problem affects the **paradigm** they will adopt in either an implicit or explicit manner. The researcher's adopted paradigm is built upon a set of assumptions. These assumptions consist of 'agreed upon' knowledge, criteria of judgement, problem fields and ways to consider them[14] (these factors will be developed further in Chapter 6). What is 'agreed upon' refers to how strong the theories are in defining and encapsulating the issues that make up a research problem. Bringing together the 'agreed upon' knowledge, criteria of judgement, problem fields and ways to consider them can be undertaken by considering the objective/theoretical framework, analytical models, research questions and hypotheses. Each of these components is discussed in the following sections. Collectively they may be considered to be the 'approach' that a researcher will take.

Objective/theoretical framework

Theory
A conceptual scheme based on foundational statements, or axioms, that are assumed to be true.

Objective evidence
Perceived to be unbiased evidence, supported by empirical findings.

In general, researchers should aim to base their investigations upon objective evidence, supported by **theory**. A theory is a conceptual scheme based on foundational statements called axioms that are assumed to be true. **Objective evidence** is gathered by compiling relevant findings from secondary sources. Likewise, an appropriate theory to guide the research might be identified by reviewing academic literature contained in books, journals and monographs. The researcher should rely on theory to determine which variables should be investigated. Past research on theory development and testing can provide important guidelines on determining dependent variables (variables that depend on the values of other variables) and independent variables (variables whose values affect the values of other variables). Furthermore, theoretical considerations provide information on how the variables should be operationalised and measured, as well as how the research design and sample should be selected. A theory also serves as a foundation on which the researcher can organise and interpret the findings: 'nothing is so practical as a good theory.'[15] Conversely, by neglecting theory, the researcher increases the likelihood that they will fail to understand the data obtained or be unable to interpret and integrate the findings of the project with findings obtained by others. The role of theory in the various phases of an applied marketing research project is summarised in Table 2.1.

Theory also plays a vital role in influencing the research procedures adopted in basic research. Applying a theory to a marketing research problem requires creativity on the part of the researcher, however. A theory may not specify adequately how its abstract constructs (variables) can be embodied in a real-world phenomenon. Moreover, theories are incomplete; they deal with only a subset of variables that exist

Table 2.1 The role of theory in applied marketing research

Research task	*Role of theory*
Conceptualising and identifying key variables	Provides a conceptual foundation and understanding of the basic processes underlying the problem situation. These processes will suggest key dependent and independent variables.
Operationalising key variables	Provides guidance for the practical means to measure or encapsulate the concepts or key variables identified.
Selecting a research design	Causal or associative relationships suggested by the theory may indicate whether a causal, descriptive or exploratory research design should be adopted (see Chapter 3).
Selecting a sample	Helps in defining the nature of a population, characteristics that may be used to stratify populations or to validate samples (see Chapter 14).
Analysing and interpreting data	The theoretical framework and the models, research questions and hypotheses based on it guide the selection of a data analysis strategy and the interpretation of results (see Chapter 17).
Integrating findings	The findings obtained in the research project can be interpreted in the light of previous research and integrated with the existing body of knowledge.

in the real world. Hence, the researcher must also identify and examine other variables that have yet to be published as theories. This may involve the researcher developing 'grounded theory', which will be explained and developed in Chapter 6.

Analytical model

Analytical model
An explicit specification of a set of variables and their interrelationships designed to represent some real system or process in whole or in part.

Verbal models
Analytical models that provide a written representation of the relationships between variables.

Graphical models
Analytical models that provide a visual picture of the relationships between variables.

Mathematical models
Analytical models that explicitly describe the relationships between variables, usually in equation form.

