

# What's the Source?

## Obtaining Marketing-Research Data

### Objectives

- A** Distinguish between primary and secondary marketing research.
- B** Discuss advantages and disadvantages of both primary and secondary marketing research.



1375 King Avenue, P.O. Box 12279, Columbus, Ohio 43212-0279

Ph: (614) 486-6708 Fax: (614) 486-1819

**CopyIT!**® Details: [www.MBAResearch.org](http://www.MBAResearch.org) Copyright ©2019  
by MBA Research and Curriculum Center®

### Table of Contents

<b>A</b>	<b>Starting Point</b>	<b>2</b>
<b>B</b>	<b>Pros and Cons</b>	<b>13</b>
<b>So What?</b>	Why bother learning about obtaining marketing-research data?	<b>2</b>
<b>THE GRAY ZONE</b>	What would you do?	<b>9</b>
<b>Make It Pay!</b>	Use what you've learned—right now!	<b>21</b>

The terms “primary research” and “secondary research” might not sound familiar to you,

So What

but there’s a good chance you have gathered both types of data sometime in your academic career! As a student council member, you might have talked to your fellow students to gather suggestions for a prom theme. That’s primary research! Or, you might have consulted an online database to learn facts related to your senior research topic. That’s secondary research!

Primary and secondary research are useful tools for marketing professionals as well. Learn more about the ways organizations obtain marketing-research data, why specific methods are used, and the advantages and disadvantages of each.



NicoElNino/iStock/Getty Images Plus

## Starting Point

**MI**arketers undertake **marketing-research** projects for a variety of reasons—to learn more about a problem or issue, to understand a market segment better, to test the viability of a new product or promotional campaign, etc. Each marketing-research project is different. However, they are all the same in at least one aspect—they all require researchers to obtain information, or **data**. There are many different types of data, as well as many different methods for gathering them. To begin, let’s take a closer look at two main ways to categorize data—secondary and primary.



radamichi/iStock/Getty Images Plus

▲ *Data is incredibly important to the success of marketing efforts.*

Before diving into the types of data, watch the video “Why Market Research Is Important” from Square One: Saskatchewan’s Business Resource Centre: <https://www.youtube.com/watch?v=1Fja06iCIE0>.



monkeybusinessimages/Stock/Getty Images Plus

## A second look

**Secondary research** contains data that have already been collected for some reason other than the research project at hand. In other words, the data already exist in some form. Take the example of looking up facts for a school paper or project in an online encyclopedia. You want the latest figure for the population of Brazil, and, with a few clicks of your computer keys, you get the data you need. You certainly don’t have to go to Brazil and start counting people!

Helpful secondary data are available for marketers as well. They use them to gain initial insights into a marketing-research problem or to learn more about a specific industry or market segment. Let’s say that a company’s sales are suffering at one of its retail outlets, and marketers want to know why. They would be wise to begin their research by looking at secondary data. Let’s explore the two categories of secondary data and see how marketers might use them in this situation.

◀ *When you look up online information for a project or paper, you are conducting secondary research.*

**Internal data.** **Internal data** are secondary data that already exist in the organization's own "in-house" information system. There are many sources of internal data, including:

- Sales invoices
- Cash register receipts
- Sales reports (broken down by product, time, market segment, etc.)
- Expense accounts
- Customer records
- Accounting records (such as profit-and-loss statements)
- Retail "loyalty" cards
- Social media analytics
- Customer comments

