This course text is part of the learning content for this Edinburgh Business School course. In addition to this printed course text, you should also have access to the course website in this subject, which will provide you with more learning content, the Profiler software and past examination questions and answers.

The content of this course text is updated from time to time, and all changes are reflected in the version of the text that appears on the accompanying website at http://coursewebsites.ebsglobal.net/. Most updates are minor, and examination questions will avoid any new or significantly altered material for two years following publication of the relevant material on the website.

You can check the version of the course text via the version release number to be found on the front page of the text, and compare this to the version number of the latest PDF version of the text on the website.

If you are studying this course as part of a tutored programme, you should contact your Centre for further information on any changes.

Full terms and conditions that apply to students on any of the Edinburgh Business School courses are available on the website www.ebsglobal.net, and should have been notified to you either by Edinburgh Business School or by the centre or regional partner through whom you purchased your course. If this is not the case, please contact Edinburgh Business School at the address below:

Edinburgh Business School
Heriot-Watt University
Edinburgh
EH14 4AS
United Kingdom

Tel  +44 (0) 131 451 3090
Fax  +44 (0) 131 451 3002
Email enquiries@ebs.hw.ac.uk
Website www.ebsglobal.net

The courses are updated on a regular basis to take account of errors, omissions and recent developments. If you'd like to suggest a change to this course, please contact us: comments@ebs.hw.ac.uk.
**Marketing Insights**

**Tony Proctor**, MA, MPhil, PhD, DipM, has had ten years’ experience in the industry and is Visiting Professor in Marketing at the Chester Business School. He also contributes to several postgraduate masters and doctoral level programmes in management and business at universities in the UK and has authored several books and articles on marketing and management creativity.

**Steve Carter**, PhD, MBA, BA (Hons), DipM, MCIM, Cert F is Professor of Marketing at Edinburgh Business School. Steve started out as an engineer with a world-class diversified engineering company in the UK after studies at Leeds, Bradford and Lausanne (Switzerland) Universities. He has held a variety of senior academic positions in marketing and management at a number of UK and overseas universities and held the position of Regional Project Director for the UN Food and Agriculture Organization (FAO) in Eastern and Southern Africa.

He has consulted for many blue-chip companies, published widely in journal and book form and given numerous key note speeches at seminars and conferences globally. He is currently an article reviewer for three international journals. His research interests are: marketing in emerging and developing economies, strategic marketing, emotional intelligence, M-marketing, Big Data analytics and research methods.

**Jane Priest**, BA is a Teaching Fellow at Edinburgh Business School and teaches parts of the on-campus Marketing course, as well as the Consumer Behaviour elective by distance learning.

Before joining Edinburgh Business School, she was a marketing and communications manager for a national healthcare charity and responsible for the communications strategies of various national government funding programmes.

Jane co-authored the textbook *Consumer Behaviour* for the Edinburgh Business School MBA course and has a Bachelor of Arts in Marketing with first-class honours from Strathclyde University Business School, Glasgow.
## Contents

Preface                                    xii
Acknowledgments                           xiii

### Module 1  The Nature of Marketing Insights  

1.1 Introduction                           1/2
1.2 Marketing Insights and Marketing Research: Definitions  1/3
1.3 Marketing Research in Context          1/5
1.4 Categorising Marketing Research        1/10
1.5 Marketing Research, Decision Making and Strategy 1/15
1.6 Ethical Considerations in Marketing Research 1/19
1.7 Marketing Insights, Marketing Research and the Internet 1/22
Learning Summary                          1/24
Review Questions                          1/24
Case Study 1.1: Independent Essex Motors  1/27
Case Study 1.2: Agotar the Magician       1/28
Further Readings                          1/29

### Module 2  Planning the Research Project  

2.1 Introduction                           2/2
2.2 Marketing Problems                     2/2
2.3 Research Aims and Objectives           2/4
2.4 Deciding Whether to Undertake a Research Study 2/6
2.5 Research Design                        2/7
2.6 The Research Plan and Proposal         2/18
Learning Summary                          2/22
Review Questions                          2/23
Case Study 2.1: Tracking the Railways     2/25
Case Study 2.2: Xpert Ventilation         2/26
Further Readings                          2/27

### Module 3  Secondary Data  

3.1 Introduction                           3/2
3.2 Types of Secondary Data                3/2
3.3 Searching for External Data            3/3
3.4 How Secondary Data Can Be Used         3/7
3.5 Other General Sources                  3/8
<table>
<thead>
<tr>
<th>Module 7</th>
<th>Quantitative Data Collection</th>
<th>7/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Introduction</td>
<td>7/2</td>
<td></td>
</tr>
<tr>
<td>7.2 Postal Surveys</td>
<td>7/2</td>
<td></td>
</tr>
<tr>
<td>7.3 Personal Interviews</td>
<td>7/6</td>
<td></td>
</tr>
<tr>
<td>7.4 Telephone Surveys</td>
<td>7/8</td>
<td></td>
</tr>
<tr>
<td>7.5 Self-administered Surveys</td>
<td>7/10</td>
<td></td>
</tr>
<tr>
<td>7.6 Online Surveys</td>
<td>7/11</td>
<td></td>
</tr>
<tr>
<td>7.7 Omnibus Studies</td>
<td>7/12</td>
<td></td>
</tr>
<tr>
<td>7.8 Panel Studies</td>
<td>7/13</td>
<td></td>
</tr>
<tr>
<td>7.9 Observation</td>
<td>7/14</td>
<td></td>
</tr>
<tr>
<td>7.10 Experiments</td>
<td>7/16</td>
<td></td>
</tr>
<tr>
<td>Learning Summary</td>
<td>7/25</td>
<td></td>
</tr>
<tr>
<td>Review Questions</td>
<td>7/26</td>
<td></td>
</tr>
<tr>
<td>Case Study 7.1: Volvo Car UK</td>
<td>7/28</td>
<td></td>
</tr>
<tr>
<td>Case Study 7.2: Thompson Toys</td>
<td>7/30</td>
<td></td>
</tr>
<tr>
<td>Further Readings</td>
<td>7/31</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Module 8</th>
<th>Qualitative Data Analysis</th>
<th>8/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Introduction</td>
<td>8/2</td>
<td></td>
</tr>
<tr>
<td>8.2 Qualitative Analysis</td>
<td>8/4</td>
<td></td>
</tr>
<tr>
<td>8.3 Operational Aspects of Qualitative Research</td>
<td>8/5</td>
<td></td>
</tr>
<tr>
<td>8.4 Data Displays</td>
<td>8/8</td>
<td></td>
</tr>
<tr>
<td>8.5 Grounded Theory</td>
<td>8/14</td>
<td></td>
</tr>
<tr>
<td>8.6 Repertory Grid Techniques</td>
<td>8/14</td>
<td></td>
</tr>
<tr>
<td>8.7 Social Media Analysis</td>
<td>8/14</td>
<td></td>
</tr>
<tr>
<td>Learning Summary</td>
<td>8/15</td>
<td></td>
</tr>
<tr>
<td>Review Questions</td>
<td>8/15</td>
<td></td>
</tr>
<tr>
<td>Case Study 8.1: Cyclist Survey</td>
<td>8/17</td>
<td></td>
</tr>
<tr>
<td>Case Study 8.2: Uses of Aluminium Foil</td>
<td>8/22</td>
<td></td>
</tr>
<tr>
<td>Further Readings</td>
<td>8/23</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Module 9</th>
<th>Quantitative Data Analysis</th>
<th>9/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 Introduction</td>
<td>9/2</td>
<td></td>
</tr>
<tr>
<td>9.2 Interpretation</td>
<td>9/3</td>
<td></td>
</tr>
<tr>
<td>9.3 Analysis</td>
<td>9/5</td>
<td></td>
</tr>
<tr>
<td>9.4 Tabulation</td>
<td>9/5</td>
<td></td>
</tr>
<tr>
<td>9.5 Editing</td>
<td>9/5</td>
<td></td>
</tr>
<tr>
<td>9.6 Coding</td>
<td>9/6</td>
<td></td>
</tr>
<tr>
<td>9.7 Statistical Treatment: Giving Meaning to Survey Numbers</td>
<td>9/7</td>
<td></td>
</tr>
<tr>
<td>9.8 Measures of Location</td>
<td>9/8</td>
<td></td>
</tr>
</tbody>
</table>
# Contents

