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Lecture - 14 Marketing Research: From Customer Insights to Actions - I

Welcome to this course on Introduction to Marketing Essentials and now we will talk about Module 14. Now as you see that we have talked about Part 1 and Part 2.

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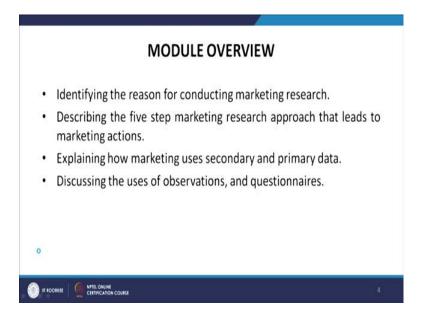


So, now we will start with Part 3, that is Targeting Marketing Opportunities and this part is spread over 5 Modules. The first two modules that is Module 14 and 15, they are dedicated to marketing research and this marketing research means from customer insights to actions.

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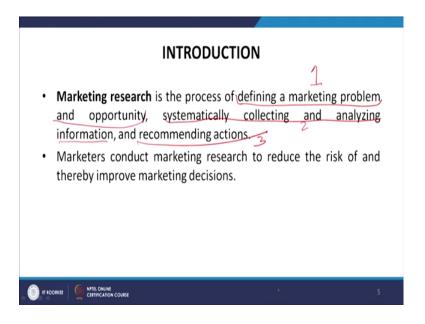


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So, let us start with Module 14 and let us look at the things that will be covered. The first thing that we will talk about is the reason for conducting marketing research. The second thing that we will talk about is describing the five step marketing research approach that leads to marketing actions. Next we will explain how marketing uses secondary and primary data and then, we will discuss the uses of observations and questionnaires.

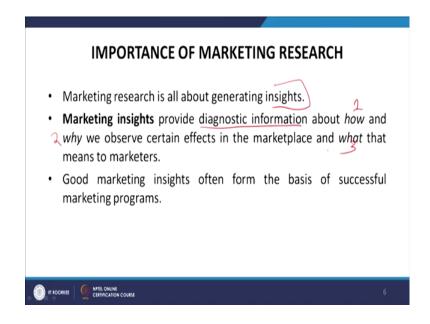
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Now, let us start with the definition of marketing research. What is marketing research? Marketing research is the process of defining a marketing problem and opportunity, systematically collecting and analyzing information and recommending actions.

So, keep in mind that it is the process for; first is defining a marketing problem and opportunity. So, that is in the first itself. Second is systematically collecting and analyzing information. So, first is to define the marketing problem or opportunity, second is systematic systematically collecting and analyzing information and then the third is recommending actions. Marketers conduct marketing research to reduce the risk of and thereby improve marketing decisions.

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So, this marketing research, what makes the marketing research important? Marketing research is all about generating insights. What are marketing insights? So, Marketing insights provide diagnostic information about how and why we observe certain effects in the marketplace and what that means, to marketers.

So, when we are saying from marketing insights to action, so this is what marketing insights mean; diagnostic information about how and why we observe something happening in the marketplace and what does that mean to the marketers. Good marketing insights often form the basis of successful marketing programs.

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IMPORTANCE OF MARKETING RESEARCH Example: Tropicana When Tropicana redesigned its orange juice packaging, dropping the iconic image of an orange skewered by a straw, it failed to adequately test for consumer reactions-with disastrous results. Sales dropped by 20%, and Tropicana reinstated the old package design after only a few months.

For example, Tropicana. When Tropicana redesigned its orange juice packaging, dropping the iconic image of an orange skewered by a straw, it failed to adequately test for consumers reaction with disastrous results. Sales dropped by 20 percent and Tropicana reinstated the old package design after only a few months.

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Now, what are the challenges in doing a good marketing research? So, some of the challenges faced by marketers while conducting a marketing research include the first is

conducting a marketing research for a new product as the people are unaware about the product, so, what should we ask, how to generate insights?

Second is unwillingness of the people to reveal the information related to their personal lives or status which affects the quality of research. And the third challenge that the marketers may faces the lack of consensus between the desire or intention of the respondent to perform a particular task and his or her actual behavior, which affects the reliability of the research. So, these are three biggest problems in conducting a good marketing research.

