2

Defining the marketing research problem and developing a research approach

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

Objectives

After reading this chapter, you should be able to:

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

2 describe the tasks involved in problem definition;

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

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

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

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

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

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

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

10 appreciate the ways in which the Internet can support the process of problem diagnosis and the development of a research design.

| 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

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

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

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

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

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

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

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

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

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

Importance of defining the problem

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

Although each step in a marketing research project is important, problem definition is the most important step. As mentioned in Chapter 1, for the purpose of marketing research, problems and opportunities are treated interchangeably. **Problem definition** involves stating the general problem and identifying the specific components of the marketing research problem. Only when the marketing research problem has been clearly defined can research be designed and conducted properly:

Of all the tasks in a marketing research project, none is more vital to the ultimate fulfilment of a client's needs than an accurate and adequate definition of the research problem. All the effort, time, and money spent from this point on will be wasted if the problem is misunderstood and ill-defined.[2]

An analogy to this is the medical doctor prescribing treatment after a cursory examination of a patient – the medicine may be even more dangerous than the condition it is supposed to cure!

The importance of clearly identifying and defining the research problem cannot be overstated. The foundation of defining a research problem is the communication that develops between marketing decision-makers and marketing researchers. In some form or another, marketing decision-makers must communicate what they see as being the problems they face and what research support they need. This communication usually comes in the form of a research brief. The marketing researcher responds to the research brief with a research proposal, which encapsulates the researcher's vision of a practical solution to the set research problem. The following example illustrates that a research brief may not always be particularly well thought out. The marketing researcher is expected to develop the brief into a research proposal and in doing so has a vital role to play in the diagnosis of research problems.

Example   ## How to bait the interview hook for those top 1,000 big fish[3]

The groans from researchers when another brief arrives asking for 100 or 200 interviews with chief executive officers (CEOs) or equivalents within the Times Top 1000 companies typify the attitude generated by business-to-business marketers' constant demand to reach this audience. When the research brief arrives, it is certainly worth examining whether, practically, what is requested can actually be done. The research proposal developed must reflect the practicalities of questioning managers who are constantly bombarded with requests to respond to research questions. The number of interviews, the timescale, the nature of questions and the structure of the sample all need to be taken into account. For example, is it really worth undertaking 200 interviews within any single European country? If

we were limited to one per organisation, we would be interviewing to strike rates of between 1 in 2.5 and 1 in 5. If the research targets companies throughout Europe, individual countries such as the UK and France may have few large companies compared with the USA, while Italy has a limited number of very large companies and a great many smaller ones. In actually reaching the target audience, a number of issues need to be taken into account. International business-to-business research with senior business audiences brings with it not only the particular difficulties of reaching them but also the need to understand both country and cultural issues that impact on the research. Telephone interviews (even if possible) are considered inappropriate for these audiences in many Far East and Middle East markets, especially South Korea and Japan, while in Singapore and Hong Kong, provided the interviews are not too long (over 15 minutes), telephone is fine.

The marketing research brief

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

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

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

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

- It makes the initiator of the brief more certain of how the information to be collected will support decision making.
- It ensures an amount of agreement or cohesion among all parties who may benefit from the research findings.
- It helps both the marketer and the researcher to plan and implement the research design.
- It helps to reduce disputes that can occur when the gaps in marketers' knowledge are not 'filled' as intended.
- It can form the basis for negotiation with a variety of research organisations.

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

Components of the marketing research brief

The rationale for a marketing research brief may seem logical, but actually generating a brief from marketing decision-makers can be extremely difficult. These difficulties will be tackled later in this chapter. If a decision-maker has a very clear idea of the nature of decision support needed *and* can define the research objectives that will create such support *and* define the research design that will fulfil the research objectives – the decision-maker could write a research brief that is highly structured. A structured brief created in these

conditions would basically be a tender document, allowing a number of research suppliers to pitch for business on a like-for-like basis. Not all marketing decision-makers have such clarity of the marketing research support they need. Even if they do, by sticking to highly structured and prescriptive marketing research briefs, they can underutilise the experience and creativity of marketing researchers. The following format for a research brief helps to make the most of the experience and creativity of both the marketing decision-maker and the researcher and has clear advantages for both parties. First, it does not demand that decision-makers have a great deal of technical knowledge about research. Their focus can remain upon the gaps in their knowledge, the nature of support they need, not the technicalities of how data are to be collected and analysed. Second, it allows the researchers the opportunity to demonstrate their creative abilities and awareness of the latest techniques. Using their experiences from problems faced by other decision-makers, perhaps from a great variety of contexts and industries, researchers have the possibility of examining the marketing and research problem from many different perspectives. They can create, develop and adapt a research design to the research problem that supports the marketing decision-maker within clear time and cost parameters (Figure 2.1):

1 *Background information.* The background serves to put research objectives into context, helping the researcher to understand why certain research objectives are being pursued. Marketers would detail what they see as being the main events that have caused or contributed to the problem under study. Such a background gives a framework for the researcher to investigate other potential events, contributory factors or causes.