An **analytical model** is a set of variables and their interrelationships designed to represent, in whole or in part, some real system or process. Models can have many different forms. The most common are verbal, graphical and mathematical structures. In **verbal models**, the variables and their relationships are stated in prose form. Such models may be mere restatements of the main tenets of a theory. **Graphical models** are visual. They are used to isolate variables and to suggest directions of relationships but are not designed to provide numerical results. They are logical, preliminary steps to developing mathematical models.[16] **Mathematical models** explicitly specify the relationships among variables, usually in equation form.[17] These models can be used as guides for formulating the research design and have the advantage of being amenable to manipulation.[18] The different models are illustrated in the context of the GlobalCash Project.

As can be seen from this example, the verbal, graphical and mathematical models depict the same phenomenon or theoretical framework in different ways. The phenomenon of 'threshold effect', stated verbally, is represented for clarity through a figure (graphical model) and is put in equation form (mathematical model) for ease of statistical estimation and testing. Graphical models are particularly helpful in clarifying the concept or approach to the problem.

The verbal, graphical and mathematical models complement each other and help the researcher identify relevant research questions and hypotheses.

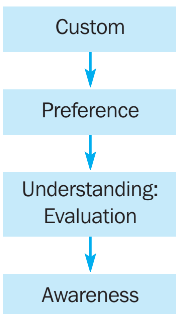
example
GlobalCash Project

Model building

Verbal model

A finance manager first becomes aware of a bank's ability to perform a particular cash management service. That manager then gains a greater understanding of the service by evaluating the bank in terms of the factors comprising the choice criteria. Based on the evaluation, the manager forms a degree of preference for the bank. If preference exceeds a certain threshold level, the manager will switch business to the bank.

Graphical model



Mathematical model

$$y = a_0 + \sum_{i=1}^{n} a_i x_i$$

where y = degree of preference
a_0, a_i = model parameters to be estimated statistically
x_i = bank custom factors that constitute the choice criteria

Research questions

Research questions
Refined statements of the specific components of the problem.

Research questions are refined statements of the components of the problem. Although the components of the problem define the problem in specific terms, further detail may be needed to develop an approach. Each component of the problem may have to be broken down into subcomponents or research questions. Research questions ask what specific information is required with respect to the problem components. If the research questions are answered by the research, then the information obtained should aid the decision-maker. The formulation of the research questions should be guided not only by the problem definition, but also by the theoretical framework and the analytical model adopted. For a given problem component, there are likely to be several research questions, as in the GlobalCash Project.

example
GlobalCash Project

Research questions

One of the major events occurring during the GlobalCash Project was the introduction of systems to cope with Economic and Monetary Union (EMU). This was of major importance to banks, whose business is based upon the problems of conducting business across borders and paying for goods and services in a variety of currencies. Companies pay banks to cope with these transactions in an environment of complicated legislation. The marketplace changed dramatically when there was one currency for the majority of EC countries, with no currency exchange to conduct.

Key research questions for the banks that may lose business relate to relationships. Examples of these are shown in the following two questions.

Question: How will Economic and Monetary Union (EMU) affect your cash management banking relationships within the expected 'Euro zone'?

Answers: (please circle appropriate numbers)
1 Existing country relationships to be maintained within the Euro zone
2 Fewer banks to be used in each country
3 Fewer banks to be used across the Euro zone
4 One major bank to coordinate all Euro accounts where possible

Question: What process will you go through in selecting your cash management banks?

Answers: (please circle appropriate numbers)
1 Formal tender in each country
2 Formal tender for a regional bank
3 Informal evaluation
4 Other (*please state*)..

Hypotheses

Hypothesis
An unproven statement or proposition about a factor or phenomenon that is of interest to the researcher.

A **hypothesis** is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher. For example, it may be a tentative statement about relationships between two or more variables as stipulated by the theoretical framework or the analytical model. Often, a hypothesis is a possible answer to the research question.[19] Hypotheses go beyond research questions because they are statements of relationships or propositions rather than merely questions to which answers are sought. Research questions are interrogative; hypotheses are declarative and can be tested empirically (see Chapter 18). An important role of a hypothesis is to suggest variables to be included in the research design.[20] The relationship between the marketing research problem, research questions and hypotheses, along with the influence of the objective/theoretical framework and analytical models, is described in Figure 2.5 and illustrated by the following example from GlobalCash.