*What type of insights could a company get from its customers' comments?* ▶

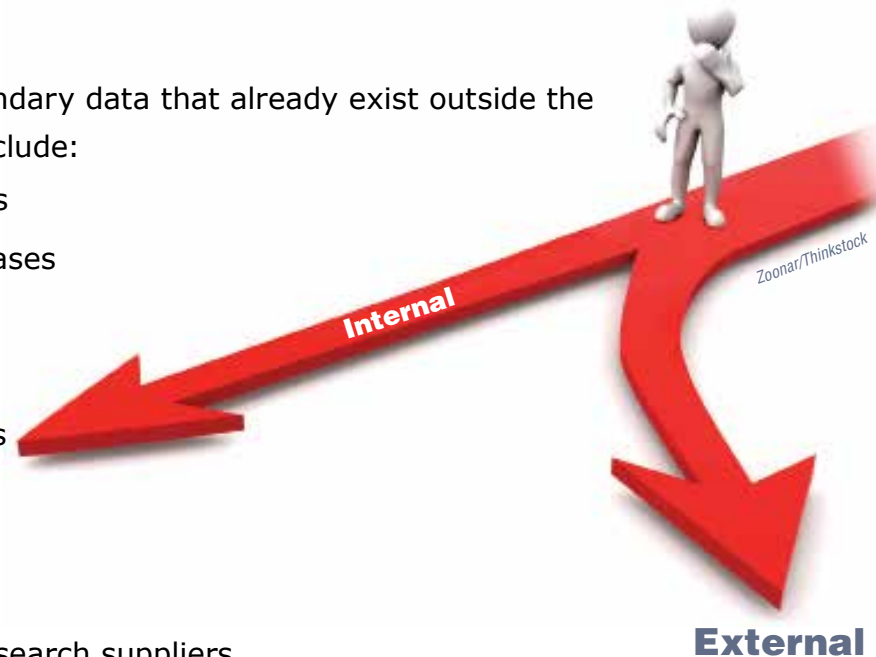
By looking at some of these internal data, marketers might see that the retail location with the dropping sales figures is particularly losing sales in the fine jewelry and designer clothing departments.



vladwel/Stock/Getty Images Plus

**External data.** External data are secondary data that already exist outside the organization. Sources of external data include:

- Government statistics and databases
- Trade association reports and databases
- Business directories
- Writings of industry experts
- Public information about competitors (annual reports, website, etc.)
- The general media
- The Internet
- Data from commercial marketing-research suppliers



Most of this external data can be gathered for free; however, data from commercial marketing-research suppliers do come with a price tag attached. Many organizations, though, find that paying research experts for some useful external data is still more cost-effective than gathering the data on their own.

Perhaps after exploring the external data available, the marketers in our example also discover that a major employer near the retail store has recently shut down, leaving many local residents jobless. This might help explain why jewelry and designer clothes are not selling well—these are discretionary items that customers tend to buy only when they have extra money to spare. Now, the marketers have a better idea of the marketing problem at hand, and they can begin to design appropriate solutions.



This video by the University of British Columbia discusses secondary marketing research, particularly industry research: <https://www.youtube.com/watch?v=QsZEzo5FnYE>.

### First things second?

Sometimes, secondary data are just not enough to meet researchers' needs. The data might not be complete enough, specific enough, or current enough. In these cases, marketers will rely on original research. This **primary research** collects data specifically for the project at hand. Imagine that a well-established restaurant wants to add some new items to its menu, but first, its marketers want to know what current customers would enjoy and to possibly try out some new dishes on a limited basis. Primary research would meet the needs of this research question. And, just as with secondary data, there are two main types of primary data as well.

**Qualitative data.** **Qualitative data** are subjective—based on thoughts, feelings, opinions, and experiences. Researchers gather qualitative data to:

- Review background information
- Establish research priorities
- Clarify research questions or problems
- Create **hypotheses** (assumptions) for further testing or research



Researchers conduct qualitative research through a number of different methods, such as questionnaires, focus groups, informal interviews, or simple observation. The questions are designed to search for information in an open-ended and unstructured way. Our restaurant marketers might gather qualitative data just by casually speaking to regular customers and asking them, “What new items would you like to see on our menu?”

Qualitative research is typically performed during a short timeframe and uses a small **sample** (subset) of the population. Researchers understand that these small samples don’t necessarily accurately represent the population as a whole. In other words, the restaurant’s marketers don’t assume that, just because six or seven customers mention adding baked sweet potatoes to the menu, *all* the business’s customers would agree or feel the same way.

