

# MARKET RESEARCH PRIMER

## A Quick Start Guide

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# Market Research Primer

Market research is one tool available to help decisions makers reduce uncertainty whenever markets change character, economic conditions fluctuate, competition intensifies, or technology evolves rapidly. It represents the voice of the consumer within the organization so findings from the process can help create a business plan, launch a new product or service, fine tune existing products and services, or support expansion into new markets.



## Defined

Kotler - Market research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company.

McQuarrie - Market research refers to any effort to gather information about markets or customers.



## Basic Research Questions Types

The key to planning a valuable research study is carefully and clearly defining the underlying decision question(s). This drives the research approach. Most questions can be grouped into four basic categories.



**Scan the Environment** – What’s going on? What is happening in the market? What are the trends? Who are the competitors?



**Generate Options** – What are the possibilities? How do consumers talk about the products in the market? Is it different among different classes of consumers?



**Select an Option** – What is the explanation? Which needs are important?



**Evaluate Success** – How are we doing? Are current products meeting customer needs? See Table 1: Stages/Objectives of Market Research for a summary of questions and methods.



## Performing market research

The market research process has 4 basic steps. These steps include:

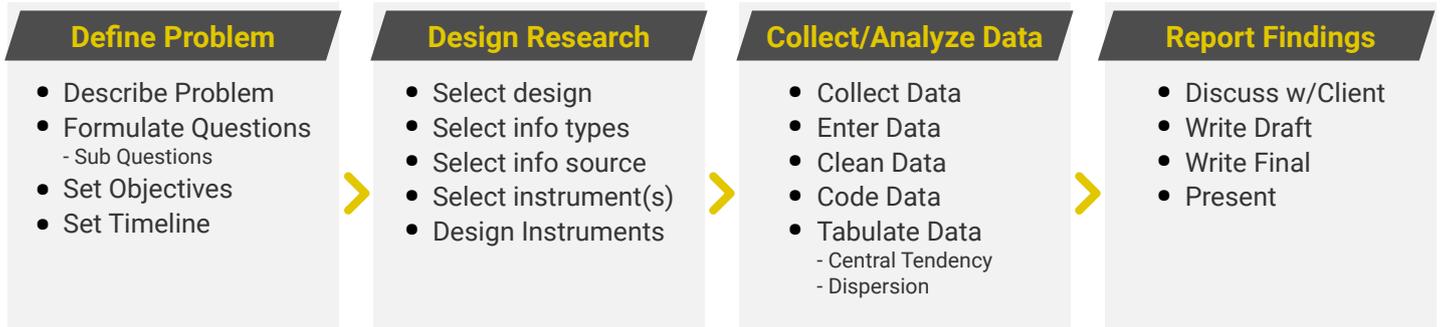
1. Defining the research problem
2. Establishing the research design
3. Collecting and analyzing data
4. Formulating findings

Figure 1 is the meta-process model of market research. The model shows every activity that must be performed. The arrows show that these activities need to be carried out in a predefined order.

Adapted from The Market Research Toolbox, McQuarrie, Edward F., 2<sup>nd</sup> Edition, Sage Publications, 2006

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Figure 1: Meta-process model for market research



Although the list does strongly imply an orderly step-by-step process, it is rare that a research project follows these steps in the exact order that they are presented in the figure. Market research is an interactive process where discovering information in one step, may require moving in the process to begin again at another step. Similarly, finding new information during the data collection process may cause the researcher to establish different research objectives.

## ! Defining the Research Problem

Defining the research problem has two main parts: (1) formulating the problem and (2) establishing research objectives.

**Defining the problem is the single most important step in the market research process and is the key to good research.** After formulating the problem, the research questions need to be formulated.

With the problem or opportunity defined, the next step is to set objectives for your market research operations. Clear objectives lead to clear results.

A good way of setting research objectives is to ask, "What information is needed in order to answer the questions?" Your objective might be to explore the nature of a problem, so you may further define it, or perhaps it is to determine how many people will buy your product packaged in a certain way and offered at a certain price. Your objective might even be to test possible cause and effect relationships. For example, if you lower your price, how much will it increase your sales volume? And what impact will it have on your profit?

After describing and formulating the problem and the objectives, the next step is to prepare a detailed, realistic time frame to complete all steps of the market research process. If your business operates in cycles, establish target dates that will allow the best accessibility to your market.

## 📋 Selecting and Establishing Research Design

The step selecting and establishing research design consists of 3 main steps: (1) select the research design, (2) identify information types and sources and (3) determine and design research instrument.

### 🔍 Select the Research Design

There are three types of basic research design:

- Exploratory research design
- Descriptive research
- Causal research

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Exploratory research is defined as collecting information in an unstructured and informal way. For example, if the owners of a new restaurant often eat out at competitor's restaurants to gather information about menu selections, prices and service quality.

Descriptive research refers to a set of methods and procedures that describe marketing variables. Descriptive studies portray these variables by answering who, what, why and how questions. These types of research studies may describe such things as consumers' attitudes, intentions, and behaviors, or the number of competitors and their strategies.

