

ESSENTIALS OF
MARKETING RESEARCH

Fourth Edition



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Joseph F. Hair, Jr. • Mary Wolfinbarger Celsi
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Essentials of Marketing Research

Fourth Edition

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ESSENTIALS OF MARKETING, FOURTH EDITION

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To my wife Dale, our son Joe III, wife Kerrie, and grandsons Joe IV and Declan.

—*Joseph F. Hair, Jr., Mobile, Alabama*

To my father and mother, William and Carol Finley.

—*Mary Wolfinbarger Celsi, Long Beach, CA*

To my late mom, Lois and my sister and brothers and their families.

—*David J. Ortinau, Tampa, FL*

To my late wife Donny Kathleen, and my two boys, Michael and Robert, Jr.

—*Robert P. Bush, Sr., Houston, TX*

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We have prepared this edition with great optimism, but at the same time some degree of trepidation. We live in a global, highly competitive, rapidly changing world that increasingly is influenced by information technology, social media, artificial intelligence, and many other recent developments. The earlier editions of our text *Essentials of Marketing Research* became a premier source for new and essential marketing research knowledge. Many of you, our customers, provided feedback on previous editions of this book as well as our longer text, *Marketing Research*. Some of you like to do applied research projects while others emphasize case studies or exercises at the end of the chapters. Others have requested additional coverage of both qualitative and quantitative methods. Students and professors alike are concerned about the price of textbooks. This fourth edition of *Essentials of Marketing Research* was written to meet the needs of you, our customers. The text is concise, highly readable, and value-priced, yet it delivers the basic knowledge needed for an introductory text. We provide you and your students with an exciting, up-to-date text, and an extensive supplement package. In the following section, we summarize what you will find when you examine, and we hope, adopt, the fourth edition of *Essentials*.

Innovative Features of this Book

First, in the last few years, data collection has migrated quickly to online approaches, and by 2015 reached about 80 percent of all data collection methods. The movement to online methods of data collection has necessitated the addition of considerable new material on this topic. The chapters on sampling, measurement and scaling, questionnaire design, and preparation for data analysis all required new guidelines on how to deal with online related issues. Social media monitoring and marketing research online communities are expanding research methods and are addressed in our chapter on qualitative and observational research.

Second, to enhance student analytical skills we added additional variables to the continuing case on the Santa Fe Grill and Jose's Southwestern Café. Also, there is now a separate data set based on a survey of the employees of the Santa Fe Grill. Findings of the Santa Fe Grill customer and employee data sets are related and can be compared qualitatively to obtain additional insights. The competitor data for the continuing case enables students to make comparisons of customer experiences in each of the two restaurants and to apply their research findings in devising the most effective marketing strategies for the Santa Fe Grill. The exercises for the continuing case demonstrate practical considerations in sampling, qualitative and observational design, questionnaire design, data analysis and interpretation, and report preparation, to mention a few issues. Social media monitoring and marketing research online communities are expanding research methods and are addressed in our chapter on qualitative and observational research.

Third, we have updated the Marketing Research Dashboards in each chapter to include new features that focus on timely, thought-provoking issues in marketing research. Examples of topics covered include ethics, privacy and online data collection, particularly

clickstream analysis, the role of Twitter and Linked-In in marketing research, and improving students' critical thinking skills.

Fourth, other texts include little coverage of the task of conducting a literature review to find background information on the research problem. Our text has a chapter that includes substantial material on literature reviews, including guidelines on how to conduct a literature review and the sources to search. Because students rely so heavily on the Internet, the emphasis is on using Google, Yahoo!, Bing, and other search engines to execute the background research. In our effort to make the book more concise, we integrated secondary sources of information with digital media searches. This material is in Chapter 3.

Fifth, our text is the only one that includes a separate chapter on qualitative data analysis. Other texts discuss qualitative data collection, such as focus groups and in-depth interviews, but then say little about what to do with this kind of data. In contrast, we dedicate an entire chapter to the topic that includes interesting new examples and provides an overview of the seminal work in this area by Miles and Huberman, thus enabling professors to provide a more balanced approach in their classes. We also explain important tasks such as coding qualitative data and identifying themes and patterns. An important practical feature in Chapter 9 of the third edition is a sample report on a qualitative research project to help students better understand the differences between quantitative and qualitative reports. We also have an engaging, small-scale qualitative research assignment on product dissatisfaction as a new MRJA at the end of the chapter to help students more fully understand how to analyze qualitative research. We think you and your students will find this assignment to be an engaging introduction to qualitative analysis.