*A researcher who interviews participants to gather qualitative data might need to ask follow-up questions or for more detail.*

bowdenimages/iStock/Getty Images Plus





vaaenma/iStock/Getty Images Plus

**Quantitative data.** Quantitative data are objective—based on statistics and facts, and usually represented numerically. An example of quantitative data might be, “Consumer interest in hybrid or electric vehicles has risen 37% in the past quarter.” Marketers conduct quantitative research only when the research problem is specific and well-defined. They then gather quantitative data to:

- Make accurate predictions
- Develop more meaningful insights into relationships between market factors
- Test and validate hypotheses

Quantitative data are gathered through methods such as **surveys**, field tests, and experiments. The questions are carefully crafted and highly structured. Let’s say the restaurant marketers have developed a hypothesis that adding a shrimp appetizer to the menu will result in higher sales. They might assess this hypothesis by test marketing the new menu item in most of their restaurant locations. They can then gather specific sales data to analyze and verify that this hypothesis was correct.



## THE GRAY ZONE

Have you ever received a phone call from a telemarketer who was trying to sell you something? Many people find these calls to be irritating, though they are legal unless the customer has requested not to be called by placing his/her name on the National Do Not Call Registry. Marketers who are conducting research, however, are exempt from these restrictions since they are not trying to sell products. They can legally phone people who are on the Do Not Call Registry and solicit them to participate in a marketing-research study, often by asking them to answer survey questions. What do you think about this practice? Is it ethical for researchers to contact people who have requested to be on the Do Not Call Registry? Why or why not?



*Online surveys can reduce the time it takes to gather quantitative data.*

AndreyPopov/Stock/Getty Images Plus

Quantitative research usually takes a significantly longer period of time to complete than qualitative research does. It also uses samples that are large enough to accurately represent the entire population. Quantitative research is almost always used to follow up qualitative research—to further understand and measure it. For example, a university’s marketing team conducts qualitative research and learns that quite a few prospective students would be interested in a course of study for pharmacy. The team might develop a hypothesis that if the university adds a pharmacy program, enrollment will increase by at least 5%. Then, the team would undertake quantitative research, crafting a carefully worded survey to test this hypothesis among a large population sample. The results might support the qualitative findings, disprove them, or show the marketers that further research is needed.



PerfectVectors/Stock/Thinkstock

For an overview of the basics of qualitative vs. quantitative data, watch this video from MooMoo Math and Science: <https://www.youtube.com/watch?v=dwFsRZv4oHA>.

**Find the source!** Whether the research is qualitative or quantitative, there are many different sources that organizations can use to gather primary data. They include, but are not limited to:

- Current customers
- Former customers
- Prospective customers
- Employees (past and present)
- Managers
- Vendors/Suppliers
- Other channel members

Types of Marketing-Research Data	
Secondary Data	Primary Data
Internal External	Qualitative Quantitative

## Summary

The two main categories of data used in marketing research are secondary data and primary data. Secondary data have already been collected for some reason other than the research project at hand. Internal secondary data come from the organization's own information system; external secondary data come from sources outside the company. Primary data are collected specifically for the project at hand. Primary data may be either qualitative (subjective) or quantitative (objective and measurable).

### TOTAL RECALL

1. What are secondary data?
2. What are the two types of secondary data?
3. What are primary data?
4. What are the two types of primary data?
5. What are some sources of primary data?

## Pros and Cons



**A** single marketing-research project may use just about every type of data we've discussed. For instance, a wholesaler may want to know how to increase satisfaction and loyalty among its retail customers.

The research project may look something like this:

- The wholesaler's marketing team looks at internal secondary data, such as customer records, to see what positive and negative feedback customers are giving.
- The team also gathers some external secondary data, such as articles in trade association journals, to understand more about standards of service for retail customers. After reviewing these secondary data, the marketing team thinks that customers may be more satisfied and loyal if they receive more individualized attention from their account representatives.
- To gain further insights, the marketing team conducts qualitative primary research in the form of interviews and **focus groups** with its customers. They develop a hypothesis that hiring more account representatives and giving each fewer customers to maintain will increase satisfaction and loyalty.
- The wholesaler then tests this hypothesis using quantitative primary research, such as a controlled experiment.

As you can see, all methods for obtaining marketing-research data can be useful, and they often complement each other quite well. Each, however, has its own unique set of advantages and disadvantages. Let's learn more.

