

## **CHAPTER 2**

# **DEFINING THE MARKETING RESEARCH PROBLEM AND DEVELOPING AN APPROACH**

### **LEARNING OBJECTIVES**

1. Understand the importance of and process used for defining the marketing research problem.
2. Describe the tasks involved in problem definition including discussion with decision maker(s), interview with industry experts, secondary data analysis, and qualitative research.
3. Discuss the environmental factors affecting the definition of the research problem: past information and forecasts; resources and constraints; objectives of the decision maker; buyer behavior; legal environment; economic environment; and marketing and technological skills of the firm.
4. Clarify the distinction between the management decision problem and the marketing research problem.
5. Explain the structure of a well-defined marketing research problem including the broad statement and the specific components.
6. Discuss in detail the various components of the approach: analytical models, research questions and hypotheses, and identification of the information needed.
7. Acquire an appreciation of the complexity involved in defining the problem and developing an approach in international marketing research.
8. Describe how social media can be used to identify and define the marketing research problem and aid in developing an approach.
9. Understand the ethical issues and conflicts which arise in defining the problem and developing the approach.

### **AUTHOR'S NOTES: CHAPTER FOCUS**

This chapter provides an appreciation of the importance and complexities involved in defining the marketing research problem. It provides an overview of the process and components

of an approach to a marketing research problem. The problem definition process is described. The tasks involved in problem definition are discussed. The factors affecting the environmental context of the problem are identified. The distinction and the relationship between the management decision problem and the marketing research problem are emphasized. The appropriate formulation of the marketing research problem is explained. Furthermore, the process of developing an approach is described. The components of an approach—analytical framework and models, research questions and hypotheses, and specification of the information needed—are identified and explained.

This chapter is different from competing texts in that an entire chapter is devoted to the problems of defining the marketing research problem and the development of an approach to the problem. One half of an entire chapter is devoted to defining the marketing research problem. The discussion in other texts is relatively brief. The material on the errors involved in problem definition and the appropriate way of defining the problem is unique. The discussion of the development of an approach to the problem in other texts is relatively brief or even missing in many. Much of the material presented in this chapter is unique.

This chapter could be taught by focusing on the opening questions sequentially. Greater emphasis could be placed on discussion with decision makers and industry experts (Learning Objective 2) and the environmental context of the problem (Learning Objective 3). The distinction between the management decision problem and the marketing research problem, as well as the definition of the marketing research problem (Learning Objective 4) should also be emphasized. The analytical framework and models, and research questions and hypotheses should be explained (Learning Objective 6). Discussions of the difficulties in international marketing research (Learning Objective 7), social media (Learning Objective 8) and ethical concerns of defining the marketing research problem and developing an approach can also be interesting and beneficial to students (Learning Objective 9).

## CHAPTER OUTLINE

1. Overview
2. The Importance of Defining the Problem
3. The Process of Defining the Problem and Developing an Approach
4. Tasks Involved
  - i. Discussion with Decision Makers
  - ii. Interviews with Industry Experts
  - iii. Secondary Data Analysis
  - iv. Qualitative Research
5. Environmental Context of the Problem
  - i. Past Information and Forecasts
  - ii. Resources and Constraints
  - iii. Objectives of the Decision Maker
  - iv. Buyer Behavior
  - v. Legal Environment
  - vi. Economic Environment
  - vii. Marketing and Technological Skills
6. Management Decision Problem and Marketing Research Problem

7. Defining the Marketing Research Problem
8. Components of the Approach
  - i. Analytical Framework and Models
  - ii. Research Questions and Hypotheses
  - iii. Specification of Information Needed
9. International Marketing Research
10. Social Media and Marketing Research
11. Ethics in Marketing Research
12. Summary
13. Key Terms and Concepts
14. Acronyms

## **TEACHING SUGGESTIONS**

### **Learning Objective 1**

- \* Explain the rationale behind the problem definition process.

