Introduction of Marketing Research

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Outlines

1. What is MR

2. Research Questions in 4P

3. Value of Information

4. Marketing Research Process

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Marketing Research

- What is marketing research?

- Objective and systematic analysis of marketing data for better decision making

- The communication link between the firm and its customers and the environment

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Marketing Research (Cont.)

- Answers to questions
  - Opportunities
  - The level of demand
  - Factors account for the demand

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Environmental Trends
Influencing Marketing Research

- The emergence of the Internet

- Globalization

- One-to-one marketing

Examples

- Gillette develops its product by watching consumers shave

- Frequent-shopper program enables a firm to customize its direct-mail promotions

- Online chat rooms as a focus group forum

Research Questions

- Product
  - Brand Alliance
  - Measurement of brand equity
  - New Product Design
  - New Product Forecast

Research Questions(Cont.)

- Pricing
  - Skimming or penetration pricing for a new product
  - Customized pricing

- Place
  - Expanding to the Internet channel or not?
  - Multiple-channel pricing

Research Questions (Cont.)

- Promotion
  - The effects of sales promotion on when, what, and how much to buy
  - Expiration date of coupons
  - The optimal combination of regular coupon and e-coupons
  - Media scheduling (pulsing or even spending)

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The Value of Information

- Skimming or penetration pricing?
- The payoff table is as follows:

Pricing alternatives	Prob.(low demand)=0.3	Prob.(high demand)=0.7
Skimming	100	-50
Penetration	-50	120

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The Value of Perfect Information

- Expected payoffs under uncertainty

  =0.3(-50)+0.7(120)=69

- Expected payoffs under perfect information

  =0.3(100)+0.7(120)=114

- Expected monetary value of perfect information (EMVPI)

  =114-69=45

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Marketing Research Process

- Formulate problem
- Determine research design
- Design data collection method and forms
- Design sample and collect data
- Analyze and interpret data
- Prepare the research report

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Step1: Problem Formulation

- Decision Problem
  - (Q1)How to design our new product?
  - (Q2)Whether to expand into the Internet channel?

Research problems for Q1

- What are consumers' unmet needs?
- What is the perceptual mapping of the existing brands?
- Consumer preference for different product concepts

Research Problems for Q2

- Who buys the product on the Net?
- What is the proportion of sales generated on the Net?
- Why do people buy the product through the Internet instead of stores?

Step 2: Research Design

- Exploratory research
- Descriptive research
- Experimental research

Step 3: Data collection

- Data types of marketing research
  - Secondary data
    - Internal
    - External
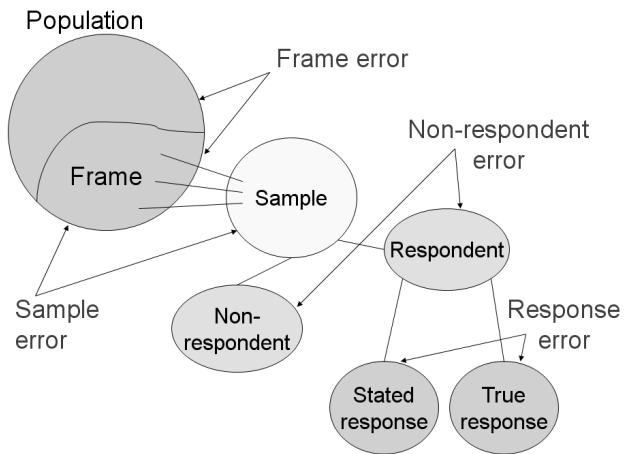 - Primary data

Primary data

- Data Collected for the first time
- Interview
  - mail, telephone, or personal
- Observation
  - watching people
- Experimentation
  - manipulating a marketing variable

Step 4: Sample design

- Types of sampling plan
  - Probability sampling
    - Simple random sampling
    - Stratified random sampling
    - Cluster sampling
  - Non-probability sampling

Survey Errors

- Frame error
  - Find the best possible list of population
- Sampling error
- Non-respondent error
- Response error

Population

Frame error

Non-respondent error

Frame

Sample

Respondent

Sample error

Non-respondent

Response error

Stated response

True response

Step 5: Data Analysis

- Methodology

- ANOVA

- Regression

- Factor analysis

- Multidimensional scaling

- Discriminant analysis

Data Mining Examples

- Identify heavy users, e.g., Diet Coke

- Attract competitors' customers, e.g., Gillette

- Measurements of promotion effectiveness

- Coca-Cola strengthened its relationship with retailers

- Lexus's partnership with Coach leather interiors