2 *Objectives.* The first part of this section would detail which marketing decisions are to be completed once the research has been undertaken. This requires decision-makers to explain what they see as the focus of the decisions they plan to make. They then go on to explain what gap(s) they see in their knowledge. Those gaps create the focus to planned research activities and set the research objectives. The formulation of the marketing objectives can encompass two areas: organisational objectives and personal objectives of the decision-maker. For a research project to be successful, it must serve the objectives of the organisation and of the decision-maker. For the researcher this may not be explicit or obvious to discern. It may take some time working with a decision-maker or a particular organisation to see potential conflicts in organisational and personal objectives. The problem faced by researchers is that decision-makers may not formulate marketing objectives clearly. Rather, it is likely that objectives tend to be

Figure 2.1
Components of the marketing research brief

stated in terms that have no operational significance, such as 'to improve corporate image'. Ultimately this does not matter, as this 'first-step' brief offers the opportunity for the researcher to draw out and develop a much clearer vision of marketing and research objectives. Drawing out and developing decision-makers' perspectives of objectives, even if they have no operational significance, helps the process of developing a common understanding of what the decision-maker is trying to achieve.

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

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

5 *Constraints.* The main limitation to marketing researchers carrying out what they may perceive as being the correct way to research a problem is the time and money that a marketer can afford. Proposing a large-scale project that would cost €200,000 when only €50,000 has been budgeted obviously will not meet management approval. In many instances, the scope of the marketing research problem may have to be reduced to accommodate budget constraints. With knowledge of time and cost constraints, the researcher can develop a research design to suit these needs. The researcher may also demonstrate other courses of action that could demand greater amounts of money or time, but could have clear benefits that the marketer may be unaware of. Other constraints, such as those imposed by the client firm's personnel, organisational structure and culture, or decision making styles, should be identified to determine the scope of the research project. Yet, constraints should not be allowed to diminish the value of the research to the decision-maker or to compromise the integrity of the research process. In instances where the resources are too limited to allow a project of sufficient quality, the firm should be advised not to undertake formal marketing research. In the following example, Marketing Researchers Marc Brenner and David Miln warn of the pressures on researchers to reduce their costs and that, ultimately, the good marketing researcher should guide marketers in getting the best value from their research investments.

Example | **The big trap**[5]

'Either cut your rates or we will move our account to another agency.' 'Sadly times are tough, though the brand is doing well, profitability is down and the agency must help us out here.' 'We all have to reduce costs.' 'I am under great pressure to reduce agency fees, indeed all expenditure and, unless we can sort something out, I may, reluctantly, be forced to go out to competitive tender – you know what the purchasing people are like.' Such stances from clients that buy and use marketing research can understandably create stress

in a client–agency relationship. The marketing research agency may feel unappreciated or mistrusted. Such stances are by no means a new phenomenon but are becoming more common. Marketing research agency profit margins are being squeezed by the competitive pressure on client businesses that require them to reduce their own costs. Marketing research agencies generally respond by demonstrating the quality and effectiveness of their work and by pointing out the real and hidden costs of making an agency change, and the risks involved. The more demanding the client, the more likely is the agency to give a real (or apparent) cost reduction, arguing that it is necessary for the good of the relationship and ultimately the retention of business. The big trap for the marketing research agency is to think that, to improve its client relationship, it is necessary to sacrifice what it gets paid. It is a big mistake to appear to support or encourage the idea that there is a legitimate trade-off between the two by treating the matter as if it were a zero sum game. It's not. The reality is that while a good relationship and the financial deal with the client are indeed related, they move together. Better price leads to a better relationship, a better job and a better contribution to the client. It is also a big mistake for an agency to fail to act as a steward of its client's resources.

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

With a formal marketing research brief and perhaps preliminary discussions with the organisation that is to commission the research, the marketing researcher has the necessary material to develop a research proposal. In many instances, however, the marketing researcher does not enjoy the luxury of a written research brief. The marketing decision-maker may outline ideas in an oral manner, perhaps on an informal basis. This can happen if the decision-maker is not aware of the personal benefits of producing a written research brief detailed above. Decision-makers may see the brief as a time-consuming process that really is the job of the researcher. If marketing researchers are faced with an oral brief, they can use the proposed brief outline above as a guideline to the issues they should elicit in informal discussions in order to develop an effective proposal.

The marketing research proposal

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

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

1 *Executive summary.* The proposal should begin with a summary of the major points from each of the other sections, presenting an overview of the entire proposal.
2 *Background.* The researcher would be expected to have developed ideas beyond those presented in the brief 'background'. Other potential causes of the problems faced or alternative interpretations of the factors that shape the background in an environmental context should be presented. The extent of developmental work on the background

to a research project will depend mostly upon how much past work marketing researchers have done for the decision-makers. In projects where researchers and marketers are working together for the first time, much exploratory work may be undertaken by the marketing researcher to understand an industry, organisation, decision-makers, planned campaigns, etc. After a number of projects, much of this may be understood and not need restating. The following example from a proposal to Nestea illustrates how Sports Marketing Surveys presents a relatively short but well-focused background. The two companies have worked together before and are building upon their shared knowledge and their shared language.

