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# MARKETING RESEARCH

EIGHTH EDITION

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# MARKETING RESEARCH

EIGHTH EDITION

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*Dedicated with love*

*To my wife, Kay*

*To my parents, Patta and Viswanathan  
my wife, Aparna, and my daughters Anita and Prita  
my sister Shanti, and her family, Prasad, Amritha and Deepa,  
my uncles, Kannan and Kalyaanasundaram,  
and my godmother, Tirupura Mami*

*To my wife, Marilyn*

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# PREFACE

**T**he scope of marketing research has expanded in this technological era. In the presence of forces such as increased globalization and ever-changing technology, the boundaries of marketing research have expanded to encompass marketing intelligence. Marketing intelligence is a form of business intelligence, whereby data and information are analyzed and transformed for use in strategic planning and problem solving. Tomorrow's managers need to recognize and understand the important role of marketing intelligence today. We have created this new edition of *Marketing Research* to fulfill this demand.

If we can compare marketing to a long train with multiple compartments, then marketing research would justly claim the dual roles of the engine that powers the train and the links that connect the individual compartments to form a cohesive functional unit. In other words, marketing research is pervasive—the *brain* and the *brawn* of any marketing organization.

Having said this, we realize that marketing research is a complex subject and therefore has to be introduced to the student one compartment at a time before the entire train can be visualized. We also realize the danger in this approach. The student can get so overexcited or, even worse, overwhelmed by the individual units that he or she fails to see the proverbial “big picture”—the overarching framework, the subtle but essential interactions between units, and the ultimate purpose, namely, how marketing research can help organizations achieve their goals. Hence, this text takes a “macro-micro-macro” approach toward communicating the intricacies of marketing research and its usefulness to the marketing organization.

This revised edition, while maintaining the strengths of previous editions, focuses on the techniques and steps for gathering and using marketing intelligence. It also describes the importance of marketing intelligence and its role in strategic marketing decision making. Topics of less interest and relevance to the practice of marketing and marketing research have been eliminated. New topics have been added to position this book as the necessary tool for successfully facing the new millennium.

The Internet is one such tool. The use of the Internet is explored in this book, along with global marketing research examples. On-line marketing research is experiencing a phenomenal growth due to the larger number of people accessing the Internet and the increased speed of surfing the Net. The computer revolution has facilitated the increase in the power of marketing research and marketing intelligence with respect to sophisticated data collection and decision-making opportunities. Together, these advances have taken marketing research to the forefront of business strategies that involve trying to win customers' share of purchases.

We begin with a macro-level treatment of what marketing research is, where it fits within an organization, and how it helps in managerial decision making. Here we also discuss the marketing research industry, with a brief treatment of both suppliers and users.

The body of the text takes a micro-level approach, detailing each and every step of the marketing research process. In describing the marketing research process, a decision-oriented perspective has been adopted to help students, who are future managers and researchers, make better decisions. Detailed discussions of the process, with numerous examples from the industry, characterize this micro phase.

Finally, we wrap up with a macro-level treatment of the applications of marketing research. Here we address the traditional 4P research, as well as contemporary issues such as brand equity, customer satisfaction research, and emerging issues that continue to fascinate marketers, such as e-commerce, direct marketing, database marketing, and relationship marketing.

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## OBJECTIVES OF THIS TEXT

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Our overall objectives in writing this text continue to be:

1. To emphasize the role of marketing intelligence in today's world, to focus on the techniques and steps that show how a company can gather marketing intelligence, and to examine the role of marketing intelligence in strategic decision making.
2. To communicate in an interesting and informative manner the essence of marketing research to future managers and future researchers. Both groups need to know when marketing research can and should be used, what research alternatives exist, how to recognize effective and ineffective research, and how to interpret and apply the results.
3. To illustrate the usefulness of the Internet, on-line marketing research, and other advances in technology and their applications.
4. To emphasize the current developments in marketing research, such as the distinction between domestic and international market research.
5. To use examples, applications, and illustrations in an effort to tie the material to the real world and thus make it more interesting and provide a better understanding to the student.
6. To discuss the fastest-growing applications of marketing research, e-commerce, direct marketing, database marketing research, customer relationship management, and their impact on businesses.
7. To provide a clear and comprehensive treatment of modern data analysis topics. Each chapter includes simple numerical examples to help students get a hands-on feel for the material.
8. To provide thorough coverage of the most advanced and current marketing research methodologies, pointing out their limitations as well as their potential for enhancing research results.

