

# Marketing Dynamics

Second Edition



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PowerPoint Presentations for

# Marketing Dynamics

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# Part 3 Marketplace Dynamics

## Chapter 20

### Marketing Research



# Chapter Objectives

- List three areas of marketing research.
- Describe the two types of data.
- Give five examples of ways to get primary data.
- List five sources for secondary data.
- Describe how information technology is used in marketing research.



# Chapter Objectives

- Describe three trends that affect marketing.
- Explain the benefit of a sales forecast.
- Summarize reasons why marketing research might lead to wrong conclusions or actions.



# Marketing Terms

- marketing research
- primary data
- secondary data
- secret shopper
- interview
- focus group
- survey
- questionnaire
- database
- industry publication

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# Marketing Terms

- trade association
- chamber of commerce
- hypothesis
- trend
- fad
- sales forecast



***What kinds of information do marketers need?***



# Marketing Research

- Marketing research
  - gathering information to make marketing decisions
  - Areas of marketing research
- customers
  - competition
  - opportunity

***How could a business use the information from each area of marketing research?***

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# Three Areas of Marketing Research

<b>Marketing Research</b>	<b>Purpose</b>	<b>Sample Question</b>
<b>Customer</b>	Learn about customers so that the company can meet customers' needs	What is my customers' favorite snack food?
<b>Competition</b>	Learn about competition so that the company can beat the competition	Does my competitor's product have better features than mine?
<b>Opportunity</b>	Learn about new opportunities so that the company can grow	Which market is growing the fastest?



# Types of Data

## ■ Two categories of data

### ▣ primary data

- collected for and about a specific business

### ▣ secondary data

- second-hand information
- collected for a nonmarketing reason
- available for all to use



# Collecting Primary Data

- Five ways to collect primary data
  - ▣ observation
  - ▣ interview
  - ▣ survey
  - ▣ diaries
  - ▣ experiment
- Collecting primary data is usually expensive and time-consuming



# Observation

- Observation
  - ▣ watch customers
  - ▣ record their behavior
- Secret shopper
  - ▣ observes the quality of service in a business





# Interview

## ■ Interview

- ask in-depth questions of customers to gain insight into customers' thoughts, opinions, and reactions to products

***Imagine that you are a marketer.  
How could you use information  
from interviews?***



# Interview

## ■ Focus group

- variation of an interview
- small group of people
  - chosen to represent customers
  - marketer gives the focus group questions or topics to discuss

***How might a focus group be more useful than individual interviews?***



# Survey

## ■ Survey

- ▣ questions asked of a significant number of people
- ▣ people chosen represent the larger market
- ▣ answers are statistically analyzed
- ▣ Questionnaire

## ■ list of questions asked in a survey

- ▣ can be delivered to participants by mail, telephone, Internet, or in person



# Survey

- Many groups use informal surveys
  - participants are not scientifically chosen
  - results are not analyzed statistically
  - however, these surveys may yield useful information







# Diaries

- Diaries are used to collect specific information that research participants keep for a set time
- Researchers most often use diaries to
  - study how people use their time and spend their money
  - conduct transport-planning research



# Diaries

- Diaries have two formats
  - ▣ open format
    - allows participants to give more feedback
    - too expensive for most research projects
    - labor intensive to analyze responses
  - ▣ forced-choice response
    - much easier to analyze
    - does not allow for additional information



# Experiment

## ■ Experiment

- scientific experiment in which a control and an experimental situation are set up
  - the results are compared
  - the procedures and requirements of scientific accuracy are followed

## ■ A taste test is a common experiment

***Describe an experiment that you could set up at a retail store.***



# Experiment



- Researchers often combine experiments with observation and survey to get the most useful information for making decisions



# Who Collects Primary Data?

- Primary data can be collected by
  - ▣ an individual
  - ▣ the business needing the information
  - ▣ a marketing research firm

*Imagine that you own a retail store.  
What kind of primary data would be useful?*



# Sources of Secondary Data

- Secondary data is compiled by
  - ▣ businesses
  - ▣ government
  - ▣ professional and industry organizations
- Data is often stored in a database
  - ▣ a computerized file of information
- Databases are often accessible through the Internet