Begin by noting that a clearly defined problem serves as a guideline to the researcher in designing and conducting research properly. Thus, it helps the researcher in answering the question: what is to be done? In absence of a well-defined problem, the data collected may be worthless to the decision maker. Stress that a clearly laid down research problem leads to goal directed research, which will meet the objectives of the decision maker instead of haphazard research, which often provides incomplete information. The following example may prove instructive here.

- \* Discuss the process of formulating the problem.

Emphasize that formulating the problem is a sequential process. The first step involves discussion with the decision maker. Stress to the students that the researcher needs to understand the nature of both the problem and the decision which management faces in order to determine the underlying information needs. Sometimes discussions with industry experts, analysis of secondary data, and preliminary research are required to identify the factors that must be considered for the proper identification of the decision problem. The final step is to translate the decision problem into a research problem.

*Figure 2.2 can be used as a guideline to the problem definition process.*

### **Learning Objective 2**

- \* Describe the importance of the decision maker to the researcher.

Explain that the researcher must communicate with the DM in order to understand the nature of the problem the DM faces and what he hopes to learn from the research. Such an understanding will help the researcher in gathering information relevant to the problem faced by the decision maker. Note that a candid and open discussion between the researcher and DM may help in identifying:

1. The events that led to the need for making a decision.
2. The alternative courses of action available to DM.
3. The criteria to be used in evaluating various courses of action.
4. The information that is needed by the DM in making the decision.

A systematic approach to working with the DM is the problem audit. It enables the researcher to get beyond the mere symptoms to understand the causes of the problem.

\* Explain the difficulties of dealing with the DM.

It is worthwhile to inform the class that access to the DM may be difficult. The DMs may not have enough time to have a fruitful discussion with the researcher. This is especially true in the case of multiple DMs where there may be conflicts of interest and time. Finally, alert the students that sometimes the DMs decide the action in advance and simply want data that will support their plans. This is not a sound application of marketing research and the researcher should remain unbiased while conducting and presenting a study.

\* Describe the role of industry experts and secondary data in identifying problem(s).

Note that industry experts can provide useful information about the prevailing market conditions. They can be especially useful in the case of industrial marketing research where technical knowledge is required. Regarding secondary data, it is important to provide economical and quick information that can be useful in understanding the problem clearly. Sometimes focus groups are used to provide information that is then used in refining the problem. Figure 2.2 provides a framework that graphically shows the role of industry experts and secondary data in identifying the problem.

\* Describe the role of qualitative research in the process of developing an approach.

Emphasize that the purpose of the qualitative research is to get a feel for the situation rather than a conclusive result. Such research should and can play a useful role in helping the researcher to understand the problem more clearly. Techniques such as focus group interviews, pilot surveys, and in-depth interviews are often used to find the opinion of the consumers. This helps the researcher in refining the problem and guiding the research in the right direction.

### **Learning Objective 3**

- \* Highlight the environmental factors affecting the problem definition process.
- a. Past information and forecasts: Past information and forecasts provide industry data, which puts the current problem into context.
- b. Resources and constraints: Resources and constraints force the problem to be defined in an appropriate scope.
- c. Objectives: An understanding of the objectives of the organization and decision maker allows the researcher to pinpoint the exact desires for the study.
- d. Buyer behavior: An understanding of the ultimate consumer's behavior is critical to understanding their response to specific marketing actions.
- e. Legal behavior: The legal environment may regulate certain aspects of the marketing mix and the research effort, thus, affecting the problem definition.
- f. Economic environment: the economic environment can affect the decisions of consumers and impact the marketing mix.
- g. Marketing and technological skills: the abilities of the organization to develop and market products may affect the scope of the research to be done. In addition, technological advances offer new methods of conducting marketing research.

*Figure 2.4 may be helpful here by listing the environmental factors marketers should consider.*

### **Learning Objective 4**

- \* Distinguish between the marketing research problem and management decision problem.

The management decision problem asks what the DM needs to do, whereas the marketing research problem entails determining what information is needed and how it can be obtained in the most feasible way. To show the difference between the two types of problems, you can list some management problems on the blackboard and then ask students to formulate the relevant research problem.

