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# Marketing Research

## *An Applied Orientation*

SEVENTH EDITION

Naresh K. Malhotra



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# MARKETING RESEARCH

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An Applied Orientation

**Naresh K. Malhotra**

*Georgia Institute of Technology*



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To the memory of my father,  
Mr. H. N. Malhotra  
and  
To my mother, Mrs. Satya Malhotra  
and

To my wife Veena and children Ruth and Paul

The love, encouragement, and support of my parents, wife,  
and children have been exemplary.

“The greatest of these is love.”

I Corinthians 13:13

“But God showed how much He loved us by having Christ die for us,  
even though we were sinful.”

Romans 5:8  
*The Holy Bible*

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# BRIEF CONTENTS

<b>PART 1</b>	<b>Introduction and Early Phases of Marketing Research</b>	27
Chapter 1	Introduction to Marketing Research	28
Chapter 2	Defining the Marketing Research Problem and Developing an Approach	57
<b>PART 2</b>	<b>Research Design Formulation</b>	89
Chapter 3	Research Design	90
Chapter 4	Exploratory Research Design: Secondary and Syndicated Data	118
Chapter 5	Exploratory Research Design: Qualitative Research	150
Chapter 6	Descriptive Research Design: Survey and Observation	190
Chapter 7	Causal Research Design: Experimentation	234
Chapter 8	Measurement and Scaling: Fundamentals and Comparative Scaling	266
Chapter 9	Measurement and Scaling: Noncomparative Scaling Techniques	288
Chapter 10	Questionnaire and Form Design	316
Chapter 11	Sampling: Design and Procedures	353
Chapter 12	Sampling: Final and Initial Sample Size Determination	387
<b>PART 3</b>	<b>Data Collection, Preparation, Analysis, and Reporting</b>	415
Chapter 13	Fieldwork	416
Chapter 14	Data Preparation	433
Chapter 15	Frequency Distribution, Cross-Tabulation, and Hypothesis Testing	463
Chapter 16	Analysis of Variance and Covariance	508
Chapter 17	Correlation and Regression	537
Chapter 18	Discriminant and Logit Analysis	574
Chapter 19	Factor Analysis	606
Chapter 20	Cluster Analysis	632
Chapter 21	Multidimensional Scaling and Conjoint Analysis	658
Chapter 22	Structural Equation Modeling and Path Analysis	690
Chapter 23	Report Preparation and Presentation	725

## CASES



### Running Case with Real Data

**Case 1.1** HP: Using Marketing Research to Gain a Competitive Edge 752

### Comprehensive Critical Thinking Cases

**Case 2.1** Baskin-Robbins: Can It Bask in the Good 'Ole Days? 757

**Case 2.2** Kid Stuff? Determining the Best Positioning Strategy for Akron Children's Hospital 760

**Data Analysis Cases with Real Data**

**Case 3.1** AT&T Wireless: Ma Bell Becomes Ma Again 762

**Case 3.2** IBM: A Top Provider of Computer Hardware, Software, and Services 766

**Case 3.3** Kimberly-Clark: Competing Through Innovation 774

**Comprehensive Cases with Real Data**

**Case 4.1** JPMorgan Chase: Chasing Growth Through Mergers and Acquisitions 781

**Case 4.2** Wendy's: History and Life After Dave Thomas 787

**Comprehensive Harvard Business School Cases**

**Case 5.1** The Harvard Graduate Student Housing Survey (9-505-059) 793

**Case 5.2** BizRate.Com (9-501-024) 793

**Case 5.3** Cola Wars Continue: Coke and Pepsi in the Twenty-First Century (9-702-442) 793

**Case 5.4** TiVo in 2002 (9-502-062) 793

**Case 5.5** Compaq Computer: Intel Inside? (9-599-061) 793

**Case 5.6** The New Beetle (9-501-023) 793

# CONTENTS

Foreword	19
Preface	21
Acknowledgments	24
About the Author	25
Commendation	26

## **PART 1 Introduction and Early Phases of Marketing Research** 27

---

<b>1</b>	<b>Introduction to Marketing Research</b>	<b>28</b>	<b>2</b>	<b>Defining the Marketing Research Problem and Developing an Approach</b>	<b>57</b>
	Objectives	28		Objectives	57
	Overview	29		Overview	58
	Definition of Marketing Research	31		Importance of Defining the Problem	59
	A Classification of Marketing Research	32		The Process of Defining the Problem and Developing an Approach	60
	The Marketing Research Process	34		Tasks Involved	60
	Step 1: Problem Definition	34		Discussions with Decision Makers	60
	Step 2: Development of an Approach to the Problem	34		Interviews with Industry Experts	63
	Step 3: Research Design Formulation	35		Secondary Data Analysis	64
	Step 4: Fieldwork or Data Collection	35		Qualitative Research	65
	Step 5: Data Preparation and Analysis	35		<b>Environmental Context of the Problem</b>	<b>66</b>
	Step 6: Report Preparation and Presentation	35		Past Information and Forecasts	66
	The Role of Marketing Research in Marketing Decision Making	36		Resources and Constraints	67
	Marketing Research and Competitive Intelligence	38		Objectives	68
	The Decision to Conduct Marketing Research	38		Buyer Behavior	68
	The Marketing Research Industry	39		Legal Environment	69
	Selecting a Research Supplier	41		Economic Environment	69
	Employability in Marketing Research	42		Marketing and Technological Skills	69
	The Department Store Patronage Project	44		<b>Management Decision Problem and Marketing Research Problem</b>	<b>70</b>
	International Marketing Research	44		<b>Defining the Marketing Research Problem</b>	<b>71</b>
	Marketing Research and Social Media	46		<b>Components of the Approach</b>	<b>73</b>
	Mobile Marketing Research	47		Objective/Theoretical Framework	73
	Ethics in Marketing Research	48		Analytical Model	74
	SPSS Windows and SAS Enterprise Guide	50		Research Questions	75
	HP Running Case 50 • Summary 51			Hypotheses	76
	Key Terms and Concepts 51 • Suggested Cases, HBS Cases, and Video Cases 51			Specification of Information Needed	78
	Live Research: Conducting a Marketing Research Project 52 • Acronyms 52			<b>International Marketing Research</b>	<b>79</b>
	Exercises 52 • Internet and Computer Exercises 53 • Activities 53			<b>Marketing Research and Social Media</b>	<b>80</b>
	▶ Video Case 1.1 Burke: Learning and Growing Through Marketing Research 54			Approach to the Problem	81
				<b>Mobile Marketing Research</b>	<b>82</b>
				<b>Ethics in Marketing Research</b>	<b>82</b>
				HP Running Case 83 • Summary 83	
				Key Terms and Concepts 84 • Suggested Cases, HBS Cases, and Video Cases 84	
				Live Research: Conducting a Marketing Research Project 85 • Acronyms 85	
				Exercises 85 • Internet and Computer Exercises 86 • Activities 86	
				▶ Video Case 2.1 Accenture: The Accent Is in the Name 87	

**PART 2 Research Design Formulation** 89

<b>3</b>	<b>Research Design</b>	90
	Objectives	90
	Overview	91
	Research Design: Definition	92
	Research Design: Classification	92
	Exploratory Research	94
	Descriptive Research	96
	Cross-Sectional Designs	97
	Longitudinal Designs	98
	Relative Advantages and Disadvantages of Longitudinal and Cross-Sectional Designs	99
	Causal Research	101
	Relationships Among Exploratory, Descriptive, and Causal Research	103
	Potential Sources of Error	104
	Random Sampling Error	104
	Nonsampling Error	104
	Budgeting and Scheduling the Project	107
	Marketing Research Proposal	107
	International Marketing Research	108
	Marketing Research and Social Media	109
	Mobile Marketing Research	111
	Ethics in Marketing Research	111
	HP Running Case	112 • Summary 112
	Key Terms and Concepts	113 • Suggested Cases, HBS Cases and Video Cases 113
	Live Research: Conducting a Marketing Research Project	113 • Acronyms 114 • Exercises 114 • Internet and Computer Exercises 114 • Activities 114
	▶ Video Case 3.1 National Football League: The King of Professional Sports	116