Sixth, as part of the "applied" emphasis of our text, *Essentials* has two pedagogical features that are very helpful to students' practical understanding of the issues. One is the boxed material mentioned above entitled the Marketing Research Dashboard that summarizes an applied research example and poses questions for discussion. Then at the end of every chapter, we feature a Marketing Research in Action (MRJA) exercise that enables students to apply what was covered in the chapter to a real-world situation.

Seventh, as noted above, our text has an excellent continuing case study throughout the book that enables the professor to illustrate applied concepts using a realistic example. Our continuing case study, the Santa Fe Grill Mexican Restaurant, is a fun example students can relate to given the popularity of Mexican restaurant business themes. As mentioned above, for this edition we added an employee data set so students can complete a competitive analysis, including application of importance-performance concepts, and also relate the employee findings to the customer perceptions. Because it is a continuing case, professors do not have to familiarize students with a new case in every chapter, but instead can build on what has been covered earlier. The Santa Fe Grill case is doubly engaging because the story/setting is about two college student entrepreneurs who start their own business, a goal of many students. Finally, when the continuing case is used in later chapters on quantitative data analysis, a data set is provided that can be used with SPSS and SmartPLS to teach data analysis and interpretation skills. Thus, students can truly see how marketing research information can be used to improve decision making.

Eighth, in addition to the Santa Fe Grill case, there are four other data sets in SPSS format. The data sets can be used to assign research projects or as additional exercises throughout the book. These databases cover a wide variety of topics that all students can identify with and offer an excellent approach to enhance teaching of concepts. An overview of these cases is provided below:

Deli Depot is an expanded version of the Deli Depot case included in previous editions. An overview of this case is provided as part of the MRJA (Marketing Research in Action) feature in Chapter 10. The sample size is 200.

Remington's Steak House is introduced as the MRIA in Chapter 11. Remington's Steak House competes with Outback and Longhorn. The focus of the case is analyzing data to identify restaurant images and prepare perceptual maps to facilitate strategy development. The sample size is 200.

QualKote is a business-to-business application of marketing research based on an employee survey. It is introduced as the MRIA in Chapter 12. The case examines the implementation of a quality improvement program and its impact on customer satisfaction. The sample size is 57.

Consumer Electronics is based on the rapid growth of the digital recorder/player market and focuses on the concept of innovators and early adopters. The case overview and variables as well as some data analysis examples are provided in the MRIA for Chapter 13. The sample size is 200.

Ninth, the text's coverage of quantitative data analysis is more extensive and much easier to understand than other books'. Specific step-by-step instructions are included on how to use SPSS and SmartPLS to execute data analysis for many statistical techniques. This enables instructors to spend much less time teaching students how to use the software the first time. It also saves time later by providing a handy reference for students when they forget how to use the software, which they often do. For instructors who want to cover more advanced statistical techniques, our book is the only one that includes this topic. In the fourth edition, we have added additional material on topics such as common methods bias, selecting the appropriate scaling method, and a table providing guidelines to select the appropriate statistical technique. Finally, we include an overview of the increasingly popular variance based approach to structural modeling (PLS-SEM) and much more extensive coverage of how to interpret data analysis findings.

Tenth, as noted earlier, online marketing research techniques are rapidly changing the face of marketing, and the authors have experience with and a strong interest in the issues associated with online data collection. For the most part, other texts' material covering online research is an "add-on" that does not fully integrate online research considerations and their impact. In contrast, our text has extensive new coverage of these issues that is comprehensive and timely because it was written in the last year when many of these trends are now evident and information is available to document them.

Pedagogy

Many marketing research texts are readable. But a more important question is, "Can students comprehend what they are reading?" This book offers a wealth of pedagogical features, all aimed at answering the question positively. Below is a list of the major pedagogical elements available in the fourth edition:

Learning Objectives. Each chapter begins with clear Learning Objectives that students can use to assess their expectations for and understanding of the chapter in view of the nature and importance of the chapter material.

