



1

Introduction to marketing research



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



Objectives

After reading this chapter, you should be able to:

- 1 understand the nature and scope of marketing research and its role in supporting the design and implementation of successful marketing decisions;
- 2 describe a conceptual framework for conducting marketing research as well as the steps of the marketing research process;
- 3 distinguish between problem identification and problem-solving marketing research;
- 4 appreciate the relative importance of marketing research in countries throughout the world;
- 5 understand the types and roles of research suppliers, including internal and external, full-service and limited-service suppliers;
- 6 understand why some marketers may be sceptical of the value of marketing research;
- 7 appreciate the demands for marketing researchers to supplement their technical research skills with managerial skills;
- 8 appreciate the complexities involved in international marketing research;
- 9 understand the basis of ethical aspects of marketing research and the responsibilities that marketing research stakeholders have to themselves, each other and to the research project;
- 10 appreciate the potential opportunities and threats of the Internet to marketing researchers.

STAGE 1
Problem definition

STAGE 2
Research approach developed

STAGE 3
Research design developed

STAGE 4
Fieldwork or data collection

STAGE 5
Data preparation and analysis

STAGE 6
Report preparation and presentation

Overview



Marketing research comprises one of the most important and fascinating facets of marketing. In this chapter, we describe the nature and scope of marketing research, emphasising its role of supporting marketing decision making, and provide several real-life examples to illustrate the basic concepts of marketing research. We give a formal definition of marketing research and show how this links to a six-stage description of the marketing research process. This description is extended to illustrate many of the interconnected activities in the marketing research process. We then subdivide marketing research into two areas: problem identification and problem-solving research. The extent and growth rates of marketing research expenditure throughout the world are then presented followed by an overview of marketing research suppliers and services.

There are many successful marketing decisions that have been founded upon sound marketing research; however marketing research does not replace decision making. The limitations of marketing research are established and these lead on to the growing demands upon the marketing research industry to produce research findings that are actionable and relevant to marketing decision makers. Many individual examples will be presented to illustrate the managerial challenges of making marketing research actionable and relevant, but beyond these individual examples we showcase the exciting work of Sports Marketing Surveys. This independent marketing research agency has specialised in the sponsorship and sports industry over the past 20 years. The sports industry and many sponsorship deals are often multi-country in their reach and activity, and to meet these challenges Sports Marketing Surveys has the capability of working and reporting on a worldwide basis, in over 200 countries for events such as the Olympic Games and the Football World Cup. Work from four projects conducted by Sports Marketing Surveys will be used as running examples throughout this book.

The topic of international marketing research is introduced. International marketing research will be discussed systematically in subsequent chapters and will be tackled in a dedicated chapter.

The ethical aspects of marketing research and the responsibilities that marketing research stakeholders have to themselves, to each other and to the research project are presented and developed in more detail throughout the text.

Finally, a general introduction to the use of the Internet in the marketing research industry is made. Specific issues relating to the impact of the Internet and computers will be developed throughout the text.

What does marketing research encompass?



The term 'marketing research' is broad in meaning. This breadth will be explored and illustrated throughout this chapter. What will become apparent is that it is related to supporting marketing decision making in many ways. The following example illustrates the variety of marketing research techniques used at Royal Ahold and the role of marketing research in supporting decision-makers.

Example**Listening to the customer – research at Royal Ahold¹**

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

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

- Produces economic analyses and forecasts. It does this by gathering secondary data and intelligence that give it an understanding of retail developments, competitive threats and market changes.
- Uses and contributes to audit data from A.C. Nielsen to obtain global data about developments in their markets.
- Sees its stores as a major 'market research laboratory' to study customers. It knows when they come in, how often and what they buy. Fundamental to these observations is the use of scanner systems and loyalty cards.
- Uses focus groups as a major source of information about how customers and non-customers feel. It insists that management teams watch and listen to these discussions.
- Uses observation approaches to watch how customers behave in store, using protocol tapes (where people think aloud about the purchases they are making).
- Selects some researchers to supply raw data, where it performs its own analyses and interpretations, whilst in other projects it uses specialised strategic input from researchers to provide added value.
- Shares its best practices and know-how. It has an electronic market research platform where researchers discuss their projects and any problems they have. For example, if a successful approach has been used in the Netherlands, they can consider using it in the USA.
- Circulates a digest to the Corporate Executive Board and management teams all over the world. *Market Research Findings* is issued twice a year, giving details of important papers, articles and reports on retail research from inside or outside the Ahold company.

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

Researchers are backroom consultants. I see the market researcher as a philosopher who can take a critical view of the internal and external world. The researcher can act as 'the serious fool' to the court. The Board takes on our ideas and our language, but the market researcher is not the spokesman for the company. They are listeners and interpreters.¹

The use of a variety of techniques is vital to support a variety of key marketing decisions. The following two examples from Philips and the Nordea Bank illustrate how integral marketing research can be to sound decision making.

Example**Research is integral to marketing at Philips²**

A few years ago, Philips Consumer Electronics determined that the market for traditional personal audio was diminishing. Its researchers looked into what the key needs and drivers of teenagers were and came up with concepts such as adaptability, choice flexibility, sharing experiences and spontaneity. They selected a few of these as a basis for their designers to start developing products. They also meticulously identified the value proposition they wanted to offer with new products coming out of the designer pipeline. Subsequently, when a product was presented during the trial phase, Philips let the researchers determine, through qualitative research, what the consumer saw as the primary benefits and concerns



of the product. Philips wanted to identify exactly why it would make a product, for whom it would make it and how it would be differentiated from other products. After Philips had decided to go to market with these products (a series of very small portable MP3 players/cameras that fit on a key ring), it again turned to its researchers to test the advertising campaign that was developed for the product.

Example

Nordea: a new brand in the making³

Nordea is a leading bank in the Nordic region with around 1,200 branch offices and some 11 million clients of which 3.9 million are e-customers. It was created around 2000 through a series of mergers between Nordbanken in Sweden, Merita Bank in Finland, Unibank in Denmark and Christiana Bank og Kreditkasse in Norway. Before the merger, each original bank conducted ongoing customer and employee satisfaction surveys, including monitoring its reputation and image. At the time of the merger there was a solid basis to continue these surveys. Since branding of the new name was central to creating Nordea, concurrent with the satisfaction surveys, specific surveys were needed to support the brand building process.

This consisted of five phases:

- 1 Establishing common core values:** surveys were instituted to ensure the basis to launch the new brand, for instance a comprehensive laddering survey to form the basis of Nordea's positioning strategy.
- 2 Choosing a new name:** the name studies took several months to complete and substantial resources were committed to test associations with potential candidates including 'Nordea'.
- 3 Ensuring name awareness:** on launching the Nordea name, a frequent and detailed name awareness tracking was initiated. As awareness grew, the tracking was phased out and eventually focused exclusively on the quality of the awareness.
- 4 Positioning the brand:** the initial purpose of the brand positioning survey was to create a common understanding of the original banks' positioning and to identify the position towards which the brand should move based on the company's business strategy. As the survey had to reflect feelings and values in four different languages when employees did not even 'speak the same language', linguistic pitfalls had to be taken into account.
- 5 Building reputation:** as a company turn-around process was initiated at the time, the focus shifted towards the bank's corporate reputation. This was measured by Reputation Excellence, a syndicated Nordic survey marketed by Danish MarkedsConsult. Nordea took an active role in designing the survey when launched in 2003. The survey was based on 15,000 CATI interviews in the Nordic countries carried out by Nordic Norstat.

