5

EDITION

The Impact of the Internet

Marketing Research

Carl McDaniel

Complete Package Includes Text & CD
(CD necessary for problem completion)

Marketing Research: The Impact of the Internet

Fifth Edition

Carl McDaniel, Jr.

*University of Texas
at Arlington*

Roger Gates

DSS Research

SOUTH-WESTERN

THOMSON LEARNING

Printed in the United States of America
1 2 3 4 5 04 03 02 01

For more information, contact South-Western, 5101 Madison Road, Cincinnati, Ohio, 45227 or find us on the Internet at http://www.swcollege.com

For permission to use material from this text or product, contact us by
• telephone: 1-800-730-2214
• fax: 1-800-730-2215
• web: http://www.thomsonrights.com

Preface

A REVISION SO THOROUGH, WE EVEN CHANGED THE NAME OF THE TEXT!

The 5th edition of *Marketing Research* is brand new from top to bottom, reflecting the accelerating pace of change in the world of marketing research. The profound impact of the Internet has put a new face on the marketing research industry. We have incorporated the changes, which reflect how every facet of marketing research has been affected by the World Wide Web. However, this revision is not just about the effect of the Internet. You will find new marketing research concepts and fresh examples throughout the text. We went through every chapter line by line in order to add the latest developments in the field of marketing research.

McDANIEL AND GATES ARE WIRED TO THE MARKETING RESEARCH INDUSTRY.

Every marketing research author talks about having the latest material available. Yet, there is only one author team that is not simply looking at marketing research as an outsider, and that team is Carl McDaniel and Roger Gates. It's like sitting in the stands versus being on the playing field. When you are on the field, you see changes as they occur—up close and personal. We can tell you that marketing research is much more than computing sample size or conducting a focus group. It is also about getting managers to use your findings, managing people, controlling costs, and a host of other things. Sure, like other texts, *Marketing Research* covers research design, data acquisition, and data analysis, but it does so with a dose of reality unmatched by our competitors.

"GET REAL" IS NOT AN EMPTY PHRASE TO McDANIEL AND GATES.

Our "real world" view of marketing research comes from being on the firing line. The 5th edition is written from the unique perspective of two authors with over 40 years of marketing research experience. Roger Gates is president of a marketing research firm with over 100 full-time employees. His company offers cutting-edge technology to hundreds of large clients throughout North America. Carl McDaniel, a former partner in a successful marketing research company, is chairman of the marketing department at The University of Texas at Arlington.

As chairman, he has ultimate responsibility for the department's Master of Science in Marketing Research program. A unique aspect of the program is its internationally renowned advisory board, which consists of leaders and top executives from the field of marketing research. Carl's ongoing interaction with the leaders in the field enables him to keep his finger on the pulse of change in marketing research. You can view the membership list of this extraordinary advisory board at http://www2.uta.edu/msmr.

THE INTERNET HAS PERMANENTLY CHANGED MARKETING RESEARCH.

It may not be an exaggeration to say that the Internet has turned the world of marketing research upside down. By 2005, Internet marketing research is expected to account for half of all marketing research revenue in the United States. This statistic alone illustrates the new world of marketing research. More than simply offering a new way to conduct research, the Internet changes the speed, flow, and usage of information. For example, the Internet enables managers to use research information to make decisions faster than ever before. And it allows decision makers across the globe to view and comment on research findings instantaneously. The Internet also makes follow-up studies and longitudinal research easier to conduct. It slashes the costs associated with labor- and time-intensive research activities. You will find all of these topics, and much more about the Internet, discussed in every chapter.

WE HAVE TEAMED WITH webSURVEYOR™ TO ENABLE YOUR STUDENTS TO LEARN ALL FACETS OF INTERNET MARKETING RESEARCH.

Each professor will have the capability of assigning multiple class projects using real-world Internet marketing research surveys. WebSurveyor makes the tasks of survey research a breeze, allowing students to format questions, use the questionnaire library, and download survey data quickly and efficiently.

Exercises at the end of the chapter will help students become familiar with WebSurveyor before they conduct a survey. Students will learn about Internet marketing research by using the same tool that marketing research professionals do.