Real-World Chapter Openers. Each chapter opens with an interesting, relevant example of a real-world business situation that illustrates the focus and significance of the chapter material. For example, Chapter 1 illustrates the emerging role of social networking sites such as Twitter in enhancing marketing research activities.

Marketing Research Dashboards. The text includes boxed features in all chapters that act like a dashboard for the student to understand emerging issues in marketing research decision making.

Key Terms and Concepts. These are boldfaced in the text and defined in the page margins. They also are listed at the end of the chapters along with page numbers to make reviewing easier, and they are included in the comprehensive marketing research Glossary at the end of the book.

Ethics. Ethical issues are treated in the first chapter to provide students with a basic understanding of ethical challenges in marketing research. Coverage of increasingly important ethical issues has been updated and expanded from the second edition, and includes online data collection ethical issues.

Chapter Summaries. The detailed chapter Summaries are organized by the Learning Objectives presented at the beginning of the chapters. This approach to organizing summaries helps students remember the key facts, concepts, and issues. The Summaries serve as an excellent study guide to prepare for in-class exercises and for exams.

Questions for Review and Discussion. The Review and Discussion Questions are carefully designed to enhance the self-learning process and to encourage application of the concepts learned in the chapter to real business decision-making situations. There are two or three questions in each chapter directly related to the Internet and designed to provide students with opportunities to enhance their digital data gathering and interpretative skills.

Marketing Research in Action. The short MRIA cases that conclude each of the chapters provide students with additional insights into how key concepts in each chapter can be applied to real-world situations. These cases serve as in-class discussion tools or applied case exercises. Several of them introduce the data sets found on the book's Web site.

Santa Fe Grill. The book's continuing case study on the Santa Fe Grill uses a single research situation to illustrate various aspects of the marketing research process. The Santa Fe Grill continuing case, including competitor Jose's Southwestern Café, is a specially designed business scenario embedded throughout the book for the purpose of questioning and illustrating chapter topics. The case is introduced in Chapter 1, and in each subsequent chapter, it builds on the concepts previously learned. More than 30 class-tested examples are included as well as an SPSS and Excel formatted database covering a customer survey of the two restaurants. In earlier editions, we added customer survey information for competitor Jose's Southwestern Café, as well as employee survey results for the Santa Fe Grill, to further demonstrate and enhance critical thinking and analytical skills.

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Data Sets. Six data sets in SPSS format are available in the Connect Library, which can be used to assign research projects or with exercises throughout the book. (The concepts covered in each of the data sets are summarized earlier in this Preface.)

SmartPLS Student Version. Through an arrangement with SmartPLS (www.smartpls.de), we provide instructions on how to obtain a free student version of this powerful new software for executing structural modeling, multiple regression, mediation, and many other interesting types of analyses. Specific instructions on how to obtain and use the software are available in the Connect Library.

SPSS Student Version. This powerful software tool enables students to analyze up to 50 variables and 1,500 observations. SPSS data sets are available that can be used in conjunction with data analysis procedures included in the text. Licensing information is available from IBM Analytics for Education: www.ibm.com/analytics/us/en/industry/education