For example:

- | <b><u>Management Decision Problem</u></b>                              | <b><u>Research Problem</u></b>                              |
|--|---|
| a. Should the price be cut in response to a price-cut by a competitor? | a. Determine the buyer-behavior at various levels of price. |
| b. Should the product 'X' be introduced in the market?                 | b. Assess the probable market size and share for            |

c. What should be done to increase the market share of product 'Y'?

product 'X'

c. Determine the relative strengths and weaknesses of 'Y' vis-à-vis those of the competitors.

### **Learning Objective 5**

- \* Explain the components of a well-defined marketing research problem.

A well-defined marketing research problem consists of both a broad statement and a list of specific components of the problem. The broad statement provides perspective on the problem and acts as a safeguard against overlooking important aspects of the marketing research and management decision problems. The specific components focus on the key aspects of the problem and provide clear guidelines on how to proceed further.

- \* Explain the pitfalls of defining a research problem in either a too broad or too narrow perspective.

A broad definition does not provide guidelines for subsequent steps in research. A narrow definition, on the other hand, may preclude the consideration of some courses of action. In either case, the solution reached will not be directly related to the problem and may be of little use to the manager. See Figure 2.6 for a guide for defining the research problem.

### **Learning Objective 6**

- \* Explain the rationale for basing research on objective/theoretical foundations.

Begin by referring to Figure 2.2, The Problem Definition and Approach Development Process. This overhead provides a framework for the process of developing an approach to the problem.

Within this framework, emphasize that the foundation of research should be objective and based on a theoretic foundation. A theory is based on principles, which have either been proven or accepted as true. Thus, a theory provides a researcher with general principles on which to base his/her research work. Moreover, note that a theory serves as a framework that can be used by the researcher in interpretation of the data collected.

- \* Explain the nature of a model and how such a model can be utilized in developing an approach to the problem.

Again refer to Figure 2.2 and explain that an analytical model is based on some theoretical foundations. Thus, note that the analytical model is developed from the theoretic base of the research. Once formed, the model describes the relationship among the variables of interest in the present situation. By manipulating these variables, a researcher can isolate the relevant variables (i.e., the ones which have an important bearing on the present problem).

- \* Write down some research questions on the blackboard and ask students to suggest an appropriate hypothesis.

For example:

<b><u>RESEARCH QUESTION</u></b>	<b><u>HYPOTHESIS</u></b>
1. What is the mean income of heavy-drinkers of beer?	1. The lower income people consume more beer.
2. What age group of purchasers of product 'X' buys 'X' the most?	2. The age group 35-44 is the heaviest user.
3. What will be the result on sales of a 20% increase in price?	3. A 20% increase in price will not lead to decrease in dollar sales.

*Figure 2.8 may be helpful here as a guideline to show the flow of development from research questions to hypotheses.*

- \* Explain why each of several different approaches may be suitable for a research problem.

No one approach to a problem will be perfect. There is no one best approach. Rather, each approach will have its own strengths and weaknesses. Thus, many approaches may be capable of answering the research questions within the constraints embodied in any particular approach.

## **Learning Objective 7**

- \* Describe the importance of taking into account the environmental factors when defining the problem in a foreign market.

Many international marketing efforts fail because a problem audit is not conducted prior to entering the foreign market, and the relevant environmental factors are not taken into account. This leads to an incorrect definition of the marketing research problem and an inappropriate approach. While developing theoretical frameworks, models, research questions, and hypotheses, remember that differences in the environmental factors, especially the sociocultural

environment, may lead to differences in the formation of perceptions, attitudes, preferences, and choice behavior.

## **Learning Objective 8**

- \* Discuss the role of social media in defining the marketing research problem and in developing an approach.

Social media can be used to aid in all the tasks that need to be performed in order to define the problem. If the decision maker maintains a blog or has a Facebook page, these sources provide additional information in understanding the DM and her\his objectives. It is also possible to identify industry experts, and an analysis of their social media sites can provide insights into their thinking as it relates to problem at hand. Social media are a natural source of qualitative secondary data and qualitative research. Social media can also help in gaining an understanding of the environmental context of the problem by enabling us to get a richer understanding of the environmental factors in general and consumer behavior in particular.

