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6th Edition

ESSENTIALS of MARKETING RESEARCH

Joseph F. Hair, Jr.
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Dana E. Harrison

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Essentials of Marketing Research

Sixth Edition

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1 2 3 4 5 6 7 8 9 LWI 28 27 26 25 24 23

ISBN 978-1-266-26150-3

MHID 1-266-26150-8

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Dedication

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

—Joseph F. Hair Jr., Mobile, Alabama

To Carol Livingstone, my sister Nancy, my brothers Don, Dean, and Denny and their families, and my late parents Lois and Harold.

—David J. Ortinau, Lakewood Ranch FL

To my husband John and our children Mason and Faith.

—Dana E. Harrison, Johnson City, TN

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Theory and Practice, Journal of Healthcare Marketing, Journal of Services Marketing, Journal of Marketing Education, and others. He is a coauthor of marketing research textbooks titled *Marketing Research: In a Digital Information Environment*, 4th edition (2009), *Essentials of Marketing Research*, 6th edition (2023) as well as guest coeditor of several JBR Special Issues on Retailing. He is an editorial board member for JAMS, JBR, JGSMS, and JMTP as well as an ad hoc reviewer for several other journals. He has multiple “Outstanding Editorial Reviewer” Awards from JAMS, JBR, and JMTP and recently served as the JBR co-associate editor of Marketing and is a member of JMTP Senior Advisory Board. Professor Ortinau remains an active leader in the Marketing Discipline. He has held many leadership positions in the Society for Marketing Advances (SMA), including President; he is Founder and Chairman of Board of the SMA Foundation and is a 2001 Distinguished SMA Fellow. He has been chair of the SMA Doctoral Consortia in New Orleans, Orlando, and Atlanta. Dr. Ortinau has been an active member of the Academy of Marketing Science (AMS) since the early 1980s, serving AMS in a wide variety of positions such as 2004 AMS Conference Program co-chair, AMS Doctoral Colloquium, Meet the Journal Editorial Reviewers, and special sessions on Research Methods as well as How to Publish Journal Articles. He was the recipient of the 2016 AMS Harold W. Berkman Distinguished Service Award, served as the program co-chair of the 2016 AMS World Marketing Congress in Paris, France, and was elected a member of the AMS Board of Governors.

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We have prepared this edition with great optimism and excitement. We live in a global, highly competitive, rapidly changing world that increasingly is influenced by information technology, social media, artificial intelligence, visualization software, 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 sixth 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 sixth edition of *Essentials*.

Innovative Features of This Book

First, marketing research is evolving rapidly. In particular, there have been significant advancements in marketing technology which has propelled a blurring of lines between marketing research and marketing analytics. While this textbook is focused on foundational elements of marketing research, in this edition students are introduced to new analytics concepts and knowledge that will be important as the definition of marketing research continues to evolve.

Second, due to the popularity of the Internet, growth in social media use, and digital marketing, there is an increasingly large amount of secondary data, both structured and unstructured. Indeed, more than 75% of the emerging data is unstructured and companies are relying more and more on secondary data to conduct research and develop plans. Understanding how to approach data collection and analysis in this new era are critical for marketing researchers. These topics are now addressed in more detail throughout the textbook.

Third, we have updated examples in different chapters to reflect quickly changing attitudes and behaviors brought on by the Covid-19 pandemic. For example, Chapter 3 introduction focuses on a study of shopping habits for a sample of 2,095 U.S. adults. The research findings document important trends companies should be monitoring to better understand post-pandemic customer behaviors.

Fourth, many marketing research efforts increasingly focus not just on description, but also prediction. As a result, there is a need to understand the differences between research designs when description versus prediction is the objective. The new edition delineates descriptive, predictive, nonexperimental, and causal research designs.

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, identifying themes and patterns, and the emerging role of secondary data. An important practical feature in Chapter 9 of the sixth 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 MRIA 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 (MRIA) exercise that enables students to apply what was covered in the chapter to a real-world situation. In the sixth edition, there are eight new MRIA exercises on timely topics in marketing research and business planning. The MRIAs from previous editions will be placed in the Instructor’s Manual. The topics of the new MRIAs cover timely emerging topics as described later in this section.

