



# *Partnership for Nonprofit Ventures 2<sup>nd</sup> Annual Conference*

## **What Do We Need to Know and How Do We Find Out? Conducting Marketing Research**

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# Session Objectives

- **Provide overview of marketing research process**
- **Distinguish between qualitative and quantitative studies**
- **Enhance your own skills in conducting research**
- **Make you more informed consumers of professional research services**
- **Highlight opportunities for obtaining needed information inexpensively**

# Important Changes in the Realm of Marketing Research

## *Positives*

- **More market and company data available than ever before**
- **Internet makes it much easier to access relevant data**
- **New services facilitate inexpensive “do-it-yourself” surveys on the Internet**
- **Replacement of SIC codes by NAICS codes offers better information on service enterprises**

## *Negatives*

- **Consumers more reluctant to spend time filling out surveys**
- **“Do not call” lists are curtailing use of telephone surveys without prior permission from prospective respondents**

# The Marketing Research Process

- **Statement of research objectives—what info do we need?**
- **Review existing data—what is already known?**
- **Value analysis--is proposed research worth the cost?**
- **Research design—how are data to be collected?**
- **Research procedures—sampling and instrument design**
- **Management of field operations—data collection**
- **Data analysis**
- **Interpretation and application of findings**

# Conducting Research to Obtain Information for Marketing Decision Making

- **Information is critical for effective decision making**
- **Purpose of marketing research: reduce risk of making a bad decision, improve chances of success**
- **Information only has value if it helps marketing managers make better decisions (avoid “nice to know”)**
- **Value analysis: Worth spending money on research, but**
  - **Don’t spend more than the incremental value gained from making a better decision**
  - **Information must be timely – if it arrives too late, investment is wasted**

# Some Typical Questions in Marketing Research

- **How big is the market for our proposed product? Is it growing, stable, or shrinking?**
- **Who are the major players? What is their market share?**
- **How is the market segmented?**
- **What are the distribution channels for this product?**
- **What are distributors' requirements—margins, volume?**
- **How price sensitive are customers?**
- **How do customers learn about new products?**
- **How satisfied are users with existing products? Are there unmet needs among specific segments?**



# ***Distinguishing between Primary and Secondary Research***

# Primary and Secondary Research

## *Primary Research*

- **New information specifically gathered to help marketers**
  - make a particular decision
  - monitor ongoing performance in the marketplace

## *Secondary Research*

- **Information gathered earlier for another purpose that can be applied to problem at hand**
- ***Always undertake secondary research first!***
  - **Avoid reinventing the wheel—see if existing information will suffice to answer your questions**
  - **Help dimension, refine primary research efforts**

# Types of Marketing Information:

## (1) Secondary Data

- **May be sufficient for decision making; alternatively, help clarify new research needs, serve as building block**
- ***Internal sources* include:**
  - **accounting records, sales data, admissions data**
  - **prior research studies**
- ***External sources* include**
  - **data published by government, trade associations**
  - **data/commentary in newspapers, magazines, etc.**
  - **company reports, press releases**
  - **syndicated multi-client studies**
  - **academic studies**

# Search Engines Are a Good Starting Point for Secondary Research

**Google** *is the best-known search engine and very user friendly*

## Google.com – A Great Starting Point for Researching Almost Any Topic

- **Has links to more than 4 billion web pages**
- **Use is free**
- **Easy to search – just type in keywords**
- **Careful choice of keywords is vital – Google will only display web pages featuring all the words specified**
- **Search can be narrowed by adding key words (e.g., go from “greeting cards” to “greeting card industry”)**
- **Results may yield hundreds of thousands of pages, but only first 40 are usually of any use – much duplication**
- **Ads for related products can sometimes be helpful**

## Example from Google.com

### Search Keywords: “Greeting Card Industry”

*214,000 responses, ranked by goodness of match*  
*First 10 deliver phenomenal information*

- ***Greetingcard.org*** (Greeting Card Association - natl. trade assoc.)
  - General facts and trends about the industry
  - Who is sending and receiving greetings cards
  - The future of greetings cards
  - Greetings cards and the Internet
    - List of GCA members – supplier members, publisher members
- ***Clinton.com*** (UK’s largest card supplier) offers US-UK comparisons
- ***Writerswrite.com*** – opportunities in industry for freelance writers
- ***Mystro.com*** – books about the industry, linked to Amazon.com
- ***Hoovers.com*** – greeting card industry fact sheet

# Internet-Based Commercial Databases Can Provide Detailed Market and Industry Data

*Hoover's Online offers simple searches free but charges for more detailed information*

## **Hoover's Online ([www.hoovers.com/free](http://www.hoovers.com/free)): Data on Companies, Industries, and Markets**

- **Delivers comprehensive company, industry and market intelligence**
- **Browse companies A-Z (database of 12 million firms)**
- **Browse industries (includes nonprofit activities); organized alphabetically by broad categories, with many subcategories**
- **Free industry data includes:**
  - Details for “most viewed companies”
  - Links to “other related industries”
- **More detailed searches require paid subscriptions**