EACH TEXT COMES WITH A CD-ROM TO MAKE THE WORLD OF MARKETING RESEARCH COME ALIVE FOR THE STUDENT.

All the information your students will need to use WebSurveyor is provided on the CD-ROM that accompanies this text. This CD allows your students access to

cutting-edge Internet marketing research technology. Not only will you be able to assign problems and exercises provided in the text and on our Web site; you'll also be able to ask your students to perform original work assignments, such as creating minisurveys, marketing research projects, graphs, charts, and Web pages.

As an added bonus, with your adoption of the McDaniel/Gates text, you will be given access, for the life of your adoption, to the full WebSurveyor product for classroom, personal, or consulting purposes—a value to you of several hundred dollars. We're opening the door to a whole new way of doing research!

WE ALWAYS FOCUS ON THE RESEARCH USER.

Your feedback from previous editions instructed us to maintain the "user of research" focus of the text. You said that most of your students, at some point in their careers, will have to use marketing research to make critical decisions, but few students will become marketing researchers. Accordingly, we continue to present marketing research through the eyes of a manager using, and perhaps purchasing, marketing research information. For talented students who might wish to pursue a career in marketing research, we suggest considering a specialized master's degree in the field.

Our research user focus begins in Chapter 1, where the exciting and ever-changing world of marketing research is introduced. We offer students insight into when managers should and should not fund or use marketing research. Chapter 2 helps future managers understand the players in the research industry. Chapter 3 discusses not only the research process but also where and how managers get involved—that is, through the research request. Chapter 18 tells the reader what to look for in a marketing research report and how to get managers to use marketing research data. Chapter 19 discusses management of the marketing research function and concludes with another important topic for future managers—research ethics.

OUR MOST THOROUGH REVISION EVER HAS RESULTED IN A NEW STREAMLINED TEXT.

Every chapter has been examined, word for word, to make certain that we give students the very latest in marketing research methodology, tools, and theory. We reread every paragraph to make certain it is as clear, interesting, and easy-to-understand as possible. We have also added fresh new examples, concepts, and tools. You told us that covering 21 chapters in a semester was very difficult. We listened to your suggestions and moved the material on competitive intelligence (formerly Chapter 20) and marketing research in practice (formerly Chapter 21) to our Web site. For those professors who wish to cover these subjects, they may be found in their entirety at http://mcdaniel.swcollege.com.

WHAT ELSE IS NEW IN THE 5TH EDITION?

New and rewritten material abounds in the 5th edition.

- *All new Internet emphasis.* As mentioned above, an in-depth discussion of how the Internet is affecting marketing research is introduced in Chapter 1 and continues throughout the text. Our Internet coverage is thorough, yet balanced with traditional material.

- *New ethical dilemmas.* A real-life ethical dilemma can be found at the end of each part. Part Two, for example, presents the results of a new *Business Week*/Harris Poll on how Americans view ethics and social responsibility. The poll raises a number of ethical issues for student discussion. Part Three describes how Liberty Financial Companies was reprimanded by the FTC for failing to protect the anonymity of children on its kids' Web site. Part Five discusses how an elementary school has been allowing researchers to interview children in exchange for cash.

- *All new opening vignettes.* Every chapter-opening vignette has been either updated or replaced. The companies/products featured include The National Cattleman's Beef Association, Wal-Mart, Federal Migratory Bird Hunting and Conservation stamps, *Fast Company* magazine, Bose Corporation, and LaQuinta Inns.

- *All new Internet addresses for opening vignettes.* Want to know more about the company or issue discussed in the opening case? In every chapter, students can follow up by going to the Web site suggested at the end of the opening vignette. We all know that Internet addresses frequently change; to solve this problem, we maintain a continual list of updates at our Web site at http://mcdaniel.swcollege.com.

- *New marketing research War Stories.* Students readily recall material that is unusual or funny. In selected chapters, we have added short, amusing anecdotes about the trials and tribulations of conducting marketing research. This feature is designed not only to entertain, but also to help students recall important concepts in the text.