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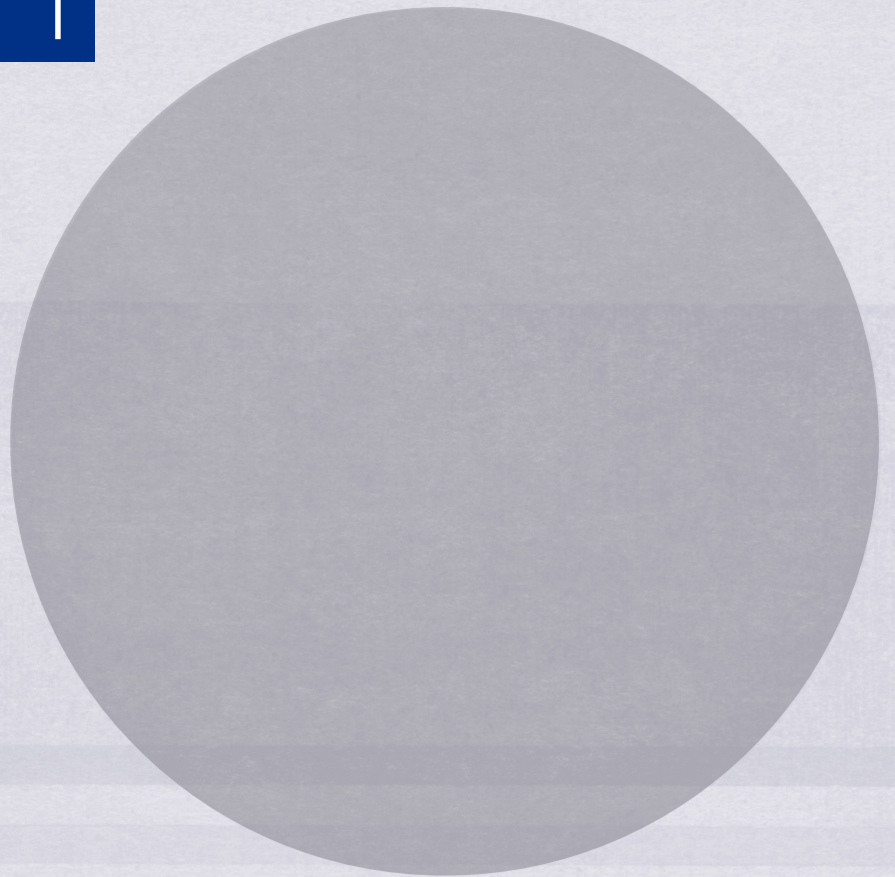
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**The Role and
Value of
Marketing
Research
Information**

Marketing Research for Managerial Decision Making

Chapter 1



Learning Objectives After reading this chapter, you will be able to:

1. Describe the impact marketing research has on marketing decision making.
2. Demonstrate how marketing research fits into the marketing planning process.
3. Provide examples of marketing research studies.
4. Understand the scope and focus of the marketing research industry.
5. Recognize ethical issues associated with marketing research.
6. Discuss new skills and emerging trends in marketing research.

Geofencing

Over the past 15 years, the Internet has sparked a number of significant innovations in marketing research, from online surveys, to mobile surveys, to social media monitoring. The newest Internet technology to influence both marketing and marketing research may be geofencing. Geofencing is a virtual fence that is placed around a geographic location in the real world. Location-enabled smartphone applications can detect entry and exit from these virtual fences. A geofence can be as small as a coffee shop or as wide as a city block. Companies such as Starbucks have used these virtual fences as a way to offer customers in-store benefits such as ease of checkout and local in-store deals.¹ In-store deals can be customized based on the the shopper's previous purchases or other information available in the shopper's profile.

For marketing researchers, geofencing offers a number of possible ways for information to be gleaned from customers. The applications often possess the ability to monitor purchasing behavior as well as the time of day of visits, the number of visits, and the length of visits (often called "loitering time").² Perhaps most interesting is the possibility of using geofencing to capture in-the-moment feedback. Early research comparing surveys fielded by geofencing applications to traditional surveys suggests that consumers more accurately report their experiences immediately after they occur.³ An additional potential benefit for researchers is that online browsing behavior can be matched to data on in-store behavior.

Geofencing should be particularly helpful with collecting data from younger customers who often do not participate in traditional surveys.⁴ Of course, consumers must agree to turn on their location-based apps if researchers are to collect data. On the other hand, potential research respondents can easily be offered relevant rewards for participating in research based on geofencing apps. The popularity of retail store apps that include geofencing components along with the value of "in-context" feedback for marketers makes it likely that the use of geofencing to collect marketing research information will grow in the next few years.

The Growing Complexity of Marketing Research

Technology and the growth of global business are increasing the complexity of marketing research. Digital technologies bring a great deal of opportunities for marketing research but create challenges as well. Internet-based tools, including web-based surveys, interactive and social networking tools like Facebook and Twitter, and mobile phones are radically remolding data collection. “Big data,” a term used to describe the large and complex datasets that information technology enables organizations to gather and store, requires innovative tools to extract insight for businesses and marketers. Some new techniques, such as neuromarketing—which involves scanning the brains of research subjects while showing them ads, for instance—have not yet proven themselves, and may or may not eventually provide useful insights to marketers. Many new data collection tools, including Twitter, clickstream tracking, GPS, and geofencing, pose serious questions in regard to consumer privacy. The current variety of available tools and techniques makes choosing a method for a particular research project increasingly challenging. An additional level of complexity in research design occurs whenever the research effort is global. In our first Marketing Research Dashboard, we address issues in conducting international marketing research. Never before has the research landscape been more complex or more exciting for marketing researchers.