# Sources of Secondary Data

Source	Examples
Your business records	Customer records, sales records, financial statements, promotional campaign records
Government databases	U.S. Census Bureau, U.S. Bureau of Labor Statistics
Private databases	Marketing research companies, trade associations, chamber of commerce
Libraries	Books, industry publications
Internet	Search engines, company Web sites, trade association Web sites



# Business Records



- Business records include
  - ▣ sales records
  - ▣ customer data
  - ▣ financial statements
  - ▣ marketing cost records
- Analyzing company data to find answers to questions is called *data mining*





# Government Databases

- The U.S. government collects large amounts of data about
  - ▣ the economy
  - ▣ the population
  - ▣ businesses
- State, regional, and municipal governments also collect data
- Much of this data is available online



# Private Databases

- The following groups collect information in private databases
  - ▣ businesses
  - ▣ marketing research firms
  - ▣ trade associations
  - ▣ chambers of commerce

***How can a business access these private databases?***



# Private Databases

- **Industry publication**
  - ▣ magazine or newsletter that focuses on a specific industry
  - ▣ often gathers and publishes market information





# Private Databases

## ■ Trade association

- ❑ often collects data about its members and its businesses
- ❑ often publishes data in the association magazine or newsletter or on its Web site

## ■ Chamber of commerce

- ❑ collects information useful to business
- ❑ provides marketing information to businesses



# Libraries



- Libraries have
  - ▣ databases
  - ▣ government data
  - ▣ Internet sources
  - ▣ printed resources such as books, business directories, magazines, journals, newsletters, and newspapers



# Internet

- To find marketing information, visit the Web sites of
  - ▣ trade associations
  - ▣ magazines
  - ▣ your competitors



***What information could you get from visiting a competitor's Web site?***



# Marketing Research Process

- Marketing research can be conducted formally or informally
- The formal marketing research process is similar to scientific research
  - example: both require you to develop a **hypothesis**
- Marketing research can be organized into eight steps



# Marketing Research Process

1. Define the problem
2. Conduct background research
3. State a hypothesis
4. Develop a research plan
5. Collect data
6. Analyze the data
7. Draw conclusions
8. Make recommendations





# Trend Research

- Trend
  - direction of movement of something
- Marketing trend
  - direction of movement of consumer behavior
- Trend research
  - combines research on customers, competition, and opportunity to determine marketing trends



# Trend Research

- Areas of interest to marketers
  - ▣ social trends
  - ▣ demographic trends
  - ▣ product trends
    - these trends affect consumer behavior
- New trends bring new business opportunities
  - ▣ businesses that find new trends first are often most successful



# Social Trends

- Social trends are changes in society
  - examples
    - more working mothers
    - more households consisting of one person





# Social Trends



- These trends lead to new consumer needs, such as
  - ▣ child care
  - ▣ convenience foods
  - ▣ single-serving packages



# Demographic Trends

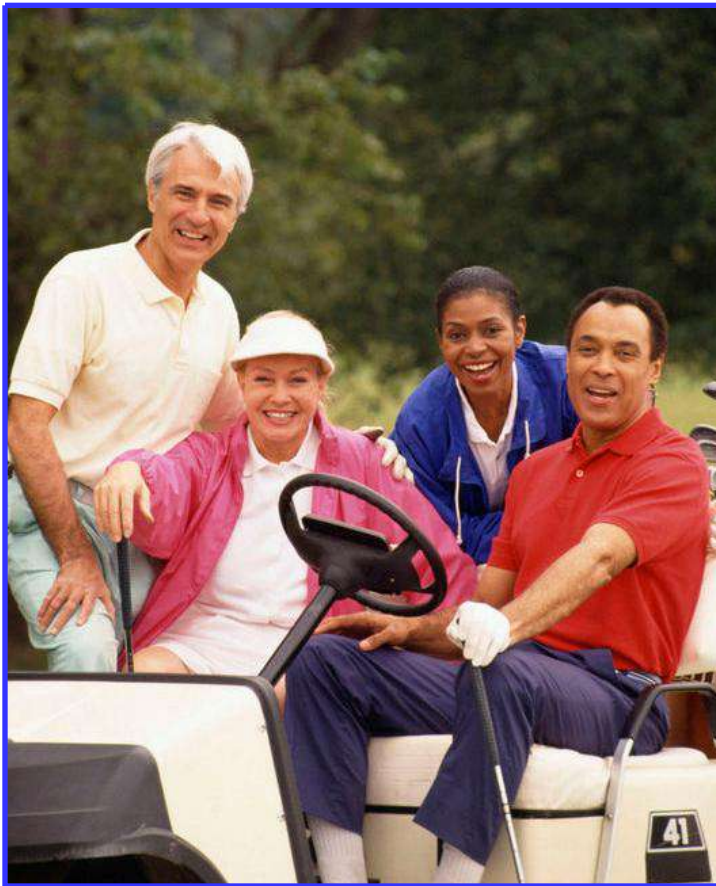
- Demographic trends are changes in the size of segments of the population, such as
  - ▣ increase in people over 65
  - ▣ increase in Hispanic American population