These examples illustrate only a few of the methods used to conduct marketing research, which may range from highly structured surveys with large samples to in-depth interviews with small samples; from the collection and analysis of readily available data to the generation of 'new' data; from direct interaction with consumers to the distant observation of consumers. These examples illustrate a few of the applications of marketing research in supporting decision-makers. This book will introduce you to the full complement of marketing research techniques. These examples also illustrate the crucial role played by marketing research in designing and implementing successful marketing plans.⁴ This book will also introduce you to a broad range of marketing applications supported by marketing research.

The role of marketing research can be better understood in light of the basic marketing paradigm depicted in Figure 1.1. The emphasis in marketing, as illustrated in the Royal Ahold example above, is on the identification and satisfaction of customer needs. To

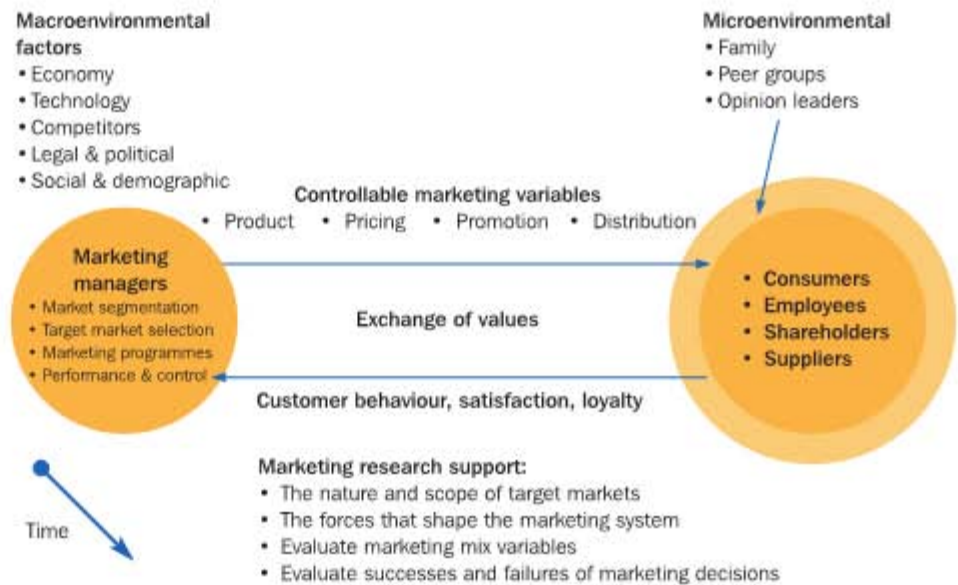


Figure 1.1
The role of marketing research within the marketing system

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

Marketers make decisions about what they see as potential opportunities and problems, i.e. a process of identifying issues. They go on to devise the most effective ways to realise these opportunities and overcome problems they have identified. They do this based on a 'vision' of the distinct characteristics of the target markets and customer groups. From this 'vision' they develop, implement and control marketing programmes. This 'vision' of markets and subsequent marketing decisions may be complicated by the interactive effects of an array of environmental forces that shape the nature and scope of target markets. These forces also affect the marketers' ability to satisfy their chosen target markets.

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

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

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

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

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

Definition of marketing research



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

Marketing research

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

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

Several aspects of this definition are noteworthy. First, it reinforces the notion of basing marketing decisions upon a strong understanding of target customers. It stresses the role of 'linking' the marketer to the consumer, customer and public to help improve the whole process of marketing decision making.

ESOMAR further qualifies its definition of marketing research by stating:

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

Marketing research process

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

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

Marketing research should aim to be objective. It attempts to provide accurate information in an impartial manner. Although research is always influenced by the researcher's research philosophy, it should be free from the personal or political biases of the researcher or decision-makers. Research motivated by personal or political gain involves a breach of professional standards. Such research is deliberately biased to result in predetermined findings. The motto of every researcher should be 'Find it and tell it like it is.' Second, it is worth noting the term 'total field of information'. This recognises that marketing decisions are not exclusively supported by marketing research. There are other



Source: © Alamy

means of information support for marketers from management consultants, raw data providers such as call centres, direct marketing, database marketing and telebusinesses.⁷ These alternative forms of support are now competing with a 'traditional' view of marketing research. The methods of these competitors may not be administered with the same scientific rigour and/or ethical standards applied in the marketing research industry. Nonetheless, many marketing decision-makers are increasingly using these other sources which collectively are changing the nature of skills demanded in marketing researchers. These demands will be discussed in more detail later in this chapter.

The marketing research process

The marketing research process consists of six broad stages. Each of these stages is developed in more detail in subsequent chapters; thus, the discussion here is brief. The process illustrated in Figure 1.2 is of the marketing research seen in simple stages. Figure 1.3 takes the process a stage further to show the many iterations and connections between stages. This section will explain the stages and illustrate the connections between the stages.