Focus on Sports Marketing Surveys

Nestea research proposal: background

Nestea has entered into two sponsorships for 2004 that it believes match its target market and key lifestyle attributes:

- *Water, Wind and Waves.* The initial title sponsorship of windsurfing through the Professional Windsurfers Association Racing World Tour and individual races. In Italy, however, sailing has been chosen in preference since local market indications are that windsurfing does not fit the key criteria. The intention would be to widen the field to include other relevant sports in this category.
- *Beach Volleyball.* Sponsorship within the Beach Volleyball European Championship Tour. This is not a title sponsorship of events but major sponsor benefits are expected.

The popularity of iced tea varies across Europe, with Spain having relatively low levels of consumption compared with high levels in Italy. In turn, the penetration of Nestea varies by territory and it has a major competitor – Lipton, who is active in sponsorship and has been involved in some of the sports currently being looked at by Nestea.

Sponsorship is being viewed as a marketing option to increase the Nestea brand share in key countries and to link the sponsored properties'* markets and lifestyle images with activation and leverage† support – the most crucial area to ensure optimisation of sponsorship impact.

* A 'property' in a sponsorship context can mean an event, a league, or an individual sports star.
† Leverage in a sponsorship context means investment in other marketing communications that will integrate with and enhance the sponsorship.

3   *Problem definition.* Again, if necessary, the researcher may go beyond the problem definition presented in the brief. If the researcher sees potential to add value for the marketer through alternative diagnoses of the problem presented in the brief, then these should be shown. If the researcher sees a problem in the brief that is ambiguous or unattainable, again alternative diagnoses should be presented. From this section, the marketer's gaps in knowledge should be apparent.

4   *Research objectives.* These may be presented in the form of clear hypotheses that may be tested. They may also cover broader areas in terms of 'research questions' that are to be explored rather than formally measured in a conclusive manner.

5   *Research design.* The research design to be adopted, in broad terms classified as exploratory, descriptive or causal, should be specified. Beyond such a broad classification should be details of the individual techniques that will be adopted and how they will unfold and connect to each other. This means that the reader will clearly see methods of collecting the desired data, justification for these methods, and a sampling plan to include details of sample size(s). This applies to both quantitative and qualitative approaches. The following example from Sports Marketing Surveys' Nestea project is a

descriptive research design. This summarises the stages but note that each stage is developed in more detail in the actual proposal. Of particular note is the foundation to the study in the form of the proprietary model to evaluate the effectiveness of sponsorship – and how this model is used to interpret the data collected from different sources and to form strategic recommendations.

Focus on   Sports Marketing Surveys

Nestea research proposal: research design

1 Model build.
2 Desk and database research.
3 Primary research:
   - **Close market: spectator studies** – we will undertake 10–15 interviews at each event based on a more qualitative 10–15 minute in-depth discussion. These will take place over one day at each event and will be based around a topic guide to be discussed. This topic guide will focus more on the lifestyle values and how these fit with the desired attributes of Nestea.
   - **Distant market: target market** – 150 interviews in each country in the region of the relevant events will be undertaken. However, in terms of timing where two events are being undertaken (Germany), we propose the research to be in two stages immediately after each event:
     - Germany: 75 interviews after each event to give a total of 150 for each country. This will provide post-event data for the first event and pre- and post-information for the second event. It also ensures that there is not a large time difference from event to research if the first event is held much earlier in the summer.
     - Spain, Italy and Hungary: 150 interviews in each country after completion of each event in the region(s).
4 Model evaluation and strategic analysis.

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6 *Fieldwork/data collection.* The proposal should discuss how the data will be collected and who will collect them. If the fieldwork is to be subcontracted to another supplier, this should be stated. Control mechanisms to ensure the quality of data collected should be described.
7 *Data analysis.* This should describe the kind of data analysis that will be conducted, e.g. content analysis, simple cross-tabulations, univariate analysis or multivariate analysis. If software packages are to be used in these analyses, they should be specified, as they will be indicative of the potential analyses that can be conducted. There should be further description of the extent to which the results will be interpreted in light of the set marketing objectives, beyond the specified analysis techniques.
8 *Reporting.* The proposal should specify the nature of any intermediate reports to be presented, what will be the form of the final report, and whether an oral presentation of the results will be made.
9 *Cost and timetable.* The cost of the project and a time schedule, broken down by phases, should be presented. A critical path method chart might be included. In large projects, a payment schedule is also worked out in advance.
10 Research organisation and key researchers working on the project. When an organisation is working with researchers for the first time, some idea of past research projects and clients should be displayed. This can help the marketer to trust the researcher in problem diagnosis, research design and implementation (e.g. how credible the researchers may be seen by the individuals they are to research and how this may affect respondent openness and honesty), and interpretation of the findings.

Figure 2.2
Components of the
marketing research
proposal

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

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

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

Example **Some dos and don'ts of pan-European research[6]**

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

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

A problem in writing proposals for research in Europe is often lack of familiarity with European habits and behaviour. Most British researchers' experience of Europe is derived from holidays backed up (in all too few cases) by limited work experience in one or more countries. Faced by a proposal on TV viewing, on grocery purchasing, on holiday habits or on

headache remedies, few British researchers have any notion of how Italians, Spaniards or Germans treat these subjects. Hence the first step in writing an international proposal on an unfamiliar subject is secondary research. This may also involve calling a dozen homes in the relevant country, and chatting on the phone for an hour or two with locals. Soon you start to identify how Italians, Spaniards and Germans differ from the British and what these main differences are. Designing a piece of European research in an unfamiliar area without taking this first simple step is like taking up power boating without learning to swim. It is a route to disaster, not maybe with the proposal, but with the research when commissioned.