So, to summarize this first is that there is a new product. So, obviously customers or the consumers they do not know about this, then how to conduct this marketing research. Second is people may not be willing to share information about their personal lives or a status and then, the third is the desire or intention of the respondent to perform a particular task or her actual behavior. So, I may say that I will buy a pen, but I may not. So, that affects the reliability of a research.

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Now, let us look at this five step marketing research process. The systematic marketing research approach used to collect the information to improve marketing decisions and an action involve five steps and is shown in this figure that is 14.1.

So, this marketing research process is a five step process. The first step of this is to define the problem. So, we go about setting research objectives and then identifying possible marketing actions.

The second step is developing the research plan; specify constraints, identify data needed for marketing action and determine how to collect that data. The third step is to collect relevant information, obtain secondary data and then obtain primary data. The fourth step is then to go about developing the findings, analyze this data and then presents the findings and in step 5 take marketing actions.

So, make action recommendations. So, that is one important thing. Second is implementation, recommendations and then third is to evaluate the results. Now after evaluation of the result, then again this feedback process starts. It may go back to the developing findings or to collect relevant information or to develop a research plan or it may go back to the first step.

So, after step 5, the feedback can go to the step 4, 3, 2, 1, so that this process continues and other problems they are identified and then this is how this process will continue.

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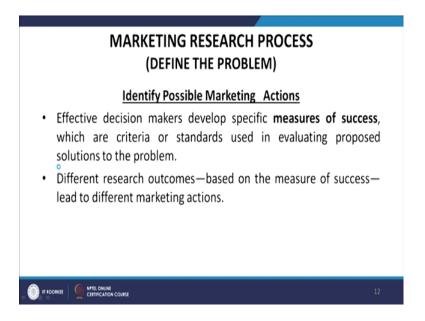
So, what happens in step 1 that is defining the problem. So, the key elements of defining a problem are; the first is set the research objectives and second is, to identify possible marketing action.

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MARKETING RESEARCH PROCESS (DEFINE THE PROBLEM) Set The Research Objectives Research objectives are specific, measurable goals, the decision maker seeks to achieve in conducting the marketing research. If the objectives are too broad, the problem may not be researchable whereas, if they are too narrow, the value of the research results may be seriously lessened.

Now, how to go about setting the research objectives? Research objectives are specific measurable goals. The decision maker seeks to achieve in conducting the marketing research. If the objectives are too broad, the problem may not be researchable. Whereas, if they are too narrow, the value of the research results may be seriously decreased.

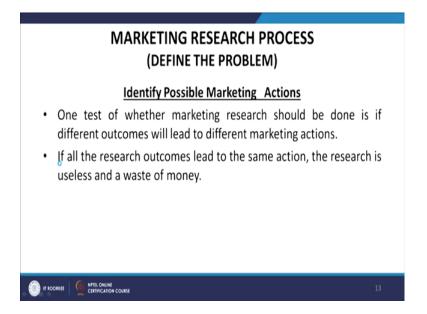
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Then identify possible marketing actions. Effective decision makers develop specific measures of success which are criteria or standards used in evaluating proposed solution

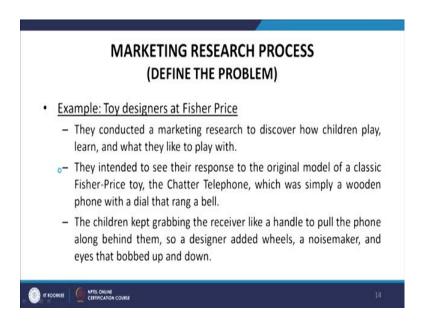
to a problem. Different research outcomes based on the measure of success lead to different marketing actions.

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One test of whether marketing research should be done is if different outcomes will lead to different marketing actions. If all the research outcomes lead to the same actions, the research is useless and a waste of time and money.

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Example, the toy designers at Fisher Price. So, they conducted a marketing research to discover how children play, learn, and what they like to play with. They intended to see

their response to the original model of classic Fisher Price toy that is the Chatter Telephone, which is a simple wooden phone with a dial that rang a bell. The children kept grabbing the receiver like the handle to pull the phone along behind them, so, the designer added wheels, the noise maker and eyes that bobbed up and down.