## Example from Hoovers.com

### Content of Listing for “Cultural Institutions”

- **Definition: “Organizations that promote culture, education, and the sciences”**
- **10 Most viewed companies** (*details next slide*)
- **Full company list** (*requires subscription*)
- **Links to other related industries**
  - **Charitable organizations**
  - **Education**
  - **Foundations**
  - **Membership organizations**

## Hoovers.com

### Cultural Institutions: Most Viewed Companies

- **Rock and Roll Hall of Fame and Museum**
- **Art Institute of Chicago**
- **Metropolitan Museum of Art**
- **Library of Congress**
- **Michigan State University**
- **American Museum of Natural History**
- **National Geographic Society**
- **International Speedway Corporation**
- **Mississippi State University**
- **The Museum of Sex LLC**

# Types of Marketing Information:

## (2) Primary Data

*Information specifically gathered for a marketer to assist in making a particular decision*

- **Sometimes builds on information contained in secondary sources**
- **Requires conduct of new research to gather needed data to solve problem at hand**

# Steps in Research Process for Gathering Primary Data

- **Specify problem**
  - situation analysis
  - formulate hypothesis
- **Design methodology**
  - qualitative research
  - quantitative research
  - experiments
- **Execute methodology**
- **Analyze and interpret results**



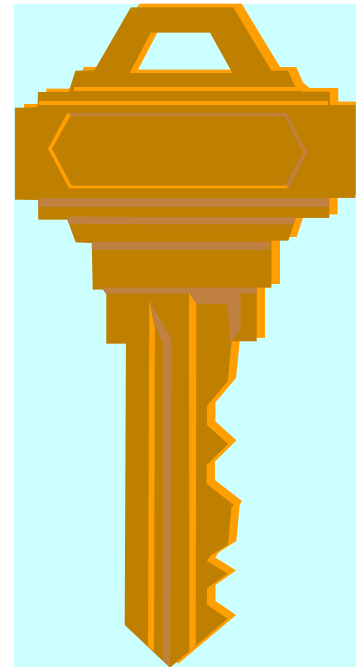


# ***Four Marketing Research Methodologies***

# Marketing Research Methodologies

- 1. Quantitative survey research**
- 2. Qualitative research**
- 3. Experimental research**
- 4. Observation**

*Not necessarily alternatives—may usefully complement each other*



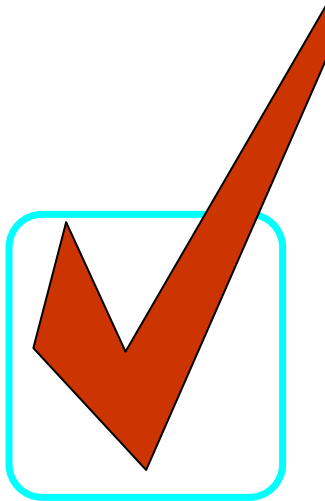
## *(1) Quantitative/Survey Research*

- **Ask standardized questions of a sample of target population**
- **Useful for determining questions like**
  - “how many?”
  - “how much?”
  - “how often?”
- **Goal is to get reliable, credible data**
- **Essential to obtain sufficient responses to conduct analysis that yields statistically significant results**

## ***Common Applications***

- **Determine nature and size of market segments existing within marketplace**
- **Current ownership of specified products**
- **Product/service usage behavior**
- **Beliefs and attitudes concerning product or firm**
- **Awareness of different brands**
- **Remembrance of advertising themes**
- **Shopping behavior**
- **Frequency of purchase**
- **Future purchase intentions**

## *Different Types of Surveys*



- **Personal interview**
  - **face-to-face**
  - **by phone**
- **Telephone survey**
  - **personal**
  - **automated**
- **Self-completion survey**
  - **mail**
  - **fax**
  - **e-mail (automated)**
  - **touch screen (automated)**

## *What Type of Survey to Conduct? Some Criteria*

### *Cost: How much per completed response?*

- **Mail appears cheap but low response rate drives up cost**
- **Interviewers are expensive, esp. if must travel**

### *Ability to probe, ask complex questions*

- **Limited for self-completion survey (must be short/simple)**
- **Interviewers can probe, esp. face-to-face**

### *Restrictions*

- **Phone interviews may now require advance permission –  
> 60 million households are on “do not call” list**
- **Many phone numbers unlisted**
- **Not everyone has access to email or the Web**

## ***What Type of Survey? Some Criteria (cont.)***

### ***Nature of content and target audience***

- **Phone surveys don't allow visual display of items**
- **Print and Internet can show pictures, face-to-face surveys can show actual items**
- **Self-completion may be better for sensitive questions**
- **Respondents' desire for anonymity – mail is good (assuming questionnaires not secretly coded)**
- **Personal and phone interviews facilitate probing**

## ***What Type of Survey? Some Criteria (cont.)***

### ***Time frame: How soon before we get results?***

- **Simplicity speeds up preparation, execution, analysis**
- **Self-completion may result in procrastination**
- **Phone and email avoid logistical delays in delivery, return**
- **Internet-based surveys potentially the fastest, with opportunity for real-time display of results to date**