The process of defining the problem and developing a research approach

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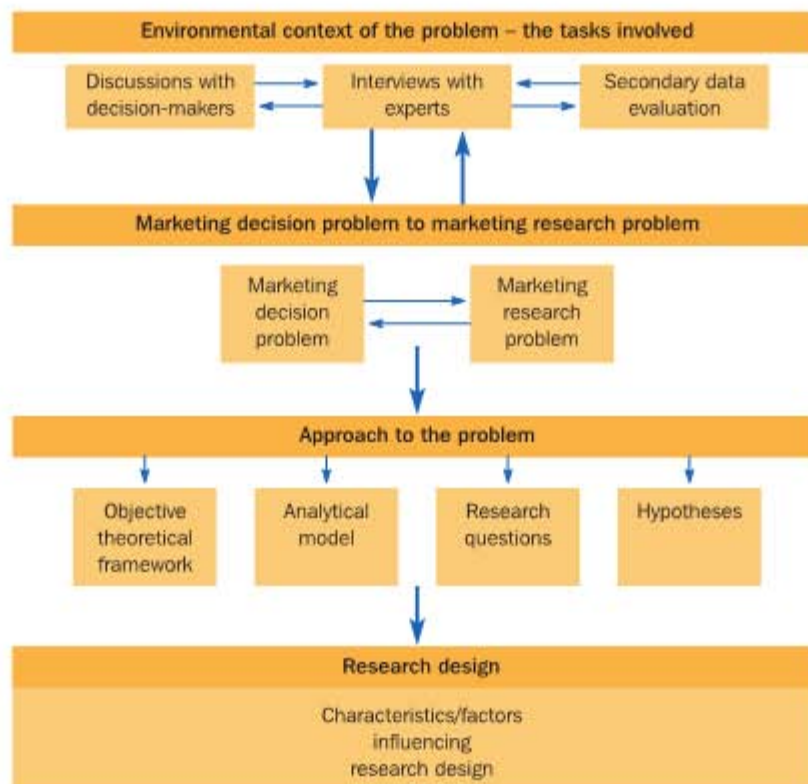
Figure 2.3
The process of defining the problem and developing an approach

Environmental context of the problem – the tasks involved

Discussions with decision-makers — Interviews with experts — Secondary data evaluation

Marketing decision problem to marketing research problem

Marketing decision problem — Marketing research problem

Approach to the problem

Objective theoretical framework — Analytical model — Research questions — Hypotheses

Research design

Characteristics/factors influencing research design

The tasks involved in problem definition consist of discussions with decision-makers, qualitative interviews with industry experts and other knowledgeable individuals, and analysis of readily available secondary data. These tasks help the researcher to understand the background of the problem by analysing the environmental context. Certain essential environmental factors bearing on the problem should be evaluated. An understanding of the environmental context facilitates the identification of the marketing decision problem. Then, the marketing decision problem is translated into a marketing research problem. Based on the definition of the marketing research problem, an approach to the problem is established and an appropriate research design is developed. The components of the approach may consist of an objective/theoretical framework, analytical models, research questions and hypotheses. Further explanation of the problem definition process begins with a discussion of the tasks involved.

Environmental context of the problem

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

Discussions with decision-makers

Discussions with the decision-makers beyond the formal presentation of a research brief and research proposal are usually vital. The decision-maker needs to understand the capabilities and limitations of research.[7] Research provides information relevant to management decisions, but it cannot provide solutions, because solutions require managerial creativity and judgement. Conversely, the researcher needs to understand the nature of the decision that managers face – the marketing problem, and what they hope to learn from the research.

To identify the marketing problem, the researcher must possess considerable skill in interacting with the decision-maker. Several factors may complicate this interaction. Access to decision-makers may be difficult, and some organisations have complicated protocols for access to top executives. The organisational status of the researcher or the research department may make it difficult to reach the key decision-maker in the early stages of the project. Finally, there may be more than one key decision-maker, and meeting collectively or individually may be difficult. All of the problems make it difficult to develop a research brief. Despite these problems, though, it is necessary that the researcher interacts directly with the key decision-makers.[8]

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

A **problem audit** provides a useful framework to develop ideas from a brief, allowing the researcher to interact with the decision-maker and identify the underlying causes of the problem. A problem audit, like any other type of audit, is a comprehensive examination of a marketing problem with the purpose of understanding its origin and nature.[9] A problem audit involves discussions with the decision-maker on the following issues:

1 The events that led to the decision that action is needed, or the history of the problem.
2 The corporate culture as it relates to decision making.[10] For example, in some firms, the decision-making process is dominant; in others, the personality of the decision-maker is more important.
3 The alternative courses of action available to the decision-maker. The set of alternatives may be incomplete at this stage, and qualitative research may be needed to identify the more innovative courses of action.
4 The criteria that will be used to evaluate the alternative courses of action. For example, new product offerings might be evaluated based on sales, market share, profitability, or return on investment.