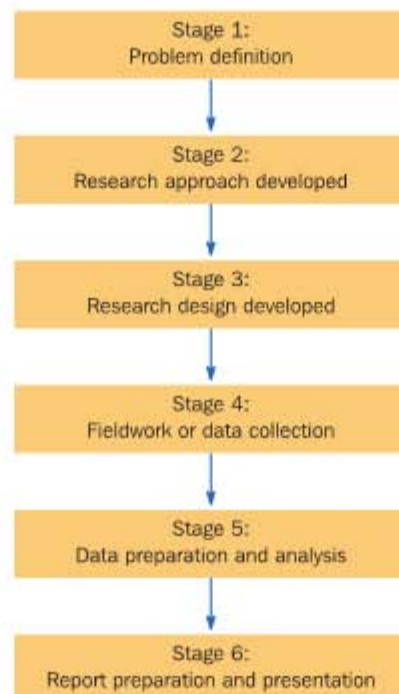


Figure 1.2
Simple description of the marketing research process

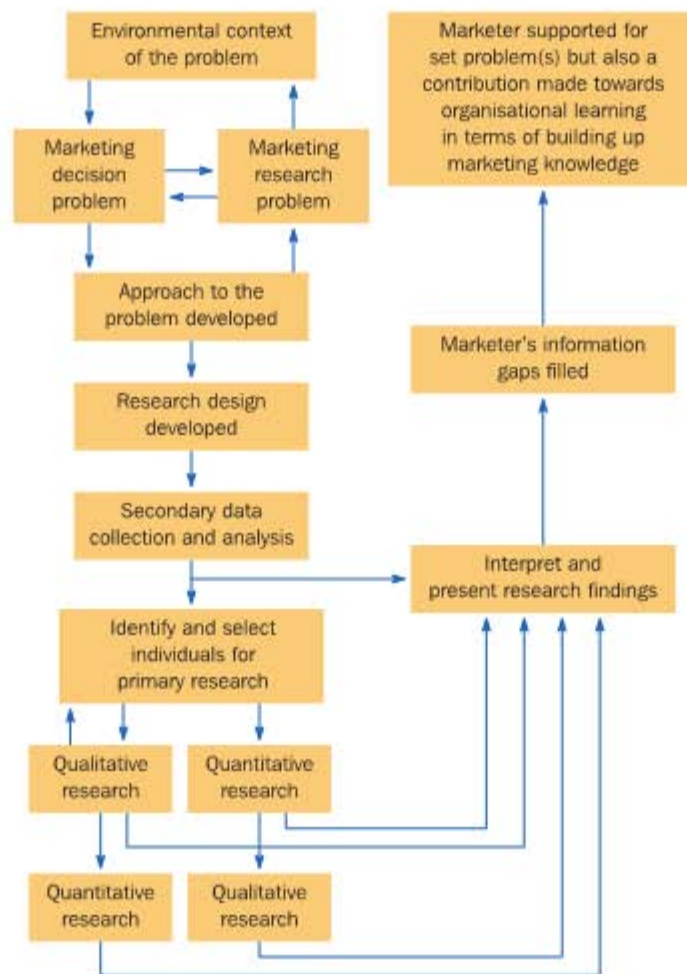


Figure 1.3
The marketing research process, detailing iterations between stages

Step 1: problem definition. The logical starting point in wishing to support the decision-maker is trying to understand the nature of the marketing problem that requires research support. Marketing problems are not simple ‘givens’, as will be discussed in Chapter 2, and the symptoms and causes of a problem are not as neatly presented as they may be in a case study such as those found in marketing textbooks. In Figure 1.3, the first three stages show the iterations between *environmental context of the problem*, *marketing decision problem* and *marketing research problem*. Understanding the environmental context of the problem has distinct stages that will be discussed in Chapter 2. It involves discussion with decision-makers, in-depth interviews with industry experts, and the collection and analysis of readily available published information (from both inside and outside the firm). Once the problem has been precisely defined, the researcher can move on to designing and conducting the research process with confidence.

Step 2: development of an approach to the problem. The development of an approach to the problem involves identifying factors that influence research design. A key element of this step involves the selection, adaptation and development of an appropriate theoretical framework to underpin a research design. Understanding the interrelated characteristics of the nature of target respondents, the issues to be elicited from them and the context in which this will happen rely upon ‘sound’ theory. ‘Sound’ theory helps the researcher to

decide 'what should be measured or understood' and 'how best to encapsulate and communicate the measurements or understandings'. In deciding what should be either measured or encapsulated, the researcher also develops a broad appreciation of how the data collected will be analysed. The issues involved in developing an approach are tackled in more detail in Chapter 2.

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

Step 4: fieldwork or data collection. In Figure 1.2, this stage could be simplified to 'collecting the required data'. In Figure 1.3, a whole array of relationships between stages of data collection is shown, starting at *Secondary data collection and analysis* through to *Quantitative research* or *Qualitative research*. The process starts with a more thorough collection and analysis of secondary data sources. Secondary data are data collected for some other purpose than the problem at hand. They may be held within the organisation as databases that detail the nature and frequency of customer purchases, through to surveys that may have been completed some time ago that may be accessed through libraries, CD-ROMs or the Internet. Going through this stage avoids replication of work and gives guidance in sampling plans and in deciding what to measure or encapsulate using quantitative or qualitative techniques. Secondary data collection and analysis may complete the research process, i.e. sufficient information may exist to interpret and report findings to a point whereby the information gaps that the decision-maker has are filled. Secondary data forms a vital foundation and essential focus to primary data collection.

In Figure 1.3, the stage of *Identify and select individuals for primary research* covers sampling issues for both quantitative and qualitative studies. This stage may include the selection of individuals for in-depth qualitative research. In qualitative research, issues of 'representativeness' are less important than the quality of individuals targeted for investigation and the quality of response elicited. However, as can be seen from the line leading up from *Qualitative research* to *Identify and select individuals for primary research*, the qualitative research process may help in the identification and classification of individuals who may be targeted using more formal sampling methods. These sampling methods are covered in detail in Chapters 14 and 15.

Beyond the issues of identifying and selecting individuals, the options available for primary data collection vary considerably. A stage of *Qualitative research* alone may be sufficient to support the decision-maker, as indeed could a stage of *Quantitative research*. The following example illustrates the use of qualitative observation to support marketing decision making. This example mirrors one of the research techniques used by Royal Ahold (presented at the start of this chapter), helping it to build up a 'picture' of its customers. As a technique in its own right, it does not necessarily have to be followed by a survey or quantitative work to confirm the observations. This technique will be developed under the heading 'Ethnographic research' in Chapter 6.

Example Supermarket Sweep⁸

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

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

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

Step 5: data preparation and analysis. Data preparation includes the editing, coding, transcription and verification of data. In Figure 1.3, this stage is not drawn out as a distinct stage in its own right, but is seen as integral to the stages of *Secondary data collection and analysis* through to *Quantitative research* or *Qualitative research*. The process of data preparation and analysis is essentially the same for both quantitative and qualitative techniques, for data collected from both secondary and primary sources. Considerations of data analysis do not occur after data have been collected; such considerations are an integral part of the development of an approach, the development of a research design, and the implementation of individual quantitative or qualitative methods. If the data to be collected are qualitative, the analysis process can occur as the data are being collected, well before all observations or interviews have been completed. An integral part of qualitative data preparation and analysis requires researchers to reflect upon their own learning and the ways they may interpret what they see and hear. These issues will be developed in Chapters 6 to 9.

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

Step 6: report preparation and presentation. The entire project should be documented in a written report that addresses the specific research questions identified, describes the approach, research design, data collection and data analysis procedures adopted, and

presents the results and major findings. Research findings should be presented in a comprehensible format so that they can be readily used in the decision-making process. In addition, an oral presentation to management should be made using tables, figures and graphs to enhance clarity and impact. This process is encapsulated in Figure 1.3 with the reminder that the marketer's information gaps are filled and that the marketer is supported for the set problem, but also a contribution is made towards organisational learning in terms of building up marketing knowledge (see Chapter 25).

A classification of marketing research



The ESOMAR definition encapsulates two key reasons for undertaking marketing research: (1) to identify opportunities and problems, and (2) to generate and refine marketing actions. This distinction serves as a basis for classifying marketing research into problem identification research and problem-solving research, as shown in Figure 1.4. Linking this classification to the basic marketing paradigm in Figure 1.1, problem identification research can be linked to: the description of the nature and scope of customer groups, understanding the nature of forces that shape customer groups, and understanding the nature of forces that shape the marketer's ability to satisfy targeted customer groups. Problem-solving research can be linked to: test individual and interactive marketing mix variables, and to monitor and reflect upon past successes and failures in marketing decisions.

Problem identification research

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

Problem identification research is undertaken to help identify problems that are, perhaps, not apparent on the surface and yet exist or are likely to arise in the future. Examples of problem identification research include market potential, market share, brand or company image, market characteristics, sales analysis, short-range forecasting, long-range forecasting and business trends research. Research of this type provides information about the marketing environment and helps diagnose a problem. For example, a declining market potential indicates that the firm is likely to have a problem achieving its growth targets. Similarly, a problem exists if the market potential is increasing but the firm is losing market share. The recognition of economic, social or cultural trends, such as changes in consumer behaviour, may point to underlying problems or opportunities.



Figure 1.4
A classification of marketing research

Example Beer research shows overspill⁹

The proliferation of new brands in Europe's booming beer market could result in shorter product lifecycles and, ultimately, destroy brand loyalty. The report 'Western European Beer' reveals that the industry is in danger of an overspill of brands, with the number of brands available exceeding demand. As a result, consumers are likely to fall back on 'tried and tested brands', normally owned by large manufacturers, at the expense of lesser known brands, which are likely to fall by the wayside.

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

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

Once a problem or opportunity has been identified, **problem-solving research** may be undertaken to help develop a solution. The findings of problem-solving research are used to support decisions that tackle specific marketing problems. Problem-solving research linked to problem identification research is illustrated by the following example of developing a new cereal at Kellogg's.