In defining the marketing research problem, analysis of social media content can provide a good idea of the broad scope of the problem and aid in identifying the specific components. An analysis of social media data can also be useful in developing an approach to the problem. With the use of relevant media such as blogs, Facebook or Twitter, researchers can update consumers on the research that has been ongoing and the actions that have been taken. As such, the use of these media can then further be extended to incorporate feedback from consumers as to whether the researchers are on the right track because the analytical models developed and the research questions as posed by the firm were consistent with and based upon consumer thinking and insights.

## **Learning Objective 9**

- \* Discuss the ethical responsibilities of the researcher and the client.

The process of problem definition should not be compromised by the personal agendas of the researcher (e.g., enhance profits) or the client (e.g., undertake research to justify a decision already made).

Such ethical situations would be satisfactorily resolved if the client/researcher relationship developed with both the client and the researcher adhering to the seven Cs: communication, cooperation, confidence, candor, closeness, continuity, and creativity, as discussed earlier. This would provide a relationship of mutual trust that would check any unethical tendencies.

Ethical situations affecting the researcher and the client may also arise in developing an approach to the problem. When researchers conduct studies for different clients in related industries (i.e., banking and financial services) or in similar research areas (i.e., customer satisfaction), the research firm is honor bound not to reuse client specific models or findings for other projects.



The client also has an ethical responsibility not to solicit proposals merely to gain the expertise of the research firms without pay. It is unethical for a client to solicit proposals from a few research firms and then adopt one or a combination of the approaches suggested in them and conduct the project in-house.

## **Internet Emphasis**

- \* Describe the advantages of Internet and computers in developing an approach to the problem.

The Internet can help the researcher gain access to the DMs and industry experts through e-mail and chat rooms. To locate an expert, search the lists of Usenet FAQs to see if one covers your topic. If there is no FAQ, search the list of Usenet newsgroups or forums ([www.dejanews.com](http://www.dejanews.com)) to find an appropriate forum. Then search for list servers related to the industry or type of organization that client belongs in. Search engines, mentioned in Chapter 1, can be used to collect secondary data quickly and economically.

Many of the factors to be considered in the environmental context of the problem can be researched via the Internet. For client specific information the user can go to the company home page. Have the students visit the home page for Coca-Cola Enterprises, Inc. (<http://www.cokecce.com>). Further, the user can also search for competitor information on the Internet. The students should also be encouraged to visit and obtain information from the following site: Dunn's Market identifiers from D&B (<http://www.dnb.com>).

In addition to the Internet, computers can be used in other ways to define the problem and develop an approach. The literature review could be conveniently conducted by examining, among other sources, on-line information about catalogs, books, and articles. Spreadsheet software packages such as Excel are effective managerial tools in developing and testing simple mathematical models.

## **iRESEARCH**

It should be noted that a variety of answers are appropriate. The ones given here are merely illustrative.

### **iResearch: Wal-Mart**

- Growth in US nearing saturation
- Suppliers might rebel against the pressure by Wal-Mart
- Company not doing a good job with international expansion. If rightly done this is a huge opportunity.
- Internet and other emerging channels pose challenge as well as opportunity

Students should locate and interview an expert.

As CEO of Wal-Mart the marketing strategies I would formulate are:

Launching brands for different product segments (differentiation)

Specialty stores for category of items like electronics.  
Develop long term relationships with key suppliers.  
Having overseas partners and joint ventures in foreign business development.  
Online retailing (use partners with right know how if necessary)

Note that strategies have been suggested for each challenge or opportunity.

### **iResearch: Wendy's**

- Marketing Director of Wendy's
- The authenticity of data, mode of collection and premises around the conclusion has to be evaluated.
- If true it should impact the target customer segment of the company.
- Currently focused towards Kids and Young families.
- They might want to focus on an elder age group to increase the market share. They should consider introducing special services for the elderly such as sit-down service.

Students should identify the relevant sources of secondary data by conducting an internet search.