<table>
<thead>
<tr>
<th>Module 9</th>
<th>Measures of Dispersion</th>
<th>9/9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hypothesis Testing (or Inferential Statistics)</td>
<td>9/10</td>
</tr>
<tr>
<td></td>
<td>Chi-Square Analysis</td>
<td>9/15</td>
</tr>
<tr>
<td></td>
<td>Use of Similarities between Numbers to Show Cause and Effect</td>
<td>9/18</td>
</tr>
<tr>
<td></td>
<td>Analysis of Variance</td>
<td>9/18</td>
</tr>
<tr>
<td></td>
<td>Measuring Relationships</td>
<td>9/20</td>
</tr>
<tr>
<td></td>
<td>Computer Software</td>
<td>9/37</td>
</tr>
<tr>
<td></td>
<td>Learning Summary</td>
<td>9/40</td>
</tr>
<tr>
<td></td>
<td>Review Questions</td>
<td>9/41</td>
</tr>
<tr>
<td></td>
<td>Case Study 9.1: Summit Motors (A)</td>
<td>9/44</td>
</tr>
<tr>
<td></td>
<td>Case Study 9.2: Summit Motors (B)</td>
<td>9/45</td>
</tr>
<tr>
<td></td>
<td>Case Study 9.3: Mr Hungry’s Burger Bar</td>
<td>9/46</td>
</tr>
<tr>
<td></td>
<td>Case Study 9.4: Apple Products Ltd</td>
<td>9/48</td>
</tr>
<tr>
<td></td>
<td>Further Readings</td>
<td>9/48</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Module 10</th>
<th>Evaluating, Reports and Presentation</th>
<th>10/1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Introduction</td>
<td>10/2</td>
</tr>
<tr>
<td></td>
<td>Evaluation of Research</td>
<td>10/2</td>
</tr>
<tr>
<td></td>
<td>The Written Report</td>
<td>10/3</td>
</tr>
<tr>
<td></td>
<td>The Sections of a Report</td>
<td>10/5</td>
</tr>
<tr>
<td></td>
<td>The Oral Research Report</td>
<td>10/7</td>
</tr>
<tr>
<td></td>
<td>Visual Aids and their Use</td>
<td>10/8</td>
</tr>
<tr>
<td></td>
<td>Learning Summary</td>
<td>10/11</td>
</tr>
<tr>
<td></td>
<td>Review Questions</td>
<td>10/12</td>
</tr>
<tr>
<td></td>
<td>Case Study 10.1: Wallaby Tours</td>
<td>10/14</td>
</tr>
<tr>
<td></td>
<td>Further Readings</td>
<td>10/16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Module 11</th>
<th>Applied Marketing Research</th>
<th>11/1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Introduction</td>
<td>11/2</td>
</tr>
<tr>
<td></td>
<td>Product Research</td>
<td>11/2</td>
</tr>
<tr>
<td></td>
<td>Getting Ideas for New Products</td>
<td>11/3</td>
</tr>
<tr>
<td></td>
<td>Product Delivery</td>
<td>11/8</td>
</tr>
<tr>
<td></td>
<td>Naming the Product</td>
<td>11/10</td>
</tr>
<tr>
<td></td>
<td>Packaging the Product</td>
<td>11/11</td>
</tr>
<tr>
<td></td>
<td>Market Segmentation Research</td>
<td>11/12</td>
</tr>
<tr>
<td></td>
<td>Cartographying Geographic Segmentation</td>
<td>11/14</td>
</tr>
<tr>
<td></td>
<td>Competition Research</td>
<td>11/16</td>
</tr>
<tr>
<td></td>
<td>Promotion Research</td>
<td>11/18</td>
</tr>
<tr>
<td></td>
<td>Measuring Advertising Effectiveness</td>
<td>11/19</td>
</tr>
<tr>
<td></td>
<td>Selling Research</td>
<td>11/22</td>
</tr>
<tr>
<td></td>
<td>Consumer Research</td>
<td>11/22</td>
</tr>
</tbody>
</table>
Module 12  Marketing Research Settings: Business-to-Business, Services and Internal Marketing  12/1

12.1  Introduction  12/2
12.2  Business-to-Business Marketing Research  12/3
12.3  Research into Services  12/9
12.4  SERVQUAL  12/11
12.5  Research for Internal Marketing  12/12
Learning Summary  12/14
Review Questions  12/15
Case Study 12.1: Low-Cost Airlines Bite  12/17
Case Study 12.2: The Jasmine Hotel, Dubai  12/18
Further Readings  12/19

Module 13  Global Marketing Research  13/1

13.1  Introduction  13/2
13.2  Global Marketing Research  13/2
13.3  Marketing Research Complexity and Diversity  13/5
13.4  Methodological Considerations  13/9
13.5  Desk Research  13/12
13.6  Principal Methods of Organising Research  13/12
13.7  Marketing Research in Developing Countries  13/13
Learning Summary  13/13
Review Questions  13/13
Case Study 13.1: Look to Emerging/Developing Countries  13/16
Case Study 13.2: European Laundry Statistics  13/16
Further Readings  13/18

Module 14  Marketing Decision-Support Systems  14/1

14.1  Introduction  14/2
14.2  Marketing Information Systems  14/2
14.3  Decision-Support Mechanisms  14/9
### Contents

14.4 Forecasting Demand 14/9
14.5 Applications for Mathematical Models in the Marketing Decision-Support System 14/16
14.6 Expert Systems and Decision Support 14/25
14.7 Forecasting using Social Media 14/26
Learning Summary 14/26
Review Questions 14/27
Case Study 14.1: Kenbrock 14/30
Case Study 14.2: Simon Theodolou, Hairstylists 14/31
Further Readings 14/33

#### Appendix 1
**Practice Final Examinations** A1/1
Practice Final Examination 1 1/2
Practice Final Examination 2 1/4
Examination Answers 1/6

#### Appendix 2
**Formula Sheet for Marketing Insights** A2/1
Arithmetic Mean 2/1
Standard Deviation 2/1
Confidence Intervals 2/1
Regression Function 2/2
Chi-Squared Statistic 2/2

#### Appendix 3
**Answers to Review Questions** A3/1
Module 1 3/1
Module 2 3/3
Module 3 3/4
Module 4 3/5
Module 5 3/8
Module 6 3/10
Module 7 3/11
Module 8 3/13
Module 9 3/14
Module 10 3/18
Module 11 3/19
Module 12 3/21
Module 13 3/22
Module 14 3/23

Index I/1
Preface

Marketing Insights is a relatively new term to describe the activities that marketers or marketing analysts perform to look into the behaviour of consumers and markets and/or any other marketing issues, in order to gain intelligence on how best to perform any aspect of the marketing management function. Hence, market research (best described as looking into market/company information in whatever form, internal or external) or marketing research (best described as looking at any special problem issues in marketing), both with the aim to reduce the risks in marketing decision making, are now just part of the Marketing Insights process. So market and marketing research are functional elements employed to gain Marketing Insights.

There have been vast changes in how research is conducted, largely as a result of the development of information technology, new media and newer, more powerful techniques to analyse data. These changes have spawned a new breed of researcher, the ‘marketing analyst’, armed with new skills and competencies to perform very sophisticated marketing analytics on data, not only in quantitative terms but in qualitative terms as well.

This course looks at marketing research from the Marketing Insights point of view, showing how both the ‘traditional’ approach to marketing research and the traditional tools of analysis, together with the ‘newer’ approach to marketing research and the consequent tools of analysis, can combine to provide powerful Marketing Insights in order to inform every aspect of marketing, be it marketing analysis, planning, implementation or control. As a result you should be armed with the knowledge, skills and competencies to inform value-adding marketing decision making and thus help make marketing more accountable to all its stakeholders.

The various modules address different topics in Marketing Insights:

- Module 1 looks at the nature of Marketing Insights and how marketing research can be used to inform those insights. An overview is given of the different approaches to the research process and the module concludes by looking at the role of agencies and ethical issues in marketing research.
- Module 2 pays attention to planning the research project, the different research strategies and approaches to research design, including structural equation modelling.
- Module 3 examines the uses and limitations of secondary data, indicating when secondary data may be useful in research and giving details of useful internal and external sources of data.
- Module 4 examines the process of sampling. Attention is given to all aspects of sampling, including the sampling frame, types of sample, sampling unit selection, sampling method, the sample size and the sampling plan.
- Module 5 looks at the aspects of measurement, scaling, attitude measurement and questionnaire construction and development. Particular applications of surveys are dealt with. Attention is given to questionnaire content, question phrasing, kinds of response format, question sequence, question layout, pre-
testing and revising. Issues of reliability, validity and transferability are also covered.