- *All new end-of-chapter Internet exercises.* In the 5th edition, we have added new exercises entitled *Working the Net.* These exercises are designed to help students learn how researchers use the Internet to solve real problems. This is "hands on" experience at its best. For your convenience, links to the URLs mentioned are available on our Web site at http://mcdaniel.swcollege.com.

- *A fully revised feature to help students integrate marketing research activities with the rest of the organization.* Marketing Research across the Organization presents a series of questions and scenarios that require students to consider the impact of marketing research on basic business activities related to finance, production, human resources, and so forth. Students are asked to determine a course of action for the given company based on the information provided. Marketing research does not exist in a vacuum. We have created scenarios that call for students to think both specifically and generally about the issues involved in conducting marketing research and the implementation of action plans based on its results.

■ *Two new comprehensive cases with data.* We have added two new cases with data sets. The first is a survey of Lufthansa Airlines' business travelers. Our second new case is a satisfaction survey for Discover Card. The cases have been classroom-tested for student comprehension and interest. We also retained the Rockingham National Bank case with data set, based on instructor feedback.

EACH CHAPTER HAS BEEN THOROUGHLY REVISED.

Here's what's new on a chapter-by-chapter basis:

Chapter 1—The Role of Marketing Research in Management Decision Making. New in-depth discussion of applied research; new comprehensive introduction to how the Internet has affected marketing research.

Chapter 2—The Marketing Research Industry. New material on the structure of the marketing research industry and large marketing research companies; new section on cybermarketing research companies and Internet marketing research support firms; new section on how support firms (e.g., Survey Sampling) deliver their products via the Internet; new material on global marketing research.

Chapter 3—Problem Definition and the Research Process. New major section on correctly defining the problem; new material on exploratory research; new section on using the Internet to conduct exploratory research; new section on translating a management problem into a marketing research problem; new material on judging the quality of a research report; new section on using the Internet to disseminate reports; new section on requests for proposals (RFPs); new section on what decision makers want from marketing research; new section on the importance of good communication.

Chapter 4—Secondary Data and Databases. New section on creating an internal database from conversations; new section on creating a database from Web site visitors; major new section on data mining; new section on privacy issues with databases; new material on search engines and databases; new section on finding federal government data on the Internet; new material on geographic information systems.

Chapter 5—Qualitative Research. New material on recruiting focus group participants; major new section on online focus groups; new section on viewing focus groups on the Internet.

Chapter 6—Survey Research: The Profound Impact of the Internet. New material on refusal rates; new material on mall-intercept interviews; major new section on how the Internet has changed survey research; new material on the advantages and disadvantages of online survey research; new section on using Internet bulletin boards for research; new section on downloadable surveys; new major section on recruiting sources for online surveys; new section on creating online questionnaires; new section on the Interactive Marketing Research Organization (IMRO).

Chapter 7—Primary Data Collection: Observation. New section on ethnographic research; new material on mystery shoppers; new material on shopping patterns;

new section on radio listenership tracking; new material on the people meter; new material on scanner-based research from Information Resources Incorporated; major new section on observation research on the Internet.

Chapter 8—Primary Data Collection: Experimentation. New material on test marketing.

Chapter 9—The Concept of Measurement. New discussion about anonymous responses.

Chapter 10—Using Measurement Scales to Build Marketing Effectiveness. New examples of measurement scales throughout the chapter.

Chapter 11—Questionnaire Design. New examples of screener questionnaires; new section on Internet self-service questionnaire builders; new section on software for questionnaire development.

Chapter 12—Basic Sampling Issues. New introduction to sampling concepts; new section on sampling over the Internet.

Chapter 13—Sample Size Determination. New material on estimating the number of phone numbers needed for a sample.

Chapter 14—Data Processing and Fundamental Data Analysis. New section on electronic data capture and coding; new material on setting up frequencies and crosstabulations in Excel.

Chapter 15—Statistical Testing of Differences. New material on statistical software sites on the Internet.

Chapter 16—Bivariate Correlation and Regression. New material on spurious relationships.

Chapter 17—Multivariate Data Analysis. New material on using multivariate modeling to score direct mail prospects on their probability of responding.