### **iResearch: TiVo**

- What could be good target segments (people with disposable income using VCRs)
- How to reach out to these segments.
- What are the competitors and substitute products (e.g. Video on demand, WinTV)
- How much are people willing to pay for TiVo?

The marketing research problem is to determine the relative strengths and weaknesses of TiVo products in order to understand how to strengthen the nature of TiVo's appeal for potential and existing customers. Specifically, research will address the following questions.

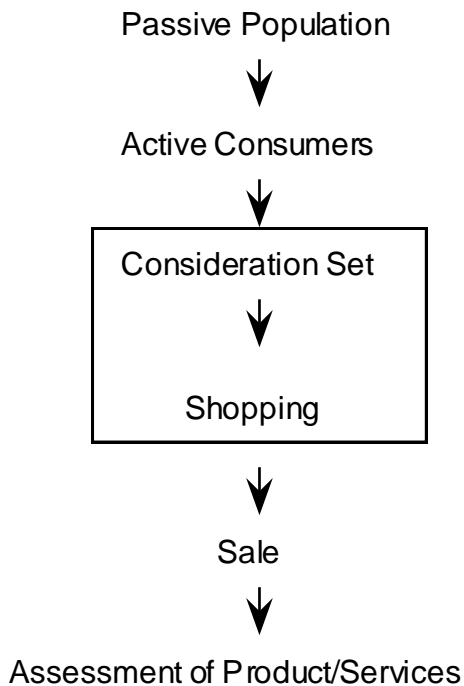
- What is consumers' awareness and understanding of the TiVo products?
- What criteria do consumers use when deciding to purchase TiVo or competing products?
- How do consumers evaluate TiVo and competing products on the factors of the choice criteria?
- What the nature of TiVo's appeal for potential and existing customers?
- What is the consumer's perception of the current methods of consumer education on the TiVo features and benefits?
- What is the demographic and psychological profile of TiVo's current and potential customers?

### **iResearch: GM**

GM Brands: Chevrolet, Pontiac, Buick, Cadillac, GMC, Oldsmobile, Saturn, Hummer, and SAAB.

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## New Car Purchase Model



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A graphical model explaining consumers' selection of an automobile brand can help GM in positioning its brands so as to avoid cannibalization. Thus, GM brands should not appear in the same consideration sets but in different consideration sets of the potential car buyers.

## DECISION RESEARCH SCENARIO: Kellogg's: From Slumping to Thumping The Situation

Kellogg's is the world's leading producer of cereal and a leading producer of convenience foods, including cookies, crackers, toaster pastries, cereal bars, frozen waffles, meat alternatives, pie crusts, and cones. In 2011, its annual sales were \$13.2 billion and its market share was more than 30 percent. John A. Bryant, president and CEO of Kellogg's, takes pride in being part of the company because of the consistency of the decisions made within the company to promote the long-term growth of the business and to serve the needs of their people and communities. With such a large market share, one would think that Kellogg's is untouchable. However, Kellogg's faced a slump in the market: Its cereal sales were declining. Kellogg's turned to marketing research to identify the problem and develop several solutions to increase cereal sales.

Kellogg's used several tasks to identify the problem. The researchers spoke to decision makers within the company, interviewed industry experts, conducted analysis of available data, and performed some qualitative research. Several important issues developed from this preliminary research: (1) Current products were being targeted to children, (2) bagels and muffins were becoming favored breakfast foods, and (3) high prices were turning consumers to generic brands. Some other information also came to light during the research: Adults want quick foods that require very little or no preparation.

### **The Marketing Research Decision**

1. What do you think is the underlying problem facing Kellogg's? Check as many of the following as are applicable:
  - a. Kellogg's is targeting the wrong segment: children.
  - b. Competition from bagels and muffins is stiff.
  - c. Kellogg's prices are too high.
  - d. Kellogg's needs to introduce new products.
  - e. Kellogg's needs to change its advertising.
2. Define an appropriate marketing research problem that Kellogg's must address.
3. Discuss the role of the type of marketing research problem you have identified in enabling John Bryant to increase Kellogg's sales.

