

Remember to show difference between Advertising
+ other elements of the
Promotional Mix

CONSUMER RESEARCH - TOPIC 4 - AN OUTLINE

book notes

- The importance of information.
- Marketing Research - A Definition.
- Consumer Research.
- What can Market Research do?
- Who can be responsible for Marketing Research.
- Distinction between Primary and Secondary Research.
- Primary Data Collection Methods (Survey Research, Depth Interviews, Observation and Experimentation).
- Factors to consider when planning a survey.
- Exploratory and Conclusive Research.
- Measuring Consumer Characteristics.
- The Research Process.

Fundamentalism

Education Ignorance

Balance between controlling
Costs, quality + satisfaction
Consumer needs + Segmentation

Limitations Resources + Time Constraints

MR Errors

Sampling errors

Non response errors

Data Collection errors

Analytical + Reporting errors

Experimental errors

Many Businesses fail as they either do not conduct Research or else they conduct Research but do not gather the right/relevant information - use it badly or interpret it incorrectly

CONSUMER RESEARCH

or else gathered the right data but poor implementation due to inaccurate

'Running an organisation without adequate marketing information reduces business decisions to guesswork.'

The importance of MR to Marketing

THE IMPORTANCE OF INFORMATION

or poor M.I.S. organisation

Marketing research is important as it gathers information.

Information helps :

The importance of an M.I.S. to make data available

- To identify marketing problems and opportunities. where and when needed
- To assist an organisation in responding to problems and opportunities which have been identified.

Information will become more important

Information Power Knowledge

MARKETING RESEARCH - A DEFINITION

The function of Marketing Research is to generate information that will assist marketers in making decisions.

The competitive edge fill in gaps in the Market

Thus Marketing Research involves a process whereby information is gathered, organised and analysed and is then used to assist management in decision making, help organisations to achieve objectives and to identify and satisfy consumer needs.

The Market Research Society defines Market Research as:

The collection and analysis of data from a sample of individuals or organisations related to their characteristics, behaviour, attitudes, opinions or possessions. It includes all forms of research such as

The characteristics of valuable information include:

Relevance - Quality - Timeliness

Completeness sufficient information

accurate Valid - Reliable

consumer and industrial surveys, psychological investigations, observational and panel studies.

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It involves detailed studies covering the attitudes, opinions and usage made of the products among an appropriate sample of people chosen for their personal, geographic or occupational characteristics.

These studies could provide information on the 'image' of the product, the profile of customers or users, attitudes to product characteristics, prices, reliability and quality.

Information on preferences between brands might also be obtained - all by investigating a suitable representative sample of the population.

WHAT CAN MARKET RESEARCH DO?

The process of market research is used by organisations for a number of purposes:

- To identify changes in the existing marketplace.
- To improve market awareness.
- To build up a bank of information.
- To solve ad hoc problems.
- To help in making plans for the future.
- To monitor the success of current plans.

A means for implementing the Marketing concept

The importance of delegation

What Can Market Research not do

It cannot Manage for us

It cannot Make Decisions although it can be crucial in terms of establishing evidence on which decisions are made

It cannot predict the future | *It does not completely eliminate Risk*

WHO CAN BE RESPONSIBLE FOR MARKETING RESEARCH?

Responsibility - This varies from one company to another depending on size and resources.

- The company can have its own Research Dept.
- Outside Research organisations.
- Advertising agencies with Marketing Research Departments.
- The Salesmanager and the Salespeople (or using internal company people).

Data obtained through marketing research may be:

- **Quantitative:** this is data capable of clear objective assessment, such as the number of cars that pass a particular site for a proposed petrol station in any one week.
- **Qualitative:** this is subjective data, such as the attempt to assess people's attitudes or motivations.

DISTINCTION BETWEEN PRIMARY AND SECONDARY RESEARCH

Two basic sources of data can be used in consumer research.

These are primary and secondary data.

Primary data is information that the researcher gathers firsthand for the specific problem being investigated. However, there is a vast amount of information about consumers which is already compiled and readily

accessible to the researcher who knows how to find and use it.

Such data that have been collected for a purpose other than the research project at hand are termed **secondary data**.

Before gathering primary data, the researcher should search through secondary sources to determine if any are applicable to the problem at hand.

RESEARCH TIME FRAME

Generally speaking, in consumer research studies, primary data can be collected either at one time or over a period of time.

We refer to these research designs as cross-sectional and longitudinal, respectively.

These two approaches have different purposes. As its name implies, the cross-sectional design is used to study behaviour at any one point in time.