Example Crunchy Nut Red adds colour to Kellogg's sales¹⁰

In 2001, Kellogg's was faced with the challenge of reviving low cereal sales. Through problem identification research, it was able to identify the problem, and through problem-solving research, to develop several solutions to increase the sales of cereals.

To identify the problem, Kellogg's researchers interviewed decision-makers within the company, interviewed industry experts, conducted analyses of available secondary data, conducted some qualitative research and surveyed consumers about their perceptions and preferences for cereals. Several important problems were identified:

- Current products were being targeted at children.
- Bagels and muffins were becoming more favoured breakfast foods.
- High prices were turning consumers to generic brands.
- Quick breakfast foods that required little or no preparation were becoming more popular.

These issues helped Kellogg's to define the problem: Kellogg's was not being creative in introducing new products to meet the needs of adult consumers. Based on this definition, Kellogg's introduced new flavours that were more suited to the adult palette but were not tasteless varieties of the past. For example, it introduced Crunchy Nut Red. This new cereal included cranberry pieces, almonds and yogurt-flavoured flakes. The new cereal was supported by a national television advertising campaign, major in-store promotions, and 2 million specially produced sachets for a nationwide sampling campaign. Kellogg's partnered with the 2002 US Olympic team and the 2002 Winter Olympic Games. The company distributed Olympic themed packages, products and promotional offers as a way to welcome the Olympic Games back to the USA. Through creative problem identification research followed by problem-solving research, Kellogg's has seen not only an increase in sales, but also an increase in consumption of cereal at times other than breakfast.

This example illustrates how the careful crafting of problem identification research can help to develop a clear focus to problem-solving research. The outcome was research that supported marketing decisions in many ways. A problem-solving perspective enabled Kellogg's management to focus on issues of product development and an integrated promotions campaign. Table 1.1 shows the different types of issues that can be addressed using problem-solving research.

Table 1.1 Examples of problem-solving research

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

Problem identification research and problem-solving research go hand in hand as seen in the Kellogg's case, and a given marketing research project may combine both types of research. A marketing research project for a European beer manufacturer that sees its market share diminish may determine through image research that its brand is perceived in a most positive manner. This may indicate that the brand should be extended into other types of beer or even into clothes and fashion accessories. Appropriate target markets may be selected, with detailed profiles of potential customers and an associated media and product image. These decisions can clearly be supported with problem-solving research. Whether the focus is upon problem identification or problem-solving research, it is vital that the process of marketing research is conducted in a systemic and rigorous manner.

The global marketing research industry



With the rising demand for managerial skills in marketing researchers, we turn our attention to the relative rates of demand for marketing research and industry growth rates across the globe. To monitor rates of expenditure and growth, we follow the annual ESOMAR Global Market Research Industry Study (www.esomar.nl), with summaries and commentary from the magazine *Research World*.

The figures presented are estimates of all the work conducted within individual countries, by research agencies. Not included in the data is marketing research undertaken by non-profit research institutes, governments, universities or advertising agencies

using their own resources. The data also do not include the internal supply of marketing research, i.e. the costs of a marketing research function located within a firm. In addition, not included are costs incurred by the more sophisticated users of marketing research who integrate the data and analyses of their operational databases to understand customers and support marketing decision making. Though these estimates are static, may quickly go out of date and only tell part of the story of supporting marketing decision making, they are a vital means to illustrate developments in the marketing research industry.

The total global expenditure on marketing research in 2004 amounted to €17,415 million. Where this money was spent is illustrated in Table 1.2 which lists the top 20 countries with the highest marketing research spend per capita. Though it is clear to see that the USA as a country spent the most on marketing research, on a per capita basis a different story emerges. Five European countries spent more than the USA, with the UK spending €32.18 on marketing research for every citizen, with Sweden second at €27.96 and France at €24.70. The top 20 is dominated by countries with mature marketing research industries and with relatively high price levels for their research services.

In countries with marketing research industries that are relatively young, though the overall turnover and per capita rates may be low, the potential for growth may be immense. This is not the case in many developed economies: for example, in 2003, of the EU15 countries¹² the UK, Germany, the Netherlands, Sweden, Belgium, Denmark and Ireland had negative growth rates, with the Netherlands and Belgium continuing this decline in 2004. These negative growth rates increased the competitive intensity in marketing research suppliers and exacerbate the demand for managerial skills from marketing researchers. Marketing research in Europe is far from in decline as illustrated by the healthy growth rates of the new EU member states and other non-EU European countries.

Table 1.2 Top 20 countries with highest MR spend per capita, 2004¹¹

Country	Turnover (€m)	Population (million)	Spend per capita (€ per capita)
1 UK	1,901	59.07	32.18
2 Sweden	248	8.87	27.96
3 France	1,478	59.84	24.70
4 Switzerland	147	7.17	20.50
5 Germany	1,677	82.41	20.35
6 USA	5,892	291.04	20.24
7 Finland	103	5.20	19.81
8 Denmark	101	5.35	18.88
9 Australia	367	19.54	18.78
10 Norway	78	4.51	17.29
11 New Zealand	65	3.85	16.88
12 Netherlands	271	16.07	16.86
13 Ireland	63	3.91	16.11
14 Canada	430	31.27	13.75
15 Belgium	131	10.30	12.72
16 Austria	87	8.16	10.65
17 Italy	540	57.48	9.39
18 Spain	382	41.16	9.28
19 Singapore	36	4.18	8.61
20 Japan	1,042	127.48	8.17

When set in a global context, Table 1.3 shows that Central and South America have the highest regional growth rates for marketing research expenditure in the world. This table presents the turnover, growth rates and market share for all regions of the world. It also shows that Europe as a whole has the largest share of the global market for marketing research at 44.93%.

Though Table 1.3 presents the relative expenditure, growth rates and shares on a regional basis, it masks the individual countries where marketing research is growing at the greatest rates. Table 1.4 ranks the countries with a real growth rate over 10%. Countries with healthy economic growth show the highest growth levels in marketing research. This table shows the increased demand for and expenditure in the booming Central and Latin America, where several countries like Venezuela, Argentina and Mexico have emerged from recession and are displaying high growth rates for marketing research. Examples of marketing research conducted in these emerging and fast-growing economies will be used throughout the text in the sections of International Marketing Research.

Table 1.3 Turnover, growth rates and market share per region, 2003–2004¹³

Region	Turnover 2003, (€m)	Growth rate (unadjusted for inflation) (%)	Real growth rate (adjusted for inflation) (%)	Share of global market, 2003 (%)
EU15	7,150	5.2	3.0	41.06
New member states	242	10.5	6.0	1.39
Other Europe	433	10.7	6.1	2.48
Total Europe	7,825	5.6	3.2	44.93
North America	6,361	9.5	6.7	36.53
Central & South America	672	14.8	8.2	3.86
Asia Pacific	2,319	6.5	5.2	13.32
Middle East & Africa	238	8.6	6.3	1.37
Total World	17,415	7.5	5.0	

Table 1.4 Countries with growth rate expectations over 10% for 2005¹⁴

Region	Expected growth rate, 2005
Venezuela	30
Argentina	25
Russian Fed.	25
Ukraine	20
Poland	19
Turkey	17
Kenya	15
Lithuania	15
Mexico	15
Singapore	12.5
Brazil	10
Cyprus	10

External suppliers

Outside marketing research companies hired to supply marketing research services.