Causal research design is conducted by controlling various factors to determine which factor is causing the problem. It allows you to isolate causes and effects. By changing one factor, say price, you can monitor its effects on a key consequence such as sales. Although causal research can give you a high level of understanding of the variable you are studying, the designs often require experiments that are complex and expensive.



## Identify Information Types and Sources

There are two types of information available to a market researcher: primary data and secondary data. **Primary** data is original information gathered for a specific purpose. **Secondary** data refers to information that already exists somewhere and has been collected for some other purpose.



## Determining and Design Research Instrument

After determining which type(s) of information are needed, the methods of accessing data must be determined.

There are several different methods of collecting primary data. Observation or asking questions. Observation may be done through customer visits. Asking questions typically involves, telephone surveys, mail surveys, internet surveys, personal interviews, or focus groups.



## Collecting and Analyzing Data

Data collection is usually done by trained interviewers who are employed by field data collection companies to collect primary data.

Data analysis is needed to give the raw data any meaning. The first step in analyzing the data is cleaning the data. This is the process of checking the raw data to verify that the data has been correctly entered into the files from the data collection form. After that the data must be coded. This is the process of assigning all response categories a numerical value. For example, males = 1, females = 2 etc. After that the data can be tabulated, which refers to the actual counting of the number of observations that fall in to each possible response category.



## Formulate Findings

Findings are reported after the data have been analyzed. The key to reporting findings effectively is to understand the audience and design the presentation (text, tables and graphics) around their needs and level of sophistication. Since the research was conducted to help guide business decisions, it needs to be readily accessible, and understood, by the decision makers.



## Evaluate Products and Activities

A related but different element of Market Research is Evaluation. Market Research is conducted to understand products and programs BEFORE they are launched (ex-ante). Evaluations are used to understand products and programs AFTER they are launched (ex-post). Evaluation provides the structured feedback necessary to modify efforts once they are initiated. See Table 2 for a description.

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Table 1: Stages/Objectives of Market Research

Scan Environment → Generate Options → Select Options → Evaluate

Tool	Identify	Describe	Monitor	Generate	Define	Explore	Test	Evaluate	Prioritize	Select	Measure	Track
Secondary Research	E	E	E	G	G	G	G	G	G	G	E	E
Customer Visits	E	E	E	E	E	E	X	X	M	X	X	M
Focus Groups	G	G	M	E	E	E	X	X	M	X	X	M
Surveys	G	E	E	X	M	X	E	E	E	E	M	M
Choice Models	X	M	M	M	M	X	E	E	E	E	M	M
Experiments	X	X	M	X	X	X	E	E	E	E	E	G

E = Excellent, G = Good, X = Do Not Use, M = Maybe - determined by research objective

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**Table 2: Market Research Evaluation Activities**

 <p><b>Objectives</b></p>	<p><b>CONTEXT</b> Define the operating context. Identify needs and opportunities within the operating context. Diagnose issues underlying these needs and opportunities.</p>	<p><b>INPUT</b> Identify and assess system capabilities, input strategies, and designs for implementing strategies.</p>	<p><b>PROCESS</b> Identify and predict process strengths and weaknesses in procedural design or implementation. Maintain a record of events and activities.</p>	<p><b>PRODUCT</b> Relate outcome information to objectives, context, input and process</p>
 <p><b>Methods</b></p>	<p>Describing the context. Comparing actual vs. intended inputs and outputs. Analyzing potential causes of discrepancies between actual and intended outcomes.</p>	<p>Describing and analyzing human and material resources, solution strategies and procedural designs for relevance, feasibility and economy in the course of action recommended.</p>	<p>Monitoring potential procedural barriers and scanning for unintended ones. Obtaining specified information for system decisions.</p>	<p>Define operationally and measure criteria associated with objectives. Comparing with predetermined standards and interpreting outcomes in terms of context, input, and process.</p>
 <p><b>Relation to Decision Making</b></p>	<p>For planning appropriate changes</p>	<p>Information for selecting support sources and structuring change activities</p>	<p>For implementing or refining process control.</p>	<p>For decisions to continue, terminate, modify, or refocus change activities.</p>
 <p><b>Examples</b></p>	<p>Context evaluation supports the external scan (opportunity/threat) portion of a SWOT analysis.  It not only describes the external environment, it also explains how various areas are related to each other and the firm.</p>	<p>Input evaluation supports the internal scan (strength/weakness) portion of a SWOT analysis.  The internal environment is described and compared to the environment in which the firm operates.</p>	<p>Process evaluation describes and validates that program elements (the processes) have been put in place and are functioning as intended.  Process evaluation should precede or be concurrent to the Product evaluation. Without evaluating the support processes, a narrow product evaluation will be meaningless.</p>	<p>Product evaluation answers the question, “Does the product do what it was intended to do for the customer and the firm?”  The insights from a product evaluation can provide direction for research in a context evaluation.</p>

Adapted from Handbook of Research and Evaluation, 3<sup>rd</sup> edition, p.18, 1997 EdITS, San Diego