Seventh, as noted above, our text has an excellent continuing case study throughout the book that enables professors to illustrate applied concepts using a realistic example. Our continuing case study, the Santa Fe Grill Mexican Restaurant, is a fun example students can easily relate to, given the popularity of Mexican restaurant business themes. In addition, there is a companion data set for the employees of the Santa Fe Grill 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 in previous chapters. 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 statistical software 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 this edition we now feature three statistical software packages. In addition to SPSS and SmartPLS, we include explanations on how to apply PSPP, a virtual clone of SPSS that is available free to users at <https://www.gnu.org/software/pspp/>. We also provide instructions on how to use Excel to complete data analysis tasks. Thus, all students can now benefit from the ability to apply user-friendly statistical software to explore marketing research problems and issues.

Ninth, in addition to the Santa Fe Grill case and other Marketing Research Dashboard exercises, as noted earlier there are eight new MRIA exercises that can be used for students to apply new knowledge and skills. Each Marketing Research in Action can be used as a research project or as an additional exercise relevant to topics throughout the book. The MRIA 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:

- DoorDash offers students the opportunity to explore concepts and variables that are likely to impact the future of on-demand delivery of grocery and food products. An

overview of this case is provided as part of the MRIA (Marketing Research in Action) feature in Chapter 2.

- The emergence of Diversity Ecosystems is introduced in Chapter 5 MRIA. Diversity Ecosystems addresses the value of diversity is the performance of companies. The focus of the MRIA involves the marketing department conducting employee research and implementing a strategy that effectively communicates the need for more diversity among suppliers.
- Apple has pursued a seemingly ambitious goal to create a fully closed-loop supply chain, where all new products are manufactured without extracting new materials from the earth. This concept is introduced as Chapter 6 MRIA. The case examines factors that motivate and sometimes discourage consumers' engagement in sustainable electronics consumption behaviors.
- Psychological ownership and marketing strategies propose a link between a customer's feelings of possession over a product or service and their sense of brand loyalty. This case is designed to develop an understanding of measurement and scaling design, as well as development and use of this emerging concept in marketing strategy development. The case overview is provided in Chapter 7 MRIA.
- Social media and purchase likelihood enables students to explore statistical software packages to understand the characteristics of social media influencers as well as how, when and why they are likely to recommend a product or service. The case is introduced in Chapter 10 MRIA.
- MusicToGo focuses on the concept of a digital streaming platform. Marketing executives at MusicToGo have studied trends and noticed the resurgence of nostalgia as a theme associated with the purchase of vinyl records, particularly among Millennial and Generation Z (Gen Z) users. Their research objective is to better understand nostalgia's influence on product usage and purchase likelihood, as well as demographics and related issues. These concepts are introduced in Chapter 11 MRIA.
- An emerging and highly successful type of company in the marketing research field is the concept of "software as a service companies (SaaS)". These companies combine data aggregation and software to market services that provide immediate access to data and analytical methods of organizing and presenting meaningful information for marketing decision making. In this new case, SalesAssessment.com, a SaaS company is preparing a customer experience survey to improve service strategies for its customers and increase revenues. The case is introduced in Chapter 12 MRIA.
- Robots diagnosing medical conditions is introduced as a new MRIA in Chapter 13. Emerging online computer technology and related developments like artificial intelligence (AI) and machine learning (ML) are increasingly replacing humans in our lives, but do customers trust this technology? This case examines attitudinal and behavioral differences between medical services consumers who are innovators versus those who are early adopters and the likelihood of using these technology facilitated services.

Tenth, the text's coverage of quantitative data analysis is more extensive and much easier to understand than that covered in other marketing research books. Specific step-by-step instructions are included on how to use SPSS, PSPP, Excel, 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 sixth edition, we have added additional material on topics such as structured versus unstructured data, data quality assurance, sampling of

secondary data, selecting the appropriate scaling method, sentiment analysis, and updated guidelines for selecting the appropriate statistical technique. Finally, we include an overview of the increasingly popular variance-based approach to structural modeling (PLS-SEM) and more extensive coverage of how to interpret data analysis findings.

Eleventh, 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, particularly ensuring the quality of marketing research data. 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 added recently when many of these trends are increasingly prevalent and information is available to document their impact on marketing research practices.

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 sixth 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 earlier editions, 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 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 website.

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.

Instructor Library

The Connect Instructor Library is your repository for additional resources to improve student engagement in and out of class. You can select and use any asset that enhances your lecture.

Instructor's Resources. Specially prepared Instructor's Manual and Test Bank and PowerPoint slide presentations provide an easy transition for instructors teaching with the book the first time.

Data Sets. Seven data sets in SPSS, Excel, and PSPP 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 at www.ibm.com/analytics/spss-statistics-software.