Full-service suppliers

Companies that offer the full range of marketing research activities.

Syndicated services

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

Standardised services

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

Customised services

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

Internet services

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

Limited-service suppliers

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

Field services

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

The bases for the estimates in Tables 1.2 to 1.4 emerge from external marketing research suppliers or agencies. **External suppliers** are outside firms hired to supply marketing research data. These external suppliers collectively comprise the ‘marketing research industry’. They range from small (one or a few persons) operations to very large global corporations. We now examine the nature of services that may be supplied by external suppliers. As illustrated in Figure 1.5, external suppliers can be classified as full-service or limited-service suppliers.

Full-service suppliers offer the entire range of marketing research services: for example, defining a problem, developing a research design, conducting focus group interviews, designing questionnaires, sampling, collecting, analysing and interpreting data, and presenting reports. They may also address the marketing implications of the information they present, i.e. have the management skills to interpret and communicate the impact of their research findings at the highest levels. They may also manage customer database analyses, being able to integrate the management and analyses databases with the management and analyses of conventional marketing research techniques.

The services provided by these suppliers can be further broken down into syndicated services, standardised services and customised services (see Figure 1.5).

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

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

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

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

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

Field services collect data through mail, personal interviews or telephone interviews, and firms that specialise in interviewing are called field service organisations. These

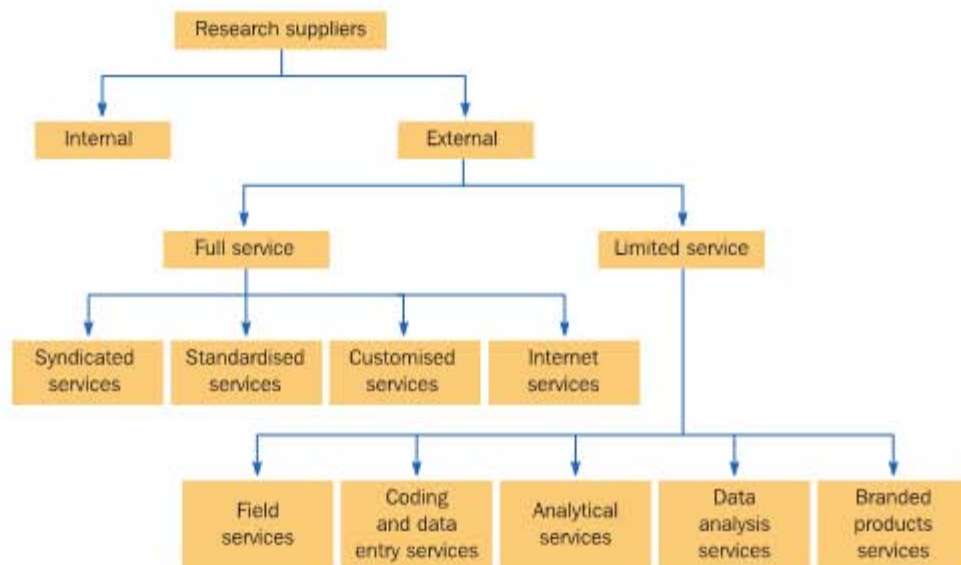


Figure 1.5
Marketing research suppliers

organisations may range from small proprietary organisations that operate locally to large multinationals. Some organisations maintain extensive interviewing facilities across the country for interviewing shoppers. Many offer qualitative data collection services such as focus group interviewing (discussed in detail in Chapter 7).

Coding and data entry services

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

Analytical services

Companies that provide guidance in the development of research design.

Data analysis services

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

Coding and data entry services include editing completed questionnaires, developing a coding scheme and transcribing the data for input into a computer.

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

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

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

Branded marketing research products

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

The limitations of marketing research



It must be recognised that using researchers, even if they follow the marketing research process to the letter, does not guarantee that a marketing decision supported by that research will be successful. The act of decision making and conducting marketing research are distinctive activities and there are examples where the vital link between these activities has resulted in failure. In the following example, the entrepreneur Sahar Hashemi makes the case for marketing research, but not for the use of external suppliers as discussed above. Following her points, we then move on to the arguments and examples of the limitations of marketing research.

Example

The birth of an idea¹⁵

Sahar Hashemi, co-founder of the coffee chain Coffee Republic, believes marketing research to be tremendously important. 'You shouldn't ever start a business without it. Of course you have to make gut instinct decisions but they should be informed by market research, like educated guesses.' However, Sahar believes in the importance of doing marketing research yourself. 'Why would you give research to an agency to do?' she asks. 'You have to become a real expert in the area you want to work in. You have to get your head around these things.' Sahar believes that a slick research agency might give you a glossy report packed with facts and figures, but if you do the work yourself you'll gain more insight. She also thinks that better ideas can grow out of research – facts and figures mixing with inspired thought to create what she calls 'fertile ground in which to cultivate new ideas'.

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

Example

What's this marketing research then, Dave?

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

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

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

Another view to reflect upon is the damning comment from Anita Roddick of The Body Shop, who said that 'market research is like looking in the rear view mirror of a speeding car'.¹⁶ This may be a valid point if one sees the relationship of marketing and marketing research from the perspective illustrated by the respected research practitioner, Wendy Gordon:¹⁷

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

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

There are two areas of misconception of the role of marketing research:¹⁸

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

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

A great proportion of marketing research money has been spent on developing and testing new products. Questions have been posed that examine the role marketing research plays in poor success rates of new products across a wide range of industries.¹⁹ Clearly, marketing research cannot be blamed for every failure, and the following two reasons may explain why decision-makers can make poor decisions when sound research has been conducted:

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

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

Example Doing a Dyson²⁰

Just 23 months after its launch in the UK, the Dyson bagless vacuum cleaner became the country's best seller, overtaking sales of Hoover, Electrolux, Panasonic, Miele and all other vacuum cleaners. The Dyson clear bin was given a resounding thumbs-down in marketing research. People said they did not like the dirt being visible in the bin in case their neighbours saw how much dirt had been picked up in their homes. Some retailers said they would not want to have dust on display in demonstration machines. Yet, the dust was there because they began using Dyson display machines to clean their shops. Dyson felt compelled to launch its vacuum cleaner with a clear bin, believing that it is important to see when it is full. Moreover, what better way was there to show stockists, sales staff and customers proof of its increased efficiency than to see the dirt being collected?

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

This is a theme that James Dyson has reiterated over the years. In an interview in 2006, giving tips to would-be inventors and entrepreneurs, he said:

you can't go out and do marketing research to try and solve these problems about what to do next because usually, or very often, you're doing the opposite of what marketing research would tell you. You can't base a new project two years ahead on current market trends and what users are thinking at the moment. That sounds very arrogant. But it isn't arrogance. You can't go and ask your customers to be your inventors. That's your job.

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

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

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

Collectively, the examples in this section illustrate that out of the array of research and information support approaches, there is no one guaranteed approach, research design or technique that can create the perfect means to support decision-makers. Given the vast array of marketing decisions and styles of marketing decision-maker, the hallmark of marketing decision making is creativity. Creativity in decision making can be supported well by accurate and relevant information. Generating accurate and relevant information is also a creative act. The diagnosis of problems, the measurement of consumers and the interpretation of those measurements are all creative acts, not a set system. The following PlayStation example illustrates the task of researching creative images, using a creative research design. It shows how the marketing researcher 'stepped back' and devised a creative solution to encapsulate the impact of the film being used in the advert.