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Now, the research objective here was to decide whether to market the old or new telephone design. So, the specific actions in case of playing time as the measure of success. So, this is measure of the success that is the playtime, the children spent more time playing with old design. So, these are the measure of a success that is a play time and this is the possible marketing action.

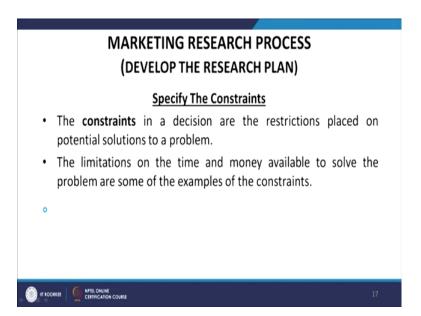
Now, here the first option is children spent more time playing with the old design and the possible marketing action is continue with old design, do not introduce new design. The second measure of success is children spent more time playing with the new design and the possible marketing action is to introduce a new design and drop the old design.

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The second step is to develop the research plan. So, we are talking of this the second step. At this step the researcher is expected to specify the constraints of the marketing research activity identify the data needed for marketing actions and determine how to collect the data. So, these are the three steps that a researcher is expected to do in this stage.

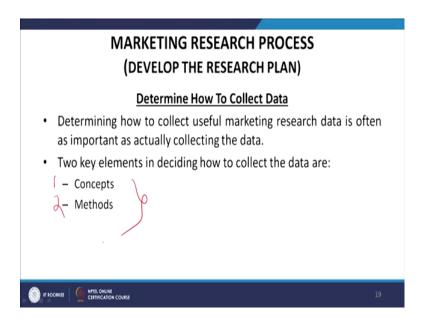
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So, what is specifying the constraints? The constraints in a decision are the restrictions placed on potential solutions to a problem. The limitations on time and money available to solve the problem are some of the examples of the constraints.

Now, identify data needed for the marketing action. Often marketing research studies wind up collecting a lot of data that are interesting, but irrelevant for marketing decisions that result in marketing actions. Such an activity may result in causing confusion to the managers and delaying the process of the decision making.

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Now, determine how to collect the data. Determining how to collect useful marketing research data is often an important as actually collecting the data. So, there are two key elements in deciding how to collect the data. The first is the concept and the second is the methods. So, these two are important elements in deciding how to go about collecting the data.

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So, what are the concepts? What is meant by concepts? The concepts are ideas about product or services. To find out about consumer reaction to a potential new product marketing researchers frequently develop a new product concept. New product concept is a picture or verbal description of a product or service the firm might offer for sale.

The next is the methods, what are those? So, methods are the approaches that can be used to collect data to solve all or part of a problem.

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Special methods vital to marketing are sampling and statistical inference.

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MARKETING RESEARCH PROCESS (DEVELOP THE RESEARCH PLAN) Determine How To Collect Data Marketing researchers often use sampling by selecting a group of distributors, customers, or prospects, asking them questions, and treating their answers as typical of all those in whom they are interested. They may then use statistical inference to generalize the results from the sample to much larger groups of distributors, customers, or prospects to help decide on marketing actions.

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Now, let us look at this third step that is collecting relevant information. So, this figure that is figure 14.2 shows how the different kinds of marketing information fit together. So, we start from the left hand side, my left hand side. So, we move from facts and figures pertinent to this project.

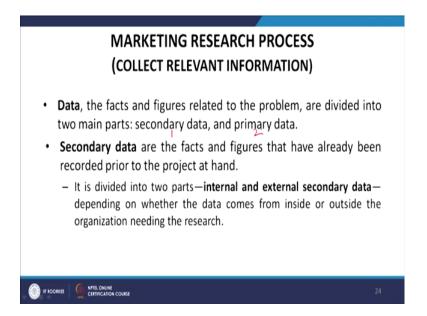
Now, it can be the secondary or the primary. So, secondary data may include facts and figures. Facts and figures already recorded prior to this project while primary data is facts and figures newly collected for this project. So, now these two types of this secondary data include internal data that is inside the firm, but that was recorded before this project. So, that includes inputs such as budgets, financial statements, and sales calls report. It also includes outcomes, actual sales and customer communication.