# Designing Samples When Target Population Is Too Large to Survey Everyone

- **Random sampling** – everyone in sample population has equal chance of being selected
- **Stratified random sampling** – population is divided into segments (e.g., by gender, age, membership) and random sample taken within each segment
- **Nonprobability samples**—can't estimate sampling error
  - **Convenience samples**—volunteers or readily available
  - **Judgment samples**—interviewer selects (risky!)
- **Quota samples**—specified number of responds in pre-designated categories

## ***How Large Should the Sample Be? (It All Depends...)***

- **In exploratory research, sample sizes tend to be small; individual responses are as important as summation**
- **In simple studies with A vs. B answers, “error” falls with size**
  - **Sample of 100: you can be 95% confident A% is within +/- 10% of true proportions**
  - **Sample of 400: 95% confident A% is within +/- 5%**
- **For analysis of multiple variables (e.g., crosstabs), rule of thumb is to aim for average of 60 observations per cell**
  - **eg, 3 segments, 5 rating categories = 15 cells x 60 = 900 responses needed**
  - **But, may need much larger sample size to allow for non-responses**

## Internet-Based Survey Research

- **Many services available to conduct surveys via the Net**
- **Most expensive services will select sample, design and implement survey, provide analysis of results**
- **Less expensive options involve:**
  - **Designing survey yourself**
  - **Selecting email-based sample**
  - **Emailing sample population and asking them to link to a specific website to complete survey**
  - **Analyzing data yourself on supplier's website**
- **SurveyMonkey.com claims to be “Best value anywhere”**
  - **even lists names of 34 competitors on own website**

# SurveyMonkey.com

## Conducting Surveys on the Internet

- **SM's service enables subscribers to:**
  - Design surveys using own web browser
  - Collect responses with email link to SM
  - View results in real time as they are collected
  - Analyze results in chart or tabular form
  - Download raw data for detailed analysis on Excel or SPSS
- **Free basic subscription (surveys limited to 10 questions, 100 responses)**
- **Professional subscription of \$19.95/month includes**
  - Many advanced design features and analytical options
  - Up to 1000 survey responses /month; additional responses \$0.05 each

## Designing Survey Questionnaires

- Use simple words, preferably language used by respondents
- Avoid ambiguity and unclear terms
- Refrain from leading questions (e.g., *Don't you agree with the President that ...*)
- Avoid double-barreled questions (e.g., extent of agreement with statement that: *"This clothing is warm and comfortable"*)
- Think about best sequencing of questions
  - early questions should be interesting, easy to answer
  - logical organization, move from general to specific
  - classification questions (age, income, etc) usually at end
- **Must pretest!**

## ***(2) Qualitative Research***

- **In depth interviews with individuals/small groups**
  - **Current or prospective users**
  - **Intermediaries/agents**
  - **Experts**
- **Can probe to dig deeper, get more insights**
- **Useful for answering “why?” questions**
  - **get insights into determinants of behavior**
  - **understand thinking processes**
  - **note emotions and language use--words, phrases**
- **Focus groups often used to explore issues and plan large-scale survey**

## **(3) *Experimental Research***

- **Experimentation is concerned with causality**
- **Determine how changes in some variables (independent) affect others (dependent)**
- **Marketing experiments may resolve such issues as:**
  - **How will increasing advertising affect sales volume?**
  - **How sensitive are sales to price changes?**
  - **How will consumers respond to alternative packaging or new delivery systems?**
- **Two broad categories of experiments: *Field vs. Laboratory***

## **(4) Observation**

- **Counting and timing (can sometimes be automated)**
- **Watching customers**
  - How they behave
  - How they react
  - What their emotions are
  - What problems they seem to encounter
- **Visiting competitors and evaluating their offerings**
- **Examining wear and tear on facilities to see where highest traffic is**



# *Analyzing and Interpreting Results*

# Analyzing Results

- **Need to go beyond tabulations (many studies don't)**
- **Best insights usually come from multivariate analysis (e.g., crosstabs, regression, discriminant analysis, factor analysis); findings may include:**
  - **Unexpected relationships between different variables**
  - **Differences in response among various types of respondents**
  - **Ways to group respondents other than demographics**
- **Do results confirm expectations, answer questions, offer new insights?**

# Can We Generalize from the Findings? Understanding the Sources of Bias

## **Sample Bias**

- **Those selected for survey are not representative of the population of interest**

## **Interviewer Bias**

- **Respondents gave responses that they thought interviewer wanted—not what they felt themselves**

## **Non-response bias**

- **Those who failed to return questionnaires were different from those who did**

## **Response bias**

- **Respondents answered untruthfully or carelessly**

## Some Presentation Guidelines

- **Charts and graphs easier to interpret than figures—  
show trends and relationships more vividly**
- **Reporting percentages to one decimal place is sufficient  
(two or more places is false precision)**
- **Textual commentary should acknowledge possible  
sources of bias and interpret results accordingly**
- **Need to draw relevant, defensible conclusions and  
specify implications for marketing strategy**



*End*