<b>4</b>	<b>Exploratory Research Design: Secondary and Syndicated Data</b>	118
	Objectives	118
	Overview	119
	Primary Versus Secondary Data	120
	Advantages and Uses of Secondary Data	121
	Disadvantages of Secondary Data	121
	Criteria for Evaluating Secondary Data	121
	Specifications: Methodology Used to Collect the Data	122
	Error: Accuracy of the Data	123
	Currency: When the Data Were Collected	123
	Objective: The Purpose for Which the Data Were Collected	123
	Nature: The Content of the Data	123
	Dependability: How Dependable Are the Data?	124

Classification of Secondary Data	125
Internal Secondary Data	126
Customer Databases	126
Data Warehouse and Data Mining	126
CRM and Database Marketing	127
External Secondary Data	128
Business/Nongovernment Data	128
Government Sources	128
Syndicated Sources of Secondary Data	130
Syndicated Data from Households	131
Surveys	131
Purchase and Media Panels	134
Electronic Scanner Services	135
Syndicated Data from Institutions	137
Retailer and Wholesaler Audits	137
Industry Services	138
Combining Information from Different Sources: Single-Source Data	139
Big Data	140
International Marketing Research	140
Marketing Research and Social Media	142
Mobile Marketing Research	143
Ethics in Marketing Research	144
HP Running Case	144 • Summary 145
Key Terms and Concepts	145 • Suggested Cases, HBS Cases, and Video Cases 145
Live Research: Conducting a Marketing Research Project	146 • Acronyms 146
Exercises	146 • Internet and Computer Exercises 147 • Activities 147
▶ Video Case 4.1 The Mayo Clinic: Staying Healthy with Marketing Research	148

<b>5</b>	<b>Exploratory Research Design: Qualitative Research</b>	150
	Objectives	150
	Overview	151
	Primary Data: Qualitative Versus Quantitative Research	152
	Rationale for Using Qualitative Research	154
	A Classification of Qualitative Research Procedures	155
	Focus Group Interviews	155
	Characteristics	156
	Planning and Conducting Focus Groups	157
	Other Variations in Focus Groups	161
	Advantages of Focus Groups	162
	Disadvantages of Focus Groups	163
	Applications of Focus Groups	163
	Online Focus Group Interviews	164
	Advantages of Online Focus Groups	164

Disadvantages of Online Focus Groups	164
Uses of Online Focus Groups	165
<b>Depth Interviews</b>	<b>166</b>
Characteristics	166
Techniques	167
Advantages and Disadvantages of Depth Interviews	168
Applications of Depth Interviews	169
<b>Projective Techniques</b>	<b>170</b>
Association Techniques	170
Completion Techniques	171
Construction Techniques	173
Expressive Techniques	174
Advantages and Disadvantages of Projective Techniques	175
Applications of Projective Techniques	175
<b>Analysis of Qualitative Data</b>	<b>177</b>
Software Packages	178
<b>International Marketing Research</b>	<b>179</b>
<b>Marketing Research and Social Media</b>	<b>179</b>
Focus Groups	180
Depth Interviews	181
Projective Techniques	181
Limitations	181
<b>Mobile Marketing Research</b>	<b>182</b>
<b>Ethics in Marketing Research</b>	<b>183</b>
<b>HP Running Case</b>	<b>184</b>
• Summary	184
<b>Key Terms and Concepts</b>	<b>184</b>
• Suggested Cases, HBS Cases, and Video Cases	185
<b>Live Research: Conducting a Marketing Research Project</b>	<b>185</b>
• Acronyms	185
<b>Exercises</b>	<b>186</b>
• Internet and Computer Exercises	186
• Activities	187
▶ <b>Video Case 5.1 Nike: Associating Athletes, Performance, and the Brand</b>	<b>188</b>

## 6 Descriptive Research Design: Survey and Observation 190

Objectives	190
Overview	191
Survey Methods	193
Survey Methods Classified by Mode of Administration	194
<b>Telephone Methods</b>	<b>194</b>
Traditional Telephone Interviews	194
Computer-Assisted Telephone Interviewing (CATI)	194
<b>Personal Methods</b>	<b>196</b>
Personal In-Home Interviews	196
Mall-Intercept Personal Interviews	196
Computer-Assisted Personal Interviewing (CAPI)	197
<b>Mail Methods</b>	<b>198</b>
Mail Interviews	198
Mail Panels	200

<b>Electronic Methods</b>	<b>200</b>
Email Interviews	200
Internet Interviews	200
<b>A Comparative Evaluation of Survey Methods</b>	<b>202</b>
Task Factors	204
Situational Factors	207
Respondent Factors	208
<b>Some Other Survey Methods</b>	<b>210</b>
<b>Selection of Survey Methods</b>	<b>210</b>
<b>Observation Methods</b>	<b>211</b>
Structured Versus Unstructured Observation	211
Disguised Versus Undisguised Observation	212
Natural Versus Contrived Observation	212
<b>Observation Methods Classified by Mode of Administration</b>	<b>212</b>
Personal Observation	212
Mechanical Observation	213
Audit	215
Content Analysis	215
Trace Analysis	217
<b>A Comparative Evaluation of Observation Methods</b>	<b>218</b>
<b>A Comparison of Survey and Observation Methods</b>	<b>219</b>
Relative Advantages of Observation	219
Relative Disadvantages of Observation	219
<b>Ethnographic Research</b>	<b>220</b>
<b>Other Methods</b>	<b>221</b>
<b>International Marketing Research</b>	<b>221</b>
Selection of Survey Methods	222
<b>Marketing Research and Social Media</b>	<b>223</b>
Surveys	223
Observation	225
<b>Mobile Marketing Research</b>	<b>226</b>
MMR and Survey Research	226
MMR and Observation Research	227
<b>Ethics in Marketing Research</b>	<b>228</b>
<b>HP Running Case</b>	<b>229</b>
• Summary	229
<b>Key Terms and Concepts</b>	<b>229</b>
• Suggested Cases, HBS Cases, and Video Cases	230
<b>Live Research: Conducting a Marketing Research Project</b>	<b>230</b>
• Acronyms	230
<b>Exercises</b>	<b>231</b>
• Internet and Computer Exercises	231
• Activities	231
▶ <b>Video Case 6.1 Starbucks: Staying Local While Going Global Through Marketing Research</b>	<b>232</b>

## 7 Causal Research Design: Experimentation 234

Objectives	234
Overview	235
Concept of Causality	236

Conditions for Causality	236
Concomitant Variation	237
Time Order of Occurrence of Variables	238
Absence of Other Possible Causal Factors	238
Role of Evidence	238
Definitions and Concepts	239
Definition of Symbols	240
Validity in Experimentation	240
Internal Validity	241
External Validity	241
Extraneous Variables	241
History	241
Maturation	242
Testing Effects	242
Instrumentation	242
Statistical Regression	242
Selection Bias	243
Mortality	243
Controlling Extraneous Variables	243
Randomization	243
Matching	243
Statistical Control	244
Design Control	244
A Classification of Experimental Designs	244
Preexperimental Designs	245
One-Shot Case Study	245
One-Group Pretest-Posttest Design	246
Static Group Design	246
True Experimental Designs	247
Pretest-Posttest Control Group Design	247
Posttest-Only Control Group Design	247
Quasi-Experimental Designs	249
Time Series Design	249
Multiple Time Series Design	249
Statistical Designs	250
Randomized Block Design	250
Latin Square Design	252
Factorial Design	253
Laboratory Versus Field Experiments	254
Experimental Versus Nonexperimental Designs	255
Limitations of Experimentation	256
Time	256
Cost	256
Administration	256
Application: Test Marketing	256
International Marketing Research	256
Marketing Research and Social Media	258
Mobile Marketing Research	259
Ethics in Marketing Research	259
HP Running Case	260 • Summary 260
Key Terms and Concepts	261 • Suggested Cases, HBS Cases, and Video Cases 261

