

Better by Design

Marketing Research Designs

Objectives

- A** Explain the relationship between marketing research purpose and design.
- B** Describe the three common types of marketing research designs.



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Think of a problem or dilemma you've recently encountered.

Perhaps you need to choose the best way to make some money this summer.

To make the smartest decision, you should conduct some research to determine which would be more profitable—working a part-time job or starting your own lawn-mowing business. You will need to gather and review information in a useful way. If you don't, you might overlook an available job and miss out on the opportunity to earn a higher income. Marketers must approach marketing problems and business decisions with the same smart approach! It's critical for organizations to formulate marketing decisions based on sound research. And, effective marketers know that they must design their research projects to most efficiently address the issue at hand. Learn why marketers conduct research and the common marketing research designs they use to explore problems and develop solutions.

A Sense of Purpose

Have you ever completed an online survey or filled out a customer comment card? If so, you have participated in marketing research! **Marketing research** is the systematic gathering, recording, and analyzing of data about a specific issue, situation, or concern. It's a very important activity for marketers because the results of marketing research support (or *should* support) every decision they make!



▲ *Carefully designed market research can help business professionals set and achieve company goals.*

Let's take a quick look at the general purposes of conducting marketing research:

- **To explain something.** An organization may wonder why its sales are declining or why a certain product is not meeting customer expectations. Marketing research can help uncover the causes of these types of problems.
- **To predict something.** Marketers might want to know how much demand there will be for a new product or how successful a new retail location will be. Marketing research can help them to make accurate predictions about these and other marketing issues.
- **To monitor something.** Perhaps a company wants to track product performance among geographic regions or specific market segments. Marketing research can help keep track of these statistics.
- **To discover something.** How to improve promotional efforts or what new product features to develop are just a couple of questions that marketers might want to explore. Marketing research can help them find the right answers.



To see how this process works, check out "Product, Branding, and Packaging Decisions." This video provides details about the market research Frito-Lay conducted when rebranding one of its most popular snacks: <https://www.youtube.com/watch?v=xOLV3DkNurc>.

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Credit: <http://www.marketing91.com> (Coca Cola Brand Failure)

- ▲ *Market research helped Doritos develop new packaging and bolder flavors to appease young adults who live in a world of hyper-stimulation.*

- **To test hypotheses.** Let's say that marketers have a "hunch" about something; for example, they think that sales will increase if they buy more television advertising time. This "educated guess" is called a **hypothesis**. Hypotheses are commonly stated in "if-then" terms, such as:

- "If I exercise every day for the next six weeks, I will lose five pounds."
- "If our company purchases five more hours of television advertising time each week, sales will increase by at least 10 percent."



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One can determine if a hypothesis is right by testing it. You would test the first hypothesis by exercising for six weeks and then checking the scale. You would test the second hypothesis by creating a controlled research experiment (more on that later). Marketers use research to test their hypotheses and see if they are correct. They can then make the best decisions for tackling the problem or issue at hand.


A method to the madness

Marketers undertake marketing research for many reasons. The reason determines the **research design**—the master plan for conducting the marketing research. The research design lays out the types of data needed, how much data to collect, what collection methods to use, and how data will be analyzed.

The relationship between research purpose and research design is clear—**purpose dictates design**. As eager as they may be to get going on a research project, marketers must be careful not to plan the research before determining the purpose or goal of the research. For example, time and money spent developing consumer surveys to determine ways to increase sales could be a mistake if the entire industry is experiencing declining sales due to a struggling economy or some other factor that is outside of the company's control. Before embarking on a research project, marketers must ask important questions, such as:

- What are the objectives of this project (e.g., to explain, to monitor)?
- How familiar are we with this particular problem or issue already?
- What data do we already have?
- What data do we need to gather?
- What is our budget?
- What is our schedule?

It's essential for the marketing research design and methods to be appropriate to the marketing research purpose. If they aren't, the organization can waste a lot of time, effort, and money—leading to decreased sales, a loss of profitability, or even a negative public image.