Acknowledgments

The authors took the lead in preparing the sixth edition, but many other people must be given credit for their significant contributions in bringing our vision to reality. First, it is with a heavy heart that we say goodbye to two long-term friends, colleagues, and coauthors. This past year, Mary Celsi and Bob Bush passed away. We will always remember and respect their contribution to previous editions of this book, as well as to this new edition to which they were unable to contribute. We also welcome a new young coauthor, Dana Harrison, who provided many new and timely insights about the developing field of marketing research.

We also thank our colleagues in academia and industry for their helpful insights over many years on numerous research topics: Haya Ajjan, Elon University; David Andrus, Kansas State University; Barry Babin, University of Mississippi; Joseph K. Ballanger, Stephen F. Austin State University; Ali Besharat, University of South Florida; Kevin Bittle, Johnson and Wales University; Mike Brady, Florida State University; John R. Brooks Jr., Houston Baptist University; Mary L. Carsky, University of Hartford; Gabriel Perez Cifuentes, University of the Andes; Vicki Crittenden, Babson College; Diane Edmondson, Middle Tennessee State University; Keith Ferguson, State University; Frank Franzak, Virginia Commonwealth University; Susan Geringer, California State University, Fresno; Anne Gottfried, University of Texas, Arlington; Timothy Graeff, Middle Tennessee State University; Harry Harmon, Central Missouri State University; Lucas Hopkins, Florida State University; Gail Hudson, Arkansas State University; Beverly Jones, Kettering University; Karen Kolzow-Bowman, Morgan State University; Michel Laroche, Concordia University; Bryan Lukas, University of Manchester; Vaidotas Lukosius, Tennessee State University; Lucy Matthews, Middle Tennessee State University; Peter McGoldrick, University of Manchester; Martin Meyers, University of Wisconsin, Stevens Point; Arthur Money, Henley Management College; Vanessa Gail Perry, George Washington University; Ossi Pesamaa, Jonkoping University; Emily J. Plant, University of Montana; Michael Polonsky, Deakin University; Charlie Ragland, Indiana University; Molly Rapert, University of Arkansas; Mimi Richard, University of West Georgia; John Rigney, Golden State University; John Riggs, Stetson University; Christian Ringle, University of Technology, Hamburg; Jeff Risher, Kennesaw State University; Wendy Ritz Florida State University; Jean Romeo, Boston College; Lawrence E. Ross, Florida Southern University; Phillip Samouel, Kingston University; Carl Saxby, University of Southern Indiana; Marko Sarstedt, Ludwig Maxmillian University, Munich, Germany; Donna Smith, Ryerson University; Marc Sollosy, Marshall University; Bruce Stern, Portland State University; Goran Svensson, University of Oslo; Armen Taschian, Kennesaw State University; Drew Thoeni, University of North Florida; Gail Tom, California State University, Sacramento; John Tsalikis, Florida International University; Steve Vitucci, University of Central Texas; Tuo Wang, Kent State University; David Williams, Dalton State University;

Finally, we would like to thank our editors and advisors at McGraw Hill. Thanks go to Jessica Dimitrijevic, Portfolio Manager; Michelle Sweeden, Marketing Manager; and Melissa M. Leick, Senior Content Project Manager.

