

## 16.5.4: Procedures and Technique in Marketing Research

Considering the relatively short span of time in which marketing research has developed since the 1930s, it is quite remarkable that so sophisticated and thorough a collection of procedures and techniques should have been developed. In many respects, marketing research has advanced faster than any other specialized area in marketing management. In view of the highly specialized nature of marketing research, it is not possible in this discussion to present more than an outline of the basic procedures and techniques.

It is important for a marketing manager to be familiar with the basic procedures and techniques of marketing research. It is true that many businesspeople will never have occasion to engage personally in marketing research. However, it is quite likely that they will be faced with a need either to supervise an internal marketing research activity or to work with an outside marketing research firm. The manager who understands the research function is in a position to judge intelligently the proposals made by research specialists and to evaluate their findings and recommendations. Occasionally, the manager himself or herself will have to seek solutions to marketing problems. It may not be possible to obtain the services of marketing research specialists. The manager familiar with the basic procedures of fact-finding in marketing should be able to supervise a reasonably satisfactory search for the information required.

There is no single set of steps in a market research procedure that is accepted by all. Indeed, each marketing research problem requires, to some degree, its own peculiar procedure. However, there is general agreement that four major activities should be performed in a thorough marketing research project. These are: (1) making a preliminary investigation; (2) creating the research design; (3) conducting the investigation; and (4) processing the data/reporting results (see [Exhibit 8](#))<sup>2</sup>

### **Making a preliminary investigation**

There are two phases of activity in the preliminary investigation. The first of these involves the determination of the purpose and scope of the research. The second involves an investigation into the marketing environment called the informal assessment.

### **Determining the purpose and scope of the research**

The basic and critical problem in marketing research is seldom the problem that appears on the surface. It is therefore necessary to explore beneath the surface to ascertain the nature and size of the problem. This is the vital first step and *must* be done correctly, since every subsequent phase of the project is directed at solving the basic problem. For the research to be worthwhile (indeed, for it not to be a waste of resources), the problem must be stated clearly and correctly. Failure to do so is the most serious of mistakes in this project.

Correctly defining the research problem should lead to the establishment of the research parameters. A research study could be restricted by function (advertising); customer group (heavy users); market (Far East); and time frame (1999-2001). Because research is so costly, it is imperative that parameters are established and maintained.

### **The informal assessment**

The second important phase of the preliminary investigation is called the informal assessment. This is an unstructured search of the marketing environment. It enables the researcher to become familiar with the problem setting. This is particularly important for the outside consultant who needs to become acquainted with the company, its customers, its products, and all of the marketing conditions surrounding the problems. It is also wise for the company researcher to refresh his/her knowledge of those internal factors bearing on the problem and also to discover the external elements involved.

The informal investigation goes beyond merely "getting acquainted" with the problem and its marketing setting, however. The final result of the preliminary investigation is the creation of a set of research questions. In marketing research, these questions can be stated as a tentative explanation of the problem that the research is designed to solve. For example, if a marketing manager is trying to solve a problem that involves an important loss of market share in a particular area of the country, an informal investigation might reveal three possible reasons for the decline in market position. These reasons, until verified by thorough study, can best be stated as research statements:

- The decline in market share is the result of increased competitive advertising in the area.
- The decline in market share is the result of the test marketing of a new product by a major competitor.
- The decline in market share is the result of "stock outs" at the retail level caused by a trucking strike in the area.

In attempting to verify one or more of these hypothetical statements, the researcher examines company records to uncover new sources of information or to discover relationships in old data with bearing on the current problem. Interviews with company

executives and operating personnel are often conducted. Interviews are also conducted with various persons outside the company whose opinions might be expected to have some relevance to the problem. The preliminary search is always limited to obtaining an insight into the problem and into possible solutions for it.

In the final phase of the preliminary investigation, the researcher analyzes the results he has so far obtained and restates them in the form of research questions to be tested in the subsequent research steps.

