

# MARKETING MANAGEMENT

*12<sup>th</sup> edition*

4

## Conducting Marketing Research and Forecasting Demand

*Kotler*

*Keller*



# Chapter Questions

- What constitutes good marketing research?
- What are good metrics for measuring marketing productivity?
- How can marketers assess their return on investment of marketing expenditures?
- How can companies more accurately measure and forecast



# Marketing Research Defined

Systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing a company.



# Types of Marketing Research Firms

- Syndicated
- Custom
- Specialty-line



# The Marketing Research Process

- Define the problem
- Develop the research plan
- Collect information
- Analyze information
- Present findings
- Make decision



# Step 1

- Define the problem
- Specify decision alternatives
- State research objectives



# Step 2

- Data sources
- Research approach
- Research instruments
- Sampling plan
- Contact methods



# Research Approaches

- Observation
- Focus group
- Survey
- Behavioral Data
- Experimentation



# Research Instruments

- Questionnaires
- Qualitative Measures
- Mechanical Devices



# Questionnaire Do's and Don'ts

- Ensure questions are free of bias
- Make questions simple
- Make questions specific
- Avoid jargon
- Avoid sophisticated words
- Avoid ambiguous words
- Avoid negatives
- Avoid hypotheticals
- Avoid words that could be misheard
- Use response bands
- Use mutually exclusive categories
- Allow for “other” in fixed response questions



# Question Types – Dichotomous

In arranging this trip, did you contact  
American Airlines?

Yes  No



# Question Types – Multiple Choice

With whom are you traveling on this trip?

- No one
- Spouse
- Spouse and children
- Children only
- Business associates / friends / relatives
- An organized tour group



# Question Types – Likert Scale

Indicate your level of agreement with the following statement: Small airlines generally give better service than large ones.

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree



# Question Types – Semantic Differential

## American Airlines

Large

.....Small

Experienced.....Inexperienced

Modern.....Old-fashioned



# Question Types – Importance Scale

Airline food service is \_\_\_\_\_ to me.

- Extremely important
- Very important
- Somewhat important
- Not very important
- Not at all important



# Question Types – Rating Scale

American Airlines' food service is \_\_\_\_\_.

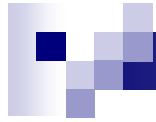
- Excellent
- Very good
- Good
- Fair
- Poor



## Question Types – Intention to Buy Scale

How likely are you to purchase tickets on American Airlines if in-flight Internet access were available?

- Definitely buy
- Probably buy
- Not sure
- Probably not buy
- Definitely not buy



# Question Types – Completely Unstructured

What is your opinion of American Airlines?



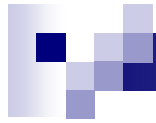
# Question Types – Word Association

What is the first word that comes to your mind when you hear the following?

Airline \_\_\_\_\_

American \_\_\_\_\_

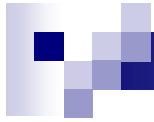
Travel \_\_\_\_\_



# Question Types – Sentence Completion

When I choose an airline, the most important consideration in my decision is:

-----  
-----  
-----  
-----  
-----  
-----



## Question Types – Story Completion

“I flew American a few days ago. I noticed that the exterior and interior of the plane had very bright colors. This aroused in me the following thoughts and feelings.” Now complete the story.

-----

-----

-----

-----

-----

-----

# Question Types - Picture (Empty Balloons)





# Qualitative Measures

- Shadowing
- Behavior mapping
- Consumer journey
- Camera journals
- Extreme user interviews
- Storytelling
- Unfocused groups



# Mechanical Devices

- Galvanometers
- Tachistoscope
- Eye cameras
- Audiometers
- GPS



# Sampling Plan

- Sampling unit: Who is to be surveyed?
- Sample size: How many people should be surveyed?
- Sampling procedure: How should the respondents be chosen?



# Types of Samples

## **Probability**

- Simple random
- Stratified random
- Cluster

## **Nonprobability**

- Convenience
- Judgment
- Quota



# Contact Methods

- Mail questionnaire
- Telephone interview
- Personal interview
- Online interview



# Characteristics of Good Marketing Research

- ✓ Scientific method
- ✓ Research creativity
- ✓ Multiple methods
- ✓ Interdependence
- ✓ Value and cost of information
- ✓ Healthy skepticism
- ✓ Ethical marketing



# Table 4.4 Marketing Metrics

- External
  - Awareness
  - Market share
  - Relative price
  - Number of complaints
  - Customer satisfaction
  - Distribution
  - Total number of customers
  - Loyalty
- Internal
  - Awareness of goals
  - Commitment to goals
  - Active support
  - Resource adequacy
  - Staffing levels
  - Desire to learn
  - Willingness to change
  - Freedom to fail
  - Autonomy



## Table 4.5 Sample Customer– Performance Scorecard Measures

- % of new customers to average #
- % of lost customers to average #
- % of win–back customers to average #
- % of customers in various levels of satisfaction
- % of customers who would repurchase
- % of target market members with brand recall
- % of customers who say brand is most preferred



# Tools to Measure Marketing Plan Performance

- Sales analysis
- Market share analysis
- Expense-to-Sales Analysis
- Financial Analysis



# Sales Analysis

- Sales-Variance Analysis
- Micro-Sales Analysis



# Market Share Analysis

- Overall market share
- Served market share
- Relative market share



# Marketing–Profitability Analysis

Step 1: Identifying Functional Expenses

Step 2: Assigning Functional Expenses to  
Marketing Entities

Step 3: Preparing a Profit–and–Loss Statement  
for each Marketing Entity



# Distinguishing Types of Costs

- Direct
- Traceable common
- Nontraceable common



# The Measures of Market Demand

- Potential market
- Available market
- Target market
- Penetrated market



# Estimating Current Demand

- Total market potential
- Area market potential
  - Market buildup method
  - Multiple-factor index method
    - Brand development index



# Estimating Future Demand

- Survey of Buyers' Intentions
- Composite of Sales Force Opinions
- Expert Opinion
- Past-Sales Analysis
- Market-Test Method



# Purchase Probability Scale

Do you intend to buy an automobile within the next 6 months?

0.00 No

0.20 Slight possibility

0.40 Fair possibility

0.60 Good possibility

0.80 High possibility

1.00 Certain