Listen Up!

In 1985, during the height of the cola war with Pepsi, Coca-Cola released New Coke—a marketing decision based on a significant amount of research (over 200,000 taste tests). But angry customers did not like the new version—they wanted “the real thing.” The soft drink giant did not consider customers’ feelings and attitudes about their product. The research design was flawed because it only focused on one factor—taste. “The 1985 Launch of New Coke” details the decision and resulting fallout: <https://www.youtube.com/watch?v=Tz-47sI-AYM>.

Summary

Marketing research is the systematic gathering, recording, and analyzing of data about a specific issue, situation, or concern. It's an important activity for marketers because the results of marketing research support every decision they make. The general purposes of marketing research are to explain, to predict, to monitor, to discover, or to test hypotheses. It's essential for marketing research design and methods to be appropriate to the marketing research purpose.

TOTAL RECALL

1. What is marketing research?
2. What are the general purposes of marketing research?
3. What is research design?
4. What is the relationship between research purpose and research design?

THE GRAY ZONE

It would certainly be unethical for marketers to lie about the results of their marketing research. But, what if they use a research design that will get them the results they want? Suppose a marketer crafts a descriptive research survey like the one shown here that subtly directs respondents to give generally favorable responses. Or, during exploratory research, a marketer only interviews people likely to agree with her/him. It isn't illegal to conduct marketing research this way, but most people would say it's unethical. What do you think? Is there ever a situation in which it would be OK to manipulate a marketing research design?

Which statement best represents you:

- I regularly use this shampoo.
- I love using this shampoo.
- I prefer this shampoo above all others.
- I can't live without this shampoo.



It's All in the Design

"Form follows function" is an often-used saying that definitely applies to designing marketing research studies. Simply put, the research design (form) is dependent on the research purpose (function). For example, if the goal of the study is to understand if a product is user friendly, a focus group is a great method to collect detailed information. However, if the goal of the study is to find out if there is enough demand for a new product to be profitable, a small focus group would not produce enough data to determine whether or not to introduce it.

Almost all marketing research projects will follow one of three common designs. Let's spend some time learning about each.

	Exploratory Research	Descriptive Research	Causal Research
Common uses	To learn more information	To take a "snapshot" of some aspect of the market	To test an "if-then" hypothesis
Type of data gathered	Qualitative	Quantitative	Quantitative
Methods used	Flexible, unstructured	Structured	Highly structured
Examples	Focus group, pilot study	Survey, case study	Test marketing, clinical trial

Exploratory research

Exploratory research collects information to help the business define its issue, situation, or concern and choose the direction in which to go to address it.

In other words, marketers often use exploratory research when they “don’t have much to go on.”

Exploratory research is appropriate for:

- **Seeking to gain ideas or insight into the general nature of a marketing problem.** Perhaps you are a new culinary school grad and you want to open an eatery in your hometown. You should conduct exploratory research to identify what types of restaurants are missing from your local landscape so you can fill a need that is not currently being met.
- **Clarifying concepts.** Let’s say marketers know that customer satisfaction is generally low. They need to make marketing decisions that will boost customer satisfaction, but they must first identify what needs to be changed. Exploratory research can help marketers to identify specific problems before the bulk of the research begins.

EXPLORATORY RESEARCH

Explores issue or situation

Qualitative data

Flexible, unstructured
research methods:

Focus group, pilot study

Answers: What?