Hypotheses are an important part of the approach to a research problem. When stated in operational terms, as H_1 and H_2 in the GlobalCash example, they provide

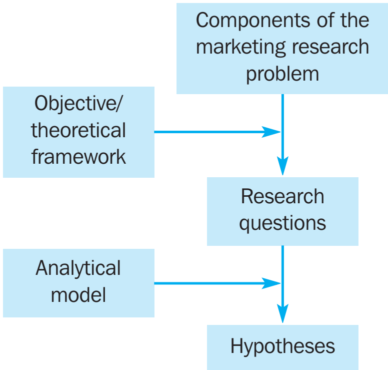


Figure 2.5
Development of research questions and hypotheses

guidelines on what, and how, data are to be collected and analysed. When operational hypotheses are stated using symbolic notation, they are commonly referred to as statistical hypotheses.

example
GlobalCash Project

Hypotheses

The following hypotheses were formulated in relation to the research question on bank–company relationships.

H_1: Companies within the Euro zone plan to use fewer banks after the introduction of Monetary Union compared with companies outside the Euro zone.

H_2: Companies that select cash management banks on an informal basis have fewer bank relationships than those that select through formal tenders.

The additional research question that will allow H_1 to be tested relates to the country in which an ultimate parent country operates, e.g. Hitachi, based in Britain and Germany, has a Japanese parent company.

The European Union has assigned countries as being 'within' or 'outside' for the first wave of Monetary Union. The additional question that will allow H_2 to be tested asks how many banks are used for domestic cash management. In countries like Switzerland and Norway, the mean can be around three; in Italy the mean is around 10, with one Italian respondent having 70 bank accounts. ■

These hypotheses guide the research by ensuring that variables which affect relationships are included in the research design. The connection between questions that form hypotheses, and the appropriate analyses needed, are thought out clearly before the research design and questionnaire are designed.

Another example in a consumer goods environment is shown in the following example of Chanel.

example

Chanel perfumes[21]

A research question may have more than one hypothesis associated with it, as in the case of Chanel. Chanel was considering advertising its perfumes in magazines it formerly considered too 'down-market' for its prestigious brand. The Chanel brand had a 3% share of department store sales (the leader was Estée Lauder with a 21% share). By expanding its advertising beyond high-fashion magazines, Chanel hoped to improve its share of department store sales. The following research question and hypotheses may be posed:

Research question: Does Chanel have an 'up-market' image?
H_1: Chanel is perceived to be an expensive brand.
H_2: Users of Chanel have higher-than-average incomes.
H_3: Users of Chanel associate this perfume with status. ■

Note that, to test H_1, the researcher would have to operationalise and measure the perceived price associated with Chanel. Empirical testing of H_2 would require that respondents be classified as users or non-users of Chanel and provide information on their incomes. Finally, H_3 tells us that we need to operationalise another variable or a set of variables that measure the status associated with Chanel. The results of this research provided support for Hypotheses 1 and 3 but not for Hypothesis 2. Although Chanel did have an 'up-market' image, its appeal was not limited to 'up-market' buyers or users of the product. Broadening the target market by advertising in magazines formerly considered 'down-market' led to improved department store sales of Chanel.

It is important to note that not all research questions can be developed into hypotheses that may be tested. Certain research questions may be exploratory in nature, with the researcher having no preconceived notions of possible answers to the research questions, nor the ability to produce statements of relationships or propositions. If the researcher is faced with such a situation, it does not mean that their investigation will not be as valid as one where hypotheses are clearly established. It means that they may have to adopt a different approach or paradigm to establish its validity.

