

# Basic Marketing Research: Using Microsoft Excel Data Analysis, 3<sup>rd</sup> edition



## 2

## The Marketing Research Industry

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# Interested in Marketing Research as a Career?

- **In this chapter you are going to learn about the marketing research industry...**

**If you want to know more about a career in the industry, including seeking a masters degree in marketing research, visit:**

- **[www.pearsonhighered.com/burns/companionwebsite/careers](http://www.pearsonhighered.com/burns/companionwebsite/careers)**

Be sure and read about how the MRA serves the Marketing Research Industry at the chapter beginning!



**Marketing Research Association**

Visit the MRA website at [www.mra-net.org](http://www.mra-net.org).

# The Marketing Research Industry: Evolution of the Industry

- **Charles Coolidge Parlin is known as the “father of marketing research.”**
- **Parlin conducted the first continuous and organized marketing research in 1911 for the Curtis Publishing Company.**
- **The purpose of Parlin’s research was to increase advertising for The Saturday Evening Post magazine.**

# Growth of the Need for Marketing Research

- **The Industrial Revolution led to manufacturers producing goods for distant markets.**
- **Manufacturers needed to know about faraway consumers.**
- **This led to the growing need for marketing research.**

# The Honomichl Top 25

- **This report lists the top 25 marketing/ advertising/ public opinion research firms ranked in terms of world wide revenues received**
- **There are large Marketing Research firms that serve companies globally**
- **The largest research firm in the world is the Nielsen Company, headquartered in New York City**

# World Wide Spending on Marketing Research

- **Total global spending for the industry was about \$32.5 billion in 2008**
- **The 2009 estimates indicate that this figure will be lower due to the world wide recession**
- **It is safe to say that, as of 2010, the Marketing Research Industry is a \$30 billion industry**

# The Honomichl Top 50

- **This report lists the top 50 U.S. based marketing/ advertising/ public opinion research firms ranked in terms of revenues from U.S. operations alone**
- **Honomichl reported that the top 50 earned total revenues of \$7.8 billion in 2009**
- **See Table 2.1**



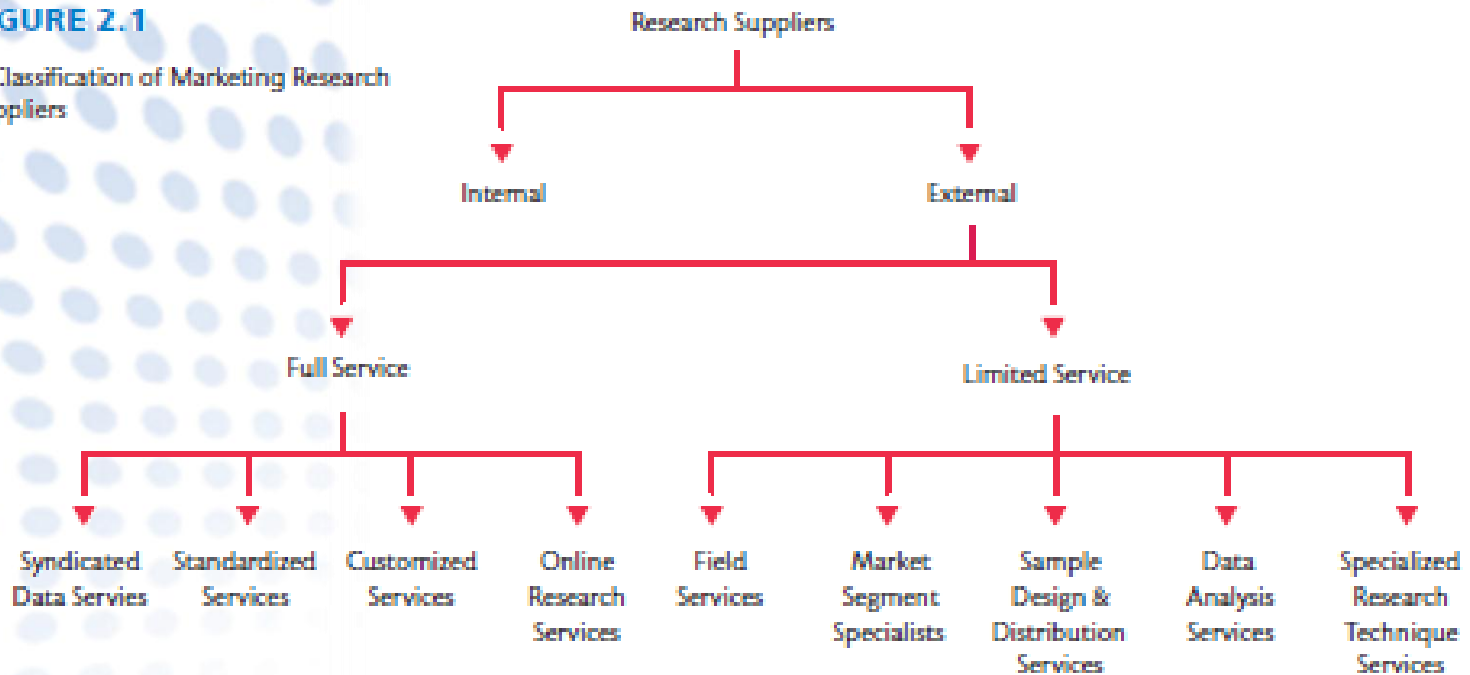
# Mergers, Acquisitions, & Strategic Alliances