### Creating the research design

The design of a marketing research project is the plan proposed for testing the research questions as well as collecting and processing information. The administration of the project according to the design insures that the fact-finding process will be adequately controlled. "Design" means more than simply using good market research procedures. Every research project should be individually designed to produce the kinds of information needed to solve a particular problem. For this reason, no two market research projects are ever exactly alike.<sup>3</sup>

Six steps are involved in creating a research design: choosing the approach, determining types of data needed, locating data sources, choosing a method of collecting data, selecting the sample, and anticipating/collecting the results.

### Choosing the approach

Three alternative approaches are possible in creating a research design. They are not mutually exclusive, but in most cases, the design of a research plan is limited to the use of one of the three.

The first approach is the *experimental approach*. This approach requires that certain procedural rules must be followed. Essentially, the variable of interest—e.g. price, message—must be manipulated and everyone participating in the experiment must have a known and equal chance of being selected.

In a market experiment, information relating to the basic problem is obtained through the use of a small-scale simulated program designed to test a specific research hypothesis. Suppose, for example, that we wish to test the question that *families of similar size and economic characteristics living in three different cities purchase different amounts of a particular formula of a soft drink, such as Dr. Pepper*. The first step would be to establish the research question: "For a given time period, the average fluid ounces of a Formula A, B, or C purchased in each city were the same". Next, a sample of the families in each city would be selected and randomly assigned either A, B, or C. Next, a survey would be taken to determine the number of ounces purchased by each family. Once this was done, a statistical test would be used to test the research question. If statistically significant differences in purchases of Formula A, B, or C of Dr. Pepper were noted, it could be concluded that taste does influence the amount of this soft drink purchased by families with the same social and economic characteristics. Of course, other hypotheses about soft drink purchasing could also have been tested using a slightly different method. For example, the effect of television advertising on the purchase of Dr. Pepper might have been studied by inspecting purchases in two or more cities that are in the same general area of the country (such as the southwest) but in which different levels of television advertising had been used.

The second approach is the historical. In this approach, reliance is placed on past experiences in seeking solutions to marketing problems. Historical marketing facts are relevant only to the degree that they can be projected into the future. Fortunately, in many areas of marketing, this can be done with a good deal of confidence. Certain types of changes, such as populations and income distribution, come about rather slowly. The day-to-day effect of these changes on marketing is almost imperceptible. Projections of future population, gross national product, and consumer purchasing power are practically foolproof. Historical analyses of such factors as consumer behavior, competitive selling tactics, and distributors' buying practices tend also to be fairly reliable indicators of future behavior by these same marketing components. Often, it is possible to trace the experience of organizations similar to yours and assess how they dealt with similar problems. There are literally hundreds of case studies on companies such as Microsoft that are useful to many business functions. Learning from the mistakes of others makes good business sense.

The third approach that can be used in designing a marketing research plan is the survey approach. In the survey approach, marketing information is collected either from observation or by questionnaire or interview. In contrast to the experimental and historical methods, in which the data are more or less directly related to the problem, the survey approach necessarily involves far more subjectivity and intuition on the part of the researcher. Watching a customer make a purchase of a new TV reveals something about his motives; simply asking him why he is buying it is much better. Drawing conclusions from either observations of behavior or from the opinions offered by a respondent create important insights. The survey method is flexible. It can be adapted to almost any type of research design. For this reason, and because of the difficulties in creating marketing experiments and in collecting pertinent historical data, the survey approach is the most often used in marketing research.

## Determining the types of data needed

Three types of data are used: facts, opinions, and motivational information. The types of data required are partly identified by the nature of the problem to be solved. For instance, if the problem relates to production and inventory scheduling, the facts that are needed relate to market and sales potential. On the other hand, if the problem revolves around the choice between two new products, the opinions of potential customers are important considerations. Finally, if a problem involves the choice of an appropriate selling appeal, buyers' motivations are probably be most important. Facts are quantitative or descriptive information that can be verified. Opinions are ideas relating to a problem that are expressed by people involved in the solution. Motivations are basic reasons, recognized or unrecognized, that explain action. They are extremely difficult to discover.

## Locating the sources of data

There are two general sources of data, secondary sources and primary sources.