### **The Marketing Management Decision**

1. John Bryant is wondering what changes Kellogg's should make to increase market share. Which of the following changes should Kellogg's make (check as many as are applicable):
  - a. Introduce new cereals targeted at adults
  - b. Decrease prices
  - c. Increase advertising budget and launch a new campaign
  - d. Launch a sales promotion campaign
  - e. All of these.
2. Discuss how the marketing management decision action that you recommend to John Bryant is influenced by the research that you suggested earlier and by the findings of that research.

### **What John Bryant Did**

Kellogg's began to introduce flavors more suited to the adult palette. For example, it introduced Kellogg's® 2012 Team USA Collector's Edition Cereal aimed toward the adult market. It also implemented promotions featuring Microsoft software for the entire family instead of the usual toys. Then, it launched an ad campaign aimed at adults called "Cereal. Eat It for Life." These efforts were successful and not only arrested the decline in sales but also led to increased sales and profits.

## **DECISION RESEARCH ANSWERS**

It should be noted that a variety of answers are appropriate. The ones given here are merely illustrative.

### **The Marketing Research Decision**

1. A, B,C
2. Marketing research problem formulation:  
How can Kellogg's overcome the slump in the cereal market and defend its position in that segment?
3. The market research problem addresses the problem at hand in adequately broad manner at the same time without being vague. The problem formulation is suitable for analyzing both the trends within the industry segment as well as the externalities such as substitute products that affect the slump in sales.

### **The Marketing Management Decision**

1. A, B and C
2. The research reveals that the products are not suited for the taste of adults and costly. Also, the substitute products seem to be gaining momentum and eating into the market share for cereals. Introduction of new products for adults will make the Kellogg's products popular among adults. Lowering of price or a new, cheaper line of products will cater to price conscious customers who currently choose generic products. Ad budget has to be increased and a campaign has to be launched for 2 reasons a) for the changed image to be communicated to public b) to prevent losing out in the battle against substitute products.

### **REVIEW QUESTIONS**

- 2-1. The first step in conducting a marketing research project is defining the marketing research problem.
- 2-2. It is important to define the marketing research problem appropriately because it serves as a guideline to the researcher for conducting the rest of the marketing research project.
- 2-3. One reason why management is often not clear about the real problem is the tendency of the DM to focus on the symptoms rather than causes. Moreover, DMs have various time constraints and therefore are not in a position to gather relevant information to analyze the situation. Finally, the problem, as they perceive it, may be colored by their subjective opinions and biases.
- 2-4. The researcher plays a major role in the problem definition process. The process starts with a discussion between the researcher and the decision maker about the decision the DM faces. This discussion should include the alternative courses of action available to the DM and the information that is needed by the DM. The researcher may also hold interviews with industry experts, analyze secondary data, and conduct preliminary research to properly identify the decision problem. Once the management decision

problem has been formulated, the last step in the process is to translate it into a marketing research problem.

- 2-5. A problem audit is a comprehensive examination of a marketing problem situation with the purpose of understanding its origin and nature.
- 2-6. A symptom occurs as a result of a problem. It is often a complicated process to distinguish a symptom from a cause, but the problem audit offers a structured means of analysis.
- 2-7. A management decision problem asks what the DM needs to do. A marketing research problem on the other hand is stated in terms that enable the researcher to gather information required by the DM in deciding what to do.
- 2-8. Two types of errors are usually encountered in defining a marketing research problem:
  - a. Defining the research problem in terms which are too broad, vague, or general.
  - b. Defining the research problem in terms that are too narrow.The incidence of such errors can be reduced by first stating the problem in broad terms and then identifying the specific components of the problem.
- 2-9. After the research problem has been defined, it is necessary to break it down into components that can be addressed separately. To find the answers to each component of the problem, it is essential that a set of specific questions be formulated that capture the essence of the part or component. These specific questions are called research questions.
- 2-10. A research question is basically formulated to find an answer to a specific issue. A hypothesis is a possible answer to the research question that can be empirically tested. For example, a research question may be framed as: "How does the age of a consumer affect the purchase of a car?" A possible hypothesis is, "People in the age group 45-55 tend to buy upscale cars."
- 2-11. It is not necessary for every research project to have hypotheses. Sometimes the objectives of the research may not call for testing specific hypotheses.
- 2-12. The most common form of analytical models is graphical models. Graphical models are used to isolate variables and suggest directions of relationships but are not generally designed to provide numerical results.
- 2-13. Social media can be used to aid in all the tasks that need to be performed in order to define the problem. If the decision maker maintains a blog or has a Facebook page, these sources provide additional information in understanding the DM and her\his objectives. It is also possible to identify industry experts, and an analysis of their social media sites can provide insights into their thinking as it relates to problem at hand. Social media are a natural source of qualitative secondary data and qualitative research. Social media can also help in gaining an understanding of the environmental context of the problem by