5 What the decision-maker perceives to be gaps in their knowledge.
6 The manner in which the decision-maker will use each item of information in making the decision.

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

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

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

Interviews with industry experts

In addition to discussions with decision-makers, qualitative interviews with industry experts, individuals knowledgeable about the firm and the industry, can help in diagnosing the nature of the marketing and research problem.[11] These experts may be found both inside and outside the firm. Typically, expert information is obtained by unstructured personal interviews, without a formal questionnaire. It is helpful, however, to prepare a list of topics to be covered during the interview. The order in which these topics are covered and the questions to ask should not be predetermined. Instead, they should be decided as the interview progresses, which allows greater flexibility in capturing the insights of the experts (see Chapter 8 for full details of depth interviewing techniques). The list of topics to cover and the type of expert sought should evolve as the researcher becomes more attuned to the nature of the marketing problem. The purpose of interviewing experts is to explore ideas, make new connections between ideas, and create new perspectives in defining the marketing research problem. If the technique works well, and an amount of trust and rapport is developed, the potential to generate and test ideas can be immense. Experts

may have other contacts that the researcher may not be aware of or may not be able to get access to. They may also have secondary data which, again, the researcher may not be aware of or have access to. Unfortunately, two potential difficulties may arise when seeking advice from experts:

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

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

Example **Visa to travel**[12]

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

Initial secondary data analyses

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

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

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

Marketing decision problem and marketing research problem

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

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

The **marketing decision problem** asks what the decision-maker needs to do, whereas the **marketing research problem** asks what information is needed and how it can best be obtained.[13] The marketing decision problem is action oriented. It is concerned with the possible actions the decision-maker can take. How should the loss of market share be arrested? Should the market be segmented differently? Should a new product be introduced? Should the promotional budget be increased?

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

The following examples further distinguish between the marketing decision problem and the marketing research problem.

Example   **Defining the problem**

Bank X: We are experiencing a loss of market share in Ireland in corporate banking.

Researcher: Is it just Ireland?

Bank X: No, but as we conduct the majority of our business there, the loss is causing us the greatest amount of concern.

Researcher: Why do you think you are losing market share?

Bank X: We wish we knew!

Researcher: How are your competitors coping?

Bank X: We suspect that other Irish banks are also suffering, but that the multinational banks are capturing market share.

Researcher: How do your customers feel about the quality of services you deliver?

Bank X: We recently attained our ISO 9000 for service quality, which we are proud of!

Researcher: But how does your service delivery compare with your competitors?

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

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

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

Defining the marketing research problem

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

1 allow the researcher to obtain all the information needed to address the marketing decision problem;
2 guide the researcher in maintaining focus and proceeding with the project in a consistent manner.

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

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

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

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

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

The likelihood of committing either error of problem definition can be reduced by stating the marketing research problem in broad, general terms and identifying its specific components (see Figure 2.4). The **broad statement of the problem** provides perspective

Figure 2.4
Proper definition of the marketing research problem

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

and acts as a safeguard against committing the second type of error. The **specific components of the problem** focus on the key aspects and provide clear guidelines on how to proceed further, and act as a safeguard against committing the first type of error. Examples of appropriate marketing research problem definitions are provided in the following two examples.

Example

Net has yet to prove its value[14]

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

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

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

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

In the following *Tennis* magazine example, the broad statement of the problem focused upon gathering information about subscribers, and specific components identified the particular information about subscribers that was needed.

Example

Research serves *Tennis* magazine[15]

Tennis magazine wanted to obtain information about its readers, which numbered 1.6 million in 2003, though it had 700,000 subscribers. The management decision problem was: *'What changes should be made in Tennis magazine to make it more appealing to its readers?'*

The broad marketing research problem was defined as: *'to build a profile of subscribers of Tennis magazine'*

Specific components of the problem included the following:

1 **Demographics.** Who are the men and women who subscribe to the magazine?
2 **Psychological characteristics and lifestyle.** How do subscribers spend their money and their free time? Lifestyle indicators to be examined were: fitness, travel, car rental, apparel, consumer electronics, credit cards and financial investments.
3 **Tennis activity.** Where and how often do subscribers play tennis? What are their skill levels?
4 **Relationship to *Tennis* magazine.** How much time do subscribers spend with the issues? How long do they keep them? Do they share the magazine with other tennis players?

Because the questions were so clearly defined, the information provided by this research helped management design their editorial and layout with features on tennis instruction, equipment, famous tennis players and locations to play tennis.

Components of the research approach

Once the marketing decision-maker and researcher have clarified the decision problem and established the research problem they face, it has to be decided how to approach the research problem. The research problem may be very clear in the sense that there are strong established theories of what should be measured and how to conduct the measurements. Conversely, the research problem may lack theoretical foundation, with the researcher trying to cope with a broad set of issues that have not been sufficiently researched beforehand and unable to trust existing theories. How the researcher perceives the research problem affects the **paradigm** he or she will adopt in either an implicit or explicit manner. The researcher's adopted paradigm is built upon a set of assumptions. These assumptions consist of 'agreed-upon' knowledge, criteria of judgement, problem fields and ways to consider them[16] (these factors will be developed further in Chapter 6). What is 'agreed-upon' refers to how strong the theories are in defining and encapsulating the issues that make up a research problem. Bringing together the 'agreed upon' knowledge, criteria of judgement, problem fields and ways to consider them can be undertaken by considering the objective/theoretical framework, analytical models, research questions and hypotheses. Each of these components is discussed in the following sections. Collectively they may be considered to be the 'approach' that a researcher will take.