Secondary source information has been previously published and can be either internal or external. Company records and previously prepared marketing research reports are typical of internal secondary source material. External secondary sources are widely available and can be found outside the organization. Excellent bibliographies of secondary data sources are available, especially online. There are eight primary sources of secondary market information:

- public libraries
- universities—library facilities and bureaus of business and economic research
- government agencies—especially departments of commerce, agriculture, and labor
- professional and trade associations
- commercial publishers—especially trade publications
- research and nonprofit organizations
- conferences and personal contact
- computer-provided search systems

There are tremendous advantages in using data from secondary sources. In the first place, the expense of gathering information from secondary sources is a fraction of the cost of collecting primary data. The time required to collect data is also less. Frequently, the information required to solve a management problem must be obtained quickly. Thanks to computer technology, it is now possible to gather, merge, and reformulate many secondary sources of data. This capability has made secondary data even more attractive.

The inherent limitations of using secondary sources data are twofold. First, the information is frequently dated. Second, seldom are secondary data collected for precisely the same reasons that the information is sought to solve the current marketing problem. In spite of these limitations, the advantages of secondary research are so great that it is a common procedure not to proceed with the collection of primary data until after a thorough search of secondary information source has been completed.

*Primary* information is obtained directly from its source. It involves data that are not available in published form or in company records. It is gathered specifically to answer your research question. The sources of primary information, however, cannot be as easily identified as can the sources of secondary market data. Having identified the information required to help management solve a problem, it is usually possible to identify the person or persons possessing the information desired. In some cases, the information can be obtained from one of several sources. In other situations, the information can be obtained only by contacting specific sources. For example, a manufacturer of vitamins for children discovered that it was necessary to obtain information from the users (children), purchasers (parents), sellers (for the most part, druggists), and purchase influencers (pediatricians). Similarly, a manufacturer of feed for dairy cattle found it desirable to seek market information from farmers, feed dealers, and dairy specialists. Obviously, it is expensive to collect marketing information from multiple sources, and often it is rather time consuming. These two disadvantages are offset by the fact that the information so obtained is tailored to the specific problem at hand. Ultimately, the question as to which source of market information to use depends on the value of the information in relationship to the time and cost required to gather it. <sup>4</sup>

## Choosing the method of collecting data

There are various methods of collecting data, both secondary and primary. Secondary sources of information, listed earlier, can be gathered through a number of means. A company may establish a data-gathering/storage system as part of their computer system.

Sales, expenses, inventory, returns, and customer complaints are then gathered automatically. Or a company can subscribe to one or more public research companies that gather relevant information. Finally, a company can obtain information on a problem-by-problem basis.

There are three common methods used to collect primary information: observation, questionnaire, and self-report. *Observational data collection* may be the oldest method. Since the beginning of commerce, merchants have been watching their customers and noncustomers engage in a variety of behaviors. Examples include shopping, purchase, return, complaint behavior, and so forth. A local fast food manager might simply observe the expression on customers' faces as they eat a new sandwich. More formal observation techniques are also employed. Video cameras or audio systems can be targeted at customers. Researchers can also be hired to do license plate surveys in parking lots or simply record observations in a prescribed manner. There are even observational techniques that are quite intrusive. For instance, in the case of a pantry (cabinet) audit, the researcher comes to the consumer's home and actually takes an inventory of products found. Ethnography requires that the researcher practically move in with the consumer and observe various relevant behaviors. This technique is illustrated in the Newsline box that follows.

#### Newsline: Where's the beef?

A woman in suburban Baltimore is shopping for her family's meals for the week. She cruises past the poultry section, stopping only momentarily to drop a couple of packages of boneless chicken breasts into her cart. Then, the dreaded sea of red looms before her. Tentatively, she picks up a package of beef. "This cut looks good, not too fatty," she says, juggling her two-year-old on her hip. "But I do not know what it is. I do not know how to cook it," she confesses, and trades it for a small package of sirloin and her regular order of ground beef.