Example

Marketing research supports PlayStation advertising²¹

Trevor Beattie, Creative Director of the ad agency TBWA (www.tbwa-europe.com), describes that the 'The Third Place' campaign for PlayStation2 was about 'the experience'. He wanted to create imagery that would live with people long after the commercial break had finished. Neil Hourston, TBWA London Head of Planning, described the creative intention: 'Our desired response on the creative brief was "excited fear"; he says. 'If we were going to be true to that then in the research we were looking for an idea that made people both excited and a little bit worried.'

London agency Firefish was given the job of researching how to develop what turned out to be an odd bit of 60 seconds. 'The finished ad was an incredibly surreal David Lynch piece of film. It was utterly random and bizarre and quite dark and incredibly original,' recalls Jem Fawcus, Co-founder and Director of Firefish:

We made a conscious decision not to begin trying to research anything like the finished film. We took a huge step back and just researched the idea of The Third Place: what do you think of the idea of The Third Place? What would it be like? Does it strike a chord with people? Is it something that could be used to support PlayStation2's new positioning? If we had gone in and said, 'We got a really weird film by David Lynch, and its got a duck and a man dressed up in bandages in it, and its all in black and white, and its got strange music,' it would have absolutely bombed. No one would have understood what we were talking about.

Whether or not PlayStation2 gamers, or anyone else for that matter, understood what David Lynch was on about does not matter. It got consumers excited about the arrival of the new video game experience. 'We used research for that properly, which was for development,' says Neil. 'We gave Jem some executional elements rather than the whole thing. We asked him to work with the respondents to see whether it had the potential in bits to create the response that we were looking for.'

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

Can marketing researchers survive in an age of increasing competition from other information providers? How can the industry fend off the challenge from the armies of consultants and other information suppliers? To achieve this, the industry has to offer clients insights rather than just data analysis. The marketing researcher's input must be seen to benefit the bottom line. Initiatives that bring clients and researchers closer together are needed – initiatives that educate buyers that marketing research has as much if not more to offer than very expensive consultancy firms.²²

The future – the growing demand for managerial skills in marketing researchers



Over the past few years, a debate has emerged about the value of marketing research and consultancy in supporting marketing decisions.²³ Many marketing researchers are feeling the pressure to move away from a position of being seen as mere data collectors and data analysts towards becoming providers of strategic marketing intelligence. One of the drivers behind this change is that data collection is seen by many marketers as a 'commodity' with comparatively low added value. An example of this pressure on marketing researchers emerges from Denmark, which is home to a number of high-quality research organisations. In Denmark the industry is faced with concerns about commoditisation. 'Many research buyers now see marketing research as a commodity' explains Erik Liljeberg of the Association of Market Research Institutes in Denmark.²⁴ 'They think that if you go to one research agency or another it won't make much of a difference. If an agency will not give you a discount, then you try someone else who will.' In Germany, ADM (Arbeitskreis Deutscher Markt), the association of private market and social research agencies, reports a development from straightforward marketing research 'data supply' to information-based consultancy. It describes the growing competition from research providers outside the traditional marketing research industry, with advertising and media agencies, business consultants and academic research institutions entering the arena.²⁵

Many marketing research agencies have concluded that in the long term, information will become a commodity, and that it therefore now makes sound business sense to extend their offer beyond the provision of professionally collected data. These agencies are seeking to provide value-added services, around their skills of being able to interpret data, and relate this precisely to business decision-making processes.²⁶ Professor Frank Wimmer,

board member at the German agency GfK, believes that a seat at the decision-maker's table is what most career-driven marketing researchers desire. 'To have a genuine impact on company policy, rather than being restricted to a role as a numbers-supplier.'²⁷ He contends that marketing research should develop into a more decision-making, management-orientated direction. That way, the researcher will be taken seriously by businesses, and no longer be looked upon as a 'number cruncher'. In the following two examples, we see this development illustrated by the perspectives of the Premier Automotive Group of Ford and Phillip Morris International in their need to work with marketing researchers with managerial skills.

Example

Luxury cars – a key role for research²⁸

Ford is a multi-faceted company, with different divisions facing their own particular challenges. At the Premier Automotive Group – its collection of European luxury brands comprising Jaguar, Volvo, Aston Martin and Land Rover – it's a matter of predicting which of its vehicles will be important in an evermore congested market. The ability of the Premier Automotive Group, as elsewhere in the Ford empire, to get closer to the hearts and minds of its consumers has been enhanced by changes to the marketing research function within the company. Instead of being specialists in one particular methodology or another, they are being transformed into consultants who will have a more holistic view of the business. 'Marketing researchers have always had a tendency to be backroom people', says their Marketing Research Manager, Simon Wilson. 'There is a much greater need nowadays for communication of research and this can only be achieved effectively if you are say, front of house.' This change in attitude has meant a certain amount of retraining, and even recruiting internally and externally, but Wilson is convinced that investment in this area will be well worth it. It should mean that, in time, most of his staff would be capable of looking at the big picture.

Example

What do clients want from research?²⁹

Richard Henchoz, Director Marketing Planning Services with responsibility for marketing research for Africa and the Middle East and Duty Free at Phillip Morris International, expects that clients increasingly want and ask for actionable insights from researchers, the kind of insights that include an answer to the question: 'What would you do if you were in my place?' Henchoz believes researchers must be able to provide this kind of strategic information. Richard, a Swiss national based at Phillip Morris International's headquarters in Lausanne, puts into perspective concerns about the feared loss of relevance of the research function:

I have been in research for about 20 years now and the call for more creativity has been going on for a long time. In the 1980s, when working as a researcher for Proctor & Gamble, I already aspired to move on from just executing research projects to a role in which I could be more creative, by making concrete recommendations to decision-makers. To me, it seemed an almost natural inclination for a researcher. And yes, clients will indeed require far more creativity and business intelligence from providers and international researchers. We are definitely working towards this goal at Phillip Morris.

The emerging generation of marketing researchers will be expected to continue to master the skill of borrowing and adapting tried and tested techniques from the social sciences. The challenges of writing engaging questionnaires, drawing meaningful samples, and making sense of data will still have to be met. Increasingly, marketing decision-makers demand a far more integrated approach to analysing often contradictory and

imperfect sources of evidence; there is a mounting need for the capacity to work in an eclectic and holistic way with qualitative and quantitative data. Increasingly, marketing researchers have to analyse multiple and often imperfect datasets. To do this, they need new holistic analytic frameworks to be able to make sense of the data and to present this to decision-makers in a coherent, confident and effective manner.³⁰

John Forsyth, Partner of McKinsey and Company and Director of the firm's global Customer Insights Practice, believes that adding new skills to the current set of capabilities of marketing researchers is crucial. Describing some of the lingering shortcomings of research professionals, he points out that marketing researchers in many cases still tend to focus on their own processes instead of client's needs:

Senior decision-makers don't want a 15 page explanation of why a specific tool and technique has been used. They want researchers to tell them what they should do. Marketing researchers should provide actionable consumer insights that can be used to improve the decision-making process for key executives. This requires a twist in researchers' approach. Interacting with senior management is different from dealing with management at the mid-level, then you really need to understand the business issue, you need to know how to communicate with them and understand how they make decisions. Marketing researchers should be more comfortable with them and understand how they take decisions.³¹