International marketing research

The precise definition of the marketing research problem is more difficult in international marketing research than in domestic marketing research. Unfamiliarity with the environmental factors of the country where the research is being conducted can greatly increase the difficulty of understanding the problem's environmental context and uncovering its causes.

example

Heinz Ketchup couldn't catch up in Brazil[22]

Despite good records of accomplishment inland and overseas, the H.J. Heinz Company failed in Brazil, a market that seemed to be South America's biggest and most promising market. Heinz entered a joint venture with Citrosuco Paulista, a giant orange juice exporter, because of the future possibility of buying the profitable company. Yet, the sales of its products, including ketchup, did not take off. Where was the problem? A problem audit revealed that the company lacked a strong local distribution system. Heinz lost control of the distribution because it worked on consignment. Distribution could not reach 25% penetration. The other related problem was that Heinz concentrated on neighbourhood shops because this strategy was successful in Mexico. The problem audit, however, revealed that 75% of the grocery shopping in São Paulo is done in supermarkets and not the smaller shops. Although Mexico and Brazil may appear to have similar cultural and demographic characteristics, consumer behaviour can vary greatly. A closer and intensive look at the Brazilian food distribution system and the behaviour of consumers could have averted this failure. ■

As the Heinz example illustrates, many international marketing efforts fail not because research was not conducted but because the relevant environmental factors were not taken into account and fully appreciated. Generally, this leads to a definition of the problem that is too narrow. A major problem for researchers is that their perception of problems may be reflected through their own social and cultural development. Before defining the problem, researchers should reflect upon their unconscious reference to cultural values. The following steps help researchers to reflect upon their own cultural values.[23]

1 Define the marketing research problem in terms of domestic environmental and cultural factors. This involves an identification of relevant European traits, economics, values, needs or habits.

2 Define the marketing research problem in terms of foreign environmental and cultural factors. Make no judgements. This involves an identification of the related traits, economics, values, needs or habits in the proposed market culture. This task requires input from researchers familiar with the foreign environment.
3 Examine the differences between steps 1 and 2. The unconscious reference to cultural values can be seen to account for these differences.
4 Redefine the problem without the social/cultural influence and address it for the foreign market situation. If the differences in steps 3 are significant, the impact of the social/cultural influences should be carefully considered.

Whilst the above steps may seem at face value to be straightforward, note the words 'unconscious reference' in Step 3. This means that the researcher needs to reflect upon their own values and attitudes, the factors that may bias the way they perceive and what they observe. As these factors may be 'unconscious', this reflection and introspection may take some time to realise. These issues will be more fully developed in Chapter 9.

While developing theoretical frameworks, models, research questions and hypotheses, remember that differences in the environmental factors, especially the socio-cultural environment, may lead to differences in the formation of perceptions, attitudes, preferences and choice behaviour. For example, orientation towards time varies considerably across cultures. In Asia, Latin America and the Middle East, people are not as time-conscious as Westerners. This influences their perceptions of and preferences for convenience foods such as frozen foods and prepared dinners. In developing an approach to the problem, the researcher should consider the equivalence of consumption and purchase behaviour and the underlying factors that influence them. This is critical to the identification of the correct research questions, hypotheses and characteristics/factors that influence the research design.

The following example reveals how the use of focus groups could have helped to reveal social/cultural characteristics of the Japanese. Focus groups would have allowed the correct identification of research questions, leading to a more successful product launch.

example

Surf Superconcentrate faces a super washout in Japan[24]

Unilever attempted to break into the Japanese detergent market with Surf Superconcentrate. It initially achieved 14.5% of the market share during test marketing but fell down to a shocking 2.8% when the product was introduced nationally. Where did they go wrong? Surf was designed to have a distinctive pre-measured packet as in teabag-like sachets, joined in pairs because convenience was an important attribute to Japanese consumers. It also had a 'fresh smell' appeal. Japanese consumers, however, noticed that the detergents did not dissolve in the wash, partly because of weather conditions and because of the popularity of low-agitation washing machines. Surf was not designed to work in the new washing machines. Unilever also found that the 'fresh smell' positioning of new Surf had little relevance since most consumers hang their wash out in the fresh air. The research approach was certainly not without flaw, as Unilever failed to identify critical attributes that are relevant in the Japanese detergent market. Furthermore, it identified factors such as 'fresh smell' that had no relevance in the Japanese context. Appropriate qualitative research such as focus groups across samples from the target market could have revealed the correct characteristics or factors leading to a suitable research design.