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# Demographic Trends



- These trends lead to new consumer needs, such as
  - ▣ more services for older Americans
  - ▣ more publications in different languages



# Product Trends

- Product trends
  - ▣ direction of development of products, such as
    - televisions toward large, flat screens
    - snacks toward bite-sized pieces
- Influences on product trends
  - ▣ new technology
  - ▣ consumer demand
- A trend is different from a fad



# Product Trends

## ■ Trend

- significant change
- affects large number of people
- lasts an average of ten years

## ■ Fad

- very popular for a short period of time then almost or totally disappears

***Describe a trend.***

***Describe a fad.***





# Trend Researchers

- Some companies specialize in giving marketing advice to businesses based on their trend research



***How can knowing the trends help a business be successful?***



# Sales Forecasting

## ■ Sales forecast

- prediction of future sales based on past sales and an analysis of the market for a specific time period
- may be quantitative
  - based on facts and figures
- or may be qualitative
  - based on judgment



# What Is a Sales Forecast?

- The simplest method for completing a sales forecast is to use previous sales and add a percentage of the sales increase factor

$$\text{Past Sales} + \text{Percentage increase factor} = \text{Sales Forecast}$$

# Factors Impacting Sales Forecasts

## Internal Factors

Inventory shortages

Price changes

Problems with labor

Changes in the  
distribution channels

Sales force changes

## External Factors

Economy

Political events

Population changes

Weather

Seasonality of the  
business or product



# Is Marketing Research Always Right?

- Marketing research results can be either useful or misleading
- Sometimes the usefulness of marketing research depends on the person interpreting the results

***Brainstorm some reasons why marketing research might be misleading.***



# Is Marketing Research Always Right?

- Some reasons why marketing research can be misleading
  - target population
  - population sample
  - surveys
  - measurement
  - data analysis
  - reporting



# Review

- *What is the purpose of marketing research?*
- *What is the difference between primary and secondary data?*
- *List the five ways to collect primary data.*
- *List the five sources of secondary data.*
- *Why are marketers interested in trends?*
- *How can marketing research be wrong?*



# Glossary



Back

- **chamber of commerce.** Group of businesses whose primary purpose is to promote business in their area.
- **database.** Computerized file of information.
- **fad.** Something that enjoys high popularity for a short amount of time and then disappears.





# Glossary



Back

- **focus group.** Small group of people who discuss topics of interest to a researcher.
- **hypothesis.** Statement that can be tested and proven either true or false.
- **industry publication.** Magazine or newsletter that focuses on a specific industry; also called *trade journal*.



# Glossary



Back

- **interview.** Formal meeting between two or more people, during which questions are asked of one person.
- **marketing research.** Gathering of information to make marketing decisions.
- **primary data.** Data collected for and about a specific business.



# Glossary



Back

- **questionnaire.** A series of questions used to get information from people.
- **sales forecast.** A prediction of future sales based on past sales and an analysis of the market for a specific time period.



# Glossary



Back

- **secondary data.** Data collected for someone else or for nonmarketing reasons, but is available for you to use.
- **secret shopper.** Person hired by a company to visit its place of business and observe the quality of service; also called *mystery shopper*.



# Glossary



Back

- **survey.** Organized study in which a researcher asks questions of a number of people.
- **trade association.** Organization of people in a specific type of business.
- **trend.** Direction of movement of consumer behavior.