enabling us to get a richer understanding of the environmental factors in general and consumer behavior in particular.

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## APPLIED PROBLEMS

- 2-14. a. Assess the probable market size and acceptance for the product.  
 b. How effective has the campaign been in boosting sales in the past three years?  
 c. Determine how the various levels of in-store promotion affect the sales.  
 d. Determine the relationship between price and demand for a new product.  
 e. Determine the relation between alternative compensation packages and the respective sales performance.

- 2-15. a. Should a new store be opened in a certain metropolitan area?  
 b. Should a new product be introduced? If so, what features should it have?  
 c. Should the present TV commercial be changed?  
 d. How many new sales people have to be hired?  
 e. How should the various items in the product line be priced so as to maximize revenue?

- 2-16. A few examples are listed below, although others can be devised.

Symptoms

Declining market share

Decline in profits

Inability to gain channel participation

Heavy turnover in salesforce

Causes

Outdated product

New competition

Shifting demographics

Inappropriate pricing

Ineffective promotions

Escalating distribution costs

Improper channel structure

Lack of product differentiation

Misdirected promotions

Inferior product image

Lack of proper sales incentives

Improper allocation of territories

	Unrealistic sales quotas
Decline in company sales	Decline in industry sales
	Increased competition

2-17. Research Questions:

- (a) RQ1: Are the subscribers of *Tennis* magazine more concerned with fitness?  
H1: Those subscribers who spend more time with the issues of *Tennis* magazine are more concerned with fitness.
- (b) RQ2: Are the subscribers of *Tennis* magazine heavy users of credit cards?  
H2: There is no relationship between time spent with the issues of *Tennis* magazine and credit card usage.

2-18. Some possible factors are:

safety	timeliness
convenience	price
frequent flyer benefits	departure times
routes	amenities

## INTERNET AND COMPUTER EXERCISES

2-19. Online databases that can be used here include the Universities online databases, Management Contents, Economic Literature Index, Predicasts, and Dow Jones. Others are available. The purpose of this exercise is simply to get the students to explore the computer resources available to them and experience the value of information available on the Internet.

The report on the environmental context surrounding Diet Coke should follow the format given in the book.

2-20. The model may be graphical. It is desirable that the students do some qualitative analysis and suggest a graphical model.

2-21. While this list of choice criteria factors for sneakers may not be comprehensive, it should be illustrative and include factors such as type of upper, type of sole, price, image, type of technology, etc.

2-22. Bank of America is among the major banking institutions in the country. The bank engages in general banking services offering checking accounts, savings accounts, money market accounts, time certificates of deposits, securities sold under agreements to repurchase, individual retirement accounts, and various types of loans, such as commercial loans, home equity loans and consumer loans. Other services include drive-in banking, VISA card, and an automated teller machine network. The students are free to select the competing banks. Information on the environmental context factors can be obtained from the 10-K reports.



## ROLE PLAYING

Q1. Ask a fellow student to play the role of decision maker (DM) for a local soft drink firm contemplating the introduction of a lemon-lime soft drink. This product would be positioned as a “change of pace” soft drink to be consumed by all soft drink users, including heavy cola drinkers. You act the role of a researcher. Hold discussions with the DM and identify the management decision problem. Translate the management problem into a written statement of the research problem. Does the DM agree with your definition? Develop an approach to the research problem that you have identified.