Live Research: Conducting a Marketing Research Project	262 • Acronyms 262
Exercises	262 • Internet and Computer Exercises 263 • Activities 263
▶ Video Case 7.1 Aflac: Marketing Research Quacks Like a Duck	264

## 8 Measurement and Scaling: Fundamentals and Comparative Scaling 266

Objectives	266
Overview	267
Measurement and Scaling	268
Scale Characteristics and Levels of Measurement	268
Description	268
Order	268
Distance	269
Origin	269
Primary Scales of Measurement	269
Nominal Scale	269
Ordinal Scale	271
Interval Scale	272
Ratio Scale	273
A Comparison of Scaling Techniques	274
Comparative Scaling Techniques	275
Paired Comparison Scaling	275
Rank Order Scaling	277
Constant Sum Scaling	278
Q-Sort and Other Procedures	279
International Marketing Research	280
Marketing Research and Social Media	281
Mobile Marketing Research	281
Ethics in Marketing Research	282
HP Running Case	283 • Summary 283
Key Terms and Concepts	283 • Suggested Cases, HBS Cases, and Video Cases 284
Live Research: Conducting a Marketing Research Project	284 • Acronyms 284
Exercises	285 • Internet and Computer Exercises 285 • Activities 285
▶ Video Case 8.1 Procter & Gamble: Using Marketing Research to Build Brands	286

## 9 Measurement and Scaling: Noncomparative Scaling Techniques 288

Objectives	288
Overview	289
Noncomparative Scaling Techniques	290
Continuous Rating Scale	290
Itemized Rating Scales	292
Likert Scale	292
Semantic Differential Scale	294
Stapel Scale	295

Noncomparative Itemized Rating Scale	
Decisions	296
Number of Scale Categories	296
Balanced Versus Unbalanced Scales	296
Odd or Even Number of Categories	297
Forced Versus Nonforced Scales	297
Nature and Degree of Verbal Description	297
Physical Form or Configuration	297
<b>Multi-Item Scales</b>	<b>300</b>
<b>Scale Evaluation</b>	<b>301</b>
Measurement Accuracy	301
Reliability	302
Validity	304
Relationship Between Reliability and Validity	305
Generalizability	305
<b>Choosing a Scaling Technique</b>	<b>306</b>
<b>Mathematically Derived Scales</b>	<b>306</b>
<b>International Marketing Research</b>	<b>306</b>
<b>Marketing Research and Social Media</b>	<b>307</b>
<b>Mobile Marketing Research</b>	<b>308</b>
<b>Ethics in Marketing Research</b>	<b>309</b>
HP Running Case	310 • Summary 310
Key Terms and Concepts	311 • Suggested Cases, HBS Cases, and Video Cases 311
Live Research: Conducting a Marketing Research Project	311 • Acronyms 312
Exercises	312 • Internet and Computer Exercises 312 • Activities 313
▶ Video Case 9.1 eGO: Reinventing Wheels	314
<b>10 Questionnaire and Form Design</b>	<b>316</b>
Objectives	316
Overview	317
Questionnaires and Observation Forms	318
Questionnaire Definition	319
Objectives of a Questionnaire	319
Questionnaire Design Process	319
Specify the Information Needed	320
Type of Interviewing Method	321
Individual Question Content	322
Is the Question Necessary?	322
Are Several Questions Needed Instead of One?	322
Overcoming Inability to Answer	323
Is the Respondent Informed?	323
Can the Respondent Remember?	324
Can the Respondent Articulate?	325
Overcoming Unwillingness to Answer	325
Effort Required of the Respondents	325
Context	325
Legitimate Purpose	325
Sensitive Information	326
Increasing the Willingness of Respondents	326
<b>Choosing Question Structure</b>	<b>327</b>
Unstructured Questions	327
Structured Questions	328
<b>Choosing Question Wording</b>	<b>330</b>
Define the Issue	330
Use Ordinary Words	330
Use Unambiguous Words	331
Avoid Leading or Biasing Questions	331
Avoid Implicit Alternatives	332
Avoid Implicit Assumptions	332
Avoid Generalizations and Estimates	332
Dual Statements: Positive and Negative	333
<b>Determining the Order of Questions</b>	<b>333</b>
Opening Questions	333
Type of Information	334
Difficult Questions	334
Effect on Subsequent Questions	334
Logical Order	335
<b>Form and Layout</b>	<b>336</b>
<b>Reproduction of the Questionnaire</b>	<b>337</b>
<b>Pretesting</b>	<b>338</b>
<b>Computer and Internet Questionnaire Construction</b>	<b>340</b>
<b>Observational Forms</b>	<b>341</b>
<b>International Marketing Research</b>	<b>342</b>
<b>Marketing Research and Social Media</b>	<b>344</b>
<b>Mobile Marketing Research</b>	<b>344</b>
MMR and Questionnaire Design	344
<b>Ethics in Marketing Research</b>	<b>345</b>
HP Running Case	346 • Summary 346
Key Terms and Concepts	347 • Suggested Cases, HBS Cases, and Video Cases 347
Live Research: Conducting a Marketing Research Project	348 • Acronyms 348
Exercises	348 • Internet and Computer Exercises 349 • Activities 350
▶ Video Case 10.1 Dunkin' Donuts: Dunking the Competition	351
<b>11 Sampling: Design and Procedures</b>	<b>353</b>
Objectives	353
Overview	354
Sample or Census	355
The Sampling Design Process	357
Define the Target Population	357
Determine the Sampling Frame	358
Select a Sampling Technique	358
Determine the Sample Size	359
Execute the Sampling Process	360

A Classification of Sampling Techniques	361
Nonprobability Sampling Techniques	362
Convenience Sampling	363
Judgmental Sampling	363
Quota Sampling	364
Snowball Sampling	365
Probability Sampling Techniques	366
Simple Random Sampling	367
Systematic Sampling	368
Stratified Sampling	369
Cluster Sampling	371
Other Probability Sampling Techniques	373
Choosing Nonprobability Versus Probability Sampling	375
Uses of Nonprobability and Probability Sampling	376
Internet Sampling	376
Issues in Online Sampling	376
Online Sampling Techniques	377
International Marketing Research	378
Marketing Research and Social Media	379
Mobile Marketing Research	380
Ethics in Marketing Research	381
HP Running Case	381 • Summary 382
Key Terms and Concepts	382 • Suggested Cases, HBS Cases, and Video Cases 382
Live Research: Conducting a Marketing Research Project	383 • Acronyms 383
Exercises	383 • Internet and Computer Exercises 384 • Activities 384
▶ Video Case 11.1 Nivea: Marketing Research Leads to Consistency in Marketing	385

<b>12 Sampling: Final and Initial Sample Size Determination</b>	387
Objectives	387
Overview	388
Definitions and Symbols	389
The Sampling Distribution	390
Statistical Approach to Determining Sample Size	391
The Confidence Interval Approach	392
Sample Size Determination: Means	393
Sample Size Determination: Proportions	395
Multiple Characteristics and Parameters	398
Other Probability Sampling Techniques	399
Adjusting the Statistically Determined Sample Size	399
Calculation of Response Rates	400
Nonresponse Issues in Sampling	401
Improving the Response Rates	401
Adjusting for Nonresponse	404
International Marketing Research	406
Marketing Research and Social Media	407
Mobile Marketing Research	407
Ethics in Marketing Research	408
HP Running Case	408 • Summary 409
Key Terms and Concepts	409 • Suggested Cases, HBS Cases, and Video Cases 409
Live Research: Conducting a Marketing Research Project	410 • Acronym 410
Exercises	410 • Internet and Computer Exercises 411 • Activities 411
Appendix 12A	411
▶ Video Case 12.1 Subaru: "Mr. Survey" Monitors Customer Satisfaction	413