Ethics in marketing research

Ethical situations arising from the process of problem definition and developing an approach are likely to occur between the market researcher and the client. As explained earlier, identifying the correct marketing research problem is crucial to the success of the project. This process can, however, be compromised by the personal agendas of the researcher or the decision-maker. For example, the researcher, after performing the tasks involved in problem definition and analysing the environmental context of the problem, realises that the correct marketing research problem may be defined in a way that makes primary research unnecessary. This would reduce the cost of the project and the research firm's profit margin substantially. Does the researcher define the problem correctly, fabricate a research problem that involves primary data collection, or refuse to proceed with this project in lieu of those more profitable? The researcher is faced with an ethical dilemma, as in the following example.

example

Taste (profits) or image (ethics)?[25]

A marketing research firm is hired by a soft drink company to conduct taste tests to determine why its newly introduced soft drink brand has not captured the expected market share. The researcher, after following the process outlined in this chapter, determines that the problem is not one of taste but of the image and product positioning. The client, however, has already defined the problem as a taste problem and not as the broader, market-share problem. The researcher must also weigh the relatively high profit margin of taste test research against the less lucrative survey research needed to answer questions pertaining to soft drink image. What should researchers do? Should they simply conduct the research the client wants rather than the research they feel the client needs? The guidelines indicate that 'the researcher has a professional obligation to indicate to the client that, in his or her judgement, the research expenditure is not warranted. If, after this judgement has been clearly stated, the client still desires the research, the researcher should feel free to conduct the study. The reason for this is that the researcher can never know for certain the risk preferences and strategies that are guiding the client's behaviour.'

Such ethical situations would be satisfactorily resolved if the client/researcher relationship developed with both the client and the researcher adhering to the seven Cs discussed earlier: communication, cooperation, confidence, candour, closeness, continuity and creativity. This would provide a relationship of mutual trust that would check any unethical tendencies.

Ethical situations affecting the researcher and the client may also arise in developing an approach to the problem. When researchers conduct studies for different clients in related industries (e.g. banking and financial services) or in similar research areas (e.g. customer satisfaction) they may be tempted to cut corners in theoretical framework and model development. Take an example where a grocery chain client has on its board of directors the chairman of a bank. The bank had recently conducted customer satisfaction research using a client-specific model, and the bank-affiliated board member has access to this research. The researcher feels that a customer satisfaction model for the bank could be easily adapted to work for the grocery chain. The client feels that it would not be a good business decision to have access to this information and not use it. Is it ethical for the client and researcher to obtain and use this model developed for another company by another research firm? There is an underlying trust between the researcher and the client that the research firm is honour-bound not to reuse client-specific models or findings for other projects.

The client also has an ethical responsibility not to solicit proposals merely to gain the expertise of the research firms without pay. It is unethical for a client to solicit proposals from a few research firms, then adopt one or a combination of the approaches suggested in them, and conduct the project in-house. The client must respect the rights of a firm by releasing that an unpaid proposal belongs to the research firm that generated it. However, if the client firm pays for the development of the proposal, it has a right to use the information contained in it.

Internet and computer applications

There are several ways in which the Internet can support the process of problem diagnosis and research design.

Discussions with the decision-maker

The Internet can help the researcher gain access to a wide variety of marketing decision-makers who may use and benefit from proposed research. Thanks to email, it is possible to reach decision-makers anywhere, at any time. The Internet can also provide chat rooms so that decision-makers and researchers can exchange and test ideas. The availability of the responses to be seen by whoever enters the chat room has the effect of getting all the relevant decision-makers together at the same time without requiring that they be physically present at the same time.

