**CHAPTER 1**

**INTRODUCTION TO MARKETING RESEARCH**

**LEARNING OBJECTIVES**

* To know the relationship of marketing research to marketing,</P></OBJ> the marketing concept, and marketing strategy
* To To KNow To know how to define marketing research <OBJ><P><INST></IN
* To understand the function and uses of marketing research
* </P></OBJ>To see examples of marketing research for evaluating target markets, product research, pricing research, promotion research, and distribution research
* <OBJ><P><INST></INST><OBJ><P><INST></INST>To describe a marketing information system (MIS) and understand why marketing research occupies a place in an MIS</P></OBJ>

**CHAPTER OUTLINE**

**Introduction to Marketing Research**

**Marketing Research is Part of Marketing**

The Philosophy of the Marketing Concept Guides Managers’

Decisions  
 The “Right Marketing Strategy”

**What is Marketing Research?**

**What Are the Uses of Marketing Research?**

* Identifying market opportunities and problems
* Generate, refine, and evaluate potential marketing actions
* Monitor marketing performance
* Improve marketing as a process
* Marketing research is sometimes wrong

**The Marketing Information System**

Components of an MIS

**KEY TERMS**

Marketing Marketing concept

Marketing strategy Marketing research

Market research Function ofmarketing research

Basic research Applied research

Marketing information system Internal reports system

Marketing intelligence system Marketing decision support system (DSS)

Marketing research system

**TEACHING SUGGESTIONS**

1. The purpose of the first section in the chapter is to review marketing, the marketing concept, marketing strategy, and the environments that affect marketing activities. A way to test students (and to bring their thinking back to school because this will be the first week in a new term) is to have them role-play as marketing managers for a new brand of a particular product. In the following examples, what would be the target market, salient marketing activities, positioning strategy, and environmental factors?
   * Launching a new brand of sparkling water fruit drink
   * Marketing an online apartment finder that assists college students in finding an apartment. The finder would search for apartments based on criteria, check on vacancies, and let the user place a refundable deposit to hold the apartment for 24 hours while he/she checked it out.
   * Being the new vice president of the ABC Interactive Television Programs Division
   * Positioning the iPhone against other similar products
2. The AMA definition makes clear that marketing research exists to create information to be used in marketing decisions. Product failures are good class examples of how marketing information should have been used to design products, packaging, or services. Students can often recall products or services that were disappointing or otherwise failures in their eyes. Class discussion can be stimulated with the question, “What product or service can you think of or have encountered that would have benefited from good marketing research?” On the flip side, students may relate products that they believe are especially successful. College student–oriented products are a good category because all students can relate to them. The objective with successful product/service examples is the same.
3. The website for New Product Works (GfK Custom Research) is www.gfkamerica.com. As an exercise, tell students to visit the Web site to see what it is all about. Class discussion can focus on the marketing research aspects of the new product development process outlined and described there and this company’s services.
4. To drive home the importance of marketing research information in marketing decisions, ask students what type of restaurant they would build and operate right off campus. They will opt for one that is appropriate for college students—maybe a late night hangout or a takeout service. Then ask what type they would build if the location were beside a university in a distant state. They will most likely give the same answer. Now, move the location to a foreign university (say mainland China where all college students live in dorms, eat in dining halls, have free tuition, don’t drive cars, etc.). If possible, use a country that you are familiar with and that is quite different from your students’ situations. They will come to realize that they need information in order to make reasonable decisions about the restaurant.
5. Hold a class brainstorming session on marketing opportunities. Select one of the examples below or use your own to generate several different directions in which these companies could go. Ask the class what marketing research information would be useful to evaluate the success potential of each opportunity.

What marketing opportunities are there for:

A zoo?

A family restaurant?

A pet food company?