MARKETING RESEARCH DASHBOARD CONDUCTING INTERNATIONAL MARKETING RESEARCH

Many marketing research firms have a presence in a large number of countries. For example, GfK Research (www.gfk.com) advertises that it performs marketing research in over 100 countries. Still, performing research in countries around the world poses some challenges. A great deal of marketing theory and practice to date has been developed in the United States. The good news is that many theories and concepts developed to explain consumer behavior are likely to be applicable to other contexts. For example, the idea that consumers may purchase items that reflect their self-concepts and identities likely applies to many countries. Second, marketing research techniques, including sampling, data collection, qualitative and quantitative techniques, and statistical analyses, are tools that are likely to be almost universally applicable.

But there are many challenges. Some marketing researchers study a country's culture and make broad conclusions about the applicability of their findings. However, culture may strongly affect some kinds of purchases and not others. Second, some target segments and subcultures exist across countries, so performing research that focuses on cultural differences at the level of countries may too narrowly define a target market. Last, Yoram Wind and Susan Douglas argue that while consumers in different countries tend to behave somewhat differently, there is often more variance in behavior within a country than between countries. Thus, research making broad conclusions about consumer culture in a particular country may not be useful to a company marketing a specific

product to a specific segment. More specific research applicable to the specific marketing opportunity or problem is likely to be necessary.

Research on emerging markets, such as Latin America, Africa, and the Middle East, is important as these marketplaces are growing, but the lack of existing secondary data and market research suppliers in these areas of the world presents challenges for businesses who would like to better understand these marketplaces. Developing research capabilities in these areas is complicated by the fact that identifying representative samples is difficult because existing reliable demographic data in these markets may not be available. Translating survey items into another language may change their meaning even when the precaution of backtranslation is used to identify potential issues. Moreover, establishing conceptual equivalence in surveys may be difficult; for example, the Western notion of “truth” is not applicable in the Confucian philosophy.

Building relationships with marketing research companies in the countries where firms want to collect information is the preferred strategy as firms within countries already have useful knowledge about research challenges and solutions. However, marketing research is not always highly regarded by managers in emerging marketplaces. This may be true for several reasons. Consumer acceptance and participation in surveys may be low. The cost of poor business decisions may be lower and thus the perceived need for research to minimize risk is lessened. And, researchers who engage in both qualitative and quantitative techniques often

(Continued)



MARKETING RESEARCH DASHBOARD CONDUCTING INTERNATIONAL MARKETING RESEARCH (Continued)

have to adjust methodology to more successfully interact with consumers in emerging marketplaces.

Technology presents both opportunities and barriers for international marketing research. 3Com commissioned Harris Interactive to conduct the world's largest interactive Internet-based poll. Fully 1.4 million respondents in 250 countries around the world participated in Project Planet. In many countries, respondents entered their answers in an online survey. In remote areas without telephones and computers, interviewers were sent with portable handheld tablets for data entry. When interviewers returned from the field, the data could be uploaded to the database. In this research effort, 3Com was able to reach even technologically disenfranchised communities. While the results were based on a convenience rather than a representative sample, the effort still represents an important, if imperfect global effort at collecting meaningful cross-cultural information.

What does the future hold? Research firms and companies who can successfully develop methods and concepts that will aid them to better understand and serve marketplaces around the world are likely to be more competitive in a global

marketplace. The research firms who are able to provide actionable information will be those who study consumer behavior in context, work with local marketing research firms to develop sound marketing research infrastructure, apply new technologies appropriately to collect valid and reliable data, and develop the analytical sophistication to understand segments within and across country boundaries.