## Advantages of secondary research

Secondary research costs significantly less to undertake than primary research. Think back to our earlier example about finding the population of Brazil. Which method of research—primary or secondary—was more costly to conduct? The Brazilian government’s 2010 census or you looking up this fact online? Of course, the primary research costs much, much more! It may seem like a silly example, but you can see how it applies to marketers, too. It’s much more cost-effective to use data that already exist—even if you have to pay a marketing-research firm for them—than to start at “square one.”

Secondary research is also much quicker to conduct than primary research. Again, the Brazil example certainly holds true! Internal secondary data are especially efficient, since marketers should be able to access them with ease from the company’s own information system. Consider a marketer who wants to contact some of the company’s former customers to find out why they took their business elsewhere. Using internal customer records can make this task quick and easy.

A customer relationship management (CRM) system can make it even easier to use this type of data for marketing purposes. Watch this video from ISM to learn more about CRM:

<https://www.youtube.com/watch?v=7me7mjvTiTI>.

Finally, secondary research can be advantageous when it’s all marketers have to go on. Take competitor data, for instance. It would be difficult for marketers to conduct primary research into competitors’ financial records; however, much of this information is available in the annual reports of publicly traded companies.



z\_wel/Stock/Getty Images Plus

▲ *It’s important to have quality internal records that are easy to access and understand.*



## Disadvantages of secondary research

The main disadvantage of using secondary research is that it is not customized to the specific needs of your research project. In this way, it is not as useful as primary research. You might, for example, be able to find data on the buying habits of teenagers in the state of Texas, but what you really need to know about is the buying habits of teenagers in Bee County, specifically. If these data are not available through a secondary source, you'll have to conduct primary research.

Another disadvantage of secondary data is that they may be out of date. For all types of research purposes, having current data is very important. Imagine if you completed a social studies project using a world map that was several years old! Even a world map from June 2017 would now be dated. Especially in the fast-changing world of consumer trends, marketing-research data must be as recent as possible. This is not always guaranteed with secondary data.

Lastly, secondary data may be incomplete. Since secondary data exist for some purpose other than the research study at hand, they may not be tracked or organized efficiently. Or, certain data may simply be unavailable. This might be true of data regarding competitors. If a company is privately held, it may be very difficult to obtain any secondary data about it.



▲ *Secondary data can be outdated and difficult to navigate.*

## Advantages of primary research

There are many benefits to conducting primary research. First, it can be custom-fit to your organization's specific needs. You can be as precise as you want to be with it. If it's important to your company's marketing efforts to learn more about the attitudes and values of single fathers between the ages of 26 and 35 living within a 30-mile radius of Phoenix, Arizona, then you can design a study to gather those data. The ability to obtain these complete, specific results through primary research can allow the marketing team to make better informed, more effective decisions.

Unlike some secondary data, primary data are up to date. Conducting research for an ongoing study means that the data will be as current as possible. Having the most recent data allows marketers to act quickly on trends in the ever-changing market.



- ▲ *Focus groups allow you to collect face-to-face data from your exact target market.*

Conducting primary research also gives marketers greater control of the study—the methods used, the construction of the questions, the selection of the respondents, the time and money spent, etc. This control often gives marketers a greater sense of ease about the data's validity.

Think about it—you can find a lot of information on the Internet, but would you trust it as much as information you had gathered yourself?

Often, primary research allows marketers to interact personally with the research study's respondents through focus groups, one-on-one interviews, questionnaires, etc. This interaction can be invaluable, especially if the data is qualitative in nature. If marketers want to know how customers or potential customers *feel* about a certain issue, it's more enlightening and memorable to talk to them face-to-face or even over the phone than to learn the data from a second-hand source. Consider a taste test for a new soft drink or cereal bar. Being present when the respondents actually taste the product allows marketers to see the reactions—which may be difficult to put into words—for themselves.