The marketing research industry is seeing a broad differentiation between types of marketing research companies and marketing researchers. One type is the marketing researcher who becomes 'techniques focused', driven by the demands of marketers and buyers who view marketing research as a commodity. The alternative is the marketing researcher driven by the demands described by Richard Henchoz of Phillip Morris International in his search for researchers with more creativity and strategic marketing intelligence. Moving towards a business model that is driven by marketing researchers offering strategic marketing intelligence means that researchers and the marketing research industry of the future will be required to:³²

- **Think conceptually** – by recruiting a new generation of 'conceptual' thinkers, i.e. researchers who feel comfortable working with higher order business concepts and talking the language of senior decision-makers. These individuals must understand the relationship between information and key business concepts. They must go beyond their technical and skill-based knowledge and offer strategic and tactical advice for business advantage based on detailed consumer and market knowledge.
- **Communicate in the way that those who commission research think** – by knowing how to communicate in the way senior people think, i.e. researchers presenting findings as a compelling narrative, not as disparate blocks of information.
- **Interpret findings in terms of the whole picture** – by thinking holistically about 'evidence', i.e. researchers with the skills to work in a 'holistic' way with all available customer evidence, recognising the need to interpret often imperfect marketing information. They must draw knowledge from a host of different sources including qualitative and quantitative techniques, a variety of forms of observation, customer relationship management systems, financial and customer profile information. These individuals will have to draw heavily upon the use of analytical models that represent the way customers think and behave.
- **Integrate findings with others that support marketing decision-makers** – by working in a multi-disciplinary way with related marketing services companies, with researchers working alongside branding and design and other marketing specialisms to gain a wider market understanding. This makes sure that everything is tailored to business solutions and is not just the result of rigid prescriptive research designs. This bottom-up, multi-disciplinary approach provides flexibility and differentiates 'strategic marketing

intelligence' from the 'top-down' approach of full-blown management consultants. This will also mean the cultivating of a more creative environment with a more 'hands-off' management style rather than a prescriptive techniques-driven approach.

Supporting decision-makers in sports marketing

Focus on

Sports Marketing Surveys

Sports Marketing Surveys quality research for management action

In most chapters of the text, examples will be presented based upon work conducted by the marketing research agency **Sports Marketing Surveys**. Four of its projects have been selected to illustrate how marketing research is managed in practice. Elements of these commercially sensitive projects will be chosen to show how the Agency managed the challenges of conducting actionable marketing research. The four chosen projects are:

Racetrack 2003 – a syndicated study to measure the attitudes and opinions of and profile the Formula 1 fan across eight countries worldwide.

Nestea – sponsorship evaluation in *Water, Wind and Waves* in Hungary and Germany, and Beach Volleyball in Italy, Germany and Sweden.

Flora London Marathon 2004 – TV media analysis, public awareness tracking and target market research.

Rugby Football League – evaluation of the core values of the sport and a deeper understanding of its target audience.

Sports Marketing Surveys (www.sportsmarketingsurveys.com) is a full-service independent marketing research agency that has specialised in the sponsorship and sports industry over the past 20 years. The sports industry and many sponsorships are often multi-country in their reach and activity. Sports Marketing Surveys has responded to this by having the capability of working and reporting on a worldwide basis in over 200 countries for events such as the Olympic Games and the Football World Cup. Its head office is in Surrey in the UK with global offices in: **Europe** – Belgium, France, Greece, Italy, Netherlands, Spain, Turkey; the **Americas** – Brazil, USA; **Australasia** – Australia; **Asia** – Japan, Korea, Singapore.

The sectors in which it specialises include: **sponsorship** (exposure and evaluation, effectiveness and event research), **sports goods** (sports equipment and footwear companies, e.g. golf, tennis and snow sports), **sports leisure and tourism** (supporting sports federations, venues and local governments).

The services they offer include: **media research** (covering TV, press, Internet and radio), **marketing research** (on an ad hoc or syndicated basis), **publications** (reports covering, e.g. European sports fans, profile of the European golfer and motorsport fans), **selection and valuation** (analytical model to select appropriate sponsorship and a tool to value the sponsorship investment) and **consultancy** (combining all the knowledge bases within the company and helping clients to use multiple sources in areas such as matching the understanding of potential markets and the strategic plans to maximise that potential).



International marketing research

With the spread of marketing and research skills has come a noticeable decline in a 'national research culture'. There was a time when each country had a stubbornly distinctive approach to research, making it extremely difficult to get a consistent research design across markets. Most people are aware now that there are different, equally

legitimate, ways to approach research problems and that no one school of thought has absolute authority for all types of problem. This greater flexibility has made multi-country coordinated projects much more feasible – not easier, as they represent intellectually, logistically and diplomatically the most demanding of problems.

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

Example

Crossing borders³³

What is this thing called Europe? Despite binding influences like a single currency, Europe's national marketing research markets have distinct cultural, cost and quality characteristics. For example, German marketing research still feels the effects of reunification, while Spanish agencies are trying to leverage Spain's historical links with Latin America to capture a slice of the coordination market there.

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

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

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



Ethics in marketing research

Marketing research often involves contact with the respondents and the wider public, usually by way of data collection, dissemination of the research findings, and marketing activities such as advertising campaigns based on these findings. Thus, there is the potential to abuse or misuse marketing research by taking advantage of these people. If



respondents feel that they or their views are being abused or misrepresented, they either will not take part in future studies or may do so without honesty or full engagement in the issues being researched. They may also lobby politicians to protect them from what they see as intrusions into their privacy and liberties. In short, unethical research practices can severely impair the quality of the research process, undermine the validity of research findings and ultimately inflict serious damage upon the body of professional marketing researchers. If respondents cannot distinguish between genuine marketing research and unethical telemarketing or direct marketing where surveys are used to gain access to respondents to deliver a sales pitch or to generate sales, there can be severe repercussions for the marketing research industry through legislation designed to protect the privacy of citizens. The marketing research industry in Europe and the USA has got to a point where it has had to defend the quality of its practices.

The Alliance for Research, based in Brussels, was established in May 2002 as the first representative and lobbying body with a prime objective to improve understanding of the value and distinctive characteristics of marketing research among European parliamentarians and officials at the European Commission. The Alliance was initially funded by ESOMAR and from its inception it has been closely liaising with equivalent organisations in the USA for global alignment on legislative issues. The concern of such bodies was based on their assessment that parliamentarians, in both Europe and the USA (CASRO, Council of American Survey Research Organisations, and CMOR, Council for Marketing and Opinion Research), were very eager to protect citizens' privacy, especially against intrusive actions by telemarketers or direct marketers. Protection against intrusive actions tended to be afforded through legislation that also hurt the freedom to conduct research. In many cases, legislators were not aware of the differences between telemarketing and direct marketing on the one hand and marketing and opinion research on the other. Often they just did not realise that banning unsolicited phone calls across the board would infringe upon the ability to collect through social research some of the information they themselves needed as input for formulating their policies.³⁴ The Alliance for Research monitors all potentially damaging EU legislation and has been engaged in a dialogue with the EU data protection authorities. The Alliance is stepping up efforts to work in partnership with the authorities and to replace 'self-regulation' by 'co-regulation'. In the USA, the achievements of CASRO and CMOR include a ban by the federal authorities on selling or fundraising under the guise of research.³⁵

Beyond support for the Alliance for Research, ESOMAR have been proactive in a review and reform of the entire framework of marketing research codes and guidelines. In the Quo Vadis project, initiated by ESOMAR in 2003, experts from the USA, Japan and Europe met for a workshop in Amsterdam in July 2003 to discuss the latest developments in the industry and their impact upon the quality of marketing research. They recognised the effect of a shift in focus of marketing research from data collection towards organisational decision making and agreed that current codes and guidelines had not kept up with this development. The experts pointed out that a concise list of codes would be a tool for self-regulation and support international convergence: 'A good ethical basis helps minimise legal restrictions.' They agreed and presented eight principles that would encapsulate to the outside world the scientific aim and character of marketing research as well as its special responsibility towards respondents, clients and the public.