- **Top 50 growth attributed to Mergers and Acquisitions (M & A)**
- **M&A allow strategic alliances to form where companies with strong expertise in one area can form partnerships with firms strong in other areas**

# Classifying Firms in the Marketing Research Industry

**FIGURE 2.1**

A Classification of Marketing Research Suppliers



# Internal Suppliers

- **An Internal Supplier is an entity within the firm that supplies Marketing Research**
  - **Most large firms such as Kraft Foods, IBM, Kodak, General Mills, and Ford have research departments of their own**

# How Internal Suppliers Organize the Research Function

- **They may have:**
  - **Their own formal department**
  - **Have no formal department but place at least a single individual or a committee in charge of Marketing Research**
  - **Assign no one responsibility for conducting Marketing Research**

# External Suppliers

- **External suppliers are outside firms hired to fulfill a firm's marketing research needs.**

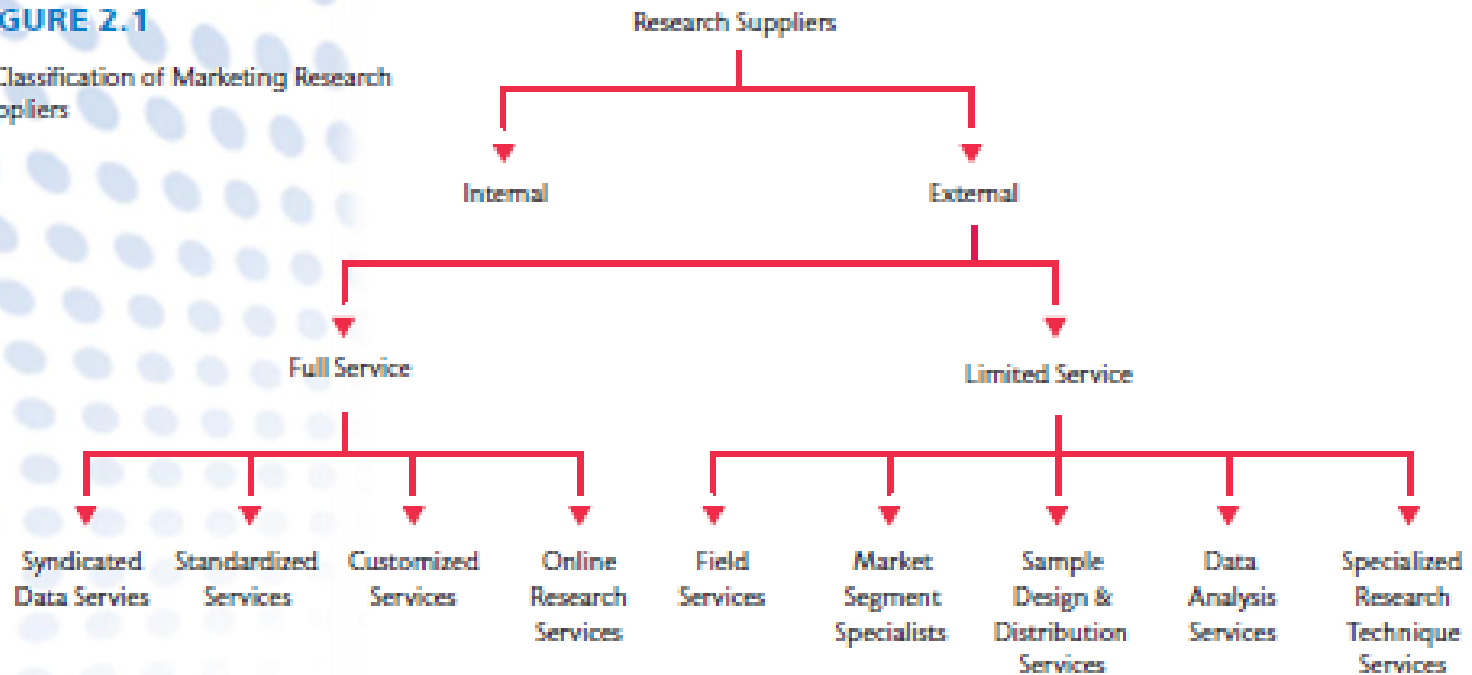
# How External Suppliers Organize the Research Function