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

Source: © Mike/Zefa/CORBIS

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

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

Objective/theoretical framework

In general, researchers should aim to base their investigations upon objective evidence, supported by **theory**. A theory is a conceptual scheme based on foundational statements called axioms that are assumed to be true. **Objective evidence** is gathered by compiling relevant findings from secondary sources. Likewise, an appropriate theory to guide the research might be identified by reviewing academic literature contained in books, journals

and monographs. The researchers should rely on theory to help them to measure or understand the variables they are investigating. Academic sources of new developments to measure, understand and analyse consumers should be constantly evaluated; the following two examples illustrates why.

Example   **Not afraid of theory[17]**

An abundance of innovations have emerged from academics over the past decades to the benefit of marketing research practitioners. Conjoint analyses, for instance, started in the academic world, and really caught on in the 1980s. Choice-based conjoint analysis or CBC is a good example of this, which has been popularised over the past 10 years, after its inception in the academic circles of econometricians and psychologists. Other contributions have been in segmentation, pricing and customer satisfaction research. Latent class models and structural equation models (used in customer satisfaction research) are clear examples of academic developments that have been popularised for use in marketing research practice

Example   **Innovation or hype?[18]**

Many qualititative researchers are shifting from the familiar focus group discussions and in-depth interviews to embrace new methods of semiotics, linguistics, bricolage, diaries, observations, workshops and neuroscience. It has been claimed that these new techniques can generate better information and insight. How valid is this viewpoint? David Penn, Managing Director of Conquest Research Ltd, says:

We need to understand the theory that underpins each new technique so we can make a sound judgement about when and how to use it and also see its limitations. You need to understand the intellectual tradition behind, say, semiotics to be able to assess its value for a particular research project. This means we should place more emphasis on theory in marketing research.

Marketing researchers should also rely on theory to determine which variables should be investigated. Past research on theory development and testing can provide important guidelines on determining dependent variables (variables that depend on the values of other variables) and independent variables (variables whose values affect the values of other variables). Furthermore, theoretical considerations provide information on how the variables should be operationalised and measured, as well as how the research design and sample should be selected. A theory also serves as a foundation on which the researcher can organise and interpret the findings: 'nothing is so practical as a good theory'.[19] Conversely, by neglecting theory, researchers increase the likelihood that they will fail to understand the data obtained or be unable to interpret and integrate the findings of the project with findings obtained by others. The role of theory in the various phases of an applied marketing research project is summarised in Table 2.1.

Applying a theory to a marketing research problem requires creativity on the part of the researcher. A theory may not specify adequately how its abstract constructs (variables) can be embodied in a real-world phenomenon. Marketing researcher must therefore take the best of what they believe to be the most novel theories to represent and encapsulate consumer thinking and behaviour.

Example   **Brands are recorded in our brains[20]**

All the human and biological sciences – social, behavioural psychology, cognitive psychology, psychoanalytical psychology, linguistics, and the newer discoveries within the science of the brain – are an attempt to find out why human beings do what they do. That is what research is about. You cannot read a book about linguistics or brain science and expect to know all about these complex and specialised subjects. What you have to do is try to identify relevant principles and integrate these with the pragmatic experience of being an active researcher. Something new, a new way of thinking, is the result. Nearly all of our work consists of several strands. It's not possible to say 'I'm using cognitive psychology here, or now I'm using a bit of linguistics'. They become part of your model of thinking about how human beings interact with brands, communications and organisations. We do practice 'bricolage' very seriously – not for the sake of novelty but for the sake of research rigour.

It is also vital for marketing researchers to recognise that theories are incomplete; they deal with only a subset of variables that exist in the real world. Hence, the researcher must also identify and examine other variables that have yet to be published as theories. This may involve the researcher developing 'grounded theory', which will be explained and developed in Chapter 6.

Table 2.1 The role of theory in applied marketing research

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

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

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

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

Analytical model

An **analytical model** is a set of variables and their interrelationships designed to represent, in whole or in part, some real system or process. Models can have many different forms. The most common are verbal, graphical and mathematical structures. In **verbal models**, the variables and their relationships are stated in prose form. Such models may be mere restatements of the main tenets of a theory. **Graphical models** are visual. They are

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

used to isolate variables and to suggest directions of relationships but are not designed to provide numerical results. They are logical, preliminary steps to developing mathematical models.[21] **Mathematical models** explicitly specify the relationships among variables, usually in equation form.[22] These models can be used as guides for formulating the research design and have the advantage of being amenable to manipulation.[23] The different models are illustrated in the context of the proprietary sponsorship model used by Sports Marketing Surveys.

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

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

Focus on

Sports Marketing Surveys

After the initial decision has been taken to use sponsorship as a marketing tool, it is vital to ensure that the most appropriate sponsorship is selected. It is also essential from both the rights holder's and sponsor's point of view to have an independent assessment of the value of a sponsorship. To this end, Sports Marketing Surveys has its own sponsorship selection and valuation model in partnership with IEG (International Events Group, **www.sponsorship.com**).