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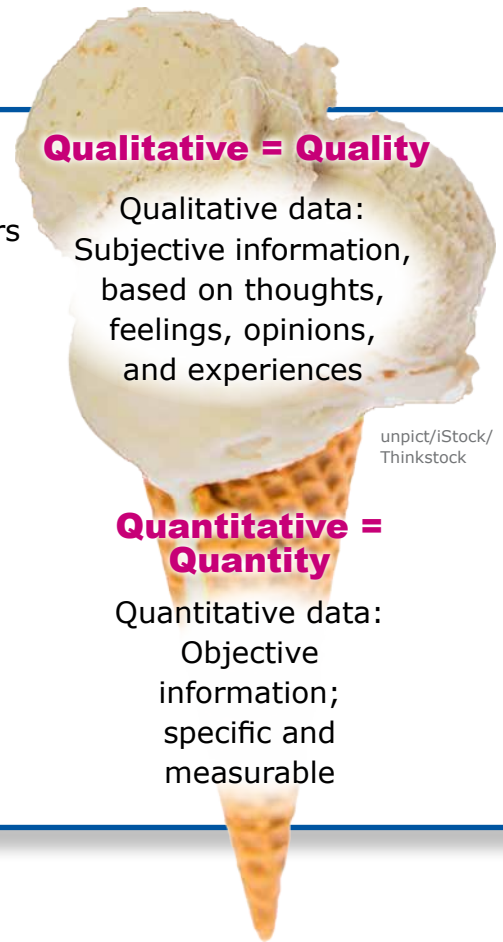
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“Domino’s Pizza Turnaround” shows how clarifying negative customer feedback was the beginning of a major recipe change: <https://www.youtube.com/watch?v=AH5R56jILag>.

- Generating hypotheses.** Marketers may not always be able to clearly define the reasons for their research. Exploratory research can aid them in their efforts to generate hypotheses surrounding a particular problem or issue. For example, marketers for a wholesaler are “kicking around” ideas for increasing sales, but they don’t have any specific ideas yet. Exploratory research might assist them in identifying two different options for increasing sales, which in turn would help them in developing two possible hypotheses. One is, “If we offer retailers a bigger discount on large orders, sales will increase.” The other is, “If we introduce a greater variety of products for retailers to choose from, sales will increase.” The marketers can then conduct further research to test one or both of these hypotheses.
- Establishing priorities among research questions or hypotheses.** Sometimes a marketing problem has several possible solutions. Organizations can’t spend the amount of time and money it might take to thoroughly research all these solutions, so they must decide where to begin. Exploratory research can give them clues as to which research questions or hypotheses should be looked into first.

As you can see, exploratory research is not intended to help marketers come to final conclusions or to make firm decisions. Rather, it serves as a starting point for further and more detailed research. Because of this, the research methods involved in exploratory research are very flexible and require little structure. This type of research is usually conducted on a small scale, and the results are often **qualitative data** based on thoughts, opinions, feelings, or experiences. Examples of exploratory research include:

- Interviewing a subject-matter expert
- Conducting a focus group with potential customers
- Reviewing data that are already available
- Having an informal discussion with employees or suppliers
- Administering a **pilot study** (small-scale research study used to test the feasibility of a project or idea)



Why do customers prefer salted caramel pretzel ice cream?

Qualitative = Quality

Qualitative data: Subjective information, based on thoughts, feelings, opinions, and experiences

How many times have customers ordered salted caramel pretzel ice cream in the last month?

Quantitative = Quantity

Quantitative data: Objective information; specific and measurable

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The video “Nike Focus Group: Development Academy” shows how several shin guards were evaluated to determine what product features high performing athletes would prefer: <https://www.youtube.com/watch?v=0KbMQIv-4aE>.

Descriptive research

Marketing research that gathers specific information related to an identified issue, situation, or concern is known as **descriptive research** (sometimes called statistical research). A large portion of all marketing research is descriptive research. Marketers use descriptive research for:

- **Taking a “picture” of a certain aspect of the market.**
To be successful, marketers must have an accurate picture of the current market. Descriptive research helps them to “zero in” on a certain feature of the market to learn more about it. For example, managers for a website might want to know some **demographic** characteristics of the site’s subscribers, such as gender, age, occupation, etc. Or, a company may want to find out what percentage of the target market its promotional messages are reaching. Descriptive research can help achieve these objectives.