- Module 6 looks at qualitative data collection methods. Focus-group discussions, individual depth interviews and projective techniques are considered.
- Module 7 examines quantitative data collection including surveys, experiments and observation methods. Sources of error, dealing with non-response, panel/syndicated marketing research, and omnibus surveys are among the topics discussed.
- Module 8 looks at qualitative data analysis, including the tools and methods and more recent developments in social media analytics.
- Module 9 examines the various tools of quantitative data analysis. A wide range of statistical methods is examined. The module contains many traditional statistical and software applications for data analysis and therefore presupposes that the reader is familiar with statistics at an introductory level.
- Module 10 discusses the evaluation of research and reports and their presentation. Emphasis is placed on the use of information technology to help prepare and present good reports.
- Module 11 looks at a variety of examples of applied marketing research: product research, segmentation research, consumer research (including the Theory of Planned Behaviour), competition research and promotion research.
- Module 12 looks at marketing research settings including business-to-business, services research and research for internal marketing.
- Module 13 looks at global marketing research in an introductory way.
- Module 14 discusses marketing decision-support systems. Among the most interesting developments here are applications of neural network software as expert systems.
- Further case studies are included to promote thought on how marketing research as an entity can be applied in practice.

Tony Proctor, Steve Carter and Jane Priest.
Acknowledgments

We are grateful to the following for permission to reproduce copyright material:

Pitney Bowes Inc. for Exhibit 11.6; Zoe Cooper for an extract adapted from her MBA dissertation, Keele University; Lucy Double for an extract adapted from her MBA dissertation, Keele University 1991; Carol Fry for extracts adapted from her MBA dissertation, Keele University; Rene Spindler for an extract adapted from her MSc dissertation, Odense University 1991; and Rushuang Xiong for an extract adapted from their MBA dissertation, Keele University 1994.

We are also grateful to Jim Blythe for his case study contributions.

In some instances we have been unable to trace the owners of copyright material, and we would appreciate any information that would enable us to do so.
Module 1

The Nature of Marketing Insights

Contents
1.1 Introduction ............................................................................................. 1/2
1.2 Marketing Insights and Marketing Research: Definitions ................... 1/3
1.3 Marketing Research in Context ............................................................ 1/5
1.4 Categorising Marketing Research .......................................................... 1/10
1.5 Marketing Research, Decision Making and Strategy .......................... 1/15
1.6 Ethical Considerations in Marketing Research ..................................... 1/19
1.7 Marketing Insights, Marketing Research and the Internet............... 1/22
Learning Summary ......................................................................................... 1/24
Review Questions ........................................................................................... 1/24
Case Study 1.1: Independent Essex Motors ............................................... 1/27
Case Study 1.2: Agotar the Magician ........................................................... 1/28
Further Readings ............................................................................................ 1/29

Transforming Business Thinking Towards Research

Sport England is a public body that aims to increase the number of people doing sport and support those who have chosen sport as a career. In recent years, it has changed its strategic focus to these outcomes, rather than delivering outputs (for example, building a number of facilities). It realised that, to achieve this, it needed to understand more about why people act the way they do.

This was the impetus for establishing an ‘insight’ team, which includes a research, evaluation and analysis unit; a business engagement unit; a unit focusing uniquely on disability; and a behaviour-change expert. The organisation had always had a research function but it had mainly focused on evaluating investments. A key research activity was, however, Sport England’s Active People survey, which interviews 165,000 people every year to provide information on participation, club membership, competition involvement, coaching and satisfaction with sporting provision.

It emerged from the survey that significantly fewer women than men participated in sport. While this was a good start, the insight team wanted to know more about the ‘why’, not just the ‘what’ and it embarked on further research to better understand the problem, by investigating women’s values, their relationship with sport, their emotional barriers to participation, their patterns of behaviour and the importance of friendship groups. This included a huge amount of secondary research (Sport England is a Lottery fund distributor so has access to data from many investment projects).
The next step was getting a creative agency on board and, with a clearer idea of the issues, creative design followed smoothly. Sport England tested its new communications campaign, known as ‘This Girl Can’, using focus groups to refine the right terms to use and gauge women’s reactions. The cross-platform campaign was launched with the aim to inspire English women to get active. Around six months later, the video ad had had more than eight million YouTube views and although the focus had shifted to the evaluation of its impact, early signs for the campaign were very positive.

According to Sport England’s director of insight: ‘It’s absolutely transformed the way the business thinks and feels about research and insight – and also about evaluation, if I’m honest. We’ve moved to a world where colleagues are literally waiting for an evaluation report to land on my desk. They want it because they know it will help them to think about what to do next, as opposed to it being just a box-ticking exercise.’


Learning Objectives

After reading this module you should be able to:

- define marketing insights, marketing research and understand research philosophy and types of data;
- appreciate the major categories of marketing research including primary and secondary research;
- understand how marketing insights and marketing research relate to marketing decision making and strategy;
- understand the role played by insights and marketing research agencies and the kind of services they provide;
- be aware of the ethical issues involved in marketing research;
- appreciate the need for creativity in marketing research and be aware of how the Internet can be used.

1.1 Introduction

Marketing insights and marketing research aim to take some of the risk out of marketing decisions by providing information that can form part or all of the basis of decision making. It is applicable to all aspects of marketing-mix decisions and, like Sport England’s insight team, should be an integral part of the process of formulating marketing strategy.

Notice that from now on we are calling the course, and the subsequent relevant references, ‘Marketing Insights’ rather than just ‘Marketing Research’. This is not just to conform to the more modern phraseology but ‘Marketing Research’ is now viewed more as an ‘operation’ rather than a strategic vehicle. ‘Insights’ allows you to
look at many aspects of marketing and make strategic decisions based on that, just as Sport England decided to do. The way 'Insights' will be used strategically in marketing decision making is made clear by the applications in Module 11–Module 14. In Module 2–Module 9 we will be looking mainly at the 'operational' aspects of marketing research which provide the information on which strategic decisions will be made.

Marketing insights and marketing research can help in a variety of studies and makes use of both primary and secondary data sources. It can be conducted either in-house by a firm’s own staff or by outside research companies that specialise in marketing research activities. Outside research companies, or agencies, offer a wide range of services, ranging from off-the-peg studies to tailor-made studies to meet the needs of individual clients. As is the case with many other services involving obtaining information from firms and members of the public, ethical considerations are an important issue. In a rapidly changing environment the need to come up with new ideas is also extremely important; priority needs to be given to introducing creativity into marketing research and technological advances, including the Internet, have presented many opportunities for creativity.

Note that there are two core texts recommended as further reading for this course:


Appropriate readings from these two texts will be given in the Further Readings section at the end of each module.

### 1.2 Marketing Insights and Marketing Research: Definitions

According to Edward Appleton (Director Global Marketing with Happy Thinking People, a global qualitative consultancy):

> Insights looks to add richness to a topline opportunity (or threat for that matter), often putting forward a POV, evaluates, recommends, whereas research often is comfortable at a descriptive level. I think insights is looking to the Why/What next? and not just the What?1

As for the marketing research operation, Peter Chisnall2 points out that although the term ‘market research’ is now largely used as a synonym for ‘marketing research’ there was originally a distinct difference between the terms in the scope of the activities they covered. Some confusion has been caused by the term ‘market research’ being rather freely used to describe the full range of activities properly covered by marketing research. Chisnall notes, however, that market or marketing research is essentially about the disciplined collection and evaluation of specific data in order to help suppliers understand their customer needs better. Moreover, since decision making necessarily involves some element of risk, the collection and evaluation of such data should be used to reduce and control, to some degree, the parameters of risk surrounding particular marketing proposals.
Exhibit 1.1  Definitions of Market Research and Marketing Research

Market Research can be defined as the collection, analysis, reporting and communication of relevant existing internal and external data in order to aid the reduction of risk in management decision making. The emphasis is on existing data that is not related to a particular or 'special' problem. The market-research activity may result in the marketer initiating a special-problem research project. For example, routine sales data may reveal a dip in sales. The marketing manager may then commission a special-problem research project to investigate why the dip has happened.

Marketing Research is the term given to that special-problem research. It can be defined as the collection, analysis, reporting and communication of new data, internal or external. Marketing Research provides insights into customers and markets in order to reduce the risk in management decision making and improve marketing planning, performance, evaluation and control. The emphasis is on gathering additional data, not readily available internally or externally to the organisation, in order to aid in the understanding of marketing issues and in decision making.

Any definition of marketing insights and marketing research has to take account of the changing role of research in modern marketing. Marketing insights, through research, connect the consumer, the customer and the public to the marketer through the medium of information. As we saw in the Sport England case, this information is used to distinguish and define marketing opportunities and threats or problems (low sport participation, particularly among women, due to ‘emotional barriers’). It is also used to create, improve and assess marketing actions and to monitor marketing performance (the creation and evaluation of the ‘This Girl Can’ campaign). It also helps to improve understanding of marketing as a process (embedding research into organisational and marketing strategy with the ‘insight team’).

The operation of marketing research identifies the information required to address these issues. It comprises methods for collecting data, analysis of the data collected and its interpretation, and communication of the findings and their implications. It takes account of past experience, the present situation and the likely future so that marketing executives can make sound decisions. For Sport England, the result was a popular and successful campaign to help the organisation meet its strategic outcomes.