Now, the second type of secondary data is the external data that is outside the firm. So countries that keeps on collecting lots of data. So, there is census data, trade association studies, business periodicals and internet based reports. Another data is primary data. So, one type of primary data can be collected through observational data that is watching people. Now keep in mind that primary data is collected for this project. So, one method of collecting data for this project is by watching people and there can be mechanical methods, possible methods and neuromarketing methods.

The second way of collecting primary data is through questionnaire, asking people. Idea generation methods and idea evolution methods are the two methods in this

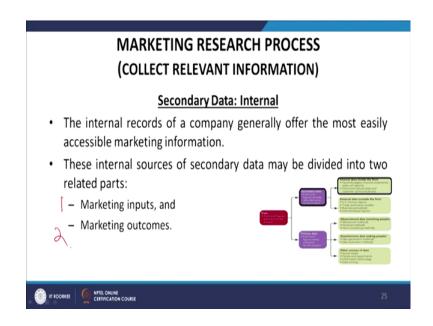
questionnaire data. The others, the third are the other source of data for example social media panels and experiments information technology and data mining.

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So, data the facts and figures related to the problem are divided into two main parts. One is secondary and second is primary data. What is the secondary data? Secondary data are the facts and figures that have already been recorded prior to the project at hand. Now it is again divided into two parts; internal and external. Secondary data depending on whether the data comes from inside or outside, the organization needing the research.

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What is internal secondary data? The internal records of a company generally offer the most easily accessible marketing information. So, these internal sources of secondary data may be divided into two related parts. One is marketing inputs and another is marketing outputs.

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This marketing input data relate to the effort expended to make sales. These ranges from sales and advertising budgets and expenditures to salespersons calls reports, the marketing outcome data relates to the results of the marketing efforts. So, these involve billing records on shipments from the accounting department and communication from customers.

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Next is the external secondary data. So, it refers to the published data from outside the organization. And it includes the Government reports, data collected by market research companies like the Nielsen Media and data by trade associations, universities and business periodicals.

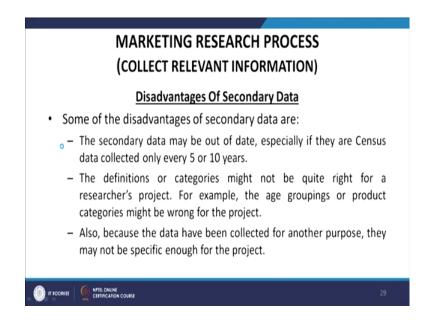
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Now, there are several advantages of secondary data. The first advantage is; the tremendous time saving; because the data has already been collected and published or exists internally. The second is the low cost such as free or inexpensive census reports

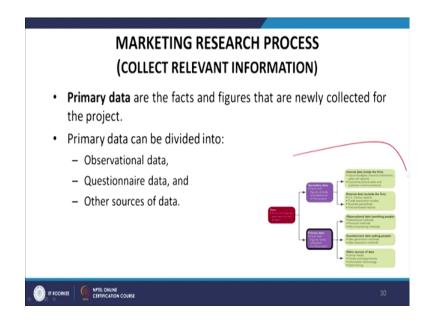
and the third is a greater level of details is often available through secondary data, especially census data.

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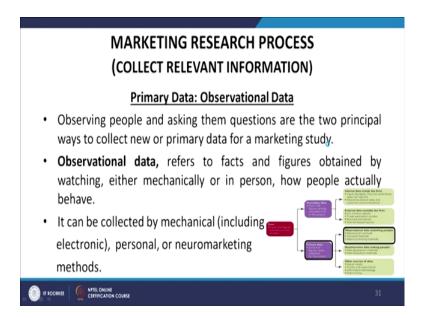
But there are several disadvantages also. So, the secondary data may be out of date, especially if they are census data collected only every 10 years. So, your data is already 10 years old. The definition or category might not be quite right for a researcher's project. For example, the age groupings or product categories might be wrong for this project. Also because the data had been collected for another purpose, they may not be specific enough for this project.

