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

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

Marketing Research (Cont.)
- Answers to questions
  - Opportunities
  - The level of demand
  - Factors account for the demand
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)

The Value of Information

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

<table>
<thead>
<tr>
<th>Pricing alternatives</th>
<th>Prob.(low demand)=0.3</th>
<th>Prob.(high demand)=0.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skimming</td>
<td>100</td>
<td>-50</td>
</tr>
<tr>
<td>Penetration</td>
<td>-50</td>
<td>120</td>
</tr>
</tbody>
</table>

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

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
**Step 1: 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

**Step 2: Research Design**

- Exploratory research
- Descriptive research
- Experimental research

**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 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
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