Sources: Yoram Wind and Susan Douglas, "Some Issues in International Consumer Research," *European Journal of Marketing*, 2001, pp. 209–217; C. Samuel Craig and Susan P. Douglas, "Conducting International marketing Research in the 21st Century," 3rd Edition, John Wiley & Sons Ltd, Chichester, West Sussex, England 2005; B. Sebastian Reiche and Anne Wil Harzing, "Key Issues in International Survey Research," *Harzing.com*, June 26, 2007, www.harzing.com/intresearch_keyissues.htm, accessed August 11, 2011; Fernando Fastoso and Jeryl Whitelock, "Why is so Little Marketing Research on Latin America Published in High Quality Journals and What Can We Do About It?" *International Marketing Research*, 2011, Vol. 28(4), pp. 435-439; Holmes, Paul "3Com's Planet Project: An Interactive Poll of the Human Race," <http://www.holmesreport.com/casestudyinfo/581/3Coms-Planet-Project-An-Interactive-Poll-of-the-Human-Race.aspx>, May 28, 2011, accessed August 13, 2011.

Despite the explosion of new marketing research tools and concepts, established tools such as hypothesis testing, construct definition, reliability, validity, sampling, and data analysis remain essential to evaluating the uses and value of new data collection approaches. Traditional data collection methods such as focus groups, mystery shopping, and computer-aided telephone interviewing (CATI) are still relevant and widely used tools. Companies increasingly are choosing hybrid research techniques involving multiple research methods to overcome the weaknesses inherent in single methodologies.

The American Marketing Association defines **marketing research** as the function that links an organization to its market through the gathering of information. This information facilitates the identification and definition of market-driven opportunities and problems, as well as the development and evaluation of marketing actions. Finally, it enables the monitoring of marketing performance and improved understanding of marketing as a business process.⁵ Organizations use marketing research information to identify new product opportunities, develop advertising strategies, and implement new data-gathering methods to better understand customers.

Marketing research is a systematic process. Tasks in this process include designing methods for collecting information, managing the information collection process, analyzing and interpreting results, and communicating findings to decision makers. This chapter provides an overview of marketing research and its fundamental relationship to marketing. We first explain why firms use marketing research and give some examples of how marketing research can help companies make sound marketing decisions. Next we discuss who should use marketing research, and when.

The chapter provides a general description of the ways companies collect marketing research information. We present an overview of the marketing research industry in order to clarify the relationship between the providers and the users of marketing information. The chapter closes with a description of the role of ethics in marketing research, followed by an appendix on careers in marketing research.

Marketing research The function that links an organization to its market through the gathering of information.

The Role and Value of Marketing Research

Many managers with experience in their industry can make educated guesses based on their experience. But markets and consumer tastes change, sometimes rapidly. No matter how much experience that managers might have with their marketplace, they occasionally find that their educated guesses miss the mark. Behavioral decision theorists such as Dan Ariely, author of *Predictably Irrational*, have documented that even experienced individuals can be very wrong in their decision making even when the decision they are making has important consequences.⁶ And many managerial decisions involve new contexts where experience may be absent or even misleading. For example, organizations may be considering new strategies, including marketing to a new segment, using new or evolving media to appeal to their customers, or introducing new products.

Marketing research draws heavily on the social sciences both for methods and theory. Thus, marketing research methods are diverse, spanning a wide variety of qualitative and quantitative techniques and borrowing from disciplines such as psychology, sociology, and anthropology. Marketing research can be thought of as a toolbox full of implements designed for a wide variety of purposes. Tools include surveys, focus groups, experiments, and ethnography, just to name a few. The size of the toolbox has grown in recent years with the advent of “big data,” social media, Internet surveys, and mobile phones. And international marketing problems and opportunities have brought complexity to marketing problems and opportunities along with special challenges for marketing researchers who seek to understand these markets. The size and diversity of the toolbox represent exciting opportunities for marketing researchers to grow and develop innovative ways of learning about markets and consumers.

Whether you work for a small, medium, or large business, it is highly likely that sooner or later you or your organization will buy research, commission research, or even engage in do-it-yourself (DIY) research. While some research methods involve techniques that are hard to master in one course, the essential material in a one-semester course can take you a long way toward being a better research client and will enable you to do some projects on your own.

You probably already know that not all research efforts are equally well executed, and poorly conceived efforts result in information that is not useful for decision making. As well, some secondary research may initially appear to be relevant to a decision, but after reviewing the methodology or sample employed by the research firm, you may decide that the research is not useful for your decision problem. Moreover, even well-executed research has some weaknesses and must be critically evaluated. Developing the knowledge and critical stance to evaluate research efforts will help you determine how and when to apply the research that is available to marketing problems at hand.