Scenes like these are replayed daily in supermarkets across the country. But this time, it is being captured on videotape by New York City-based PortiCo Research, part of a recent ethnographic study of beef consumers for the National Cattlemen's Beef Association (NCBA) and major grocery retailers. And due in part to the trepidation of this one mother in Baltimore, many grocers' meat cases are now being rearranged to display beef by cooking method, rather than by cuts of meat. Simple, three-step cooking instructions will soon be printed on the packages

Ethnographic research, which combines intense observation with customer interviews, shows companies how people live with products—how they purchase and use them in their everyday lives. Knowing what consumers do with beef is vital to the NCBA. The study cost the NCBA approximately USD 60,000 (studies might range from USD 5,000 to USD 800,000). PortiCo videotaped consumer's purchasing behavior as well as their preparation habits at home. The researchers interviewed them each step of the way what they thought about beef, why they did (or did not) select particular cuts, and how they prepared the family meal. The retailers could not believe how little consumers knew about something that seemed as familiar to them as sliced bread or soft drinks.<sup>[1]</sup>

The observation technique can provide important research insights, especially if consistent patterns are noted. This method is relatively inexpensive and can be implemented and completed quickly. Unfortunately, interpreting an observation is still very subjective and mistakes are made.

Gathering information through a *questionnaire* format reflects the most popular research technique. There are two interrelated issues: the design of the questionnaire and the administration of the questionnaire.

There are several rules of thumb that should be followed when designing a questionnaire. For example, a good questionnaire should be like a well-written story: it should be logical, relevant, easy to follow, and interesting to the reader/respondent. There are also a host of techniques and related guidelines. For example, Exhibit 7 illustrates the forms questions can take. A yes/no question is considered a closed-ended dichotomous question; i.e. respondent *must* check one of two possible answers. Questions 4 and 5 are two types of scaled questions. Questions 6-8 are open-ended, in that respondent can provide any answer desired. Closed-ended questions are best used when the researcher desires a particular set of answers or feels the respondent is unlikely to come up with an original answer. Open-ended questions allow the respondent to come up with personal answers. Of course, there is a risk that the respondent will have no answer.

Other considerations are whether to place the easier questions at the beginning of the questionnaire, group similar questions, or place demographic questions at the end of the questionnaire. Again, the goal is to enable the respondent to answer the questionnaire easily and accurately.

The design of a questionnaire is a function of how the questionnaire is administered, and vice versa. Four techniques for administering a questionnaire are currently used: mail, telephone, personal interview, and online. In the mail technique, the questionnaire is distributed and returned through the mail. A typical packet might contain a cover letter explaining the purpose of

the research, a copy of the questionnaire, a stamped self-addressed return envelope, and an incentive for compliance (cash, merchandise, contribution to charity, or copy of report). Mail questionnaires allow the researcher to ask a large number of questions over a broad range of topics. They also allow the respondent to answer the questionnaire at their leisure. Finally, the standardized format does not allow for subjective bias. Unfortunately, these advantages can become limitations. The longer the questionnaire, the less likely the individual will respond. In fact, a response rate of 10-20 per cent is common without an incentive. Control is lost through the mail process. Did the targeted person answer the questionnaire? Did the respondent understand the questions? Did she/he complete the questionnaire? Was the questionnaire returned on time? The loss of control also means that the interviewer cannot probe further into an interesting or controversial answer.

A more convenient and faster way of gathering marketing information is to conduct a telephone survey. Names and related telephone numbers can be obtained directly from a telephone directory or from an internally or externally generated database. Telephone surveys are limited in several important ways, such as the difficulty of reaching the correct respondent, the problem of completing the interview if the respondent decides to hang up, and the inability to eliminate the bias introduced by not interviewing those without phones or individuals with unlisted numbers. Also, 10-15 questions are likely to be the maximum number to be asked. Therefore, only a limited number of topics can be addressed. In spite of these limitations the telephone survey method has grown in popularity. The costs are relatively low, research companies can provide well-trained and technically supported interviewers, and the technique works if the research questions are limited and require a quick answer. Still, it would be better if they did not call while you were eating dinner.

Although often very costly and time-consuming, personal interviews may constitute the best way of collecting survey information. Once compliance is gained, the well-trained interviewer can make sure the right person is answering, ask as many questions as necessary, make sure questions are understood, probe in order to address new issues, and encourage the respondent to complete the questionnaire. With freedom comes bias. It is sometimes difficult for an interviewer to maintain objectivity. Asking questions with a certain intonation, changing the wording, or changing the ordering of questions can all modify responses.

