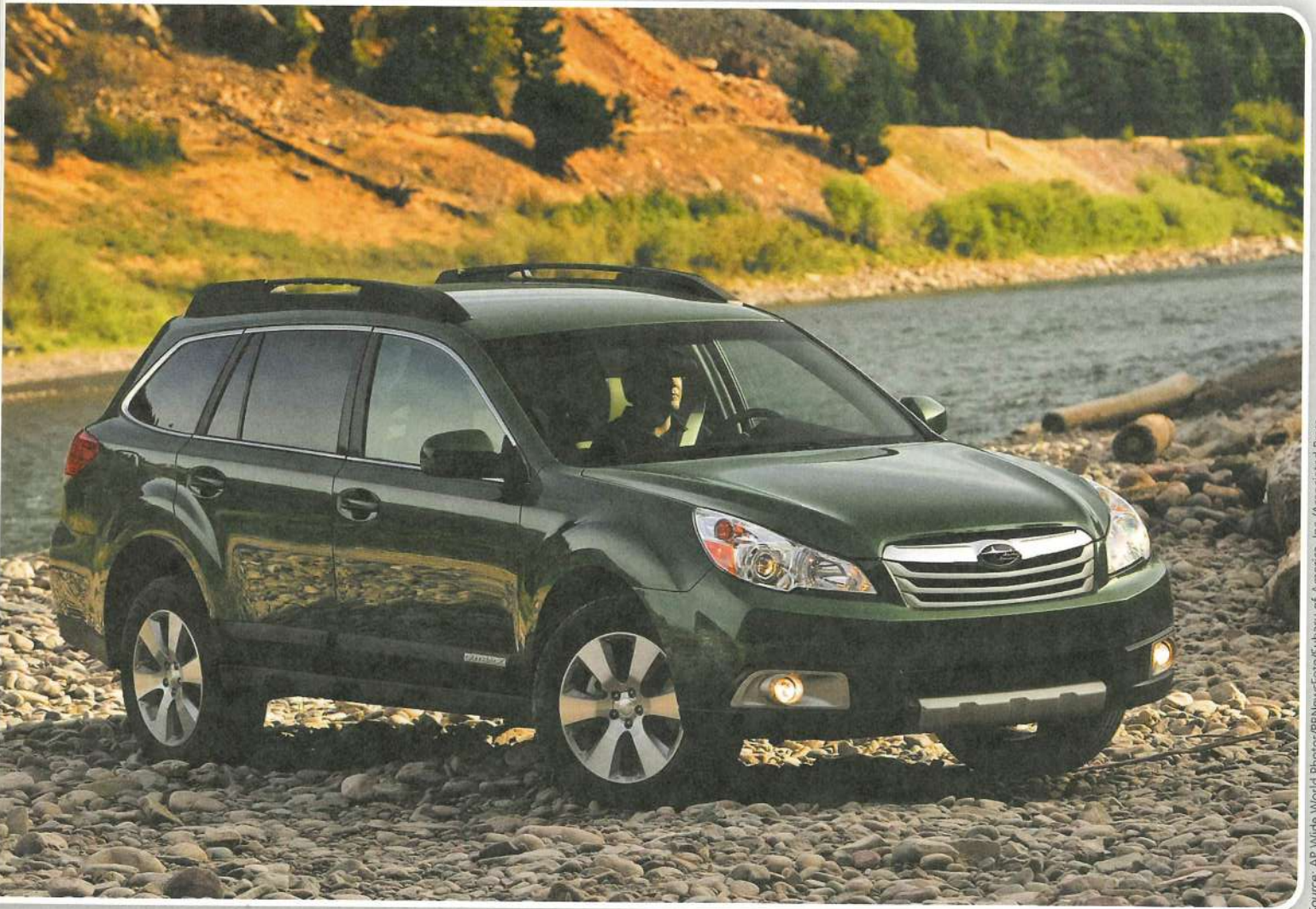


# Defining the Marketing Research Problem and Developing an Approach

# Defining the Marketing Research Problem and Developing an Approach




Source: AP Wide World Photos/PRNewsFoto/Subaru of America, Inc./Associated Press.

## LEARNING OBJECTIVES

After reading this chapter, the student should be able to:

1. Understand the importance of and the process used for defining the marketing research problem.
2. Describe the tasks involved in problem definition, including discussions with decision makers, interviews 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 framework and models, research questions and hypotheses, and specification of 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 that arise in defining the problem and developing the approach.

**“The most challenging part of any research project is defining the problem in the terms management understands and in a way that ensures the desired information is obtained.”**

*Chet Zalesky  
President, CMI, Atlanta, Georgia*

## The World's First Sport Utility Wagon

The 2012 Outback Wagon was marketed as having a five-star government crash test rating and received rave reviews from automotive magazines. How was the Outback born?