Marketing research can be applied to a wide variety of problems involving the four Ps: price, place, promotion, and product. Additionally, marketing research is often used to research consumers and potential consumers in vivid detail, including their attitudes, behaviors, media consumption, and lifestyles. Marketers are also interested in consumer subcultures, as products are often used to enact and support subculture participation. Last, marketing academics and consultants often perform theoretical research that helps marketers understand questions applicable to a broad variety of marketing contexts. Below, we explain how marketing research applies to the traditional four Ps; to studying consumers and consumer subcultures; and the role of theoretical research in marketing.

Marketing Research and Marketing Mix Variables

Product Product decisions are varied and include new product development and introduction, branding, and positioning products. New product development often involves a great

deal of research identifying possible new product opportunities, designing products that evoke favorable consumer response, and then developing an appropriate marketing mix for new products. *Concept and product testing* or *test marketing* provide information for decisions on product improvements and new-product introductions. Concept testing identifies any weaknesses in a product concept prior to launching a product. Product testing attempts to answer two fundamental questions: “How does a product perform for the customer?” and “How can a product be improved to exceed customer expectations?”

Branding is an important strategic issue both for new and existing products. Some marketing firms such as Namestomers specialize in branding, both identifying possible names and then performing consumer research to choose which name effectively communicates product attributes or image. Even for brands with established identities, research must be undertaken regularly to enable early detection of changes in meaning and attitudes toward a brand.

Positioning is a process in which a company seeks to understand how present or possible products are perceived by consumers on relevant product attributes. **Perceptual mapping** is a technique that is often used to picture the relative position of products on two or more dimensions important to consumers in making their choice to purchase. To create the map, consumers are asked to indicate how similar or dissimilar a group of relevant brands or products is to each other. The responses are used to construct perceptual maps that transform the positioning data into a picture or graph that shows how brands are viewed relative to one another. Perceptual mapping reflects the criteria customers use to evaluate brands, typically representing major product features important to customers in selecting products or services. See Exhibit 1.1 for an example of a perceptual map of the Fast Food market.

Perceptual mapping A technique used to picture the relative position of products on two or more product dimensions important to consumer purchase decisions.

Place/Distribution Distribution decisions in marketing include choosing and evaluating locations, channels, and distribution partners. Retailers, including online retailers, undertake a wide variety of studies, but some needs of retailers are unique. Market research studies peculiar to retailers include trade area analysis, store image studies, in-store traffic patterns,

Exhibit 1.1 Perceptual Map of the Fast Food Market



Retailing research Research investigations that focus on topics such as trade area analysis, store image/perception, in-store traffic patterns, and location analysis.

Behavioral targeting Displaying ads at one website based on the user's previous surfing behavior.

Shopper marketing Marketing to consumers based on research of the entire process consumers go through when making a purchase.

and location analysis. Because retailing is a high customer-contact activity, much **retailing research** focuses on database development through optical scanning at the point of purchase. Retailers match data collected at the point of purchase with information on the media customers consume, type of neighborhoods they live in, and the stores they prefer to patronize. This information helps retailers select the kind of merchandise to stock and to understand the factors that influence their customers' purchase decisions.

Online retailers face some unique challenges and data-gathering opportunities. E-tailers can determine when a website is visited, how long the visit lasts, which pages are viewed, and which products are examined and ultimately purchased, and whether or not products are abandoned in online shopping carts. Online retailers who participate in search engine marketing have access to search analytics that help them choose keywords to purchase from search engines. In **behavioral targeting**, e-tailers work with content sites to display ads based on data collected about user behaviors. For example, Weather.com may display ads for a specific pair of shoes that a customer has recently viewed while shopping online at Zappos.com.

In recent years, **shopper marketing** has received a lot of attention. The purpose of shopper research is "to help manufacturers and retailers understand the entire process consumers go through in making a purchase, from prestore to in-store to point-of-purchase."⁷ Shopper marketing addresses product category management, displays, sales, packaging, promotion, and marketing. Marketing research helps businesses to understand when, where, and how consumers make decisions to purchase products that helps retailers provide the right strategy at the right time to influence consumer choices.