Model building

Verbal model

A marketing manager wishes to include an investment in sponsorship as part of the portfolio of integrated marketing communications. She wishes to understand the impact of her sponsorship investment. She starts by deciding what key objectives should be fulfilled through a sponsorship relationship. She then selects a sector (sports, arts, culture, environment, broadcast) and the type of property (event, team, performance, individual, programme). Once the sector and property have been selected, she sets specific objectives that can be developed to help to set realistic targets and a set of metrics as a means to measure success.

Graphical model

Mathematical model

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

where y = sponsorship impact

a_0, a_i = model parameters to be estimated statistically

x_i = sponsorship requirement factors

Research questions

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

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

Focus on

Sports Marketing Surveys

Racetrack 2003

Research questions

In 1993 Sports Marketing Surveys completed its first international syndicated study to measure the attitudes and opinions of, and profile of, the Formula One fan. Racetrack 2003 was the fifth study, covering Formula One fans from: Australia, Brazil, France, Germany, Italy, Japan, Spain and the UK.

The key research questions tackled in the study were:

- What is the image of Formula One and its manufacturers at the end of 2003?
- What is the awareness of Formula One sponsors (car sponsors and tyre suppliers)?
- What changes have occurred in sponsor awareness?
- What levels of support exist for teams and drivers?
- What are the attitudes towards sponsorship amongst Formula One fans?
- What is the Internet and merchandise profile of Formula One fans?

These research questions were then further refined by precisely defining the variables and determining how they could be turned into specific questions, i.e. operationalised. To illustrate, in wishing to measure the level of support for teams and drivers, the following two questions were posed:

1 Which *one* Formula One team do you support?
2 Which *one* current Formula One driver do you support?

The biggest response to question 1 was 'Ferrari', the most popular team in 2001, 2002 and 2003. The biggest response to question 2 was 'Michael Schumacher', the most popular driver in 2001, 2002 and 2003.
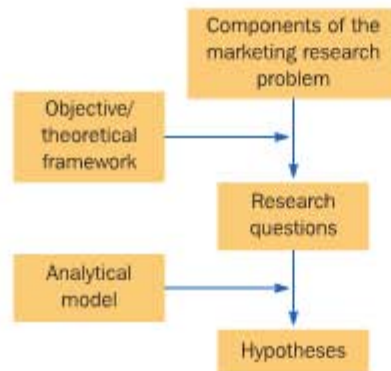
Hypotheses

A **hypothesis** is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher. For example, it may be a tentative statement about relationships between two or more variables as stipulated by the theoretical framework or the analytical model. Often, a hypothesis is a possible answer to the research question.[24] Hypotheses go beyond research questions because they are statements of relationships or propositions rather than merely questions to which answers are sought. Research questions are interrogative; hypotheses are declarative and can be tested empirically (see Chapter 18). An important role of a hypothesis is to suggest variables to be included in the research design.[25] The relationship between the marketing research problem, research questions and hypotheses, along with the influence of the objective/theoretical framework and analytical models, is described in Figure 2.5 and illustrated by the following example from Sports Marketing Surveys.[26]

Hypotheses are an important part of the approach to a research problem. When stated in operational terms, as H_1 and H_2 in the Sports Marketing Surveys example, they provide guidelines on what, and how, data are to be collected and analysed. When operational hypotheses are stated using symbolic notation, they are commonly referred to as statistical hypotheses.

Figure 2.5
Development of research questions and hypotheses

Sports Marketing Surveys

Racetrack 2003

Hypotheses

The following hypotheses were formulated in relation to the research question on team/driver support:

H_1: German Formula One fans show the highest level of support for Michael Schumacher.
H_2: French Formula One fans show the highest level of support for the Renault team.

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

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

International marketing research

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

Example

Heinz Ketchup couldn't catch up in Brazil[27]

In 2003, Heinz was selling products in over 200 countries and sales were over €10 billion. Despite good records of global sales, the H.J. Heinz Company failed in Brazil, a market that seemed to be South America's biggest and most promising market. Heinz entered a joint venture with Citrosuco Paulista, a giant orange juice exporter, because of the future possibility of buying the profitable company. Yet, the sales of its products, including ketchup, did not take off. Where was the problem? A problem audit revealed that the company lacked a strong local distribution system. Heinz lost control of the distribution because it worked on consignment. Distribution could not reach 25% penetration. The other related problem was that Heinz concentrated on neighbourhood shops because this strategy was successful in Mexico. The problem audit, however, revealed that 75% of the grocery shopping in São Paulo is done in supermarkets and not the smaller shops. Although Mexico and Brazil may appear to have similar cultural and demographic characteristics, consumer behaviour can vary greatly. A closer and intensive look at the Brazilian food distribution system and the behaviour of consumers could have averted this failure.

