

Essentials of Marketing Research

William G. Zikmund

The Nature of Marketing Research

Course Web Page

<http://www.personal.psu.edu/faculty/j/c/jcl12/>

The Nature of Marketing Research

Marketing research is focused on understanding the market:

- Links the consumer, customer, and public to the market through information used to identify and define marketing
- Generates, refines, and evaluates marketing actions
- Monitors marketing performance
- Underlines the understanding of marketing as a process

Marketing Research Defined

Marketing research is defined as: the systematic and objective process of generating information for aid in making marketing decisions.

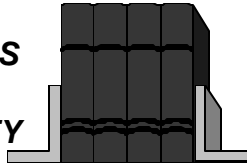
This process includes:

- specifying what information is required;
- designing the method for collecting information;
- managing and implementing the collection of data;
- analyzing the results; and
- communicating the findings and their implications.

INFORMATION

REDUCES

UNCERTAINTY



Marketing Research Types



Basic Research
Applied Research

SCIENTIFIC METHOD

The analysis and interpretation of empirical evidence (facts from observation or experimentation) to confirm or disprove prior conceptions



MARKETING CONCEPT

- CENTRAL IDEA IN MARKETING
- EVOLVED OVER TIME
- NOT PRODUCTION-ORIENTED
- MARKETING-ORIENTED

Marketing Concept

Consumer
Oriented

Long Run
Profitability

Integrated and
Coordinated Effort

STAGES IN DEVELOPING AND IMPLEMENTING A MARKETING STRATEGY

- Identifying and evaluating opportunities
- Analyzing market segments and selecting target markets
- Planning and implementing a marketing mix
- Analyzing market performance

Marketing Strategy Stage

Example of Market Research

1. Identifying and Evaluating Opportunities

- Mattel Toys investigates desires for play experiences
- MTV, monitoring demographic trends, learns the Hispanic market is growing rapidly

2. Analyze market Segments and Select Target Markets

- Cadillac investigates buyers' demographic characteristics

3. Plan and Implement a Marketing Mix

- Price: Proctor and Gamble determines price sensitivity for their new Crisco, savory seasons product line.
- Distribution: Caterpillar Tractor Co. investigates dealer service program.
- Product: Oreo conducts taste test, Oreo cookie vs. Chips Ahoy
- Promotion: How many consumers recall "Just One Calorie, Diet Coke"

4. Analyze Marketing Performance

- This year's market share is compared to last year's.

PERFORMANCE-MONITORING RESEARCH

- RESEARCH THAT REGULARLY PROVIDES FEEDBACK FOR EVALUATION AND CONTROL
- INDICATES THINGS ARE OR ARE NOT GOING AS PLANNED
- RESEARCH MAY BE REQUIRED TO EXPLAIN WHY SOMETHING "WENT WRONG"

Restaurant Market Research?

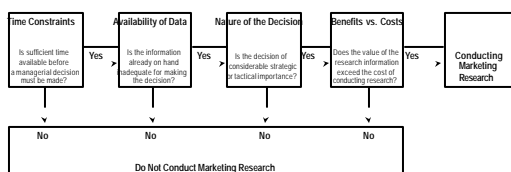
(page 17, question 7)

- The owner of 22 restaurants was asked how he does marketing research. He answered that he does it after driving around in a pickup truck at midnight: "I stay up late. If it's midnight and I don't have anything else to do, I drive around town and look at the lines in front of places. I'll look at the trash and see if a guy's not doing any business. I find out a lot by talking to my vendors. I ask the bread guy how many boxes of buns the drive-in down the street is buying. Very few restaurateurs do that. But that's the way I research my market."

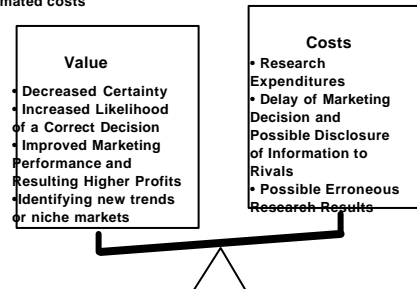
Discussion Points

- Is that market research?
- What types of questions will his research help him answer?
- How could he improve his marketing research efforts?

Determining When to Conduct Marketing Research



Potential value of a marketing research effort should exceed its estimated costs



Porsche Case Study

(see page 18)

- After selling a *record 30,000 automobiles* in the United States in *1986*, Porsche saw its sales begin to decline, reaching a low of approximately *4,000 in 1993*. During the 1980s, the price of a Porsche 911 Carrera coupe was less than the average U.S. household's annual income. But in *1993, the price was about 25 percent more* because of the strength of the deutsche mark and a luxury tax passed by Congress. However, after conducting marketing research to learn which market segments were prime customers, Porsche Cars North America found out that a higher price was not the only thing that had gone wrong.

The research showed that the *demographics* of Porsche owners were utterly predictable: a *40-year-old male college graduate with an income of over \$200,000 a year*. The *psycographics*, however, were another aspect of the company's marketing problem. The categories of Porsche owners are given below

Type of Percent of All Owners Described		
Top Guns	27%	Driven, ambitious types. Power and control matter. They expect to be noticed.
Elitists	24%	Old-money blue bloods. A car is just a car, no matter how expensive. It is not an extension of personality.
Proud Patrons	23%	Ownership is an end in itself. Their car is a trophy earned for hard work, and who cares if anyone sees them in it?
Bon Vivants	17%	Wordly jet setters and thrill seekers. Their car heightens the excitement in their already passionate lives.
Fantasists	9%	Walter Mitty types. Their car is an escape. Not only are they uninterested in impressing others with it, they also feel a little guilty about owning one.

Discussion Points

- What type of market research led to these findings?
- What are demographics? What are psycographics? How would you measure these?
- What additional information would Porsche need in order to improve sales?