Chapter 18—Communicating the Research Results. New material on speaking more confidently; new material on publishing presentations on the Internet.

Chapter 19—Managing Marketing Research and Research Ethics. New material on time management in marketing research; new section on client profitability management; new section on research staff management and development; new material on managing a global marketing research project; updated material on CASRO.

CLASSROOM-TESTED PEDAGOGY PUTS STUDENTS IN THE KNOW

The pedagogy for the 5th edition has been developed in response to what you told us delivers the most value to you and your students. The following learning tools have been refined to help strengthen student learning while making the book more enjoyable and easier to read.

Learning Objectives

These objectives challenge the student to explain, discuss, understand, and clarify the concepts presented.

Opening Vignettes

Each chapter opens with a case-type synopsis of a marketing research situation. Your students will recognize many of the companies profiled, such as NASCAR and Wal-Mart, and may be surprised by some of the successes, failures, and challenges described.

In-Chapter Boxed Features

Typically, boxed items interrupt the flow of a text and impede student understanding by creating a disjointed reading experience. For that reason, we have been conscientious not only in the placement of boxed material, but also in the design elements used to differentiate them from the body of the text. Two types of boxed features are included in this edition: *In Practice* and *Global Issues.*

War Stories

Interesting and often amusing anecdotes of marketing research gone awry demonstrate to students that designing questionnaires, selecting respondents, gathering data, and producing results are not always cut-and-dried tasks. These short extracts come from *Quirk's Marketing Research Review.*

Clear, Concise Chapter Summaries

Concise summaries present the core concepts that underpin each chapter. Although the summary is located at the end of the chapter, students can read it along with the opening vignette as a pre-reading exercise before diving into the chapter.

Key Terms and Definitions

Key terms appear in boldface in the text, with definitions in the margins, making it easy for students to check their understanding of marketing research terminology. A complete list of key terms and definitions appears at the end of each chapter as a study checklist. Students will find a full glossary of all key terms at the end of the text.

Questions for Review and Critical Thinking

Our society's ability to use data to make good decisions has lagged behind its enormous capacity for generating data. In the hope of better preparing the next generation of business leaders, many educators are beginning to place greater emphasis on developing critical-thinking skills. Accordingly, we have added a number of critical-thinking questions at the end of each chapter. Review questions also direct students' attention to the core concepts of the chapter.

Working the Net

Working the Net exercises send students to Web sites containing materials that amplify and update concepts discussed within the text. These exercises help students use the Internet as an actual marketing researcher would. Links to the URLs are available on our Web site at http://mcdaniel.swcollege.com.

Real-Life Marketing Research Minicases

Over half of the real-life situations presented in the minicases are new to this edition. These cases help students to synthesize chapter concepts by focusing on real marketing research problems.

In Practice

Global Issues

AN INTEGRATED TEACHING AND LEARNING SYSTEM FOR YOU AND YOUR STUDENTS

Each component of our comprehensive support package has been developed to help you prepare lectures and tests as quickly and easily as possible. We provide a wealth of information and activities beyond the text to supplement your lectures,

as well as teaching aids in a variety of formats to fit your own teaching style. Careful attention has been given to all text supplements, to ensure that they work together to make teaching and learning as effortless as possible. Adopting *Marketing Research: The Impact of the Internet*, **5th edition**, will lighten your teaching load while giving your students the tools they need to master the fascinating subject of marketing research.

INNOVATIVE TEACHING SUPPLEMENTS FOR YOU

Instructor's Manual with Video Guide

The Instructor's Manual for this edition has been designed to facilitate convenient lesson planning. Each chapter includes the following:

- *Suggested Lesson Plans.* Suggestions are given on dividing up the chapter material, based on the frequency and duration of your class period.
- *Chapter Scan.* A quick synopsis highlights the core material in each chapter.
- *Learning Objectives.* The list of learning objectives found in the text is repeated here.
- *General Chapter Outline.* The main headers provide a quick snapshot of all the content areas within the chapter.
- *List of Key Terms.* The key terms introduced to the students in the text are repeated here.
- *Detailed Chapter Outline.* This outline fleshes out the general outline given previously. It also indicates where ancillary materials fit into the discussion: PowerPoint slides, exhibits from the text, learning objectives, and review questions. Opening vignettes and boxed features are also included in this outline.
- *Summary Explaining Learning Objectives.* An explanation of how the learning objectives are satisfied by chapter material is the basis of the IM summary.
- *Answers to Pedagogy.* Suggested answers and approaches to the critical-thinking questions, the Internet activities, the cases, the cross-functional questions, and the ethical dilemmas are offered at the end of each chapter or part.