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Now, the primary data are the facts and figures that are newly collected for this project. So, primary data is divided into observational data, questionnaire data and other sources of data. So, this is what we are talking of.

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Observing people and asking them questions are the two principal ways to collect new or primary data for a marketing study. What is observational data? It refers to the facts and figures obtained by watching either mechanically or in person, how people actually behave, it can be collected by mechanical including electronic, personal or neuromarketing methods.

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MARKETING RESEARCH PROCESS (COLLECT RELEVANT INFORMATION: PRIMARY DATA) Observational Data: Mechanical Methods National TV ratings, such as those of Nielsen Media Research, are an example of mechanical observational data collected by a "people meter." The device measures what channel and program is tuned and who is watching.

- It then stores and transmits the viewing information each night to Nielsen Media Research.
- Meisen Wedia Nescaron.

What are these mechanical methods of observation collecting observational data? So, National TV ratings such as those of Nielsen Media Research are an example of mechanical observational data collected by a people meter. The device measures what channel and program is tuned and who is watching what. It then stores and transmits the

viewing information each night to Nielsen Media Research.

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So, data are also collected on TV viewing using less sophisticated meters or TV diaries, a paper pencil system. In early 2012, Nielsen introduced cross-platform television ratings, which combine Nielsen existing TV ratings with its new online campaign ratings.

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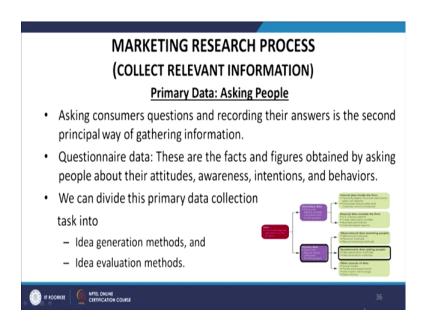
Now, what are these personal methods of observational data? The first is mystery shopping. A representative from the company checks on the quality and pricing of their products and the integrity of and customer service provided by employees by posing as a customer. Another is ethnographic research. It is a specialized observational approach in which trained observers seeks to discover subtle behavior and emotional reactions as consumer encounter products in their natural use environment such as in their homes or car.

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The neuromarketing methods for observational data mean that the global brand. So, one global brand expert that is Martin Lindstrom believe most traditional marketing research like focus groups and service is wasted; because consumers feeling towards product and brands reside deep within their subconscious part of their brains. So, Lindstrom merged neuroscience, the study of brain with marketing. So, then it is called as Neuromarketing.

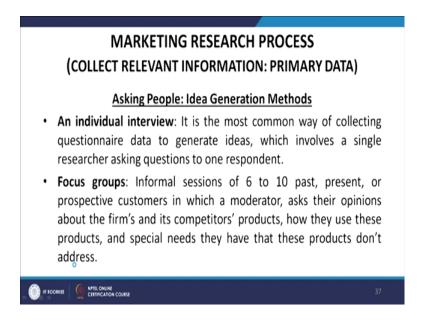
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So, asking people is primary data. Now let us move want to primary data that is asking people. Asking consumer questions and recording their answers is the second principal

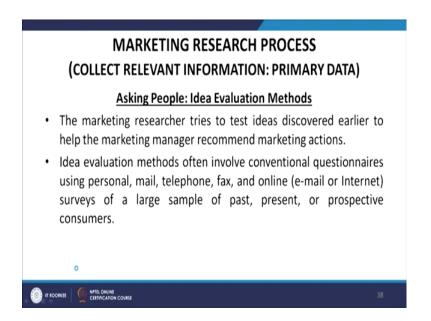
way of gathering information. Questionnaire data: These are facts and figures obtained by asking people about their attitudes, awareness, intention, and behavior. Now we can divide this primary data collection task into two. First is the idea generation method and second is the idea evaluation method.