Interviews with industry experts

The Internet can be used to enhance the researcher's ability to obtain advice from experts. It can be searched to find industry experts outside the organisation that commissions a research project.

Secondary data location and analysis

Search engines can be used to locate secondary data quickly and economically. This can be vital in helping to understand the issues to be examined and the approach to examining those issues. We will discuss the availability, acquisition and quality of secondary data on the Internet in more detail in Chapter 4.

In setting the environmental context of the research problem, client-specific information can be gained from the company home page. Generally, companies provide information about their products and services in their home page, making it the ideal starting point for information about the company. Further, the user can also search for competitor and industry information on the Internet. While these searches may not provide complete answers for the marketing researcher, they may raise issues and identify contacts where further exploration may prove beneficial.

Summary

Defining the marketing research problem is the most important step in a research project. Problem definition is a difficult step, because frequently management has not determined the actual problem or has only a vague notion about it. The marketing researcher's role is to help management identify and isolate the problem.

The formal ways in which decision-makers and researchers communicate their perspectives on a research problem and how to solve it are through the development of a research brief and a research proposal. To fully develop these documents, researchers should be proactive in arranging discussions with key decision-makers, which should include a problem audit whenever possible. They should also conduct, where necessary, interviews with relevant experts, and secondary data collection and analyses. These tasks should lead to an understanding of the environmental context of the problem.

Analysis of the environmental context should assist in the identification of the marketing decision problem, which should then be translated into a marketing research problem. The marketing decision asks what the decision-maker needs to do, whereas the marketing research problem asks what information is needed and how it can be obtained effectively and efficiently. The researcher should avoid defining the marketing research problem either too broadly or too narrowly. An appropriate way of defining the marketing research problem is to make a broad statement of the problem and then identify its specific components.

Developing an approach to the problem is the second step in the marketing research process. The components of an approach may consist of an objective/theoretical framework, analytical models, research questions and hypotheses. It is necessary that the approach developed be based upon objective evidence or empirical evidence and be grounded in theory as far as it is appropriate. The relevant variables and their interrelationships may be neatly summarised via an analytical model. The most common kinds of model structures are verbal, graphical and mathematical. The research questions are refined statements of the specific components of the problem that ask what specific information is required with respect to the problem components. Research questions may be further refined into hypotheses. Finally, given the problem definition, research questions and hypotheses should be used to create a method to either measure or elicit an understanding of target respondents.

When defining the problem in international marketing research, the researcher must be aware of the impact of their own cultural values when evaluating the environmental impact upon the nature of a problem. Likewise, when developing an approach, the differences in the environment prevailing in the domestic market and the foreign markets should be carefully considered. Several ethical issues that have an impact on the client and the researcher can arise at this stage but can be resolved by adhering to the seven Cs: communication, cooperation, confidence, candour, closeness, continuity and creativity.

Questions

1 What is the nature of the first step in conducting a marketing research project?

2 Why is it vital to define the marketing research problem correctly?

3 What is the role of the researcher in the problem definition process?

4 What are the components of a marketing research brief?

5 What are the components of a marketing research proposal?

6 How may a marketing researcher be creative in interpreting a research brief and developing a research proposal?

7 What is the significance of the 'background' section of a research brief and research proposal?

8 Describe some of the reasons why management is often not clear about the 'real' problem they face.

9 What interrelated events occur in the environmental context of a research problem?

10 What are some differences between a marketing decision problem and a marketing research problem?

11 Describe the factors that may affect the approach to a research problem.

12 What is the role of theory in the development of a research approach?

13 What are the most common forms of analytical models?

14 What are the differences between research questions and hypotheses?

15 Is it necessary for every research project to have a set of hypotheses? Why or why not?

Notes

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