## PART 3 Data Collection, Preparation, Analysis, and Reporting 415

<b>13 Fieldwork</b>	416
Objectives	416
Overview	417
The Nature of Fieldwork	418
Fieldwork/Data Collection Process	418
Selection of Fieldworkers	419
Training of Fieldworkers	420
Making the Initial Contact	420
Asking the Questions	420
Probing	420
Recording the Answers	421
Terminating the Interview	421
Supervision of Fieldworkers	423
Quality Control and Editing	423
Sampling Control	423
Control of Cheating	423
Central Office Control	423
Validation of Fieldwork	423
Evaluation of Fieldworkers	423
Cost and Time	424
Response Rates	424
Quality of Interviewing	424
Quality of Data	424
International Marketing Research	425
Marketing Research and Social Media	426
Mobile Marketing Research	427
Ethics in Marketing Research	428
HP Running Case	428 • Summary 429

Key Terms and Concepts 429 • Suggested Cases, HBS Cases, and Video Cases 429	Conducting a Marketing Research Project 461
Live Research: Conducting a Marketing Research Project 429 • Acronyms 430	Acronyms 461 • Exercises 461
Exercises 430 • Internet and Computer Exercises 430 • Activities 430	Internet and Computer Exercises 462
▶ Video Case 13.1 Intel: Building Blocks Inside Out 431	Activities 462
<b>14 Data Preparation 433</b>	<b>15 Frequency Distribution, Cross-Tabulation, and Hypothesis Testing 463</b>
Objectives 433	Objectives 463
Overview 434	Overview 464
The Data-Preparation Process 435	Frequency Distribution 465
Questionnaire Checking 436	Statistics Associated with Frequency Distribution 468
Editing 436	Measures of Location 468
Treatment of Unsatisfactory Responses 436	Measures of Variability 469
Coding 437	Measures of Shape 471
Coding Questions 437	Introduction to Hypothesis Testing 472
Developing a Data File 438	A General Procedure for Hypothesis Testing 472
Transcribing 442	Testing 472
Data Cleaning 444	Step 1: Formulate the Hypotheses 472
Consistency Checks 444	Step 2: Select an Appropriate Test 474
Treatment of Missing Responses 444	Step 3: Choose Level of Significance, $\alpha$ 474
Statistically Adjusting the Data 445	Step 4: Collect Data and Calculate Test Statistic 475
Weighting 445	Step 5: Determine the Probability (Critical Value) 475
Variable Respecification 446	Steps 6 and 7: Compare the Probability (Critical Value) and Make the Decision 475
Scale Transformation 447	Step 8: Marketing Research Conclusion 476
Selecting a Data Analysis Strategy 448	Cross-Tabulations 476
A Classification of Statistical Techniques 449	Two Variables 477
International Marketing Research 450	Three Variables 478
Marketing Research and Social Media 452	General Comments on Cross-Tabulation 481
Data Collection 452	Statistics Associated with Cross-Tabulation 481
Text Coding and Categorization 452	Chi-Square 482
Text Mining and Visualization 452	Phi Coefficient 483
Mobile Marketing Research 453	Contingency Coefficient 484
Ethics in Marketing Research 453	Cramer's V 484
Statistical Software 454	Lambda Coefficient 484
SPSS and SAS Computerized Demonstration Movies 455	Other Statistics 485
SPSS and SAS Screen Captures with Notes 455	Cross-Tabulation in Practice 485
SPSS Windows 455	Hypothesis Testing Related to Differences 486
Creating a Variable Called <i>Overall Evaluation</i> 456	Parametric Tests 486
Recoding to Create New Variable Called <i>Recoded Income</i> 456	One Sample 487
SAS Enterprise Guide 456	Two Independent Samples 488
Creating a Variable Called <i>Overall Evaluation</i> 457	Paired Samples 491
Recoding to Create New Variable Called <i>Recoded Income</i> 457	Nonparametric Tests 493
HP Running Case 459 • Summary 460	One Sample 493
Key Terms and Concepts 460 • Suggested Cases and Video Cases 460 • Live Research:	Two Independent Samples 494
	Paired Samples 495
	Statistical Software 497
	SPSS and SAS Computerized Demonstration Movies 498
	SPSS and SAS Screen Captures with Notes 498

SPSS Windows	498
Frequency Distribution	498
Cross-Tabulation	499
Hypothesis Testing	499
SAS Enterprise Guide	500
Frequency Distribution	500
Cross-Tabulation	500
Hypothesis Testing	501
HP Running Case	503 • Summary 503
Key Terms and Concepts	504 • Suggested Cases and Video Cases 504 • Live Research: Conducting a Marketing Research Project 504
Acronyms	505 • Exercises 505
Internet and Computer Exercises	506
Activities	507

## 16 Analysis of Variance and Covariance 508

Objectives	508
Overview	509
Relationship Among Techniques	511
One-Way Analysis of Variance	511
Statistics Associated with One-Way Analysis of Variance	512
Conducting One-Way Analysis of Variance	512
Identify the Dependent and Independent Variables	513
Decompose the Total Variation	513
Measure the Effects	514
Test the Significance	515
Interpret the Results	515
Illustrative Data	515
Illustrative Applications of One-Way Analysis of Variance	516
Assumptions in Analysis of Variance	519
N-Way Analysis of Variance	520
Illustrative Application of N-Way Analysis of Variance	522
Analysis of Covariance	524
Issues in Interpretation	525
Interactions	525
Relative Importance of Factors	527
Multiple Comparisons	527
Repeated Measures ANOVA	528
Nonmetric Analysis of Variance	529
Multivariate Analysis of Variance	529
Statistical Software	530
SPSS and SAS Computerized Demonstration Movies	530
SPSS and SAS Screen Captures with Notes	531
SPSS Windows	531
SAS Enterprise Guide	532
HP Running Case	533 • Summary 533

Key Terms and Concepts	534 • Suggested Cases and Video Cases 534 • Live Research: Conducting a Marketing Research Project 534
Acronyms	534 • Exercises 534
Internet and Computer Exercises	535
Activities	536

## 17 Correlation and Regression 537

Objectives	537
Overview	538
Product Moment Correlation	539
Partial Correlation	542
Nonmetric Correlation	544
Regression Analysis	545
Bivariate Regression	545
Statistics Associated with Bivariate Regression Analysis	545
Conducting Bivariate Regression Analysis	546
Plot the Scatter Diagram	547
Formulate the Bivariate Regression Model	548
Estimate the Parameters	548
Estimate Standardized Regression Coefficient	549
Test for Significance	550
Determine the Strength and Significance of Association	551
Check Prediction Accuracy	553
Assumptions	553
Multiple Regression	554
Statistics Associated with Multiple Regression	555
Conducting Multiple Regression Analysis	555
Partial Regression Coefficients	555
Strength of Association	557
Significance Testing	558
Examination of Residuals	559
Stepwise Regression	561
Multicollinearity	563
Relative Importance of Predictors	563
Cross-Validation	564
Regression with Dummy Variables	564
Analysis of Variance and Covariance with Regression	565
Statistical Software	566
SPSS and SAS Computerized Demonstration Movies	566
SPSS and SAS Screen Captures with Notes	567
SPSS Windows	567
SAS Enterprise Guide	568
HP Running Case	569 • Summary 570
Key Terms and Concepts	570 • Suggested Cases and Video Cases 570 • Live Research: Conducting a Marketing Research Project 571

Acronyms 571 • Exercises 571  
 Internet and Computer Exercises 572  
 Activities 573