A1. Management Problem: Should a lemon-lime drink be introduced in the market to increase sales?

Research Problem: Determine the market size for a lemon-lime drink and the strengths and weaknesses of similar products, if any, already in the market.

This problem can be broken down into the following specific components:

1. What is the market size of the lemon-lime segment of the market?
2. What are the attributes of lemon-lime drinks in the market?
3. Which attributes are positively evaluated? Which are negatively evaluated?
4. Do the attributes of the new product match the desires of the market?

Q2. You are vice president of marketing for Delta Airlines and would like to increase your share of the business market. Make a list of relevant objectives for Delta Airlines. As the DM, what are your personal objectives?

A2.

Objectives of Delta Airlines:

- (a) Continued long-term growth
- (b) Increase in market share
- (c) Increase in profitability
- (d) Achieving better operating efficiency
- (e) Higher capacity utilization
- (f) Increase in customer satisfaction
- (g) Provide reliable service
- (h) Improve employee productivity

Objectives of DM:

- (a) Increase in financial rewards
- (b) Job security
- (c) Climbing the corporate ladder
- (d) Avoidance of blame for any wrong decisions

## FIELDWORK

- Q1. Set up an appointment and visit a bookstore, a restaurant, or any business located on or near the university campus. Hold discussions with the decision maker. Can you identify a marketing research problem that could be successfully addressed?
- A1. The purpose of this field trip is to have the students interact with a businessperson and gain first-hand experience in deciphering the marketing research problem from the management decision problem.
- Q2. Consider the field trip described in Field Work question 1. For the problem you have defined, develop a graphical model, research question, and appropriate hypotheses. Discuss these with the decision maker you visited for question 1.
- A2. The purpose of this exercise is to have students continue to be exposed to an actual problem situation from which they must now apply the principles from this chapter. The model, the research questions, and hypotheses developed should flow from their original research problem statement and be based on theoretic foundations.

## GROUP DISCUSSIONS

Q1. Form a small group of five or six people to discuss the following statement: "Correct identification and appropriate definition of the marketing research problem are more crucial to the success of a marketing research project than sophisticated research techniques." Did your group arrive at a consensus?

A1. Key issues which should be discussed include: the guidance the marketing research problem gives research; the assumptions which must be made when applying research techniques, since they are often based on the problem definition; and techniques properly applied to the wrong problem will lead to wrong answers.

Q2. We are all aware that the Coca-Cola Company changed its flagship brand of 99 years to New Coke and subsequently returned to the old favorite, Coca-Cola Classic. Working in a group of four, read as much material as you can on this "marketing bungle." Identify the decision problem management at Coke faced. As a team of researchers, define the marketing research problem and its specific components.

A2. Coca-Cola was faced with a gradually declining market share as Pepsi gained and surpassed Coke in market share. The underlying reason for the slide of Coke was a change in consumer preferences toward a sweeter, less carbonated drink, like Pepsi. Thus, the decision problem for Coke management was how do we combat Pepsi given this change in consumer tastes? Specifically, should Coke introduce a new brand more attuned to consumer tastes to combat Pepsi?

The marketing research problem can be conceived in alternative ways, but one general statement is "What mix of product attributes can Coca-Cola devise which will be more in favor

with consumers given current tastes?" Components of this problem, of which only a few are listed here, include:

What level of sweetness is desired by consumers?

What level of carbonation is desired by consumers?

What brand name should be devised for the drink?

What type of packaging provides the greatest consumer awareness of the brand? etc.

Q3. Form a different group of five or six to discuss the following: "Theoretical research and applied research should not be mixed. Hence, it is wrong to insist that the approach to an applied marketing research problem be grounded in theory."

A3. Note that all applied research is actually based in theory, thus it cannot be conducted without referring to theory. It will often be necessary to tailor theory or to make assumptions in operationalizing variables to fit the theory when conducting a practical research project, but the theory will still guide the research.