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## NEW TO THIS EDITION

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In line with these objectives, the eighth edition has undergone some critical changes. The more prominent of these changes are:

1. The chapter *A Decision-Making Perspective on Marketing Research* has been changed to *Decision-Making Perspective on Marketing Intelligence* since it now covers the topic of marketing intelligence. The chapter now gives a broad overview of marketing intelligence.
2. The important role of marketing intelligence in the areas of marketing research and decision making is emphasized in all the chapters of the book.

3. Many real-world examples in the *Marketing Research in Business* section have been replaced to reflect the current and future trends in the marketing research industry, taking into account the growing importance of marketing intelligence. *Restructuring and Rejuvenating McDonald's*, *On-line Focus Groups*, *Targeted Marketing*, *Cell Phones—A Revolutionizing Mode of Market Research* are just a few of the new additions to this edition.
4. A number of new cases, such as *Exploratory Research on the Lleyton Hewitt National Visa Card* and *Eddie Bauer: Strategize with Secondary Marketing* have been added to this edition. These cases reflect both current and future trends in the marketing research industry.
5. The text has been made current by the addition of discussions on new topics of interest and methods of practice in marketing research. For example, discussions of focus Groups have been updated to mirror recent trends such as *on-line focus groups*.
6. The chapter *Emerging Applications of Marketing Research* has been expanded to *Emerging Applications of Marketing Intelligence*. This chapter reiterates the fact that understanding the customer is the key to marketing success. The chapter focuses on the tools provided by marketing intelligence for better knowledge of customer profile.
7. Information about the book and its contents can be found at [www.drvkumar.com/MR8](http://www.drvkumar.com/MR8).

## FEATURES OF THE BOOK

1. The text communicates in an interesting and informative manner the essence of marketing research to future managers and future researchers. Both groups need to know when marketing research can and should be used, what research alternatives exist, how to recognize effective and ineffective research, and how to interpret and apply the results.
2. The Cases and Part Cases are positioned appropriately at the end of chapters and text parts to stimulate interest, add realism to the marketing research curriculum, and help develop decision-making skills. These cases cover a wide range of products and organizations.
3. The chapter *A Decision-Making Perspective on Marketing Intelligence* attempts to enlighten the readers about the importance and means of accessing data from multiple sources and delivering to end users for analysis.
4. The chapter *Marketing Research on the Internet* links the reader with the world of marketing research to keep abreast with the emerging trends and changes in the marketplace.
5. Discussion of the international element of marketing research has been continued. In particular, an effort has been made to provide a clear distinction between the domestic and international marketing research process and prepare the users of this text to face the challenges of multinational research.
6. The chapter *Emerging Applications of Marketing Research* has been expanded to *Emerging Applications of Marketing Intelligence*. This chapter reiterates the fact that understanding the customer is the key to marketing success. The chapter focuses on the tools provided by marketing intelligence to gain a better knowledge of customer profiles. The chapter also focuses on e-commerce, database marketing, and relationship marketing. The growth in e-commerce is phenomenal, and the firm's ability to identify individuals and market to them is an important task. Database marketing is on the verge of being the

- century. As firms shift their resources more toward targeted marketing, the discussion in this chapter becomes valuable.
7. Part V, *Applications*, has been revised. It includes a chapter on the traditional 4P applications; a chapter on more recent developments such as competitive advantage, brand equity, total quality management, and customer satisfaction; and a chapter on emerging issues such as e-commerce, database marketing, relationship marketing, and marketing intelligence. Case studies have been included to give a real-world perspective on the recent developments.
  8. Many *Marketing Research in Business* features in each chapter have been updated to focus on real-world applications of marketing research.
  9. Each chapter also includes *Learning Objectives*, a chapter *Summary*, and *Questions and Problems*.