<b>18</b>	<b>Discriminant and Logit Analysis</b>	574
	Objectives	574
	Overview	575
	Basic Concept of Discriminant Analysis	576
	Relationship of Discriminant and Logit Analysis to ANOVA and Regression	576
	Discriminant Analysis Model	577
	Statistics Associated with Discriminant Analysis	577
	Conducting Discriminant Analysis	579
	Formulate the Problem	579
	Estimate the Discriminant Function Coefficients	581
	Determine the Significance of Discriminant Function	581
	Interpret the Results	584
	Assess Validity of Discriminant Analysis	586
	Multiple Discriminant Analysis	588
	Formulate the Problem	588
	Estimate the Discriminant Function Coefficients	588
	Determine the Significance of the Discriminant Function	588
	Interpret the Results	588
	Assess Validity of Discriminant Analysis	591
	Stepwise Discriminant Analysis	594
	The Logit Model	594
	Conducting Binary Logit Analysis	595
	Formulate the Problem	595
	Estimating the Binary Logit Model	596
	Model Fit	596
	Significance Testing	596
	Interpretation of the Coefficients and Validation	596
	An Illustrative Application of Logistic Regression	597
	Statistical Software	600
	SPSS and SAS Computerized Demonstration Movies	600
	SPSS and SAS Screen Captures with Notes	600
	SPSS Windows	600
	Discriminant Analysis	600
	Logit Model	600
	SAS Enterprise Guide	601
	Discriminant Analysis	601
	Logit Model	601
	HP Running Case	602 • Summary 602
	Key Terms and Concepts	603 • Suggested Cases and Video Cases 603 • Live Research: Conducting a Marketing Research Project 604

Acronyms 604 • Exercises 604  
 Internet and Computer Exercises 605  
 Activities 605

<b>19</b>	<b>Factor Analysis</b>	606
	Objectives	606
	Overview	607
	Basic Concept	608
	Factor Analysis Model	609
	Statistics Associated with Factor Analysis	609
	Conducting Factor Analysis	610
	Formulate the Problem	611
	Construct the Correlation Matrix	611
	Determine the Method of Factor Analysis	615
	Determine the Number of Factors	615
	Rotate Factors	616
	Interpret Factors	617
	Calculate Factor Scores	618
	Select Surrogate Variables	618
	Determine the Model Fit	619
	Applications of Common Factor Analysis	621
	Statistical Software	626
	SPSS and SAS Computerized Demonstration Movies	626
	SPSS and SAS Screen Captures with Notes	626
	SPSS Windows	626
	SAS Enterprise Guide	626
	HP Running Case	627 • Summary 628
	Key Terms and Concepts	628 • Suggested Cases and Video Cases 628 • Live Research: Conducting a Marketing Research Project 629
	Acronyms	629 • Exercises 629
	Internet and Computer Exercises	630
	Activities	631

<b>20</b>	<b>Cluster Analysis</b>	632
	Objectives	632
	Overview	633
	Basic Concept	634
	Statistics Associated with Cluster Analysis	635
	Conducting Cluster Analysis	636
	Formulate the Problem	636
	Select a Distance or Similarity Measure	637
	Select a Clustering Procedure	638
	Decide on the Number of Clusters	642
	Interpret and Profile the Clusters	644
	Assess Reliability and Validity	645
	Applications of Nonhierarchical Clustering	646
	Applications of TwoStep Clustering	648
	Clustering Variables	650

**Statistical Software 652**  
 SPSS and SAS Computerized Demonstration  
 Movies 652  
 SPSS and SAS Screen Captures with Notes 652  
**SPSS Windows 652**  
**SAS Enterprise Guide 653**  
 HP Running Case 654 • Summary 654  
 Key Terms and Concepts 655 • Suggested  
 Cases and Video Cases 655 • Live Research:  
 Conducting a Marketing Research Project 655  
 Acronyms 656 • Exercises 656  
 Internet and Computer Exercises 656  
 Activities 657

**21 Multidimensional Scaling and  
 Conjoint Analysis 658**  
 Objectives 658  
 Overview 659  
 Basic Concepts in Multidimensional Scaling  
 (MDS) 661  
 Statistics and Terms Associated with MDS 661  
 Conducting Multidimensional Scaling 662  
 Formulate the Problem 662  
 Obtain Input Data 662  
 Select an MDS Procedure 664  
 Decide on the Number of Dimensions 665  
 Label the Dimensions and Interpret the  
 Configuration 666  
 Assess Reliability and Validity 667  
 Assumptions and Limitations of MDS 668  
 Scaling Preference Data 668  
 Correspondence Analysis 670  
 Relationship Among MDS, Factor Analysis, and  
 Discriminant Analysis 671  
 Basic Concepts in Conjoint Analysis 671  
 Statistics and Terms Associated with Conjoint  
 Analysis 672  
 Conducting Conjoint Analysis 672  
 Formulate the Problem 672  
 Construct the Stimuli 673  
 Decide on the Form of Input Data 675  
 Select a Conjoint Analysis Procedure 675  
 Interpret the Results 678  
 Assessing Reliability and Validity 678  
 Assumptions and Limitations of Conjoint  
 Analysis 680  
 Hybrid Conjoint Analysis 681  
**Statistical Software 684**  
 SPSS and SAS Computerized Demonstration  
 Movies 684  
 SPSS and SAS Screen Captures with Notes 684  
**SPSS Windows 684**  
**SAS Enterprise Guide 685**  
 HP Running Case 687 • Summary 687

Key Terms and Concepts 687 • Suggested  
 Cases and Video Cases 688 • Live Research:  
 Conducting a Marketing Research Project 688  
 Acronyms 688 • Exercises 688  
 Internet and Computer Exercises 689  
 Activities 689

**22 Structural Equation Modeling and  
 Path Analysis 690**  
 Objectives 690  
 Overview 691  
 Basic Concept 692  
 Statistics Associated with SEM 693  
 Foundations of SEM 694  
 Theory, Model, and Path Diagram 694  
 Exogenous Versus Endogenous Constructs 695  
 Dependence and Correlational  
 Relationships 696  
 Model Fit 696  
 Model Identification 696  
 Conducting SEM 697  
 Define the Individual Constructs 697  
 Specify the Measurement Model 697  
 Sample Size Requirements 698  
 Assess Measurement Model Reliability and  
 Validity 699  
 Assess Measurement Model Fit 699  
 Assess Measurement Model Reliability and  
 Validity 701  
 Lack of Validity: Diagnosing Problems 703  
 Specify the Structural Model 703  
 Assess Structural Model Validity 704  
 Assessing Fit 705  
 Comparison with Competing Models 705  
 Testing Hypothesized Relationships 705  
 Structural Model Diagnostics 705  
 Draw Conclusions and Make  
 Recommendations 706  
 Higher-Order Confirmatory Factor  
 Analysis 706  
 Relationship of SEM to Other Multivariate  
 Techniques 707  
 Application of SEM: First-Order Factor  
 Model 708  
 Define the Individual Constructs 708  
 Specify the Measurement Model 709  
 Assess Measurement Model Reliability and  
 Validity 709  
 Specify the Structural Model 710  
 Assess Structural Model Validity 710  
 Conclusions and Recommendations 710  
 Application of SEM: Second-Order Factor  
 Model 710  
 Define the Individual Constructs 710  
 Specify the Measurement Model 712