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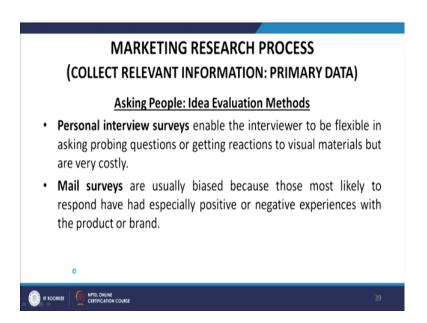
What are these idea generation methods? So, first is an individual interview. It is the most common way of collecting questionnaire data to generate ideas which involves a single researcher asking questions to one respondent. Another is focus groups. Informal sessions of 6 to 10 past, present or prospective customers in which a moderator asks their opinions about the firms and its competitors product, how they use these products and special needs they have that these product do not address.

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The idea evaluation method, the marketing researchers tries to test ideas discovered earlier to help the marketing managers recommend marketing actions. Idea evaluation methods often involve conventional questionnaires using personal mail, telephone, fax or online email or internet surveys of a large sample of past, present or prospective consumers.

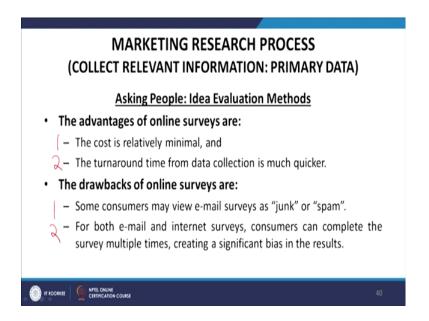
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So, personal interview service enable the interviewers to be flexible in asking, probing question or getting reactions to visual material, but are very costly. Mail surveys are

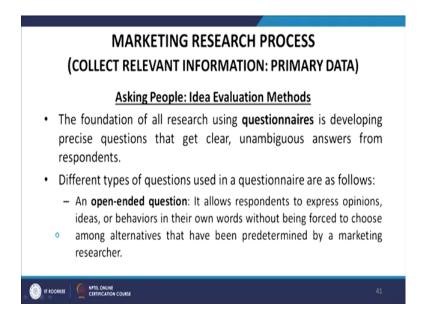
usually biased because those most likely to respond have had especially positive or negative experiences with the product or the brand.

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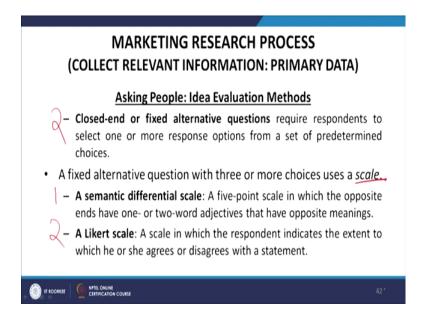
The advantages of online surveys are one is the cost is relatively minimal and second is the turnaround time from data collection is much quicker. But, the drawbacks of these online surveys are; some consumers may view email surveys as junk or spam. For both email and internet surveys, consumers can complete the survey multiple times creating a significant bias in the results. So, the same person he is filling up questionnaire again and again.

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So, the foundation of all research using questionnaire is developing precise questions that get clear, unambiguous answers from the respondents. So, different types of questions used in questionnaire are one is an open ended question. It allows respondents to express opinions, idea or behavior in their own words without being forced to choose among alternatives that have been predetermined by a marketing researcher.

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Closed or fixed alternative questions. Now they require respondents to select one or more response option from a set of predetermined choices. So, a fixed alternative question with three or more choices uses a scale and there can be different scale. One scale is a semantic differential scale, which is a 5-point scale in which the opposite ends have one or two word that have opposite meanings. Another type of scale is a Likert scale; a scale in which the respondents indicate the extent to which he or she agree or disagree with a statement.

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CONCLUSION We started this module by discussing the importance of the marketing research. Then we introduced a five step model of marketing research process which includes: Define the problem, Develop the research plan, Collect the relevant information, Develop findings and Take marketing actions. We discussed the first two steps of the model and the some part of the third step, that is, "collect the relevant information". In the next module, we will continue with discussing other sources of primary data.

So to conclude, in this module we discussed the importance of the marketing research, then we introduced a five-step model of marketing research process; which includes defining the problem, developing the research plan, collecting the relevant information, develop findings and then taking marketing actions. Thereafter we have discussed the first two steps of the model and some part of the third step that is collecting the relevant information.

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And then in the next module, we will continue with discussing other sources of primary data. These are the references three books from which the material for this module was taken.

Thank you.