A. DIRECT QUESTIONS/CLOSED-ENDED

1. HAVE YOU PURCHASED A NEW AUTOMOBILE SINCE JANUARY 1 OF THIS YEAR:  
YES \_\_\_\_\_ NO \_\_\_\_\_

2. IF YOU HAVE PURCHASED A NEW AUTOMOBILE WHAT MAKE AND MODEL DID YOU BUY?  
MAKE: \_\_\_\_\_ MODEL: \_\_\_\_\_

3. IF YOU HAVE NOT PURCHASED A CAR SINCE JANUARY 1, DO YOU NOW PLAN TO BUY A NEW AUTOMOBILE BEFORE DECEMBER 31 OF THIS YEAR?

4. IF YOU HAVE NOT DECIDED WHETHER OR NOT YOU WILL BUY A NEW AUTOMOBILE, DO YOU THINK THAT IT IS  
\_\_\_\_\_ EXTREMELY LIKELY  
\_\_\_\_\_ QUITE LIKELY  
\_\_\_\_\_ UNLIKELY  
\_\_\_\_\_ EXTREMELY UNLIKELY

THAT YOU WILL BUY A NEW AUTOMOBILE BETWEEN NOW AND DECEMBER 31?

5. I TEND TO RELY HEAVILY ON THE REPUTATION OF A CAR BRAND  
DISAGREE \_\_\_\_\_ AGREE \_\_\_\_\_

1      2      3      4      5

B. DEPTH QUESTION/OPEN-ENDED

6. IF YOU HAVE NOT PURCHASED A NEW AUTOMOBILE, WHAT IS THE MOST IMPORTANT REASON FOR YOUR DECISION NOT TO BUY A NEW CAR?

7. THAT IS VERY INTERESTING. TELL ME MORE ABOUT THAT.

8. ANY OTHER REASONS?

There are several online information-gathering techniques that allow the respondent more freedom in providing answers. As one would expect, there has been a recent rapid technological evolution in this area. Online questionnaires can help website sponsors to gauge customer satisfaction, profile visitors, and provide a way to measure traffic for advertisers beyond banner click-throughs. By using research tools such as exit surveys, e-tailers can find out why people are leaving their sites—and why they might not come back.

There are four popular types of *online* research. Pop-up surveys occur when visitors are intercepted when they leave certain pages of the website. A questionnaire then appears in a box on top of their main browser screens asking for responses. With e-mail/web

surveys, a company sends an e-mail message asking the recipient to complete a survey. Sometimes the survey is embedded in the e-mail itself. Other times the e-mail lists either a passworded location to visit or a unique location that only the addressee can access to fill out the survey. Online groups are much like traditional focus groups, but are conducted in a web-based chat room where select individuals are invited by the company or its research firm. Finally, in the case of moderated e-mail groups, discussions take place over a period of time with a group communicating by e-mail. A moderator compiles the answers and sends the summary back to the group for comments and follow-up.

The third technique used to gather research information is self-reporting. This technique allows the respondent to deliver the information in a somewhat unstructured format. One very popular version of this technique is the focus group. A focus group takes place in a room where approximately 8-10 individuals and a trained moderator gather to discuss a particular business problem or set of problems. Often, the room contains a two-way mirror, which the sponsors of the research sit behind in order to observe the process. The proceedings are audiotaped or videotaped. Focus groups have been an extremely popular type of data collecting for a long time. A great deal of diverse information can be gathered quickly (assuming there is a well-trained moderator). However, there are serious limitations. It is still a subjective process and interpretation is necessary. It is also expensive; often several thousand dollars per focus group. Finally, it is difficult to control the behavior of the participants. Some dominate and some say nothing. Some become the equivalent of professional focus group members and no longer are able to provide the hoped-for spontaneity.