▲ *Before rolling out new drinks in all of its stores, Starbucks conducts research by testing them in certain markets and seeing how customers react.*

In addition, obtaining primary research data is becoming easier and more affordable than it has been in the past. Years ago, marketers could collect data only through some of the more expensive and time-consuming methods, such as mailing **questionnaires** or meeting with respondents in person. Now, thanks to advances in technology, marketers can set up online surveys that reach large samples of the population quickly and easily. Some of these sites, such as [www.surveymonkey.com](http://www.surveymonkey.com), are even free to use.



Kaif/maGonduwa/Stock/Getty Images Plus

▲ *Writing quality survey questions can be challenging and time-consuming.*

### Disadvantages of primary research

One of the main drawbacks of conducting primary research is the cost. Although the Internet has brought down the costs, it can still be very expensive to start a marketing-research project “from scratch.” Designing and administering questionnaires, conducting focus groups, carrying out field tests or experiments—the prices of these and other research methods can really add up. The costs of primary research involve not only the labor needed to design the research but also the logistical (practical) expenses of carrying it out—everything from advertising to mileage to facility rental to buying lunch for focus group participants! There are many times when the advantages of gathering primary data make it worth the price the organization pays, but you can also see why marketers look to secondary research *first* to keep the research study as cost-effective as possible.



Not only can conducting primary research be expensive, it can also be time-consuming. It takes time and effort to design effective research questions, to select appropriate respondents, to administer the questionnaires, and to organize and analyze all the data that come in. It's certainly a much slower process than gathering data from secondary sources.

<b>Secondary Research</b>		<b>Primary Research</b>
<b>Advantages</b>	Is less expensive Is faster May be all that's available	Is up to date Gives greater control Allows personal interaction Is becoming easier and more affordable
<b>Disadvantages</b>	Is not customized May be out of date May be incomplete	Is costly Is time-consuming Can be difficult to find respondents

Finally, it can be difficult to recruit and select respondents for primary research. It isn't always easy to locate individuals who meet the demographic requirements of a research study. And, many times, qualified respondents are reluctant to participate, especially if the research is being conducted over the phone.

One way that marketers attract participants is by paying them a small amount to participate in surveys. Visit "8 Legitimate Paid Survey Sites To Make Extra Money Each Month" from The Penny Hoarder to learn how you can contribute to marketing research:

<https://www.thepennyhoarder.com/wfh/guides-resources/the-best-survey-sites-to-make-extra-money/>.



## To outsource or not to outsource?

Since obtaining data for marketing research can be such a big job, many companies choose to outsource this task to a commercial marketing-research firm. Some well-known marketing-research firms include Nielsen, J.D. Power and Associates, and Gallup. An organization may choose to outsource marketing research to a commercial firm for any of the following reasons:

- The firm is expert and efficient—conducting marketing research is its sole focus.
- The firm has specialized equipment, software, and facilities to help streamline the process.
- The firm has access to a wide variety of data and industries.
- The firm’s researchers are objective (not biased).
- The firm can make the research anonymous, if the company does not wish to be identified.

There are potential disadvantages to working with a marketing-research firm as well. The firm won’t be as familiar with the company or products as the company’s own marketers are. Also, the organization does give up some level of control when it hands off marketing-research duties. There’s no right or wrong when it comes to outsourcing marketing research. It just depends on the company, the budget, the timeframe, and the specific research needs.

For more information about using marketing-research firms, read this article from The Stevenson Company: <https://stevensoncompany.com/diy-market-research-vs-research-firm-use/>.







## Summary

There are pros and cons to both secondary data and primary data. Using both types, however, can be helpful in a single marketing-research study. For a variety of reasons, some organizations choose to outsource marketing-research tasks to commercial firms.

## TOTAL RECALL

1. What are the advantages of secondary data?
2. What are the disadvantages of secondary data?
3. What are the advantages of primary data?
4. What are the disadvantages of primary data?
5. Why do some companies choose to outsource marketing-research activities?

## Make It Pay!

Think about some marketing decisions your company might need to make in the near future. What types of secondary and/or primary data will be needed? What are the advantages and disadvantages of obtaining each type of data? If you are not working right now, think about some upcoming decisions to be made at school, such as selecting a destination for the senior-class trip or choosing new band uniforms. How might obtaining both secondary and primary data help?