- **May organize by:**
  - **Function- i.e. data analysis, data collection**
  - **Type of research application-i.e. customer satisfaction, advertising effectiveness, new-product development**
  - **Geography-i.e. domestic vs international**
  - **Type of customer-i.e. health care, government, telecommunications**

# Classification of External Suppliers

**FIGURE 2.1**

A Classification of Marketing Research Suppliers



# Full Service Supplier Firms

- **Have the ability to conduct the entire marketing research project for the buyer**
- **Most of the firms listed in the Honomichi Top 25 and Top 50 would qualify as Full service research firms**
- **Although many companies specialize, they are large enough to offer a full range of services**



# Full Service Supplier Firms: Syndicated Data Service Firms

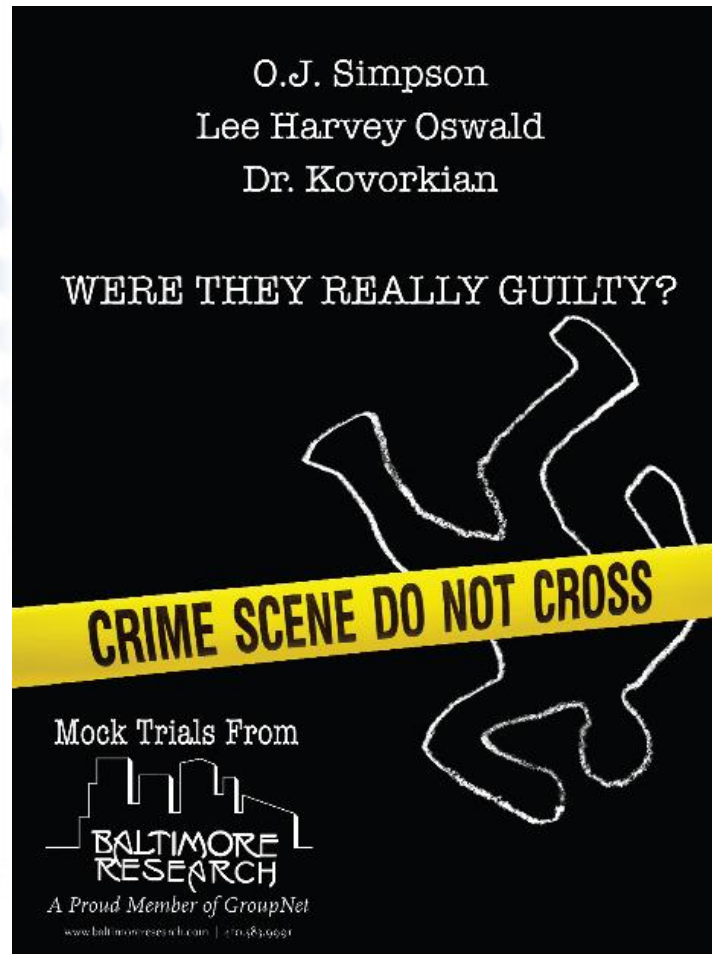
- **Collect information that is available to multiple firms**
  - **The information is provided in standardized form, not tailored to any one company, to a large number of companies, known as a syndicate**