According to a psychologically proven premise, it is possible by impersonalizing questions to obtain information from a respondent that he would not, or could not, otherwise provide. This method involves the use of the projective technique, and represents a second type of self-report technique. The intent of the projective technique is to give respondents an opportunity to answer questions without the embarrassment or confusion created by direct involvement. Several projective techniques are employed:

- *Word association tests.* In the word association test, the respondent is asked to say the first word that comes into his mind upon the presentation of another word stimulus. The most obvious applications of this test are in research on brand recognition, company image, and advertising appeals.
- *Sentence completion tests.* In a sentence completion test, the respondent is asked to complete a number of sentences with the first words that come to mind. A series of sentence completion questions used by a supermarket chain were: (a) I like to shop in an AG supermarket because . . . ; (b) I think that food prices are . . . ; (c) The thing that bothers me most about food shopping in an AG store is . . .

The sentence completion test is relatively simple to administer and easy to interpret. It is usually difficult, however, to reduce the finding from a sentence completion test to statistical form.

- *Psychodrama.* In the psychodramatic type of question, the respondent is asked to project himself into an artificial marketing situation. The obvious artificiality of the situation makes the psychodrama a "role-playing" experiment in which the respondent provides information based on his personal attitudes through his explanation of the artificial situation.

Perhaps the greatest deficiency of projective techniques is the difficulty of presenting the findings. The identification of attitudes, motives, opinions, and so forth is not difficult; however, it is extremely hard to measure the importance of these factors.

### Selecting the sample

In most marketing research, it is seldom necessary to conduct a complete census; i.e. to talk to 100 per cent of the target segment. To do so is time-consuming and expensive. For this reason most marketing surveys make use of samples. A sample is a group of elements (persons, stores, financial reports) chosen from among a "total population" or "universe". The value of a research project is directly affected by how well the sample has been conceived and constructed.

The selection of the sample to be investigated requires a master list, or a framework, from which they may be selected. The sampling frame is the "population" or statistical "universe" from which the sample units will be selected. The frame for a survey of attitudes of credit customers of a department store would be the company's list of customers using charge accounts.

Although there are many kinds of sample designs, all of them can be classified as either *probability* samples or *nonprobability* samples. In a probability sample, each unit has a known chance of being selected for inclusion in the sample. Its simplest version is the simple random sample, in which each unit in the sample frame has exactly the same chance of selection. Examples of this include flipping a fair coin, whose sides have a 50 per cent chance of turning up and throwing an unloaded die, whose sides have a  $16\frac{2}{3}$  per cent chance of turning up. This same principle can be applied to the previous department store example. A sample of



names could be selected from the company's list of charge customers according to a random process, such as that of using a table of random digits.

While in a *probability* sample the sampling units have a known chance of being selected, in a *nonprobability* sample the sampling units are selected arbitrarily. To return to our department store example, instead of using a table of random numbers to select a sample of charge customers, an arbitrary and more convenient method would be to take the first 50 or 60 names on the list.

### Anticipating the results/making the report

The research plan should provide for: (a) procedures for processing the data; (b) procedures for interpretation and analysis of the findings; and (c) an outline of the final report. In reaching these decisions, it is usually helpful to work from the form and content of the final report. The report should present a summary of findings and recommendations for management action drawn up in the light of the reasons for the research. The kinds of facts to be presented and the manner of their presentation dictates the type of analysis to be undertaken. The kinds of analysis will, in turn, often suggest the method of data processing. Data processing in general refers to the procedures for sorting, assembling, and reporting data. It can be done manually by the use of work sheets or by computer programming. The method of data processing has important bearing upon the manner in which the data are collected and reported. Thus, the design of the project is often expedited by a thorough consideration of the kinds of results that are expected and how they will be handled in the final report.

Anticipating the results of the project and preparing a "dummy" final report has another advantage. It is often helpful to use the results of this step in the research design to demonstrate to management the kind of project that is going to be undertaken. Agreement by the management group that the kinds of information anticipated will assist in the solving of a marketing problem is helpful in obtaining approval for the project and in restraining management expectations as to the scope and purpose of the project.

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1. [1]Sources: Kendra Parker, "How Do You Like Your Beef?" *American Demographics*, January 2000, pp. 35-38; Jennifer Lach, "Meet You in Aisle Three," *American Demographics*, April 1999, pp. 41-42.

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