Assess Measurement Model Reliability and Validity	712	Reinforce Text with Tables and Graphs	732
Specify the Structural Model	714	Terse	732
Assess Structural Model Validity	714	<b>Guidelines for Tables</b>	732
Draw Conclusions and Make Recommendations	715	Title and Number	732
<b>Path Analysis</b>	716	Arrangement of Data Items	733
Illustrative Example of Path Analysis	717	Basis of Measurement	733
<b>Statistical Software</b>	719	Leaders, Rulings, and Spaces	733
Lisrel	719	Explanations and Comments: Headings, Stubs, and Footnotes	733
SPSS and SAS Computerized Demonstration Movies	720	Sources of the Data	733
SPSS and SAS Screen Captures with Notes	720	<b>Guidelines for Graphs</b>	733
<b>SPSS Windows</b>	720	Geographic and Other Maps	734
<b>SAS Enterprise Guide</b>	721	Round or Pie Charts	734
HP Running Case	722	Line Charts	734
• Summary	722	Pictographs	735
Key Terms and Concepts	723	Histograms and Bar Charts	735
• Suggested Cases and Video Cases	723	Schematic Figures and Flowcharts	735
• Live Research: Conducting a Marketing Research Project	723	<b>Data Visualization and Big Data</b>	736
Acronyms	723	Visualizing Big Data	736
• Exercises	724	SAS Visual Analytics	737
Internet and Computer Exercises	724	<b>Report Distribution</b>	737
Activities	724	<b>Oral Presentation</b>	737
<b>23 Report Preparation and Presentation</b>	725	<b>Reading the Research Report</b>	738
Objectives	725	Address the Problem	738
Overview	726	Research Design	738
Importance of the Report and Presentation	727	Execution of the Research Procedures	739
The Report Preparation and Presentation Process	727	Numbers and Statistics	739
Report Preparation	728	Interpretation and Conclusions	739
Report Format	728	Generalizability	739
Title Page	729	Disclosure	739
Letter of Transmittal	729	<b>Research Follow-Up</b>	740
Letter of Authorization	730	Assisting the Client	740
Table of Contents	730	Evaluation of the Research Project	740
Executive Summary	730	<b>International Marketing Research</b>	741
Problem Definition	730	<b>Marketing Research and Social Media</b>	742
Approach to the Problem	730	<b>Mobile Marketing Research</b>	743
Research Design	730	<b>Ethics in Marketing Research</b>	743
Data Analysis	730	<b>Statistical Software</b>	744
Results	730	<b>SPSS Windows</b>	745
Limitations and Caveats	731	<b>SAS Enterprise Guide</b>	745
Conclusions and Recommendations	731	HP Running Case	746
<b>Report Writing</b>	731	• Summary	746
Readers	731	Key Terms and Concepts	746
Easy to Follow	732	• Suggested Cases, HBS Cases, and Video Cases	746
Presentable and Professional Appearance	732	Live Research: Conducting a Marketing Research Project	747
Objective	732	• Acronyms	747
		Exercises	747
		• Internet and Computer Exercises	748
		• Activities	748
		▶ Video Case 23.1 Marriott: Marketing Research Leads to Expanded Offerings	749

## CASES

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### RUNNING CASE WITH REAL DATA

**Case 1.1** HP: Using Marketing Research to Gain a Competitive Edge 752

### COMPREHENSIVE CRITICAL THINKING CASES

**Case 2.1** Baskin-Robbins: Can It Bask in the Good 'Ole Days? 757

**Case 2.2** Kid Stuff? Determining the Best Positioning Strategy for Akron Children's Hospital 760

### DATA ANALYSIS CASES WITH REAL DATA

**Case 3.1** AT&T Wireless: Ma Bell Becomes Ma Again 762

**Case 3.2** IBM: A Top Provider of Computer Hardware, Software, and Services 766

**Case 3.3** Kimberly-Clark: Competing Through Innovation 774

### COMPREHENSIVE CASES WITH REAL DATA

**Case 4.1** JPMorgan Chase: Chasing Growth Through Mergers and Acquisitions 781

**Case 4.2** Wendy's: History and Life After Dave Thomas 787

### COMPREHENSIVE HARVARD BUSINESS SCHOOL CASES

**Case 5.1** The Harvard Graduate Student Housing Survey (9-505-059) 793

**Case 5.2** BizRate.Com (9-501-024) 793

**Case 5.3** Cola Wars Continue: Coke and Pepsi in the Twenty-First Century (9-702-442) 793

**Case 5.4** TiVo in 2002 (9-502-062) 793

**Case 5.5** Compaq Computer: Intel Inside? (9-599-061) 793

**Case 5.6** The New Beetle (9-501-023) 793

Appendix: Statistical Tables 795

Notes 807

Glossary 850

Index 865

# FOREWORD



The world of business is moving more rapidly than ever, meaning the intelligent and thoughtful use of research is critical to keeping pace. Undoubtedly, the most successful people will have a broad base of education, high levels of communication skills, and creative approaches to the opportunities racing toward us. It is a significant achievement when a textbook such as Dr. Malhotra's allows the classroom to become a source of these skills and greatly enhance the employability of the students.

This text has already proven its worth as one of the most successful in the field, with well over 140 universities using it in the United States and eight foreign-language and several different English-language editions in print. It is unsurpassed in presenting the fundamentals that allow your students to become researchers and intelligent users of research. The real-life examples, titled Real Research, bring students closer to the world businesspeople face daily. At every step, they can relate to the ongoing Department Store Project, the HP running case, and the practical vignettes that bring the educational material to a realistic and practical level. These materials are complemented by Active Research, Experiential Research, and exercises that offer additional hands-on experience. There is pervasive emphasis on social media, mobile marketing research, ethics, and international marketing research. The text's grasp of the leading edge of research is evident in its integration of modern tools of research such as the Internet, computer analytic software, and the latest management practices. The demonstration movies, screen captures, and step-by-step instructions for running SPSS and SAS programs provide the most extensive help available for learning these statistical packages.

We at Burke, Inc. are pleased to be asked to contribute again to a new edition. We have shared our experiences as well as our philosophies, technical skill, and thoughts about the future of research. This seventh edition of *Marketing Research: An Applied Orientation* provides the foundation we believe every student should have. We are confident you will find its combination of theory, practice, and sound advice to be of great value to both you and your students.

Jeff Miller, Ph.D.  
*President and CEO, Burke, Inc.*

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## Helping Teach Students Marketing Research

I wrote this book to provide an applied and practical marketing research text with comprehensive, balanced coverage of both qualitative and quantitative material. It takes the perspective of a marketing research user and reflects current trends in international marketing research, social media, mobile marketing research, ethics, and the integration of the Internet and computers. All chapters focus on the practice of marketing research by featuring a variety of marketing companies and marketing research organizations. Several features make the book distinctive.

It has a unique applied and managerial orientation, illustrating the interaction between marketing research decisions and marketing management decisions. It also emphasizes a hands-on, do-it-yourself approach, affording students several opportunities to experience these interactions through pedagogical tools such as Real Research, Active Research, Experiential Research, Project Research, Live Research, cases, video cases, and extensive review questions, Internet and computer exercises, role playing, field work, and group discussions. The data analysis chapters tightly integrate SPSS and SAS, illustrating each step in running these programs in detail and providing three distinct ways that students can learn the programs on their own: (1) step-by-step instructions in the book (2) screen captures with notes for each step, and (3) demonstration movies illustrating each step. This book provides marketing research students the most extensive help available to learn SPSS and SAS.

The response to the first six editions has been truly gratifying, with more than 144 universities adopting the book in the United States. The book has been translated into eight languages: Chinese, Russian, Spanish, Portuguese, French, Hungarian, Bahasa Indonesia, and Japanese. English-language editions include North American, International, European, Arab, and Indian, as well as texts for Australia and New Zealand. I want to express my sincere thanks and appreciation to all the professors and students who have contributed to the success of the book as adopters, users, reviewers, and providers of valuable feedback and encouragement. The seventh edition attempts to build on this success to make the book even more current, contemporary, illustrative, and sensitive to user needs.

### About the Seventh Edition

The book is organized into three parts, based on a six-step framework for conducting marketing research. Part I provides an introduction and discusses problem definition, the first and most important step. The second step in the marketing research process is understanding the nature and scope of research to develop an approach to the problem. Part II covers research design, the third step, and describes exploratory, descriptive, and causal research designs in detail. It identifies the types of information marketing research provides and the appropriate scales for obtaining it. We present several guidelines for designing questionnaires and explain the procedures, techniques, and statistical considerations in sampling.

Part III presents a practical and managerially oriented discussion of fieldwork, the fourth step in the marketing research process. It also covers data preparation and analysis, the fifth step. We discuss the basic and advanced statistical techniques in detail, with emphasis on procedures, interpretation of results, and managerial implications rather than on statistical elegance. We feature four statistical packages—SPSS, SAS, MINITAB, and Excel—but our focus is on SPSS and SAS.