A longitudinal design involves data gathering and analysis over a period of time. One popular type of longitudinal study is the continuous consumer panel.

Consumers who are deemed representative of a particular group are chosen for inclusion and this fixed sample can be repeatedly studied. By asking the same questions of panel members over a period of time, changes in their behaviour, as well as reasons for these changes, can be determined.

Panel members generally maintain a continuous record or diary of their consumption activities, such as shopping, purchase, use, and product/brand decisions, as well as demographic and attitudinal characteristics.

Secondary Research, although being somewhat less exciting and 'sexy' than primary research, is nevertheless a very important part of marketing research which is concerned with collecting, analysing and interpreting data which already exists and which is relevant to the organisation and its environment.

It is of use in helping to build up a database of information on the marketplace, to identify changes and increase awareness of opportunities.

It is concerned with secondary data which is already in existence and which may have been collected for some other purpose, as distinct from primary data, which entails the collection of data specifically for the problem in hand and which usually involves interviews and questionnaires.

One specific area of secondary research is called Environmental Scanning. It is about being aware of what is going on in the marketplace and may involve keeping an eye on competitors as well as a more wide-ranging sensitivity to what is going on in political, social, economic, technological and legal circles.

Sources of Secondary Data

- Trade journals such as Campaign, Marketing
- Specialist magazines, such as The Economist
- The specialist press, such as the Financial Times
- Academic journals, such as the Harvard Business Review
- Conferences and exhibitions
- Salesforce feedback (including customer reactions to competitors and their products)
- Networking (including contacts with competitors, examining their products, financial statements, press releases, job advertisements, etc).

Another important source of secondary data is published statistics, which are usually divided into governmental and non-governmental.

Examples of government statistics include publications such as:

- Census - numbers and location of the population
- Household Survey and Family Expenditure Survey - giving valuable data on spending patterns
- Annual Abstract of Statistics - data on housing, population, manufacturing output, etc
- Economic Trends - gives economic analysis and indicators
- Department of Employment Gazette - concerned mainly with employment patterns, but contains useful data on (e.g.) earnings levels for areas and industries
- Business Monitor - gives information of specific industries

Example of non-governmental sources include:

- Chambers of Commerce
- Trade associations
- Banks
- Cim
- Financial Times Business Information Service
- News agencies

PRIMARY DATA COLLECTION METHODS:

- Survey Research
- Depth interviews
- Observation
- Experimentation

SURVEY RESEARCH

This is concerned with the administration of questionnaires and is the most common method of collecting primary data to aid Marketing decisions.

When planning a survey one must consider the following issues:

- Selection of communication method e.g. mail, telephone or personal interview etc.
- Maximising response to a survey.
- Phrasing of questions.
- Questionnaire design.

POSTAL QUESTIONNAIRES

These involve posting questionnaires to respondents in order that they may complete them and return them to the company.

ADVANTAGES

- Postal questionnaires are economical. This makes them a popular method of collecting data from respondents. The Post is not as expensive as the other methods and no interviewers are required.
- They are useful where there is an extreme geographical dispersion of the respondents, as the cost and time of travelling to respondents is saved and initial responses may be obtained faster. They are also useful when the sample is large to reduce costs.
- Bias (through interviewer attitude or approach), which may result from personal or telephone interviewing, is avoided.
- The respondent has time to consult with others who the researchers may want involved in answering the questions, such as members of the family.
- The company undertaking the research does not require a team of skilled researchers.
- Respondents can remain anonymous.

DISADVANTAGES

- The respondent can read the whole questionnaire before filling it in so prejudicing response to early questions.
- Low response. Twenty-five per cent may be considered very good. Therefore, follow up reminder cards are usually necessary to increase the response rate.
- Questionnaires invariably must be short, if an acceptable level of response is to be achieved. This reduces the depth and quality of information which may be collected.
- Further probing and follow up of replies is not possible.
- The reason why a respondent did not or would not answer (non-response) cannot be ascertained.
- We cannot always predetermine if the respondent is exactly the type that we require, i.e. typicality e.g. colour of hair.
- No control on the person filling in the questionnaire.
- Questions have to be simple and difficult questions which need to be explained have to be avoided as no interviewer is present.
- Despite piloting misinterpretations on the part of the respondents still occur and no one is present to correct them.

TELEPHONE INTERVIEWING

This involves telephoning respondents so that the interviewer can ask the respondent questions and complete a questionnaire.

The number of calls one can make in a day can depend on luck in finding the respondent home and the time taken to