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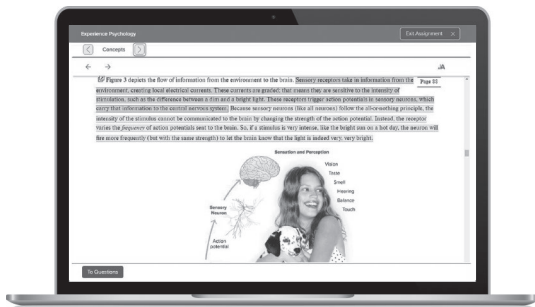
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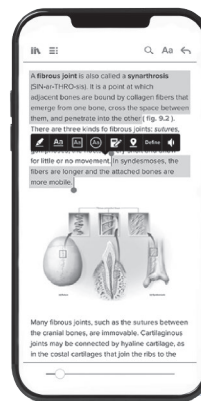
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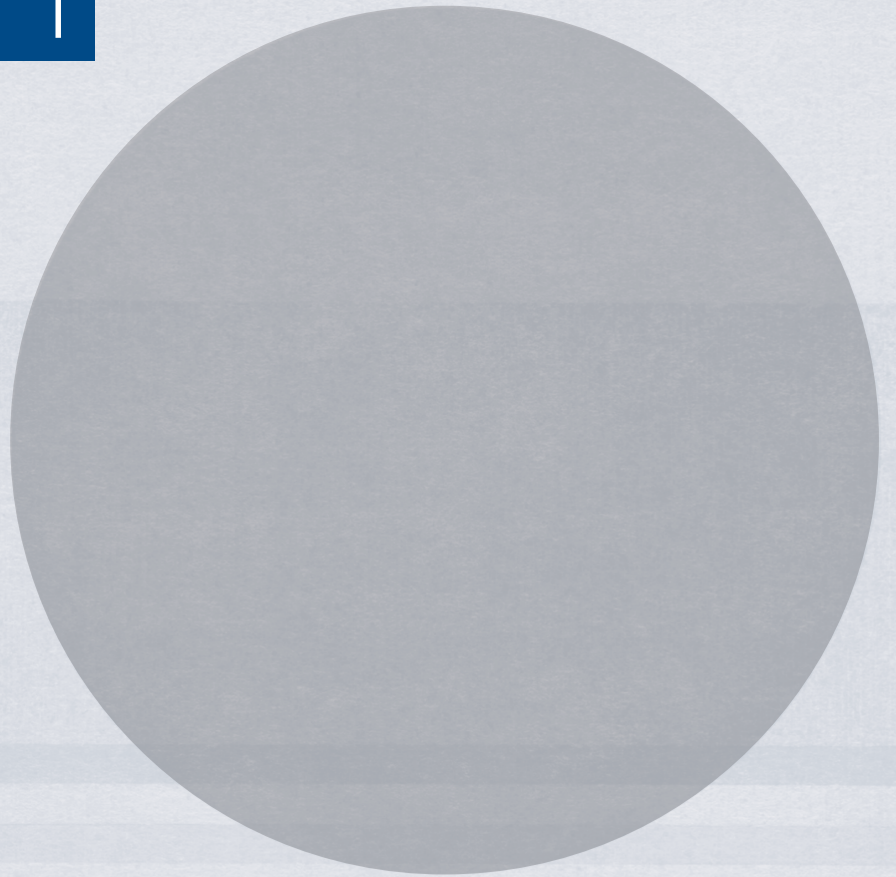
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**The Role and
Value of Marketing
Research Information**

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 few years, the Internet has sparked a number of significant innovations in marketing research, from online surveys, to mobile surveys, to social media monitoring. A recent Internet technology influencing both marketing and marketing research is 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 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 obtained from customers. For example, they 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 and location history can be matched to data on in-store behavior. Connecting in-store behavior with other types of behavioral data will facilitate a deeper understanding of customer preferences and how they make decisions.

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

The challenges of operating profitably and surviving have increased dramatically for all businesses in recent years. Supply chain disruptions due to the global pandemic are likely the most visible challenge, but many other market changes are increasingly emerging. Indeed, businesses must respond quicker to marketplace changes, continuously introduce higher quality products and services, and pursue profitability and market share with fewer employees while managing their costs. In short, technology and the global business environment are increasing the need for and complexity of marketing research.

Digital technologies and the emergence of literally huge amounts of data bring a great deal of opportunities for marketing research to play an increasingly important role for businesses. Digital data sources, including web-based surveys, interactive and social commerce tools like Facebook, Instagram and Twitter, and mobile phones are radically remolding data collection, storage, analysis, and management. For example, computing power and lower costs have expanded data collection capabilities. “**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 insights for businesses and marketers. Big data are stored in **databases** or **data warehouses**. While marketers do not need to program computer systems, they do need to understand what data is available, how the data is being collected and managed, and where the data is located, so they can effectively apply insights from the data to achieve organizational goals.

Many companies rely on a **customer relationship management (CRM)** system to manage important information, such as customer interactions throughout all touchpoints and purchase behavior. But companies increasingly obtain insights from software as a service (SaaS) companies which compile and analyze data stored in the cloud, such as Salesforce .com. With the vast amount of available resources, marketing research departments must determine which data and analytical methods provide useful results. To do so, they increasingly use advanced analytical tools and statistical techniques. Many new data collection sources, including Twitter, clickstream tracking, GPS, sensor data, geofencing, and facial recognition through biometrics, pose questions for consumer privacy. The current variety of available data sources, technology, and analytical/statistical techniques makes choosing a method for a particular research project increasingly challenging.