This definition of marketing research underlines the role of research in all phases of marketing, assisting and guiding the marketing efforts of the organisation (see Figure 1.1). Marketing research involves more than studies of specific problems or specific situations, for it prevents problems arising in the first place. There is a need for marketing research to be at the centre of decision making \(^3,4\) and it is here that ‘research’ informs an ‘insight’ (i.e., as Appleton puts it, ‘What to do next?’). It is a fact-finding and forecasting function that is used by all phases of marketing and even by other functional aspects of an organisation.
### 1.3 Marketing Research in Context

#### 1.3.1 Deductive and Inductive Strategies

Marketing research, a form of business research, does not exist in isolation; it’s embedded in the social sciences, such as sociology and psychology, which in turn inform the discipline of marketing. A researcher’s view of reality and how we can best understand it will greatly influence a research project. Broad theoretical perspectives such as ‘postmodernism’ can inform understanding in research, while specific theories that attempt to understand a particular aspect of social life can guide and frame research. On the one hand, theoretical ideas guide research but on the other, new theory can develop from research.⁵
The relationship between theory and research can be better understood by considering deductive and inductive strategies. Deductive reasoning means drawing a conclusion about the particular from the general. In a deductive study, the researcher would take what is known and develop a hypothesis, or proposed explanation, for testing. Inductive reasoning, in contrast, uses observation of the particular to make generalisable inferences. This can be helpfully summarised as:

- Deduction: theory → observations/findings;
- Induction: observations/findings → theory.6

Although the credibility of the premise could be questioned, the actual act of deductive reasoning is logically sound. However, induction is incomplete because the conclusion does not necessarily follow from repeated observations.7 In fact, there is mounting acceptance that all premises and conclusions have a degree of uncertainty8 and actually, research projects tend to involve elements of both approaches. For examples of deductive and inductive strategies used in research, see Exhibit 1.2.

Exhibit 1.2 Deductive and inductive strategies in practice

Datta, Foubert and Van Heerde (2015) were interested in how to retain customers acquired by free trials. Central to their deductive study was the expectation that the decision process to use and retain a service differed between free-trial and regular customers. The authors developed several hypotheses which were then tested using household panel data from a large TV provider:

- H1 Free-trial customers have a lower retention rate than regular customers even after the free trial expires.
- H2a The impact of usage of a flat-rate service on retention is greater for free-trial customers than for regular customers.
- H2b The impact of usage of a pay-per-use service on retention is greater for free-trial customers than for regular customers.
- H3a The impact of direct marketing on retention is greater for free-trial customers than for regular customers.
- H3b The impact of advertising on retention is greater for free-trial customers than for regular customers.

The study found that the average customer lifetime value of free-trial customers was 59 per cent lower than that of regular customers and that they rely more on marketing communication and their own usage behaviour when deciding whether to retain the service.

Üstüner and Holt (2010) employed an inductive approach to their research. They were interested in how status consumption operates among middle classes in less industrialised countries (LICs). They conducted in-depth interviews among a small sample of upper-middle-class women in Turkey to elicit personal stories about their consumption and identities. The findings were used to revise a famous model of status consumption and to propose a new theory specific to the LIC context.

1.3.2 Research Philosophy

All academic research is said to be grounded in a philosophical perspective. Easterby-Smith *et al.* provide a useful summary as to why a philosophical perspective to any research study is important. For example, it can help to clarify research design in terms of its overall configuration, what kind of evidence is gathered and from where, and how this can be interpreted to provide answers to the question(s) asked. It can help recognise which designs are likely to work and which will not, and also highlight the limitations of particular approaches. It can help the researcher identify research designs which may be outside his or her past experiences.

There continues, however, to be a great deal of debate among academic researchers around the most appropriate philosophical position from which methods of research should be derived. In this instance the competing schools of thought are often described as *positivist* and *phenomenological*. These schools of thought are perhaps best viewed as extremes on a continuum. Each school has its own set of assumptions and a range of methodological implications associated with its position. However, there is a danger of oversimplification if this distinction is taken too literally. It is important to recognise that rarely does any piece of research work fit neatly into a particular school of thought. Rather, a piece of research tends to subscribe to a particular school of thought.

The researcher’s ontological, epistemological and methodological premises can be termed a paradigm, or interpretive framework, that basically encompasses a set of beliefs that guide the research action. This comprises:

- **Ontology** – raises basic questions about the nature of reality. (It is concerned with assumptions about the kind of things there are in the world.)
- **Epistemology** – asks: how do we know the world? What is the relationship between the inquirer and the known? (It is concerned with how things can be made known to the researcher.)

Research methodologies will differ according to both their ontological and epistemological assumptions, though generally there are two types of research methodology:

- **Positivist**;
- **Phenomenological**.

These two types are the extreme ends of the research approach spectrum. There are ‘intermediate’ approaches like *Critical Realism*. 
### 1.3.2.1 Positivism

Positivism is a more dominant approach in natural science and is concerned with causal explanation such as patterns and regularities in events. As such, this is an important methodology in the social sciences and particularly in business research. Within a positivist methodology the ontological assumptions view the social world as an external environment, where definite structures affect people in similar ways, and where people understand and react to these structures in similar ways. The epistemological assumptions in this approach are that the researcher is independent of what is being researched and their role is to observe and measure social structures, hence it is more ‘scientific’ than phenomenology. A positivist approach is therefore deductive in nature – for example, taking a theory from literature and researching it to confirm or refute the proposition. Exhibit 1.3 offers what could be considered a ‘middle ground’ stance on positivism and the interpretivist methodology of phenomenology. Critical realists believe that there is a ‘reality out there’ and the best way to arrive at it is to consider current theory, conduct both qualitative and quantitative research and reflect on the findings in terms of how they add to current debate.

**Exhibit 1.3  Critical realism**

Critical realism has been referred to as a ‘powerful analytical device’. According to critical realists, an entity can exist without someone observing, knowing or constructing it. Critical realists accept that there is no theory-neutral observation, description or interpretation; whenever we reflect upon an entity or state of affairs our existing knowledge and understanding will influence our interpretation. For critical realists, an entity is said to be real if it has causal efficacy, that is, if it has an effect on behaviour and/or makes a difference (real entities are therefore not necessarily the same as material entities).


### 1.3.2.2 Phenomenology

Phenomenology is another way of seeing the world and approaching social research and, unlike the positivist approach, is an interpretivist methodology. The ontological assumption here is that people are not passive in simply responding to structures but instead reality is itself socially constructed. The epistemological assumption is
that the researcher interacts with the subjects of the research, and that his or her role is to understand people’s interpretation of events rather than the events themselves. The focus with this approach is to discover meaning rather than measurement. A phenomenological approach is therefore inductive in nature, as the investigation will guide the construction of a theory.

To fully understand the traditions of each school of thought, and its theoretical basis, is a significant field of study in its own right and is beyond the scope of this course. To gain a fuller appreciation of the theoretical foundations of each school of thought see Allison et al.,10 Bekesi11 and Embree.12

It is an important consideration that the research study and its findings are fully accepted by its target audience, if it is to have any actionable value. A positivist approach will help to overcome some of these reservations given that this approach is widely adopted in this environment as a means of research. Allison et al. argued that positivism and phenomenology are in fact complementary rather than incompatible, and that there are many similarities between the two schools of thought. Hannabuss,13 citing the work of Gummesson,14 provides a useful summary of the differences between a positivistic and a hermeneutic approach. The positivistic approach stresses rules by which we can explore and explain phenomena objectively, defining valid knowledge and inquiry in scientific terms. It focuses on description and explanation. There exist clear distinctions between facts and values, rationality and logic, statistical techniques and detachment, and explicit theories and hypotheses.

Academics agree that there is no research method which is the most appropriate for all research problems. Each research study has its own distinctiveness, assumptions, bias and degrees of usefulness. It is generally argued that the choice of research design imposes intellectual and practical constraints on a researcher in terms of reliability, validity and generalisability (issues that we will consider in later modules and in Module 5 in particular).15

The choice of research design also has implications for data collection, as quantitative data is usually favoured by those taking a positivist, deductive approach and qualitative data is usually deemed more suitable for interpretive, inductive approaches. We turn to these issues next.

1.3.3 Types of Data

Research can be clustered into qualitative and quantitative research.

Quantitative research produces numbers and figures – such as numbers and percentages of consumers who are aware of particular products or services. Qualitative research, on the other hand, provides data on why people behave the way they do – what motivates them – or on their impressions of products, services or advertisements. Both forms of research produce information on markets, competitors, distributors and consumers. For example, reports provide information on markets, their size, structure, key producers and distributors, their market share, trends and prices. They also provide information on behaviour, attitudes and intentions.
In the case of consumer research, retail audits measure market sales (week by week or day by day), competitor’s sales, market shares, prices, special offers and stock levels. Customer surveys use structured questionnaires to assess, among other things, customer attitudes, levels of awareness, intentions to purchase and actual purchases. Sport England’s survey, for example, gave quantitative data on the number of women participating in sport compared to men.

