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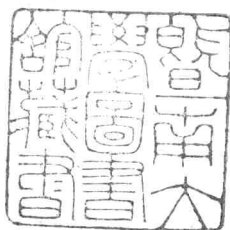
MARKET RESEARCH AND ANALYSIS

By

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TO MOTHER AND DAD

PREFACE

With the recent rapid growth of scientific method in marketing, a great deal has been written about market research and analysis. But in no one volume can the business executive find how to put them to work. In no single source can the practitioner find a complete handbook, and the teacher a balanced text. As its title suggests, this book is an effort to meet all three needs with a broad, fundamental treatment of the entire subject. The scope and uses of market research and analysis are considered at some length to reveal their specific practical applications to business. A discussion of the roots of the subject in scientific method discloses the fundamentals upon which the minor techniques rest. The basic research procedure is explained in detail. Techniques for the various steps in research are written in a "how-to-do-it" manner. Important subjects which often receive only slight attention, like quantitative analysis, sales analysis, market trends, advertising research, and product analysis, are discussed fully and related to the basic methods. While none of the technical subjects are slighted, they are not allowed to overshadow more important matters. The writing is purposely challenging to stimulate critical thinking and the development of a scientific point of view.

The subject of Market Research and Analysis is rapidly occupying a place alongside Principles of Marketing as a basic study. The fundamental preparation of any student of marketing requires both a course in general *principles* and a course in *method* which he can carry with him to meet the specific problems which arise in his later work. This book, in preparation since 1930, has been used as a text to supply the latter need for five years at Northwestern University, and more recently in three other universities.

Market research and analysis is too important a subject to be read lightly. Mere knowledge of its forms and techniques is not enough. To obtain the greatest value from its application to business, there must exist a fundamental understanding of the rôle it plays, the contribution it can make, its scientific foundations, and (perhaps fully as important), its limitations. It is hoped that this volume may make some modest contribution to economic theory by revealing the methods of an important form of applied economics, as well as contributing to the still broader field of scientific method in the social studies. In a sense it might be said that the ultimate objective of the book is to contribute to a genuine *understanding* of the subject.

I wish to acknowledge the permission of the *Harvard Business Review* to reprint parts of articles appearing in that magazine. The names of business associates and faculty colleagues who have helped me from time to time are too numerous to give. I am particularly indebted to Professor Fred E. Clark, who has encouraged the work and given liberally of his time in reading the manuscript. His support of the development of market analysis in the business curriculum and thoughtful criticisms have been most helpful. I wish, also, to acknowledge the special assistance of C. A. R. Wardwell, King C. Cook, and my assistants, Miss Coralie Schaefer, Miss June Betsberg, and Gene Olson. Among my faculty colleagues who have contributed to the work, directly or indirectly, are Professors F. S. Deibler, Horace Secrist, L. D. Herrold, J. R. Hawkinson, and Leon Bosch. My chief indebtedness is to my wife, Blanche Boyum Brown, who has taken an active part in the preparation of the book.

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**MARKET RESEARCH
AND ANALYSIS**

*"There is one person wiser than Anybody
and that is Everybody"*

—TALLEYRAND

CHAPTER 1

INTRODUCTION

In a mid-western city a young lady owned and operated a very successful restaurant. Its many customers knew that the best food and service in a large metropolitan area could be obtained at her dining room. They knew that there was such a demand for this food and service that the restaurant was always crowded and that people were usually willing to wait their turn, although this particular city contained many restaurants of excellent quality. The customers knew that she obtained a better price for her food. They also knew that the young lady was making a large profit out of this highly successful business venture.

What the customers did not know was that this young lady had an unnoticed but very interesting habit. During the luncheon and dinner hours she personally made it a point to refill the water glasses at all tables. She would move from table to table and observe the food her guests relished, the comments that were made on food and service, but more especially the food which was left on the plate by the diner. If the spinach, for example, at a particular meal was being pushed aside by the guests, the owner immediately went to the kitchen to see the head chef to find what was wrong.

What neither the customers nor the young lady proprietor understood was that she was a market analyst. In her habit of refilling the water glasses she had developed her own method which was just as scientific and as important to her business as the most complicated market analysis ever made. Of course, thousands of restaurant proprietors or managers wander about their restaurants during meal time. The difference which made the procedure of the young lady proprietor scientific was that

instead of aimlessly wandering about, she had a specific objective and a definite procedure. The fact that she had no laboratory equipment, no corps of assistants, no magnificent report is beside the point. The fact that she chose the most direct, economical, logical, scientific, and simple method of determining what her market wanted gave her the fundamental characteristic of the market analyst.

Market analysis is like that. It is nothing more than a study of markets and marketing methods so that a company will sell its product effectively. Of course, to accomplish this aim the market must be studied intelligently. One must constantly bear in mind that market analysis is never anything more than an intelligent way of studying a market and that the most intelligent way is usually comparatively simple. Naturally, the approach must be scientific and the various methods which have proved themselves in the field of science must be employed.

If the cook is too far away from the diners in a medium-sized restaurant, what of the national manufacturer? Instead of one person with a very few assistants producing his product, he may have more than a hundred thousand employees scattered in fifty cities throughout the world engaged in making the product. Instead of fifteen or twenty waitresses, he may have thousands of salesmen and dealers in four or five thousand cities and towns in the United States and others in foreign countries. Instead of five hundred customers a day, gathered together in one room, he may have literally millions of buyers and users scattered all over the globe. The sheer size of modern business demands scientific methods to keep in touch with its markets.

Nearly everyone who plays a part, great or small, in the operation or control of business has a direct interest in the rapidly increasing application of scientific method in the field of marketing. The business executive is constantly confronted with the burdens of waste and the high cost involved in the selling of his products or services. Manufacturers, wholesalers, retailers, financiers, accountants, and business consultants find that more and more of their time is devoted to marketing prob-