An additional level of complexity in research design and execution occurs whenever global research is required. In our first Marketing Research Dashboard, we address issues in conducting international marketing research. The current research landscape has never been more exciting for marketing researchers who can provide significant business impact leading to new market opportunities.

Big Data A term used to describe the large and complex datasets that information technology enables organizations to gather and store; it requires innovative tools to extract insights for businesses and marketers.

Database A collection of the most recent data that is organized for efficient retrieval and analysis.

Data warehouse Provides access and analysis of collections of historical data from various sources throughout the company.

Customer relationship management (CRM) Manages important customer information such as customer interactions throughout all touchpoints and purchase behavior.



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.fk.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

(Continued)



MARKETING RESEARCH DASHBOARD CONDUCTING INTERNATIONAL MARKETING RESEARCH (Continued)

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 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 January 16, 2022; 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; Paul Holmes, "3Com's Planet Project: An Interactive Poll of the Human Race," The Holmes Report, www.holmesreport.com/casestudyinfo/581/3Coms-Planet-Project-An-Interactive-Poll-of-the-Human-Race.aspx, May 28, 2011, accessed August 13, 2022; Zach Brooke, "3 Common Pitfalls of International Marketing Research (and how to avoid them)," *AMA*, October 1, 2017, www.ama.org/publications/MarketingNews/Pages/3-common-pitfalls-of-international-market-research-and-how-to-avoid-them.aspx, accessed January 14, 2022.

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

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 tools. Digital advances, however, have provided companies with new data collection opportunities such as information on website navigation, social media engagement, and mobile interactions. As a result, 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.

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 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. In recent years, the size of the toolbox has grown and

the sophistication of technology has improved with the advent of “big data,” social media, Internet surveys, and mobile phones. Furthermore, emerging methods of data collection such as through online communities of people, eye tracking, and wearable technology are rapidly changing how marketing researchers are conducting research. Moreover, 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.

Advanced technology and analytical techniques provide the resources for marketers to collect, process, and analyze data in new ways and at a much faster speed. Whether examining research problems through descriptive techniques that answer what has happened, predictive techniques that predict future developments, or prescriptive techniques that determine optimal behaviors, marketers should first understand the questions or business problems that need to be addressed. There are appropriate tools and techniques to help examine these different business problems. Thus, 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 Namestormers 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 potential 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

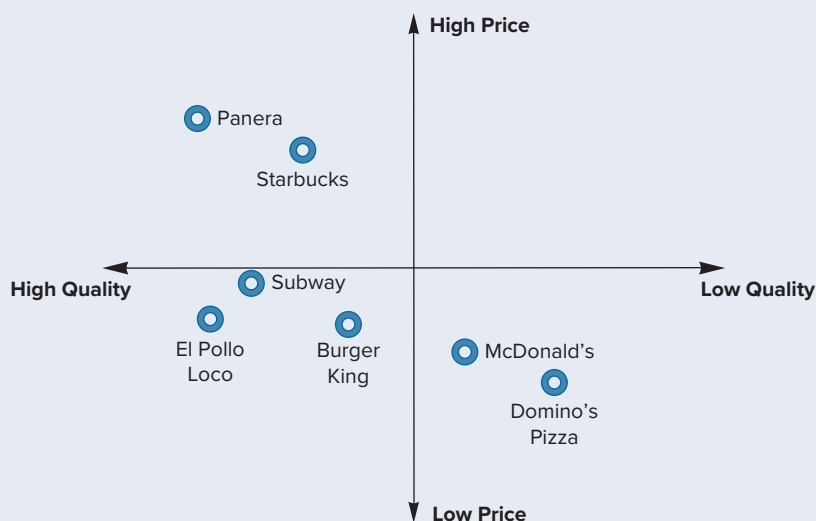
A technique used to picture the relative position of products on two or more product dimensions important to consumer purchase decisions.

Retailing research

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

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, 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

Exhibit 1.1 Perceptual Map of the Fast-Food Market



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. They 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**, online retailers 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**.

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.

In recent years, **shopper marketing** has received a lot of attention. The purpose of shopper research is to give manufacturers and retailers an understanding of a customer's purchase journey, which follows the customer through the pre- to post-purchase process. 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, click-throughs 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?
2. What are the sales forecasts at various price levels?
3. How sensitive is demand to changes in price levels?
4. Are there identifiable segments that have different price sensitivities?
5. Are there opportunities to offer different price lines for different target markets?

A pricing experience designed to help **Amazon.com** choose the optimal price is featured in the Marketing Research Dashboard.