The video guide includes a full entry for each of the segments on the cassette. A list of appropriate chapters is followed by a brief summary of the video segment. Detailed previewing, viewing, and follow-up activities are suggested to help you use the video effectively, so that you don't have to compromise valuable lecture time. Exercises are designed to aid you in presenting content through the video in such a way as to encourage student engagement.

Test Bank

This test bank is unlike any other. Based on cognitive learning theory, the tests are designed to assess students on six levels: knowledge, comprehension, application, analysis, synthesis, and evaluation. This test bank also features an introduction on test writing. It addresses the critical areas of recognizing and writing good test questions, how to create a balanced test, how to ensure accurate evaluation of stu-

dent performance, and other assessment issues that are normally absent from traditional test banks. Tests will not all be the same length and configuration but are designed to appropriately test the material in the given chapter.

PowerPoint Slides

For this edition, we have created a comprehensive, fully integrated PowerPoint presentation, consisting of 18 to 20 slides per chapter. With roughly 400 slides in the package, you can tailor your visual presentation to the material you choose to cover in class. This PowerPoint presentation gives you the ability to completely integrate your classroom lecture with a powerful visual statement of chapter material. The entire collection of slides will be available for downloading from our Web site at http://mcdaniel.swcollege.com.

Video

A mix of familiar and fresh material, the videos not only address standard research issues in real-world companies, but also show how marketing research influences advertising campaigns and promotional pieces. The exercises found in the video guide will help you incorporate these videos into your class without compromising the time you need to present the core concepts.

INNOVATIVE SUPPLEMENTS TO ENHANCE STUDENT LEARNING

Marketing Research and Alternate Media: A Workbook of Internet and Database Activities

Written by Bernard and Diane Jackaki, this supplement can help you expand your incorporation of the Internet into the classroom. This product features beginning, intermediate, and advanced activities. Students can further their knowledge of marketing research and database applications on the Internet by doing these detailed, guided exercises.

STATISTICA *by StatSoft*

This highly rated software package is an integrated statistical analysis, graphics, and database management system. The student edition features a wide array of basic and advanced analytical procedures, such as regression analysis, factor analysis, discriminant function analysis, and cluster analysis. This user-friendly package is available to accompany the text at a substantially discounted price.

SPSS—Student Version

We are happy to be able to give you the option of packaging the latest SPSS— Student Version with the text for a nominal additional charge. Please contact your local sales representative for a complete list of packaging options.

INNOVATIVE INTERNET SUPPLEMENTS FOR YOU AND YOUR STUDENTS

http://mcdaniel.swcollege.com

New Internet coverage is not limited to the features within the textbook. *Marketing Research: The Impact of the Internet,* **5th Edition,** also has its own Web site. Links are provided for all URLs mentioned in the text and are organized by chapter and feature. The URLs will be updated throughout the life of the text. Complete materials on competitive intelligence and marketing research in practice are now available on the Web site for your teaching convenience. The full PowerPoint presentation is also available on our site for you to download as lecture support for yourself and as a study aid for your students. Our site includes interactive quizzes and additional WebSurveyor exercises for your students, and additional comprehensive cases and solutions as well as teaching strategies for you! This material expands on the core coverage in the textbook and is easily accessible. Regular updates make this a dynamic site.

ACKNOWLEDGMENTS

Contents in Brief

Contents

v

2 The Marketing Research Industry   28

3 Problem Definition and the Research Process   52

Part Two

Creating a Research Design   85

4   Secondary Data and Databases   86