Qualitative research techniques, such as focus groups and in-depth interviews, obtain data on customers’ opinions, motivations, perceptions and reactions to marketing-mix variables and changes in the variables – just like Sport England’s attempt to use focus groups to gain views from the target audience about the campaign. Customer reactions to the marketing-mix variables can be observed and assessed by simulated test markets and real test markets. Consumer panels provide information on customer lifestyles, media habits and consumption patterns.

In the case of industrial or business goods, many of the same kinds of data are sought after, as in the case of consumer research. Research methods vary slightly but there are many commonalities between the two.

Qualitative and quantitative data have specific benefits and many researchers see advantages in using both approaches; using mixed methods in research can be a very legitimate way of conducting research, where the qualitative element of the design can either inform the quantitative element or be used as a ‘verification’ device for the quantitative survey results. For example, you may wish to research which brands of toothpaste people use and why. Qualitative research may be used to elicit the brands used and the ‘why’, which then can be used to inform a bigger quantitative survey. Mixed methods can also be referred to as triangulation, (i.e. where the use of both methods of research can act to ‘validate’ or ‘verify’ the results from one or the other method), and is something we shall come across throughout this text. Generally, triangulation in research is seen as a way of cross-checking results and making them more robust. For a further discussion on qualitative and quantitative research, see Section 6.1.

### 1.4 Categorising Marketing Research

Marketing research can be helpfully categorised in terms of how it is collected and its overall purpose. Marketing research has also developed into a number of broad domains covering the range of problems and decisions with which executives have to deal. These are indicated in Figure 1.3 and explored further below. In fact, all of these various domains may be researched concurrently and dynamically depending on the size and resources of the firm. In addition, technological advances such as cloud computing and the use of big data mean that these activities can be researched synergistically and ‘simulated’; for example, using sales simulations or product testing in a ‘lab’.
1.4.1 Primary and Secondary Research

Primary research is usually carried out for the specific use of a client company or even by the company itself. For example, Sport England undertook an annual survey to help understand sport participation and used focus groups to refine the design of its communications campaign.

Secondary research makes use of research already carried out by someone else for some other purpose. In the introductory case, Sport England examined data produced by the many sporting organisations it had funded.

1.4.2 Preliminary Research

Preliminary research is often necessary before a final statement and definition of a problem can be agreed upon. For example, someone may come up with an idea for a new service. Preliminary research may concern such matters as whether the market for such a service is regional or national, who would use the service, and what
substitute services people use. Answers to these kinds of questions can help to define the nature and scope of more complete research.

A review of earlier research may be helpful. It is possible, for example, that the suggestion put forward as an idea for a new service has been previously researched. There may even be already-published sources of information that can provide pertinent information. Government publications might mention the service, for example, or a trade publication may have mentioned it and even considered its use.

Sometimes, carrying out qualitative research to help a researcher generate and clarify hypotheses or hunches to be tested, is referred to as exploratory research.

1.4.3 Conclusive Research

Conjectures or hypotheses are developed in the preliminary research and in the course of defining the marketing problem. Conclusive research is carried out to produce evidence to support these hypotheses. In conducting conclusive research, a thorough search of already-published data is made. Fieldwork may also be conducted.

1.4.4 Performance Research

Performance research is concerned with assessing how well recommended marketing actions are being carried out and what benefits, in terms of objectives set, are being realised. Performance research monitors the effectiveness of marketing management. It questions the definition of the problem that has directed the work to date. It makes one review whether a new study is desirable because certain questions remain unsatisfactorily resolved.

1.4.5 Domains of Marketing Research

As we have said earlier, marketing research can give information which provides valuable marketing insights to inform a variety of strategic decision making, especially in the domains of the customer, the marketing mix and the marketing environment. Armed with such information, strategic decisions can be made on possible new segments to enter, product developments, direction of a promotion campaign and how to react to changes in the marketing environment.

1.4.5.1 Customer Marketing Research

Customer marketing research can produce quantitative facts about particular markets and market segments – for example, the size of the market both in terms of unit sales and value. Collecting these data over time allows one to identify trends and helps to predict future sales. Customer marketing research can also provide information on where customers are located, their spending patterns, earnings and their creditworthiness. It can explain why customers prefer one brand to another and what price they are willing to pay. Marketing research can provide information about market share of all the firms operating in a market or market segment. Customer marketing research therefore provides invaluable insight into potential gaps in the market and marketing opportunities. For example, recent research by
Nielsen found that although North America and Europe together account for 51 per cent of nappy sales around the world, the fastest growth was happening in developing markets, particularly Latin America. But despite holding great potential, some developing markets posed specific challenges. For example, in some countries nappies were often only used for special occasions outside the home.

1.4.5.2 Advertising and Promotion Research

Advertising research measures the success of advertising campaigns in relation to their objectives. It helps users of advertising in selecting the most appropriate promotional media and methods that are likely to produce the most effective results. Advertising research can provide information on which medium is most likely to reach the target audience for specific campaigns. It provides information about what messages are most likely to appeal to the target audience. Research also helps in the process of evaluating in advance the likely impact of a campaign by testing out advertisements on a limited scale. Through tracking studies the effectiveness of a campaign can be monitored at all stages of its implementation and give valuable insights into how effectively any element of the whole campaign is performing. Advertising research may be quantitative in nature, for example tracking online pay-per-click adverts using digital analytics, or highly qualitative, for example when Sport England tested its campaign among the target audience using focus groups.

1.4.5.3 Product Research

Product research helps to find additional uses for existing and potential products or services. It also helps, in the case of new product ideas, to test out the product concept with potential users and purchasers before the expensive process of product development. If a product concept is found to be sound and is then developed, product research can test the product out on potential users before the launch. This latter information can be used to remove any apparent design faults in a product. Product research helps to provide an effective assessment of the strengths and weaknesses of a product or service in comparison with competitors’ products or services. Research also provides information on the appropriate packaging of a product, helping to design it in such a way as to promote the image of the product (or service). As we will see in Exhibit 1.5, RSSL is an example of an organisation that offers comprehensive new product development services for several sectors, including food. It offers, for instance, nutritional enhancement, ingredient evaluation, taste optimising and preparation of samples and pilot studies.

1.4.5.4 Distribution Research

Research can help find the best channels of distribution for a product and help in the selection of distribution channel members. With regard to physical distribution, research indicates the best sites for warehouse and retail locations. As we will see in Exhibit 1.4, recent research conducted by Nielsen found that e-commerce was the fastest growing distribution channel for pet food, but in Germany speciality pet-food retailers are soaring.
1.4.5.5 Sales Research

Sales research helps to assess and measure the effectiveness of different methods or techniques of selling. It helps to ensure that sales patches are roughly equivalent in size so that sales staff are not unfairly discriminated against when it comes to setting sales targets. Sales research provides information on the suitability of remuneration methods and levels for motivating the salesforce. Research is also concerned with sales training and can provide extensive feedback on the quality of sales presentations made by sales staff.

1.4.5.6 Marketing Environment

This division of marketing research examines the political, economic, social and technological influences which may have an impact on a firm’s marketing operations.

In the case of the political aspect of the environment, changes in government can affect trading conditions and these need to be anticipated on a worldwide basis. Clearly, the economic climate within which a business operates exerts an effect. These effects may be temporary or more permanent. Attention has to be given to such influences when planning, and research helps to assess the impact of political and economic factors.

Social influences can also have a substantial impact on some businesses. Explosions or declines in population directly influence the demand for certain goods, as do other societal shifts. For example, recent research by Ipsos indicates that for the first time ever, the affluent population of the United States has more Generation Xers (aged 34–50) than Baby Boomers (aged 51–69), signalling a significant generational shift and opportunities for segmentation, targeting and positioning.\(^{19}\)

Technological influences can have a sudden and dramatic impact on the fortunes of a business. A sudden technological breakthrough can make currently successful products and processes obsolete in a very short space of time. Research can monitor technological progress and provide advance notice of new developments.

For an example of the sort of insight that might be generated by considering various divisions of marketing research in tandem, see Exhibit 1.4.

Exhibit 1.4 Furry friends

In a mature and competitive industry such as the pet food industry, where do opportunities lie? Global marketing research firm Nielsen, which studies buying trends and media habits of consumers in 47 European markets, and across more than 100 countries worldwide, recently examined the global pet food category. Even during difficult economic times, global pet food sales have been steadily growing. North America and Europe account for more than half of the world’s pet food sales, but growth is particularly fast in Latin America and Eastern Europe, and e-commerce represents the fastest-growing distribution channel.