Promotion Promotional decisions are important influences on any company's sales. Billions of dollars are spent yearly on various promotional activities. Given the heavy level of expenditures on promotional activities, it is essential that companies know how to obtain good returns from their promotional budgets. In addition to traditional media, digital media, such as Google, YouTube, and social media such as Facebook, all present special challenges to businesses that require reliable metrics to accurately gauge the return on advertising dollars spent. Market researchers must develop meaningful metrics and then collect the data for those metrics. "Analytics" is the application of statistics to quantify performance. For example, Google analytics reports a number of statistics that measure the performance and value of a marketer's search engine marketing program, for example, clickthroughs and purchases.

The three most common research tasks in integrated marketing communications are advertising effectiveness studies, attitudinal research, and sales tracking. Marketing research that examines the performance of a promotional program must consider the total program as each effort often affects others in the promotional mix.

Price Pricing decisions involve pricing new products, establishing price levels in test marketing, and modifying prices for existing products. Marketing research provides answers to questions such as the following:

1. How large is the demand potential within the target market at various price levels? What are the sales forecasts at various price levels?
2. How sensitive is demand to changes in price levels?
3. Are there identifiable segments that have different price sensitivities?
4. Are there opportunities to offer different price lines for different target markets?

A pricing experiment intended to help Amazon.com choose the optimal price for DVDs is featured in the Marketing Research Dashboard.

Consumers and Markets

Segmentation Studies Creating customer profiles and understanding behavioral characteristics are major focuses of any marketing research project. Determining why consumers behave as they do with respect to products, brands, and media is an important goal of a great deal of marketing research. Marketing decisions involving all four Ps are more successful when target market demographics, attitudes, and lifestyles are clear to decision makers.

Benefit and lifestyle studies

Examine similarities and differences in consumers' needs. Researchers use these studies to identify two or more segments within the market for a particular company's products.

A major component of market segmentation research is **benefit and lifestyle studies** that examine similarities and differences in consumers' needs. Researchers use these studies to identify segments within the market for a particular company's products. The objective is to collect information about customer characteristics, product benefits, and brand preferences. This data, along with information on age, family size, income, and lifestyle, can be compared to purchase patterns of particular products (e.g., cars, food, electronics, financial services) to develop market segmentation profiles. Segmentation studies are also useful for determining how to design communications that will resonate with a target market.

While segmentation studies are useful, more detailed information may sometimes be needed about cultures or subcultures that businesses seek to serve. Marketers may use ethnographic (or netnographic) research to study consumer behavior as activities embedded in a cultural context and laden with identity and other symbolic meanings. Ethnography requires extended observation of consumers in context. Ethnography can highlight problems and opportunities for marketers that are based on consumers' actual behavior. For example, when asked about light in the operating room, surgeons said that they had plenty of light. But when an ethnographer watched operations, he noticed that surgeons often struggled to get enough light as they worked. As a result of this research, a company introduced a throw-away light stick for use during operations.⁸ Studying consumer culture and subculture requires immersion by trained, skillful observers. Studying consumers ethnographically broadens businesses' understanding of how consumers view and use products in their day-to-day lives.

Marketing Theory

Some readers see the word *theory* and stop listening and reading. But theory is often quite useful and relevant. Kurt Lewin, a pioneer of social, organizational, and applied psychology famously wrote, "There is nothing so practical as a good theory."⁹ The purpose of theory is to generalize relationships between concepts in a way that is applicable to a wide variety of business and often other settings. Thus, marketing theory is important to many businesses. Theory is so important that many major companies are members of Marketing Science Institute (MSI.org), which grants money to academics studying marketing problems that businesses and industry are trying to understand.

Some examples of practical theory most marketing students learn are useful in demonstrating how important theory is to the field of marketing. For example, adoption and diffusion theory (adopted from sociology) has helped marketers understand how new products are adopted and spread through the market and the characteristics of products and adopters that aid or inhibit adoption. Another example of useful theory comes from services marketing research, where marketing researchers have learned that five characteristics—reliability, empathy, responsiveness, assurance, and tangibles—are important to consumers across a wide variety of services contexts. Information overload theory explains why consumers are much more likely to purchase after sampling from a set of 6 versus 24 flavors.¹⁰ In sales research, likability, similarity, and trustworthiness are characteristics that are linked to a salesperson's success. These few examples show how theory can be useful to thinking about business problems and opportunities. In Chapter 3, you will learn about developing conceptual models.