The eight principles that have now been incorporated into the ESOMAR code of conduct are:³⁶

- 1 Marketing researchers will conform to all relevant national and international laws.
- 2 Marketing researchers will behave ethically and will not do anything which might damage the reputation of marketing research.

- 3 Marketing researchers will take special care when carrying out research among children and other vulnerable groups of the population.
- 4 Respondents' cooperation is voluntary and must be based on adequate, and not misleading, information about the general purpose and nature of the project when their agreement to participate is being obtained and all such statements must be honoured.
- 5 The rights of respondents as private individuals will be respected by marketing researchers and they will not be harmed or disadvantaged as the result of cooperating in a marketing research project.
- 6 Marketing researchers will never allow personal data they collect in a marketing research project to be used for any purpose other than marketing research.
- 7 Marketing researchers will ensure that projects and activities are designed, carried out, reported and documented accurately, transparently, objectively and to appropriate quality.
- 8 Marketing researchers will conform to the accepted principles of fair competition.

The basic principles of the ESOMAR code of conduct and the full array of ESOMAR codes of conduct can be viewed at: www.esomar.nl/codes_and_guidelines.html.

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

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



Internet and computer applications

As the applications of the Internet in research first became apparent, there was no real consensus within the marketing research industry of just what its impact would be. Many predicted that the Internet would ultimately replace all other methods of data collection, whilst others argued that it would just add another means to measure, understand or observe respondents.³⁷ In 2004, online research methods accounted for an estimated 11% of global research turnover. This is still some way behind telephone (20%) and face-to-face (31%). However, the actual usage, the amount of projects that use the Internet compared with other techniques, is likely to be much higher because the low-cost nature of the Internet keeps its revenue contributions down. The Internet



may not have gained such popularity had it not been for its low-cost characteristics and the ever-increasing cost and time pressures on research agencies. As an example, online access panels are seen as faster and more cost efficient than other methods of research. According to the ESOMAR 2005 Prices Study, for a tracking study they are on average 60% cheaper than face-to-face interviewing.³⁸

Many argue that the growth of online research will be driven by new research clients, who see that they can enjoy the benefits of marketing research at a level they could not previously afford. The downside of the low costs of the technique is that the barriers to entry to the marketing research industry have been lowered. Effectively, anyone can establish a business with online survey software, a data analysis package and a basic understanding of research, undertaking surveys, customer satisfaction studies, and so on. This may have profound effects upon the quality and ethical standards of marketing research.

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

Summary



Marketing research provides support to marketing decision-makers by helping to describe the nature and scope of customer groups, understand the nature of forces that shape the needs of customer groups and the marketer's ability to satisfy those groups, test individual and interactive controllable marketing variables, and monitor and reflect upon past successes and failures in marketing decisions. The overall purpose of marketing research is to assess information needs and provide the relevant information in a systematic and objective manner to improve marketing decision making. The marketing research process consists of six broad steps that must be followed creatively and systematically. The process involves problem definition, research approach development, research design formulation, fieldwork or data collection, data preparation and analysis, and report preparation and presentation. Within these six broad steps are many iterations and routes that can be taken, reflecting the reality of marketing research in practice. Marketing research may be classified into problem identification research and problem-solving research. In general terms, problem identification uncovers the potential that may be exploited in markets, problem-solving uncovers the means to realize that potential.

The major developed economies, especially in Europe and the USA, are the biggest users of marketing research on a per capita and total expenditure basis. The growth rates for the marketing research industries in these economies are low, the major growth occurring in countries like Chile, China and Bulgaria. Marketing research may be conducted internally (by internal suppliers) or may be purchased from external suppliers. Full-service suppliers provide the entire range of marketing research services, from problem definition to report preparation and presentation. They may also

manage customer database analyses, being able to integrate the management and analyses databases with the management and analyses of conventional marketing research techniques. Limited-service suppliers specialise in one or a few phases of the marketing research project. Services offered by these suppliers can be classified as field services, coding and data entry, data analysis, analytical services or branded products.

Marketing research is not a panacea for all marketing problems. There are examples where marketing research has not adequately supported decision-makers. Many of the problems that arise from poor marketing research derive from poor communications between decision-makers and researchers. In order to resolve these problems, there are growing demands upon the marketing research industry to produce research findings that are more actionable and relevant to marketing decision-makers. As well as having the technical skills to conduct research in a professional and ethical manner, marketing researchers are increasingly expected to have the ability to interpret their findings in a manner that is relevant to decision-makers.

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

Questions



- 1 Describe the task of marketing research.
- 2 What decisions are made by marketing managers? How does marketing research help in supporting these decisions?
- 3 What do you see as the major challenges for marketing researchers that emerge from the ESOMAR definition of marketing research?
- 4 What problems are associated with using consumer databases in marketing research?
- 5 How may the sound practice of problem identification research enhance the sound practice of problem-solving research?
- 6 What challenges exist in trying to quantify the size and growth of the marketing research industry on a global basis?
- 7 Explain one way to classify marketing research suppliers and services.
- 8 Describe the steps in the simple marketing research process.
- 9 Explain why there may be the need for iterations between stages of the marketing research process.
- 10 What arguments can be used by sceptics of marketing research?
- 11 What management skills are increasingly being demanded from marketing researchers?
- 12 What arguments would you use to defend investment in marketing research?
- 13 What factors fuel the growth of international marketing research?
- 14 Discuss the ethical issues in marketing research that relate to (a) the client, (b) the supplier, and (c) the respondent.
- 15 Summarise the nature of threats and opportunities that the Internet offers the marketing researcher.

Exercises

- 1 Visit the website of Taylor Nelson Sofres www.tns-global.com. Examine the nature of the Research Services and the Business Solutions it offers. How do you see these fitting together and what is the impact of this fit upon the career opportunities the company advertises?
- 2 Visit the website of the Market Research Society, www.mrs.org.uk. Work through the array of publications and support it gives to its members. Specifically examine and register for www.research-live.com/ and examine the published code of conduct. Compare the MRS code of conduct with that available on the ESOMAR website, www.esomar.org. Are there any differences in their respective approaches to maintaining professional standards in the marketing research industry?
- 3 Visit the website www.trendwatching.com and register for trend-watching updates if you wish. Critically evaluate the worth of trend watching for the marketing researcher.
- 4 From national or international newspapers, track down stories of successful entrepreneurial ventures. Evaluate the extent to which marketing research is attributed to their success and/or an awareness of their market(s).
- 5 In a small group discuss the following issues: 'What is the ideal educational background for someone seeking a career in marketing research?' and 'Is it possible to enforce ethical standards within the marketing research industry?'

Video Case Exercise: Burke Inc.

Burke describes marketing research as 'an important and dynamic component of modern business'. How are other means of supporting the marketing decision-maker affecting the importance and dynamism of marketing research?



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Notes

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Visit the *Marketing Research Companion Website* at www.pearsoned.co.uk/malhotra_euro for additional learning resources including annotated weblinks, an online glossary and a suite of downloadable video cases.