1. Perhaps using one of your own applied research experiences, such as a consultation, to illustrate the various characteristics of marketing research (applied rather than basic, sometimes inaccurate, and shaped by budget and time constraints). Note: if you use class projects where surveys are done for sponsors, you can bring one of these into the class and describe how it illustrates the characteristics. You may want to bring a recent copy of an academic marketing journal to class to provide some examples of basic research.
2. Because it is a complicated and abstract concept, it is worthwhile to go over the components of an MIS. To make it more real, use a company example and ask students what they think would be involved with each component. Possible examples are: a hotel chain such as Marriott, a fast food chain such as Taco Bell, or a periodical such as *People* magazine. Ask students to provide examples for each component of an MIS. For instance, marketing intelligence might be a “clipping” service on relevant competitors, internal reports might be a salesperson’s reports and notes, marketing research might be an annual customer satisfaction survey, and so forth.
3. The DSS concept is intuitive to students who are computer literate. They should know about spreadsheet programs, database managers, word processors, and graphics programs. Some will have experience with integrated “office” packages. Ask students what computer hardware, software and analytical tools they think they will need to be good marketing decision makers.
4. There is a comment that technological advances such as the “information highway” will be important to marketing research, and especially MIS, in the future. Some students will have experience with GaleNet, ABI/Inform, Lexis-Nexis, or other such information highway services. Have them tell about the many different features of these services to help the other students understand the power of these systems.

**ACTIVE LEARNING EXERCISES**

**Golf Anyone?**

*What kind of information would a marketing research company provide? To gain a better understanding of the role that marketing research plays, go to the website* [*www.sportsandleisureresearch.com*](http://www.sportsandleisureresearch.com) *and go to DOWNLOADS. Here you can read some of the reports written by this research firm. Take a look at the content of some of the reports. Can you think of the kinds of decisions that may be facilitated by having access to this information?*

Students will find report on these topics:

* Perspectives – golf facts and figures
* Consumer outlook
* Travel perspectives
* Profiles in golf
* Travel and Destination
* Women & Golf
* Women’s golf market

**Create Your Own Intelligence System**

*Thanks to the information age, Google Alert represents*

*an efficient way for even small firms to maintain their own intelligence system.*

The free trial recommended for students is an example of how a constant monitor will alert them to some news or “happening” on their topic. It works like a marketing intelligence system that watches everything on the Internet – news, blogs, videos, etc. – that pertains to the key work search topics.

**ANSWERS TO END-OF-CHAPTER QUESTIONS**

1. *What is marketing? Explain the role of marketing research in the process of marketing management.*

Review question. This question requires students to review the definition and role of marketing research.

The American Marketing Association has defined marketing as *the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.*

The main role of marketing research is to provide the necessary information that enables managers to market ideas, goods, and services <ITAL>*properly*</ITAL>.

1. *Give examples of products that have failed.*

Review question. Students must find the names of these products identified in the chapter.

Two products described are: General Motors, Soft Batch Cookies.

1. *Why are philosophies important to decision makers? What is the marketing concept?*

Review question. Students must relate the concept of a philosophy and the marketing concept.

A philosophy may be thought of as a system of values, or principles, by which you live. There are many different philosophies that managers may use to guide them in their daily decision making.

The marketing concept is *a business philosophy that holds that the key to achiev­ing organizational goals consists of the company being more effective than com­petitors in creating, delivering, and communicating customer value to its chosen target markets.*

1. *What is strategy and why is marketing research important to strategy makers?*

Review question: Students must relate what is strategy and why marketing research is important to strategy makers.

A marketing strategyconsists of selecting a segment of the market as the company's target market and designing the proper "mix" of product/service, price, promotion, and distribution system to meet the wants and needs of the consumers within the target market.

Marketing research is a *process* that results in reporting information and that information can be used to solve a marketing prob­lem such as determining price, deciding how to advertise, and so on. That is, marketing research is the basis of marketing strategy.

1. *Define marketing research.*

Review question. Students should repeat the two definitions provided in the chapter.

The textbook definition: Marketing research is the process of designing, gathering, analyzing, and reporting information that may be used to solve a specific marketing problem.

The AMA definition: Marketing research is the function that links the consumer, customer, and public to the marketer through information-information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve the understanding of marketing as a process.

Market research refers to applying marketing research to a specific market area. One definition of market research is: The systematic gathering, recording, and analyzing of data with respect to a *particular market, where market refers to a specific customer group in a specific geographic area.*

1. *What is the purpose of marketing research?*

Review question. Students must relate the purpose as described in the chapter.

The purpose of marketing research is to link the consumer to the marketer by providing information that can be used in making marketing decisions.

1. *Name the uses of marketing research.*

Review question. This requires identifying and reporting the four uses.