1.5 **Marketing Research, Decision Making and Strategy**

There are elements of uncertainty and risk attached to all business decisions and the main difficulty is how to reduce the risk involved in the choices that are made. Common sense suggests that the availability of good information reduces the risk. After all, having perfect information all the time would make the job of exercising choice much easier since there would be no risk in making marketing decisions. Answers to such questions as how much to spend on advertising and what message should be contained in the advertising would always be known.

The first step in the decision-making process is the identification of needed information. Incorrect specification of requirements will provide only useless information, so it is necessary to ensure that the specification is correct. Poor or misleading information not only costs time and money but also generates confusion, chaos and badly informed decisions. Marketers must determine what information is needed to make a particular decision. Next, consideration has to be given to whether the information can be obtained within a reasonable time and at a reasonable cost, and whether the organisation can afford to spend both the time and the money to obtain it. As we shall see in Module 2, a trade-off must always be made between the thoroughness and accuracy of decision making versus the financial cost and time involved.

Information used in the right way can be a powerful aid to marketing. A competitive advantage can be achieved with the help of accurate, relevant information since it helps marketers make better decisions. Inaccurate, irrelevant information is both misleading and dangerous.

1.5.1 **Planning Marketing Research**

Marketing strategy involves implementing well-thought-out plans. The plans themselves should involve a sequence of soundly informed and executed steps. Much of the information used as a basis for the planning can be provided by marketing research. Here is a simplified list of the steps involved in planning:

1. Establishing company goals, assessing how the firm has departed from these goals in the past and deciding what the company is to do in the future.
2. Deciding which products or services best contribute to the likely attainment of these goals now and in the future.
3. Deciding on the target segment and market now and in the future.
4. Establishing the minimum market share required for specific products or services to produce a satisfactory profit and return on investment. The firm may also have qualitative measures like ‘image position’.
5. Determining a pricing strategy that will best lead to the required profit and return on investment.
6. Forecasting sales demand over the planning horizon.
7. Deciding on the best distribution channels to produce continuous satisfactory sales and profits.
8. Deciding on the best promotional strategy to produce the desired sales and profits and qualitative success (e.g. image).
9. Anticipating problems that may arise as these decisions are implemented and setting out contingency plans to meet any of the anticipated problems.

10. Monitoring the market environment in order to react to changes in it that may affect the market, product and/or service.

1.5.2 Deciding Who Should Do the Research

Research may be undertaken by a firm’s own research staff alone, it may be given to an outside agency to perform, or a combination of both of these options may be used. Where both an outside agency and internal personnel undertake research on the same problem, consultation between the outside agency and internal personnel is essential. Handing over a complex study completely to an outside firm can be fraught with problems. On the other hand, allowing internal personnel to have too much of an input may prevent new and useful insights emerging. The research proposal should identify who should do what.

Where company personnel are used in the research, even though a competent agency has been hired, there are several advantages to be gained. Using people from departments that will be affected by the study will help ‘sell’ the results. Using company personnel can also direct and redirect the progress of the study into the most useful and profitable areas. Using people from departments other than marketing will educate them about the ways and benefits of marketing research.

1.5.3 Need for Assistance from Outside Research Organisations

In recent years there has been a trend towards using outside suppliers. This has probably occurred because of the more complex and sophisticated research techniques that have recently been developed and the fact that people in organisations do not usually have the necessary skills for these techniques. Computerisation has produced ways of finding and analysing information that could not have been dreamed of only a few years ago. While computers have been adopted almost universally, their use for marketing research has developed as a specialised field of knowledge and few firms have developed this expertise for themselves. Companies are also reducing their middle and top management staff. For financial reasons, many companies believe that an outside research firm can perform marketing research better and more cheaply than the companies’ own personnel. Because of the wealth of information now available to clients on a continuing basis from agencies that specialise in gathering, analysing and reporting information, it is too costly and time-consuming for any single company to attempt to collect such information itself. The use of outside firms is desirable when confidentiality is of paramount importance. This is very important where knowledge of the company and its products has an effect on the responses given by subjects participating in the research.

1.5.3.1 Specialisation

Outside research firms tend to specialise in one or more forms of research assistance, and relatively few firms offer all methods with equal expertise. Firms may specialise in data collection methods (for instance, mail surveys, personal interview
studies or mobile communications as a tool for data collection). Firms may also focus on areas of research such as consumer behaviour, social marketing and behaviour change or advertising research, or offer access to specific audiences (such as panels of consumers, healthcare professionals or members of parliament).

### 1.5.3.2 Types of Research Available

A number of types of marketing research are offered by specialist agencies:

- **Custom-designed studies.** These studies are designed to meet the specific needs of the buyer.
- **Syndicated studies.** These are ongoing surveys conducted continuously or periodically, using the same basic data, that are reported separately to multiple clients. The reports can be adjusted to meet the needs of the client. An example of a syndicated service firm is Nielsen. Syndicated research firms can provide excellent information. For example, a producer of consumer packaged goods – inexpensive items that are branded, packaged and sold via self-service in grocery stores, mass-merchandise outlets and other retail stores – may subscribe to Nielsen’s retail research services in order to get a variety of information about its brands and their comparative competitive performance with other brands.
- **Standardised studies.** These are studies based on a method of doing things (usually a unique method) such as copy testing, simulated test marketing, or setting up a consumer panel or an omnibus study. Special equipment or facilities may be a built-in part of the service. For example, Nielsen runs consumer panel studies (something we explore in more detail in Module 2).

Outside agencies offering research may be categorised according to their type and location, too.

### 1.5.3.3 Local Firms Offering Special Types of Assistance

These firms may specialise in interviewing, mall intercepts, telephone research, etc. They may take on special local assignments for large, nationwide research companies. Such firms often offer facilities for focus and other types of research groups and may handle research other than their specialities.

### 1.5.3.4 National and International Research Firms

Agencies of this kind may be able to do almost all forms of marketing research. The companies often offer consulting in marketing and even general management. They also may offer computer-based information for use in databases, marketing strategy decisions and the like.

### 1.5.3.5 Consultants in Various Specialities

These firms may consult and advise about packaging, advertising and personnel problems. They also may offer to do some research relating to their specialities. These firms may have a major field of interest, such as engineering, electronics or, as we see in Exhibit 1.5, pharmaceuticals. The research offered by consultants can include necessary outside studies, both marketing and technical.
1.5.4 Selecting an Outside Research Firm

When selecting an outside research service, the buyer must think not only of the dependability of the research method offered, but also whether the research firm is likely to stay in business. For services with standardised procedures, the crucial element is whether the concept of the procedure selected can produce the information deemed necessary. Quality of work is important but the probability is that a research firm would not still be in business if the quality of its work were poor.

In selecting an outside agency account should be taken of the degree to which an in-depth knowledge of the employing company and its field is required and the agency’s skill in the type of study to be undertaken. An outside agency often needs some weeks of training or instruction about the company and its marketing problems before it can understand what the client requires.

1.5.4.1 Steps in Choosing a Research Firm

Some basic steps in choosing a research firm are outlined below:

- Check sources for finding names of research companies.
- Compile a list of firms and decide on two or three that appear to be the most promising.
- Contact the research firm in writing, giving as full a description as possible of the problem.
- Arrange an interview with the research firm, preferably in its office.
- Find out more about the research supplier and about its previous clients.
- Explore how the research firm prefers to work with clients.
- Ask for a written proposal.
- Come to a clear understanding that further discussions may change the proposal in some ways.
- Agree about who will be the prime contacts between client and researcher.
- Make it clear to a firm submitting a proposal that proposals from other firms are also being considered when this is the case.

1.5.4.2 Evaluating the Proposals

In evaluating proposals, the following factors are worth consideration:

- Whether the proposal shows an understanding of the problem and its marketing implications.
- The nature of the organisation undertaking the research and the skills the researchers possess.
- Whether the total price is reasonable and acceptable. Whether there are large price differences among different proposals and, if so, whether they signal different assumptions by different firms.
- Whether the proposal contains a procedure for changes if they are required and whether this procedure is acceptable to the client.
• The terms and conditions of the research should be considered, as well as any ethical/legal/contractual obligations.

1.6 Ethical Considerations in Marketing Research

Coinciding with the rise of consumerism and equal rights legislation, people have become more assertive of their rights, especially in the marketplace. An increased concern for privacy, a reluctance to be used as guinea pigs for new products and an increased reluctance to accept research claims for new products in advertisements characterise the new outlook of many consumers.

In applying the term ‘ethics’ to marketing research, it is assumed that ethics involves the assessment of an action in terms of that action being morally right or wrong. Each society possesses standards to which it expects its members to adhere. Sometimes, these standards are quite precise and there is little dispute about their meaning. At other times, however, these standards are quite general and can be interpreted in different ways. The area of greatest concern is marketing researchers’ treatment of participants. The abuses that arise in this area tend to fall into three broad categories: invasion of privacy, deceptive practices and impositions (see Figure 1.4).