As the Heinz example illustrates, many international marketing efforts fail not because research was not conducted, but because the relevant environmental factors were not taken into account and fully appreciated. Generally, this leads to a definition of the problem that is too narrow. A major problem for researchers is that their perception of problems may be reflected through their own social and cultural development. Before defining the problem, researchers should reflect upon their unconscious reference to cultural values. The following steps help researchers to reflect upon their own cultural values:[28]

1 Define the marketing research problem in terms of domestic environmental and cultural factors. This involves an identification of relevant European traits, economics, values, needs or habits.
2 Define the marketing research problem in terms of foreign environmental and cultural factors. Make no judgements. This involves an identification of the related traits, economics, values, needs or habits in the proposed market culture. This task requires input from researchers familiar with the foreign environment.

→

3 Examine the differences between steps 1 and 2. The unconscious reference to cultural values can be seen to account for these differences.

4 Redefine the problem without the social/cultural influence and address it for the foreign market situation. If the differences in step 3 are significant, the impact of the social/cultural influences should be carefully considered.

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

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

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

Example · **Surf Superconcentrate faces a super washout in Japan[29]**

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

Ethics in marketing research

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

Example

Taste (profits) or image (ethics)?[30]

A marketing research firm is hired by a soft drinks company to conduct taste tests to determine why its newly introduced soft drink brand has not captured the expected market share. The researcher, after following the process outlined in this chapter, determines that the problem is not one of taste but of image and product positioning. The client, however, has already defined the problem as a taste problem and not as the broader, market-share problem. The researcher must weigh the relatively high profit margin of taste test research against the less lucrative survey research needed to answer questions pertaining to soft drink image. What should the research firm do? Should it simply conduct the research the client wants rather than the research it feels the client needs? The guidelines indicate that:

> the researcher has a professional obligation to indicate to the client that, in his or her judgement, the research expenditure is not warranted. If, after this judgement has been clearly stated, the client still desires the research, the researcher should feel free to conduct the study. The reason for this is that the researcher can never know for certain the risk preferences and strategies that are guiding the client's behaviour.

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

Ethical situations affecting the researcher and the client may also arise in developing an approach to the problem. When researchers conduct studies for different clients in related industries (e.g. banking and financial services) or in similar research areas (e.g. customer satisfaction) they may be tempted to cut corners in theoretical framework and model development. Take an example where a grocery chain client has on its board of directors the chairman of a bank. The bank had recently conducted customer satisfaction research using a client-specific model, and the bank-affiliated board member has access to this research. The researcher feels that a customer satisfaction model for the bank could be easily adapted to work for the grocery chain. The client feels that it would

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not be a good business decision to have access to this information and not use it. Is it ethical for the client and researcher to obtain and use this model developed for another company by another research firm? There is an underlying trust between the researcher and the client that the research firm is honour bound not to reuse client-specific models or findings for other projects.

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

Internet and computer applications

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

Discussions with the decision-maker

The Internet can help the researcher gain access to a wide variety of marketing decision-makers who may use and benefit from proposed research. Thanks to email, it is possible to reach decision-makers anywhere, at any time.

The Internet can also provide chat rooms so that decision-makers and researchers can exchange and test ideas. The availability of the responses to be seen by whoever enters the chat room has the effect of getting all the relevant decision-makers together at the same time without requiring that they be physically present at the same time.

Interviews with industry experts

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

Secondary data location and analysis

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

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

Summary

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

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

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

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

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

Questions

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

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

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

4. What are the components of a marketing research brief?

Questions

5   What are the components of a marketing research proposal?

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

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

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

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

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

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

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

13 What are the most common forms of analytical models?

14 What are the differences between research questions and hypotheses?

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

Exercises

1   Imagine that you are the Marketing Director of KLM airlines.

   a Make a list of potential marketing objectives whose fulfilment could improve the performance of KLM.

   b Select what you feel would be the most important marketing objective. Develop a set of marketing research objectives that you consider would support the decisions needed to fulfil that marketing objective

2   You are a consultant to the Ford Premier Automotive Group, working on a project for Aston Martin.

   a Use online databases to compile a list of articles related to the Ford Premier Automotive Group, Aston Martin and the global high-performance luxury car market in the past year.

   b Visit the Aston Martin and Ferrari websites and evaluate the extent of competitive information available at each.

   c Based upon the information collected from a and b, write a report on the environmental context surrounding Aston Martin.

3   Visit the websites of competing mobile phone manufacturers and/or their distributors (Motorola, Nokia and Siemens). Determine the factors of choice criteria used by consumers in selecting a mobile phone. Evaluate the extent to which there are different sets of choice criteria used by one company, e.g. Siemens, to target specific consumer segments.

4   Select any 'Premier League' football club in a country of your choice. Using secondary data sources, obtain information on the annual sales of official club merchandise and the 'industry' (your definition of this) sales over the last five years. Use a spreadsheet package to analyse this information and develop a graphical model relating the club's sales to the industry's sales.

5   In a small group discuss the following issues: 'Is it feasible that marketing decision-makers may not conceive of or be able to express the nature of decision support they need? What are the implications of such a possibility in the development of research proposals?' And 'From where may theory emerge to ground applied marketing research and what may be the relative worth of the source of theories used by marketing researchers?'

Video Case Exercise: Burke Inc.

Burke describe how, beyond just collecting marketing research data, they help to diagnose problems. They describe how they engage with clients to help define the marketing research problem to be studied. What barriers may prevent them being able to engage with clients in the way they describe the process?

video case

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Notes

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