Whether you realize it or not, you participate in exploratory research all the time. When you talk to your guidance counselor about potential college options, investigate spring break locations online, or even ask your server what menu item s/he recommends, you are gathering qualitative data that give you direction for further research, thought, and decision making.

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DESCRIPTIVE RESEARCH

Describes a specific aspect of the market

Quantitative data

Structured research methods:
Survey, case study

**Answers: Who? When?
Where? How?**



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- **Determining the proportion of people or organizations that behave a certain way.** Many marketing decisions are based on consumer behavior. It stands to reason, then, that a lot of marketing research is dedicated to learning about these behaviors! For instance, marketers may want to find out the proportion of all Texans ages 18–35 who own homes or the proportion of medium-sized retailers who carry one or more of their product lines. Conducting descriptive research can give them an accurate assessment of these numbers.



- **Making specific predictions.** Descriptive research can help marketers to make accurate predictions about what will happen in certain situations. It may help them know what to expect as market conditions change or customer attitudes shift.

Unlike exploratory research, descriptive research is conducted only *after* marketers have a good understanding of the question or problem they're dealing with. Descriptive research gathers specific, often numeric, data that require a clear explanation of the who, what, when, where, why, and how.

It's critical for descriptive research to be accurate, and for this reason, the methods used are often quite rigid, in contrast to the flexible methods of exploratory research. The results of descriptive research are often **quantitative data** that are specific, measurable, and easily presented in the forms of graphs, charts, etc. Examples of descriptive research include:

- Conducting an in-depth survey, asking respondents carefully crafted questions regarding their television-viewing habits



▲ Quantitative data can easily be shown in charts and graphs for evaluation.

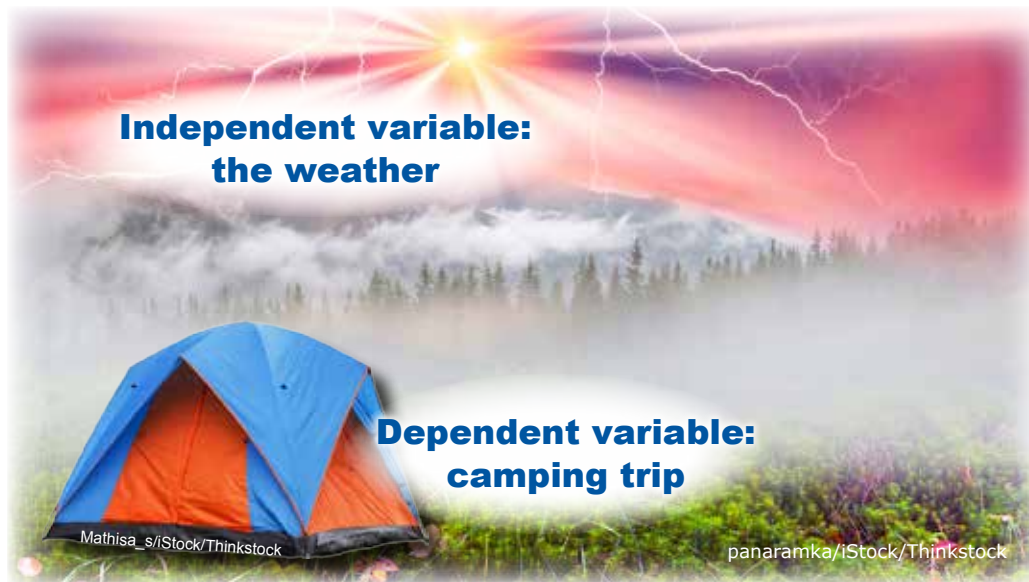


The video "Vision Critical Customer Story featuring DEWALT" describes the detailed customer surveys DEWALT Tools uses to collect specific feedback about their products and packaging: <https://www.youtube.com/watch?v=HJSn4ax-LGk>.