The chapter describes four uses:

* Identify Market Opportunities and Problems
* Generate, Refine, and Evaluate Potential Marketing Actions
* Monitor Marketing Performance
* Improve Marketing as a Process

1. *Which use of marketing research is considered basic research?*

Review question. Students must identify that understanding, not specific problem solving, is the goal of basic research.

Basic research is conducted to expand our knowledge rather than to solve a spe­cific problem. Research conducted to solve specific problems is called applied research; hence, “Improve Marketing as a Process” pertains to basic research.

1. *Give your own example to illustrate a marketing research study that may be used in*
   * 1. *product research*
     2. *pricing research*
     3. *promotion research*
     4. *distribution research*

A classification of studies is provided in Table 1.1. Students can provide examples from the table or come up with their own examples.

*11. Distinguish among MIS (marketing information system), marketing research, and DSS (decision support system).*

Review question. Students should be able to differentiate these two concepts.

A marketing information system (MIS) is a structure consisting of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers, while a marketing decision support system (DSS) is defined as collected data that may be accessed and analyzed using tools and tech­niques that assist managers in decision making.

*12. Explain why the phrase “specific problem” is important to the definition of marketing research and how this phrase relates to justifying the existence of marketing research in the MIS.*

Review question. Students must find where marketing research is described as part of MIS.

A marketing information system (MIS) is a structure that includes marketing research (system). Marketing research is activated or used when the general information in the MIS gives rise to a specific question or problem to be researched “ad hoc.”

1. *Go to your library, either in person or online, and look through several business periodicals such as Advertising Age, Business Week, Fortune, and Forbes. Find three examples of companies using marketing research.*

Application question. This question requires students to find marketing research examples.

This is an exercise for students to use library or online resources to find marketing research examples. There is no “right” answer here.

*14. Select a company in a field in which you have a career interest and look up information on this firm in your library or on the Internet. After gaining some knowledge of this company, its products and services, customers, and com­petitors, list five different types of decisions that you believe this company's management may have made within the last two years. For each decision, list the information the company's executives would have needed in order to make these decisions.*

Results will vary greatly here based on students’ efforts and their career interests. Typical marketing decisions are: product development, price, promotion, distribution, market targeting, going global, and facing competition.

**CASE SOLUTIONS**

**Case 1.1 Anderson Construction**

**Case Objective**

This case illustrates how movie productions are investment decisions and how directors and producers must take into account the level of success expected for the movie. There is a great deal that is unknown about the audience’s reaction to a movie. Consequently, marketing research can assist by providing information.

**Answers to Case Questions**

1. Explain why you think Larry Anderson should look into doing marketing research or not doing marketing research?

Because the purpose of marketing research is to “…link the consumer to the marketer by providing information that can be used in marketing decisions,” this situation calls for marketing research information. One use of marketing research is to identify marketing opportunities.

2. Think about the components of a marketing information system. Which component/s would you suggest Larry Anderson use and why?

**Case 1.2 The Integrated Case: Global Motors**

**Case Objective**

This is the introduction to the integrated case that is used throughout the textbook. It describes how an automobile manufacturer that has built its reputation and profit on large automobiles senses a change in consumer sentiment as a result of environmental (global warming) and practical (high gasoline prices) factors. In addition to innovative new designs, the company may move to alternative fuel models. Whether or not prospective automobile buyers are willing to buy the new models is the issue.

**Answers to Case Questions**

*Should Nick Thomas use marketing research?*

Yes, absolutely. This is a multi-million dollar investment that may take 3-5 years to implement. The marketing decision definitely needs general as well as specific information to be supplied by marketing research.

*What components of ZEN’s MIS will Nick Thomas need?*

Nick will need all aspects of the MIS. Each component and its value to Nick at the present are listed below.

* Internal reports system – useful to see past sales patterns by model, by country, and within countries such as by major cities or regions.
* Marketing intelligence system – useful to gain an understanding of what competitors are doing, to learn about market trends, to see about global warming and/or gasoline issues and automobiles, and to understand consumer sentiments.
* Marketing decision support system – depending on its features, perhaps use the tools to do “what if” scenarios such as drops in market share with key or all models; might be useful in doing break-even analyses of possible new models
* Marketing research system – this is definitely a specific situation, and there will be a great need for marketing research on consumer attitudes toward global warming and alternative fuels as well as specific reactions to possible new automobile designs.