## ORGANIZATION OF THE TEXT

The book is organized to reflect the “macro-micro-macro” approach toward imparting marketing research training to the student. The text consists of five parts. Parts I and V deal with the “macro” aspects of marketing research; Parts II, III, and IV deal with the micro aspects.

**Part I**, consisting of four chapters, deals with the nature and scope of marketing intelligence and marketing research. Here, the overall framework of marketing research is presented, and where and how marketing research fits in with the other aspects of marketing is explained. The nature of the research industry and suppliers is also discussed here.

**Part II**, consisting of Chapters 5 through 15, deals extensively with the various aspects of data collection. This part is further divided into four sections, one section devoted to each of the three fundamental types of marketing research: exploratory, descriptive, and causal. The final section addresses the issue of sampling.

**Part III**, consisting of three chapters, discusses the fundamental aspects and techniques in data analysis. These include basic analysis issues such as data editing, coding, and simple techniques such as hypothesis testing, chi-square analysis, and the analysis of variance.

**Part IV** is devoted exclusively to advanced and more sophisticated data analysis techniques such as correlation and regression analysis, discriminant analysis, factor analysis, cluster analysis, conjoint analysis, and multidimensional scaling. This part consists of five chapters, the last chapter dealing with the aspects of presenting the research results.

In **Part V**, the student is exposed to the traditional, contemporary, and emerging applications of marketing research. This section has three chapters and provides the student with a comprehensive picture of marketing research, highlighting where and how the individual units of the research process fit in while solving marketing problems.

## SUPPLEMENTS TO THE TEXT

- An Instructor’s Manual will accompany this text. This manual provides solutions to end-of-chapter *Questions and Problems* and discusses all the text cases in greater detail. Exam questions, arranged by chapter, include multiple-choice and true/false questions. An example of a course syllabus is presented, and many suggestions for the organization of the course are provided.

- PowerPoint presentations of selected material from each chapter are available.
- Data diskettes that contain data for end-of-chapter cases and statistical analysis are available. SPSS<sup>®</sup>-interpreted examples are available on the CD.
- Videos that illustrate the practice of marketing research are available.
- All relevant information pertaining to the text book and its contents can be accessed from [www.drvkumar.com/mr8](http://www.drvkumar.com/mr8). This Web site will periodically update information that is relevant for keeping the text up to date.
- End-of-chapter questions are also available on a diskette.
- A practice test version for the students has been added to the Web site, which provides sample test questions in each chapter.

## ACKNOWLEDGMENTS

Many debts have been accumulated during the years in which eight editions of this book have taken shape. We are especially grateful to our students, who gave us feedback from the consumer's perspective and whose field research projects provided many of the illustrations and problems; to our colleagues, who stimulated us and brought new ideas and approaches to our attention; and to our clients, who gave use many opportunities to put ideas into practice and thus broaden our understanding of marketing research as it is currently practiced. It has been a continuing pleasure to associate with a class publisher, John Wiley & Sons, and to work with five Wiley editors—Rich Esposito, who nurtured the book through three editions; John Woods, who helped so much with the fourth edition; Tim Kent, who worked hard to make the fifth edition a success in the market; Ellen Ford, whose support helped make the sixth edition a powerful tool for gaining competitive advantage toward the end of the twentieth century; Brent Gordon, who supported the launch of the seventh edition to meet the challenges of the twenty-first century; and Jeff Marshal, who provided the necessary support for making our text a valuable resource to all the students and the faculty.

A host of helpful and insightful reviews on the first four editions were received from Scott Armstrong, A. Dwayne Ball, Ronald Beall, Andrew Brogowicz, Dave Bruzonne, Alexandra Campbell, Zir Carmon, Melvin Crask, Anita Desembrana, William R. Dillon, Curt J. Donmeyer, Jeffrey M. Ferguson, Chris T. Ford, Gary T. Ford, Michael Hagerty, Chris Lovelock, Barry Mason, Douglas L. Maclachlan, Shelby McIntyre, Thomas Pilon, Peter Riesz, Gary Russell, Eli Seggev, Subrata Sen, Sanjit Sengupta, Terence A. Shimp, Allan Shocker, John H. Summey, Judy Wilkinson, and Noel Zabriskie.

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