1.6.1 Invasion of Privacy

Invasion of privacy is not an issue that is unique to marketing research. It also occurs in many other aspects of business and has heightened people’s sensitivity to the privacy issue. However, actually defining when a person’s privacy is invaded may be difficult. For example, is observing the actions of a shopper in a supermarket an invasion of their privacy? Is questioning a person about their income, product use or future purchase plans an invasion of privacy?

Up to the present, it has been felt that observing a person’s public actions (e.g. shopping in a supermarket) does not infringe on their privacy. It is also maintained that information willingly provided by respondents in a survey does not constitute an invasion of privacy, since the person’s participation implies their consent. However, questions are currently being raised about whether many respondents in surveys appreciate when they are in situations where they must provide information
(as in government-commissioned health surveys of a country’s population) and when they are in situations where they have a real choice of whether to provide information. Since there is no widely acceptable definition of privacy, the invasion of privacy issue is of considerable concern for marketing researchers. This concern extends to online companies too, which are under increasing scrutiny for passing client data on to other organisations.

1.6.2 Deceptive Practices

It is a deceptive practice when a researcher misrepresents the purpose of the research, its sponsorship, its promises of anonymity, the amount of time required to participate in the research, or inducement for participating in it. Perhaps the most notorious deception is obtaining a sales pitch under the guise of marketing research.

An operational definition of deception in marketing research may be difficult to make with absolute precision. A code of ethics should, however, clarify what actions might be considered acceptable practice.

1.6.3 Impositions on Respondents

Here we are looking at actions by researchers that show a lack of concern for the participants. Under this heading are such actions as contacting respondents at inconvenient times, wasting participants’ time because of inappropriate research, and poorly prepared interviews.

Ethics are also involved in the type of marketing research carried out and/or whether it is carried out in an ethically correct manner. When the research involves the testing of products which might have potentially dangerous side effects on consumers, considerable care has to be taken to ensure that procedures adopted are ethically acceptable and that they are not open to criticism (see Exhibit 1.5).

1.6.4 Researchers’ Obligations to Clients

As well as ethical obligations to respondents, researchers have obligations to their clients. Among the obligations are:

- The methods used and the results obtained must be accurately represented.
- The client’s identity as well as the information obtained must be held in confidence.
- Research should not be undertaken for competition if such research will jeopardise the confidential nature of the client–researcher relationship.

1.6.4.1 ICC/ESOMAR Code

This is a professional code of practice for marketing researchers, published by the European Society for Opinion and Marketing Research (ESOMAR). The code is based on key fundamentals such as:

- marketing researchers shall conform to all relevant laws;
- behave ethically;
- take special care when carrying out research among children and young people;
• provide adequate and accurate information; and
• respect respondents’ right to privacy and voluntary participation.20

1.6.5 Data Protection Act

The Data Protection Act 1998 sets out a system of registration for all users of personal data covered by the Act – data user’s name and address, description of personal data held, purpose for which the data are held, description of sources from which the data are derived, description of people to whom the data may be disclosed, names of places outside the UK to where the data may be sent, and an address for the receipt of requests from data subjects who wish to have access to the data. The definition of data now includes all manual and electronic records – including video recordings and group discussions. There is now specific reference to sensitive personal data – information carried regarding racial or ethnic origin, political opinions, religious or other similar beliefs, physical or mental health, sex life, and criminal convictions or proceedings. Conditions are laid down under which sensitive personal data may be lawfully processed.

The 1998 Act introduced a system of notification to the Information Commissioner’s Office. The Information Commissioner keeps a register of all organisations that are required to notify him about their information-processing activities. It should be noted that it is against the law to hold or use any data in a way that is inconsistent with the registered entry. Registered entries are valid for specific periods and changes have to be recorded officially.

The 1998 Act is concerned with individuals, not corporate bodies, and does not refer to the processing of data by manual means. Useful guides to the Data Protection Act are available from the Information Commissioner’s Office (https://ico.org.uk).

Exhibit 1.5 Ethical considerations in taste-testing with drugs

Over-the-counter medicines are becoming more important to pharmaceutical firms. Manufacturers can increase sales and market share by improving the appeal of their products to consumers. There is an increase in research activities into the reformulation of products to achieve better taste characteristics and subsequent testing with consumers to investigate preference or prove claims made about taste.

This type of research produces ethical concerns since many of the products tested contain active drugs. However, the issues involved in showing that one product is preferred to another in terms of taste are completely different from clinical trial issues.

Reading Scientific Services Ltd (RSSL) is a multidisciplinary scientific consultancy providing research and analytical services to the food, drink, consumer goods, pharmaceutical, biopharmaceutical and healthcare sectors. It has expertise in pharmaceutical analysis including sensory evaluation and consumer research. For example, one of the services RSSL offers is development and optimisation of
pharmaceuticals by helping clients improve the taste of pharmaceutical, herbal or dietary supplement products.

Given this is an ethically sensitive area, RSSL must take important precautions such as ensuring consumers give their ‘informed consent’ to take part in such research and interviewers must explicitly inform respondents of any restrictions or exclusions. In addition, RSSL’s website clearly states its Terms & Conditions of supply of ‘Product and Ingredient Innovation Services’, including detail on how clients must comply with all relevant legislation, provide all relevant safety data and ensure that samples are supplied in appropriate packaging.


1.7 Marketing Insights, Marketing Research and the Internet

We live in a world that is undergoing continuous and rapid change. Situations are regularly encountered that have not previously arisen. Technology, competition, changes in social values, new expectations of customers, economic upheaval and all the other kinds of changes that can occur in the business environment produce new problems for management. Solutions to such problems often require insight that traditional, well-used problem-solving techniques are unable to provide. Under such circumstances the need for creative problem solving assumes a greater importance than ever before. Information is a vital ingredient in a firm’s recipe for success and technology in general, and the Internet in particular, is enabling researchers to harness information in new and creative ways.

The Internet has remarkable potential as a tool for marketing insights and marketing research. First, it facilitates data collection. Researchers can conduct online surveys by placing self-completion questionnaires on websites or emailing them to respondents. Internet companies such as Surveymonkey.com enable customisable survey design with back-end programs for data analysis. Researchers can conduct focus groups online, for example using conferencing software, or conduct interviews online using email or video chat software such as Skype.

The Internet makes conducting primary marketing research much less expensive than traditional media. Researchers can reach large numbers of people, globally, quickly and easily. Such research can, however, only really be exploratory. In using the Internet for collecting data and information, the scope of the sampling frame is restricted to those members of the Internet community who agree to respond. It has to be borne in mind that the demographics of users of the Internet are different from the general population. Results from Internet marketing research should not usually be generalised to the entire population. However, as more and more households gain access to the Internet this is a problem which may resolve itself.

In recognition of the advantages of Internet research, a new form of research has rapidly gained acceptance: netnography. Ethnography, something we explore in Module 6, is a method of research which seeks to explore people and culture using
immersive methods such as participant observation. With netnography, the researcher immerses his or her self in virtual communities, such as discussion groups or gamespaces, participating and/or observing, or using other techniques to naturally gain insight into thoughts, attitudes, lifestyles and behaviour.

Indeed, the Internet provides access to vast amounts of consumer information on a global scale. Organisations can monitor what consumers are saying in social media (such as Twitter and Facebook), on blogs (such as moneysavingexpert.com), on discussion forums (such as babycentre.com), on corporate websites (such as redbull.com) and use such information to gain valuable consumer insight. As technology has become such a large part of our lives, our lives have become more trackable. Marketers now have vast amounts of data at their fingertips from Internet browsing history, website analytics, social media, mobile phone apps, GPS signals, weather data, credit cards, store cards and in-store tracking technology, which can all be interrogated to inform marketing.

Big data can be defined as the search for commercially valuable insight hidden in repositories of data. Exploring big data can help organisations forecast sales, measure the effectiveness of online marketing campaigns, create better store layouts and merchandise displays; the possibilities are seemingly endless and yet, many marketers do not embrace them. Big data can present various challenges for marketers from working with technology-minded scientists, to knowing how to navigate vast amounts of data by asking the right questions, to understanding data protection regulations. Controversy also arises around finding correlation over causation in big data. Data patterns might reveal that more burgers are sold in hot weather, but is this just a coincidence? And if not, why are more sold?

Although the Internet and technology present new challenges in marketing research, the opportunities are enormous, as will become apparent throughout this course. Even wider technological advances are changing the face of marketing research. For example, advances in brain-imaging techniques now enable researchers to directly observe reactions within the brain and therefore gain insight into consumers’ reactions to marketing stimuli; a form of research known as neuromarketing. In-store tracking devices have become ever more sophisticated, enabling marketers to better analyse consumer behaviour and all this information can be stored virtually, so it can be accessed anywhere at any time, thanks to cloud computing.