- Performing a **case study** (an intense analysis of a person, group, or event; e.g., a competitor)
- Studying current economic or technological trends
- Distributing questionnaires to members of a target market to learn more information about them
- Observing and recording customer behavior in action

Causal research

Marketing research that focuses on cause and effect and tests “what if?” theories is called **causal research** (also sometimes referred to as conclusive research). Marketers use causal research to show that an independent **variable** causes or affects the value of other dependent variables. Don’t worry—it’s not as confusing as it might seem. A variable is simply any factor that is subject to change. Let’s say you’re planning to go camping this weekend. However, it starts raining on Friday afternoon, so you and your friends decide to stay home and watch your favorite television show instead. The weather was the **independent variable** that altered your plans (the **dependent variable**). The rain (cause) forced you to cancel your camping trip (effect). Make sense?



▲ *The camping trip is the dependent variable, because it is dependent on other factors like the weather. If it rains, the trip will be cancelled.*

CAUSAL RESEARCH

Uncovers cause & effect relationships

Quantitative data

Highly structured research methods: Testing marketing, clinical trial

Answers: **Why?**



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Marketers use causal research when they are extremely familiar with the research matter and have specific hypotheses they want to test. Causal research is almost always conducted after exploratory and descriptive research have already been completed. Perhaps a company wants to make a major change to one of its well-known products—a new design and packaging for a popular brand of laundry detergent, for instance. The company’s marketers believe that the fresh look will cause sales to increase by 10 percent. Causal research can test this theory of cause (packaging redesign) and effect (sales increase). The packaging design is the independent variable that marketers hope will affect sales (the dependent variable) in a positive way.

Causal research is typically completed by conducting experiments or **simulations** (imitations or enactments). These experiments and simulations must be carefully designed and tightly controlled so that the results are accurate. As you can imagine, carrying out this type of research can be very costly and time-consuming, not to mention complex. It's important for marketers to be patient about conducting causal research and to wait until they've laid the foundation of exploratory and descriptive research before they undertake it. Examples of causal research include:

- **Test marketing** a new product to gather data about its sales potential
- Allowing customers to shop in a simulated store and recording their actions
- Conducting a clinical trial for a new medication

Keep in mind

It's a mistake to think that a research project must be solely exploratory, descriptive, or causal. Many times, a single research project includes two or even all three types of research designs at different stages. Using a combination of designs can often help marketers to complete the most thorough research possible.

Consider the launch of a new consumer product. First, a company may conduct exploratory research to determine what types of products its target market wants and needs. Based on the results, its marketers think that a new shampoo or hair-styling product would be profitable. They then carry out descriptive research to learn more specific information about customer desires and current market trends. This leads them to generate a hypothesis—*"If we create a new shampoo using only natural, eco-friendly materials, then our sales revenues will increase by five percent."*



Causal research, most likely in the form of test marketing, can allow the marketers to test this hypothesis and bring the research project to a close. "Adventures in test marketing" explains how and why Wendy's, Jeni's Ice Cream and other companies fine tune new food items in Columbus, Ohio: <https://www.youtube.com/watch?v=7wx5B2p8qyg>.

As you can see, using three types of marketing research designs in a single research project can be beneficial! Successful marketers are familiar with each type of design and know how to use them effectively.

Summary

Three common research designs are exploratory, descriptive, and causal. Exploratory research collects information to help the business define its issue, situation, or concern and decide which direction to go to address it. Descriptive research gathers specific information related to an identified issue, situation, or concern. Causal research focuses on cause and effect and tests “what if?” theories. A research project may encompass one, two, or all three of these research designs at different stages.

TOTAL RECALL

1. What is exploratory research?
2. What is descriptive research?
3. What is causal research?

Make It Pay!

Think about what types of marketing research your company is currently engaged in. Is the research exploratory, descriptive, or causal in nature? If you are not working right now, think about what type of marketing research activities may be taking place at your school. Perhaps the student council is conducting a survey or passing out questionnaires to gather student opinions and to generate ideas for upcoming activities. What other examples can you find? Determine if each is exploratory, descriptive, or causal in nature.