*As an example, Nielsen collects information on what is sold in supermarkets by sku. This information is sold to manufacturers of those products who wish to know how their products are selling as well as the sales of competitors' products.*

# Full Service Supplier Firms: Standardized Service Firms

- **Data collected for each firm is different but method to collect data is standardized**
  - **Burke's Customer Satisfaction Associates provides the service of measuring customer satisfaction. Maritz offers a service to help firms develop customer loyalty programs**
  - **Other firms offer standardized services for services such as: test marketing; selecting brand names for new products; measuring advertising effectiveness, etc.**

# Baltimore Research's Mock Trials Service is an example of a Standardized Service



# Full Service Supplier Firms: Customized Service Firms

- **Offers a variety of research services tailored to meet the client's specific needs**

# Full Service Supplier Firms: Online Research Service Firms

- **Specialize in providing services online**
  - **Online-the use of computer networks, including the Internet, to assist in any phase of the marketing research process including development of the problem, research design, data gathering, analysis, and report distribution**

# Limited Service Supplier Firms

- **Limited-service supplier firms**
  - **Specialize in one or, at most, a few marketing research activities such as eye testing (eye tracking), mystery shopping, field services (data collection), or market segment specialists**

# Limited Service Supplier Firms: Field Service Firms

- **Specialize in collecting data**
- **Typically operate in a particular area conducting telephone surveys, focus group interviews, mall-intercept surveys and door-to-door surveys**
  - **Some firms, such as Mktg Inc., are known as phone banks because they specialize in telephone surveying**
  - **See: <http://www.mktginc.com/>**

## Limited Service Supplier Firms: Other Types of Firms

- **Market Segment Specialists-specialize in collecting data from specific market segments such as Hispanics or children**  
See: <http://www.crresearch.com/>
- **Sample Design and Distribution Firms-firms such as Survey Sampling Inc. and Scientific Telephone Samples**
- See: <http://www.surveysampling.com/>



## Limited Service Supplier Firms: Other Types of Firms, Cont.

- **Data Analysis Firms-provide assistance needed to analyze and interpret data using sophisticated techniques**
- **Specialized Research Technique Firms-provide assistance through expertise in special techniques**

See: <http://www.eyetracking.com/>

# Challenges to the Marketing Research Industry

- **Challenge 1-Issues with the economy**
  - **With the return to a vibrant economy years away, surviving marketing research firms will have to demonstrate value added by their services more than ever**

# Challenges to the Marketing Research Industry, Continued...

- **Challenge 2-Consumer Cooperation**
  - **Drops in response rates are echoing the concern from the industry about falling customer cooperation**
  - **Many firms are creating panels to offset low response rates**
  - **Researchers must treat customers ethically to preserve future response rates and combat growing resentment from consumers**

# Challenges to the Marketing Research Industry, Continued...

- **Challenge 3-Marketing research no longer represents the “voice of the consumer”**
  - **Some believe that lower prices will move consumers meaning the former role of understanding consumers in marketing is declining**
  - **Marketing is now being viewed as an “after the fact” promotional tool to move goods, therefore no longer including consumers in the process**

# Challenges to the Marketing Research Industry, Continued...

- **Challenge 4-Marketing Research is Parochial**
  - **Several critics of marketing research believe it is too parochial; it is isolated with a narrow focus.**
  - **Too often, marketing research reports to lower levels of the firm and is not part of the strategic planning process**

# Challenges to the Marketing Research Industry, Continued...

- **Challenge 5-Marketing research operates in a “silo”**
  - **Marketing research fails to communicate with other entities within the firm**
  - **Marketing research could add value to other departments as well, but it must break down the “silos”**

# Challenges to the Marketing Research Industry, Continued...

- **Challenge 6-Marketing Research is too Tool Oriented**
  - **Some criticize that market researchers create tools and instead of trying to diagnose the market and come up with creative solutions, they screen through issues until they find one which they can apply one of their tools**

# Challenges to the Marketing Research Industry, Continued...

- **Challenge 7-Researchers should use more information technology**
  - **As globalization continues, marketing researchers can add more value by providing the same information faster and at a lower cost**
  - **This is why online research has become a significant factor of the research industry**



# Challenges to the Marketing Research Industry, Continued...

- **Challenge 8-Other criticisms of marketing research**
  - **focus on not being creative**
  - **Focus too much on survey research**
  - **Not knowing the real problem of the client**
  - **Not caring about respondents**
  - **Not addressing the problem of non-response error**
  - **Price being high relative to the value of the research provided**