Specifically, the seventh edition contains the following:

- 1. Integration of Social Media.** The seventh edition features an innovative and pervasive integration of social media. There is a separate section entitled “Marketing Research and Social Media” in each chapter, except the data analysis chapters. In addition, the use of social media is discussed in several other sections of the chapter, including end of chapter questions, HP running case, cases, and video cases. We focus on social media both as an application of marketing research and as a domain in which to conduct marketing research. While we do not expect social media research to replace traditional marketing research, we

predict that social media will become an increasingly important domain that complements traditional marketing research.

2. **Integration of Mobile Marketing Research.** The seventh edition features a pioneering and pervasive integration of mobile marketing research (MMR). There is a separate section entitled “Mobile Marketing Research” in each chapter, except the data analysis chapters. In addition, MMR is discussed in several other sections of the chapter, including end of chapter questions.
3. **Added Emphasis on SPSS and SAS.** Relevant chapters contain a special section on SPSS Windows along with another on SAS Enterprise Guide, that illustrate the relevant programs and the steps required to run them. The Companion Web site provides SPSS and SAS files for all input data sets featured in the data analysis chapters (Chapters 14 through 22), input data sets that appear in Internet and Computer Exercises, input data sets for cases (Cases 1.1, 3.1, 3.2, 3.3, 4.1, and 4.2), and the Wal-Mart project. The SAS steps that are illustrated apply to the SAS Enterprise Guide, the user interface for SAS OnDemand for Academics. The Companion Web site can be accessed at [www.pearsonglobaleditions.com](http://www.pearsonglobaleditions.com).
4. **Video Cases.** Each chapter of the book, except the data analysis chapters, is accompanied by a video and video case written from a marketing research perspective with marketing research questions. Videos are available at [www.pearsonglobaleditions.com](http://www.pearsonglobaleditions.com) and solutions appear in the *Instructor’s Manual*.

## Instructor Teaching Resources

*Marketing Research* comes with the following teaching resources:

Supplements available to instructors at <a href="http://www.pearsonglobaleditions.com">www.pearsonglobaleditions.com</a>	Features of the Supplement
Instructor’s Manual	<ul style="list-style-type: none"> <li>• Chapter-by-chapter summaries</li> <li>• Examples and activities not in the main book</li> <li>• Teaching outlines</li> <li>• Teaching tips</li> <li>• Solutions to all questions and problems in the book</li> </ul>
Test Bank	<p>2,200 multiple-choice, true/false, short-answer, and graphing questions with these annotations:</p> <ul style="list-style-type: none"> <li>• Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis)</li> <li>• Type (Multiple-choice, true/false, short-answer, essay)</li> <li>• Topic (The term or concept the question supports)</li> <li>• Learning outcome</li> <li>• AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)</li> <li>• Page number in the text</li> </ul>
Computerized TestGen	<p>TestGen allows instructors to:</p> <ul style="list-style-type: none"> <li>• Customize, save, and generate classroom tests</li> <li>• Edit, add, or delete questions from the Test Item Files</li> <li>• Analyze test results</li> <li>• Organize a database of tests and student results</li> </ul>
PowerPoints	<p>PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to:</p> <ul style="list-style-type: none"> <li>• Keyboard and Screen Reader access</li> <li>• Alternative text for images</li> <li>• High color contrast between background and foreground colors</li> </ul>

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**Supplements available to instructors  
on the Companion Web site****Features of the Supplement****Data Set and Files**

- Data for Case 1.1 HP; Case 3.1 AT&T; Case 3.2 IBM; Case 3.3 Kimberly-Clark; Case 4.1 JPMorgan Chase and Case 4.2 Wendy's given in the book (SPSS and SAS). The output files containing the answers to the data analysis questions are also provided.
- Data files for Wal-Mart running project and output files containing the answers to data analysis in the associated project activities.
- Data files for all the Internet and Computer Exercises (SPSS and SAS). The output files containing the answers to the data analysis questions are also provided.
- Data file for the data set(s) used in each data analysis chapter (SPSS and SAS). The output files containing the analysis are also provided.
- SPSS and SAS computerized demonstration movies
- SPSS and SAS screen captures with notes

*Marketing Research*, 7th Edition, Global Edition, is available as an eBook and can be purchased at most eBook retailers.

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Naresh K. Malhotra

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In an article by Wheatley and Wilson (1987 AMA Educators' Proceedings), Professor Malhotra was ranked number one in the country based on articles published in the *Journal of Marketing Research (JMR)* during 1980–1985. He holds the all-time record for the maximum number of publications in the *Journal of Health Care Marketing*. He is ranked number one based on publications in the *Journal of the Academy of Marketing Science (JAMS)* since its inception through volume 23 (1995). He is number one based on publications in *JAMS* during the ten-year period 1986–1995 (See Tables 6 and 7 of *JAMS*, 24(4) (Fall 1996):297). In an editorial by Schlegelmilch (*JIM*, 11(1), 2003), Malhotra was ranked number one based on publications in the *International Marketing Review (IMR)* from 1992 to 2002. He is ranked number one based on publications in the *International Marketing Review* since its inception (1983) to 2003 [Table V, *IMR*, 22(4) (2005); 396], and from 1983 to 2011 [Table VI, *IMR*, 30(1) (2013):14]. He is also ranked number one based on publications in the *International Marketing Review* from 1996 to 2006 based on a study by Xu et al. published in the *Asia Pacific Journal of Management* (2008) 25: 189–207. In a landmark study by Ford et al. (2010) examining publications in the top four marketing journals [*Journal of Marketing*, *Journal of Marketing Research (JMR)*, *Journal of Consumer Research*, and the *Journal of the Academy of Marketing Science (JAMS)*] over a 25-year period from 1977 to 2002, Professor Malhotra has three top-three rankings: ranked number three based on publications in all the four journals combined, ranked number three based on publications in *JMR*, and ranked number one based on publications in *JAMS*. He has published ten papers in *Journal of Marketing Research*.

He has published more than 140 papers in major refereed journals, including the *Journal of Marketing Research*, *Journal of Consumer Research*, *Marketing Science*, *Management Science*, *Journal of Marketing*, *Journal of Academy of Marketing Science*, *Organizational Research Methods*, *Journal of Retailing*, *Journal of Advertising*, *Journal of Health Care Marketing*, and leading journals in statistics, management science, information systems, and psychology. In addition, he has published numerous refereed articles in the proceedings of major national and international conferences. Several articles have received best paper research awards.

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Dr. Malhotra has consulted for business, non-profit and government organizations in the United States and abroad and has served as an expert witness in legal and regulatory proceedings. He has special expertise in survey design, data analysis and statistical methods. He is the winner of numerous awards and honors for research, teaching, and service to the profession, including the Academy of Marketing Science, Outstanding Marketing Teaching Excellence Award, 2003.

Dr. Malhotra is an ordained minister of the Gospel, a member and Deacon, First Baptist Church, Atlanta, and President of Global Evangelistic Ministries, Inc. ([www.globalevangelisticministries.net](http://www.globalevangelisticministries.net)). This ministry has documented in independent reports more than 1.7 million people praying to receive Jesus Christ as personal Savior and Lord. He has been married to Veena for more than 37 years and they have two grown children Ruth and Paul.

# COMMENDATION



In a world awash with cheap behavioral data, it is tempting to believe that answers to questions concerning consumer behavior can all be answered through the application of analytics. Additionally, the advent of inexpensive, automated survey research platforms beckons not just researchers, but everyone, to put surveys up online at the drop of a hat without really understanding the science behind them. Combine these with a belief in “good enough” and you have a recipe for disastrous and expensive mistakes. It is this, above all, that makes *Marketing Research: An Applied Orientation, Seventh Edition* such an important and essential companion to the researcher and marketer alike. Marketing Research is both science and art and this edition provides a secure grounding in the application of both in the pursuit of accurate and impactful insights that can drive business decisions.