For an example of how one company has capitalised on technological advances in research, see Exhibit 1.6.

**Exhibit 1.6 World Bank and Text to Change**

Text to Change (TTC) is an organisation that collects data and runs social marketing campaigns in emerging markets using mobile phone technology. The idea was sparked by the explosive growth of mobile technology in Africa; the founders realised that by capitalising on this trend they could reach millions of people who were traditionally hard to reach. TTC’s research and social marketing solutions are scalable, measurable and cost-effective. For example, TTC recently worked with the World Bank to help evaluate the outcomes of intra-regional trade commitments in Africa. Data was to be collected from on-the-
ground target groups – the beneficiaries of World Bank development programmes. Using a combination of SMS, call centre and smartphone apps for data collection, TTC conducted surveys among 68 target groups in healthcare, education and agriculture, collecting data from 11 different Sub-Saharan African countries in less than six months.


Learning Summary

This module has explored how marketing research can take some of the risk out of marketing decision making by providing information that can contribute to sound marketing decision making via marketing insights. This may be achieved in all elements of the marketing mix and, through involvement in problem formulation and solution finding, marketing research becomes an integral part of the process of formulating marketing strategy. Marketing research can perform a variety of studies and makes use of both primary and secondary data sources. It can be applied either in-house or by marketing research companies that specialise in this form of consultancy. The latter offer a wide range of services, from off-the-peg studies to tailor-made studies to meet the needs of individual clients. Like many other services involving the generation of confidential information and reports, ethical considerations are an important issue and need to be fully explored. New ways of asking questions pose challenges for marketing researchers and the introduction of creativity into marketing research is paramount.

Review Questions

Content Questions

1.1 How would you define marketing insights and marketing research?

1.2 What is meant by deductive and inductive strategies?

1.3 What is meant by the following terms?
   a. Preliminary research.
   b. Conclusive research.
   c. Performance research.

1.4 What are the main domains of marketing research?

1.5 Discuss how marketing research is part of marketing strategy.

1.6 When might it be desirable to use outside marketing research services as opposed to doing research in-house?
1.7 What factors should be taken into account when selecting an outside agency?

1.8 How should a marketing research proposal be evaluated?

1.9 What are the ethical considerations that should be taken into account in marketing research?

1.10 How is the Internet affecting the marketing research industry?

**Multiple-Choice Questions**

1.11 Have a look at these two statements.
   I. Marketing research is applicable to all aspects of the marketing mix.
   II. Marketing research is important in formulating marketing strategy.
   Now choose the correct option.
   A. Only statement I is true.
   B. Only statement II is true.
   C. Statements I and II are true.
   D. Neither statement is true.

1.12 What is the name for a more dominant approach to research used in natural science and concerned with causal explanations of patterns and regularities in events?
   A. Relativism.
   B. Positivism.
   C. Critical realism.
   D. None of the other options.

1.13 Have a look at these two statements:
   I. Research can be categorised as primary and secondary.
   II. Research can be categorised as qualitative and quantitative.
   Now choose the correct option.
   A. Only statement I is true.
   B. Only statement II is true.
   C. Statements I and II are true.
   D. Neither statement is true.

1.14 What kind of research may help to define a problem?
   A. Conclusive research.
   B. Performance research.
   C. Quantitative research.
   D. Preliminary research.
1.15 What kind of research investigates recommended marketing actions to see how successfully they are being carried out?
   A. Conclusive research.
   B. Performance research.
   C. Quantitative research.
   D. Preliminary research.

1.16 What kind of research gives information on market size?
   A. Distribution research.
   B. Product research.
   C. Advertising and promotion research.
   D. Customer research.

1.17 What kind of research gives information on the brand shares of competitors?
   A. Distribution research.
   B. Product research.
   C. Advertising and promotion research.
   D. Customer research.

1.18 Market environment research gives information on all the following aspects except one. Which one?
   A. Political environment.
   B. Economic climate.
   C. Technological developments.
   D. Market size.

1.19 Which type of marketing research offered by specialist agencies describes studies to meet specific needs of the buyer?
   A. Secondary research.
   B. Standardised studies.
   C. Custom-designed studies.
   D. Syndicated studies.

1.20 What ethical consideration is raised when a researcher asks a person to reveal their annual income?
   A. Impositions.
   B. Deceptive practices.
   C. Invasion of privacy.
   D. Equal rights
1.21 Have a look at these two statements.
   I. A researcher’s obligations to their clients include accurate representation of the methods and results.
   II. A researcher’s obligations to their clients include maintaining the confidentiality of confidential information.
   Now choose the correct option.
   A. Only statement I is true.
   B. Only statement II is true.
   C. Statements I and II are true.
   D. Neither statement is true.

1.22 Is the use of computer-assisted techniques in data collection likely to increase or decrease? Compared with traditional research, is computer-assisted research more expensive or less expensive?
   A. Increase, more expensive.
   B. Decrease, more expensive.
   C. Increase, less expensive.
   D. Decrease, less expensive.

Case Study 1.1: Independent Essex Motors

Independent Essex Motors came back from the verge of extinction when three businessmen bought the British company from administrators for an undisclosed sum that is thought to be less than £500 000.

The three businessmen intend to increase production of its three-wheeler Wheelspin to 30 cars a week and plan to introduce a three-wheeler pick-up truck and city delivery vehicle. The factory in Essex, currently employing 10 workers, has 50 cars to complete before production restarts. Before lay-offs began the company employed 110 people and the new owners hope to re-hire up to 90.

It’s their intention that the Wheelspin would remain the core of the business although Independent did plan to expand into sports car production, albeit using four wheels per car. The new sports car would be priced around £18 000, some three times the price of the Wheelspin.

The Wheelspin

Performance
- Top speed: in excess of 70 miles an hour
- Acceleration: 0–60 mph in 14 seconds
- Production: more than 44 000 current runners
- Fuel consumption: 72.5 mpg at 56 mph
- Standard equipment on top-range models: radio, instrumentation including clock
- Price: from £6000

Market
The new owners said that the Wheelspin appealed to motorists who wanted a simple vehicle that would not rust. Independent owners are typically over 40 years old, often prefer the DIY approach and are often former motorcyclists who have concluded that
some protection on the road was better than none. Some 70 per cent of sales are top-of-the-range models that have more instruments than the basic model and a heated rear window. A consortium of Far East businessmen has already secured the rights to produce the cars outside Britain.


Discuss the value of marketing research in these circumstances.

Case Study 1.2: Agotar the Magician

John was an amateur magician, doing the circuit of small clubs and home parties in the North of England. On a show in one such house party, he met Mary, an art graduate and, after a wonderful courtship, they eventually married. Mary was a teacher by profession but always wanted to start her own business. John was making a living of sorts but both realised that they were not earning enough to start a family and have a comfortable life. So they both sat down one evening and decided to combine their talents and form their own business.

John had an idea. He decided to design and market a box of magic tricks for children. But Mary suggested that, as there were a number of these on the market, a box of tricks was not enough; they needed to create a ‘persona’ so that the child who bought the box could imagine that they had become the actual magician performing the tricks. So Mary, with her designer’s mind, decided to set about designing a set of magician’s clothes to go with the box, a complete magic kit. Although the box and the clothes would sell separately, she realised that ‘cross-selling’ would become a lucrative business with the children. Parents could ‘build up’ the magician’s kit piece by piece, the box of tricks, say for the child’s birthday, and then the magician’s clothes for another landmark event.

John set about making up the box of tricks and instructions and Mary designed the clothes. She found a willing group of home parents who were only too delighted to make a bit of extra money by sewing up the clothes. Both John and Mary provided the artwork for the box of tricks and found an online company which would make up the box for a relatively small price. Soon the couple were ready to launch the concept and make it into a commercial reality. They had no idea what demand for the products may be, or what price to charge. They decided to take a ‘cost plus’ approach to pricing. Now all that remained was the name of the magician and after a lot of soul-searching they decided on the name ‘Agotar’, a suitably mysterious and imposing name. They made up a few boxes and clothes and being rather naïve on how to market the concept and the kits, they persuaded a toy shop in their local market to stock a few kits. To their surprise, the kits sold out in a few short weeks and the toy shop was asking for a lot more stock. When asked who bought the kits, the toy shop owner said it was mainly parents but only after being ‘pestered’ by their child. John and Mary were buzzing with excitement. What to do next?

How might John and Mary have benefited from doing some marketing research before the launch of Agotar the Magician?
2 How might John and Mary use marketing research in the future?

Further Readings

Bryman and Bell, Chapters 1, 2, 26 and 27.
Kumar, Chapters 1, 2 and 3.

References


23. The Marketer CIM magazine (2013). *Big data – science fact or fantasy?*