# Certification and Education: Means to Improving the Industry

- **Although the industry has done well and has proven its value, it should not be complacent**
- **Two areas the industry is seeking self-improvement are certification and education**

# Professional Researcher Certification

- **The PRC represents certification of professionals in the marketing research industry.**
- **Started in 2005 by the Marketing Research Association** <http://www.mra-net.org/prc/>



# Education

- **There are many opportunities for members of the industry to learn more about their profession**
  - **Burke Institute has trained thousands of practitioners over the years**  
**[www.burkeinstitute.com/seminars](http://www.burkeinstitute.com/seminars)**
  - **Several universities now offer masters degrees in marketing research. Programs are available at universities such as Southern Illinois University Edwardsville and the University of Texas Arlington**

# Ethics and Marketing Research

- **Ethics may be defined as a field of inquiry into determining what behaviors are deemed appropriate under certain circumstances as prescribed by codes of behavior that are set by society. Society determines what is ethical and what is not ethical. In some cases, this is formalized by our institutions. Some behavior is so wrongful that it is deemed illegal by statute.**

# Your Ethical Views are Shaped by Your Philosophy

- ***Deontology: is concerned with the rights of the individual.***
  - If the rights of the individual are violated, then the behavior is not ethical.
- ***Teleology: analyzes a particular behavior in terms of its benefits and costs to society.***
  - If there are individual costs, but group benefits are greater, then there are net gains and the behavior is judged to be ethical.

# Ethical Behavior in Marketing Research

- **Trade associations or professional organizations will often times prescribe a code of ethical behavior.**
  - **American Marketing Association-  
[www.marketingpower.com](http://www.marketingpower.com)**
  - **The Council of American Survey Research Organizations-[www.casro.org](http://www.casro.org)**
  - **The Qualitative Research Consultants Association-[www.qrca.org](http://www.qrca.org)**

# Ethical Behavior in Marketing Research

- To see the MRA's Code of Marketing Research Standards visit: [www.mra-net.org](http://www.mra-net.org) and go to "Resources", "Codes/Forms and Guidelines"
- The European based ESOMAR ([www.esomar.org](http://www.esomar.org)) also has a code of ethics referred to as "Professional Standards"



# Code of Ethics: Sugging

- **Sugging refers to “selling under the guise of a survey”**
- **Typically, sugging occurs when a “researcher” gains a respondent’s cooperation to participate in a research study and then uses the opportunity to attempt to sell the respondent a good or service**

# Code of Ethics: Frugging

- **Frugging is closely related to sugging and stands for “fund-raising under the guise of a survey”**
- **Because frugging does not involve the sale of a product or service, it is not covered in the Telemarketing and Consumer Fraud and Abuse Prevention Act of 1994, but it is widely considered to be unethical**

# Research Integrity

- **The loss of research integrity, defined as performing research that adheres to accepted standards, may take the form of:**
  - **Withholding information**
  - **Falsifying data**
  - **Altering research results**
  - **Misinterpreting the research findings in a way that makes them more consistent with predetermined points of view**

Car owners have complained that dealers pressure them into giving the dealer high satisfaction scores!



# Treating Others Fairly: Buyers

- **Passing hidden charges to buyers, overlooking study requirements when subcontracting work out to other supplier firms, and selling unnecessary research are examples of unfair treatment of buyer firms**

# Treating Others Fairly: Suppliers

- **Phony RFPs**

**Having collected several requests for proposals which outline research designs and costs, the abusing firm decides to do the job internally. Issuing a call for proposals from external firms with no intention of doing the job outside is unethical behavior.**

# Treating Others Fairly: Failure to Honor Time and Money Agreements

- **Often buyer firms have obligations such as agreeing to meetings or the provisions of materials needed for the research project. Buyer firms sometimes abuse their agreements.**

# Treating Others Fairly: The Public

- **Sometimes researchers are asked to do research on products thought to be dangerous to society**
- **Marketing researchers have expressed concern over conducting research on advertising to children**



# Treating Others Fairly: Respondents

- **Marketing researchers must honor promises made to respondents that the respondent's identity will remain confidential or anonymous if they expect respondents to cooperate with requests for information in the future**

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