Simon Chadwick, Managing Partner, Cambiar Consulting  
Chairman, Insights Association  
Editor-in-Chief, *Research World*

## INTRODUCTION AND EARLY PHASES OF MARKETING RESEARCH

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➔ In this part, we define and classify marketing research and set out a six-step marketing research process. We discuss the nature and scope of marketing research and explain its role in marketing decision making. We describe the marketing research industry and the many exciting career opportunities in this field. We discuss problem definition, the first and the most important step, in detail. Finally, we describe the development of an approach to the problem, the second step in the marketing research process, and discuss in detail the various components of the approach. The perspective given in these chapters should be useful to both marketing decision makers and researchers.

- 1 Introduction to Marketing Research 28
- 2 Defining the Marketing Research Problem and Developing an Approach 57

# 1

## Introduction to Marketing Research

“ The role of a marketing researcher must include consulting skills, technical proficiency, and business sense. The focus of the role is to provide information and insights to identify marketing problems and solutions in such a way that action can be taken. ”

*Jeff Miller, President and CEO, Burke, Inc.*



Courtesy of Jeff Miller

### Objectives

After reading this chapter, the student should be able to:

- 1.1 Define marketing research and distinguish between problem-identification research and problem-solving research.
- 1.2 Describe a framework for conducting marketing research as well as the six steps of the marketing research process.
- 1.3 Understand the nature and scope of marketing research and its role in designing and implementing successful marketing programs.
- 1.4 Explain how the decision to conduct marketing research is made.
- 1.5 Discuss the marketing research industry and the types of research suppliers, including internal, external, full-service, and limited-service suppliers.
- 1.6 Describe careers available in marketing research and the backgrounds and skills needed to succeed in them.
- 1.7 Acquire an appreciation of the international dimension and the complexity involved in international marketing research.
- 1.8 Describe the use of social media as a domain in which to conduct marketing research.
- 1.9 Discuss the developing field of mobile marketing research and its advantages and disadvantages.
- 1.10 Gain an understanding of the ethical aspects of marketing research and the responsibilities each of the marketing research stakeholders have to themselves, one another, and the research project.

## Overview

Marketing research comprises one of the most important and fascinating facets of marketing. In this chapter, we give a formal definition of marketing research and classify marketing research into two areas: problem-identification and problem-solving research. We provide several real-life examples to illustrate the basic concepts of marketing research. We describe the marketing research process and the six steps that are involved in conducting research and discuss the nature of marketing research, emphasizing its role of providing information for marketing decision making. Next, we provide an overview of marketing research suppliers who collectively constitute the marketing research industry, along with guidelines for selecting a supplier. The demand for well-executed

marketing research leads to many exciting career opportunities, which we describe.

Several real-life examples, entitled “Real Research,” are given in each chapter to illustrate the various concepts. We examine a department store patronage project, which was an actual marketing research project conducted by the author, and use it as a running example throughout the book. The scope of this project has been expanded in the seventh edition to include questions, and we make available the relevant data for analysis. These “Project Research” sections appear in each chapter. Throughout this book, we also discuss applications to contemporary issues of importance in the current marketing and marketing research environment: international marketing

research, social media, mobile marketing research, and ethics. The extensive and pervasive emphasis on social media as a domain to conduct marketing research and the use of mobile marketing research are new to the seventh edition. Each chapter includes several Internet and hands-on applications of marketing research in the form of “Active Research” and “Experiential Research” illustrations with exercises, other emphases that pervade the entire book. For instructors wishing to implement a real-life marketing research project, we include a section titled “Live Research: Conducting a Marketing Research Project.” Perhaps there is no better way to present an overview than to give a few examples that provide a flavor of the varied nature of marketing research.

## Real Research

### EgyptAir: Taking Flight

EgyptAir Holding Company, a public sector company with 11 subsidiaries, commissioned a marketing research agency to conduct a marketing feasibility study of its current ticketing offices across the world and the market

potential to open new ticketing offices in proposed locations worldwide. The Company hoped to boost its marketing-based competitiveness as a member of Star Alliance by closing down present ticketing offices with



Ivan Cholakov/Shutterstock

limited economies of scale, augmenting present ticketing offices with high demand, opening new ticketing offices with high market potential, and avoiding opening new ticketing offices with low market potential.

The intent of the marketing effectiveness study is to help accomplish its strategic and core agenda for the next five years. The long-term marketing goal is for the company to build a unique business portfolio superior to its direct competitors under a specific environmental marketing context in terms of economic, political-legal, socio-cultural, demographic-firmographic, technological, and natural dimensions. The following consulting activities have been undertaken:

1. A marketing evaluation study based on benchmarks for existing ticketing offices in terms of sales turnover, marketing ROI, market share, brand equity, customers satisfaction, and market orientation
2. A market potential and initial demand and sales forecast for target ticketing office locations in terms of their size, existing patterns, emerging trends, time extrapolations, and growth drivers
3. An exploratory market survey of target markets to augment forecasted demand and sales through

competitive analysis and by examining customers' needs, buying behavior, profiles, and values

4. Deciding on the best strategic options for market penetration and development through effective targeting and positioning of its portfolio of destinations in terms of differentiation, cost leadership, and focus

This project relied on a hybrid methodology of exploratory, descriptive, normative, and causal designs. For data collection and interpretation, the methods included the quota sampling plan, theoretical analysis of relevant literature, analysis of secondary data, qualitative methods (in-depth interviews and focus groups), and multivariate data analysis.

The project has delivered the following outputs: (1) a future-oriented marketing effectiveness audit of existing ticketing offices; (2) an integrated market potential for the proposed ticketing offices locations; (3) an exploratory marketing survey report of target market segments for the proposed ticketing offices locations; (4) an initial action-oriented and benchmarked market penetration and development strategy for existing and proposed ticketing offices locations, and (5) benchmarks for monitoring and evaluating the strategic marketing performance of the proposed strategic marketing design over the next five years.

## Real Research

## Satmetrix Puts Customer Metrics in Real Time

Many of the nation's largest corporations are realizing that the information they can get from clients and customers through marketing research can best be used if it is provided each day. How about each minute? This is the basis upon which a company called Satmetrix ([www.satmetrix.com](http://www.satmetrix.com)), a customer feedback solution company, operates in real time. The Satmetrix Customer Relationship program is designed to maximize the impact of customer interactions by continuously gathering and transforming customer dialogues into potential actions that can be taken to increase sales and customer satisfaction. This program is focused on feeding the voice of the customers back into the organization. Not only can customers go online and submit complaints and suggestions to the company, but Satmetrix also hosts live chat sessions for users of certain products. All of this is done with the aim of capturing the true words and emotions of consumers and in turn using this information to improve or develop products and services. Satmetrix capitalizes on the need for "live" marketing research.

As of 2018, the Internet continues to revolutionize the marketing research process. With the use of online services, there is no need for extra data input that traditional research methods require. Satmetrix itself is not

the traditional full-service supplier of marketing research. As a standardized limited-service provider, the company does not get involved with every aspect of the research process. The approach, design, and data preparation are the same for each customer, and these are the parts of the research process with which the company is involved.

Satmetrix's service, however, aids clients in identifying any problems with products through customer feedback and with problem solving, especially if customers give suggestions. For example, network station NBC ([www.nbc.com](http://www.nbc.com)) takes advantage of Satmetrix services to obtain feedback from viewers. It helps the network to learn what viewers are looking for, their likes, and their dislikes. Ideally, the feedback is used and television shows are altered to more closely suit viewers' tastes and desires, thus leading to an increased number of people tuning in to watch the shows. As a result, in 2017, NBC claimed the number one spot in a wide range of show categories: Drama (*This Is Us*), Reality Show (*The Voice*), Primetime Show (*Sunday Night Football*), Late Night (*The Tonight Show Starring Jimmy Fallon*), Late Night with Seth Meyers, *Saturday Night Live*), and Broadcast News (*Nightly News with Lester Holt*, *Meet the Press*, *TODAY*).<sup>1</sup>