In the early 1990s, Subaru of America was searching for new ways to penetrate the U.S. automobile market. The marketing research firm hired by the company undertook a comprehensive examination of the marketing situation (a problem audit). The audit enabled the research firm to identify the real problem confronting management (the management-decision problem) as “What can Subaru do to expand its share of the automobile market?” The marketing research problem was defined broadly as determining the various needs of automobile users and the extent to which current product offerings were satisfying those needs. However, for marketing research to be conducted effectively and efficiently, the problem had to be defined more precisely. Subaru’s management and the research firm agreed on the following specific problem components:

1. What needs do buyers of passenger cars, station wagons, and sport utility vehicles (SUVs) seek to satisfy?
2. How well do existing automobile product offerings meet these needs?
3. Is there a segment of the automobile market whose needs are not being adequately met?
4. What automobile features does the identified segment desire?
5. What is the demographic and psychographic profile of the identified segment?

The approach to the marketing research problem was developed based on the postulate, or framework, that buyers first decide on the type of car (e.g., station wagon, SUV, passenger car) they want and then select a particular brand. The research firm formulated specific research questions and possible answers (hypotheses) to be tested by collecting survey data.

The research indicated a strong market potential for a vehicle that combined the features of a station wagon and a compact SUV. The needs of a sizable male-dominated segment were not being met by either the station wagon or the SUV, and this segment wanted a hybrid product.

Based on these findings, Subaru of America introduced the 1996 Outback as “the world’s first sport utility wagon.” Subaru said in a press release that the Outback filled the niche between the SUV and the passenger car. The Outback has several important features that are missing from most SUVs, including an all-wheel-drive system that operates under all road conditions and vehicle speeds, four-wheel independent suspension, antilock brakes, dual air bags, and a side-intrusion protection system. It also has a low door threshold for easy passenger entry and exit and a lower center of gravity for road handling and ride comfort. Inside amenities were also upgraded, and several other features were added.

A TV campaign for Outback featured *Crocodile Dundee*’s Paul Hogan. Viewers liked the ads and, of course, the product. Those taking a test drive were very impressed with the vehicle’s capabilities. The result? Sales were triple what Subaru originally expected. Sales of the Outback continued to be strong through the 2012 model year.<sup>1</sup>

## Overview

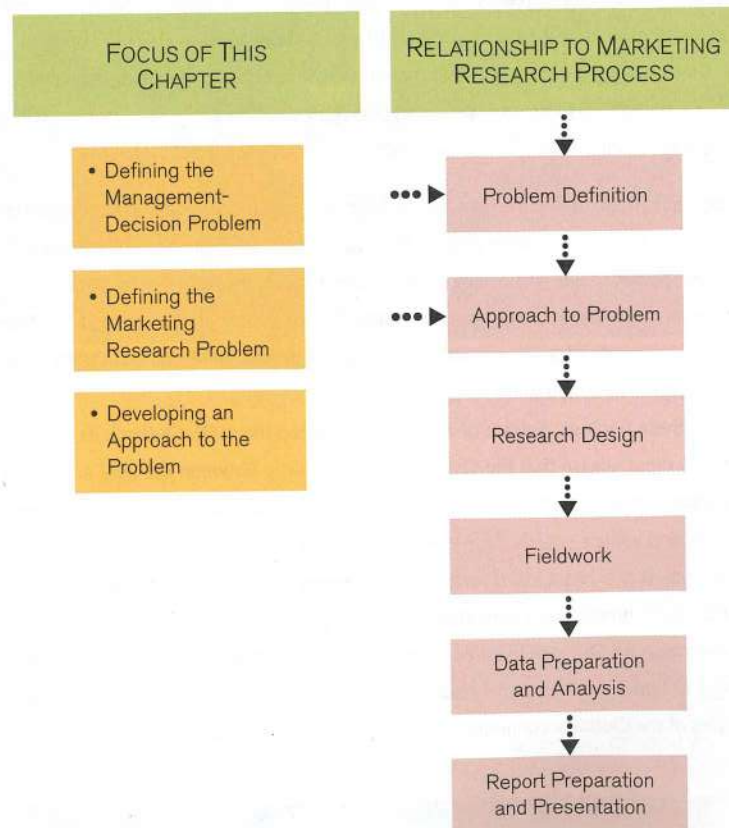
This chapter examines the first two steps of the six steps of the marketing research process: defining the marketing research problem and developing an approach to the problem. Figure 1 briefly explains the focus of the chapter and on which steps of the marketing research process this chapter concentrates.

In the opening vignette, Subaru's introduction of the Outback to exploit a new market segment demonstrates the crucial importance of correctly defining the marketing research problem. Subaru correctly defined the marketing research problem as determining the various needs of automobile users and the extent to which current product offerings were satisfying those needs. Defining the research problem is the most important aspect of the research process. Only when a problem has been clearly and accurately identified can a research project be conducted properly. This is because problem definition sets the course for the entire project. In this chapter, we will identify the tasks involved and the factors to be considered at this stage and provide guidelines to help the researcher avoid common errors.

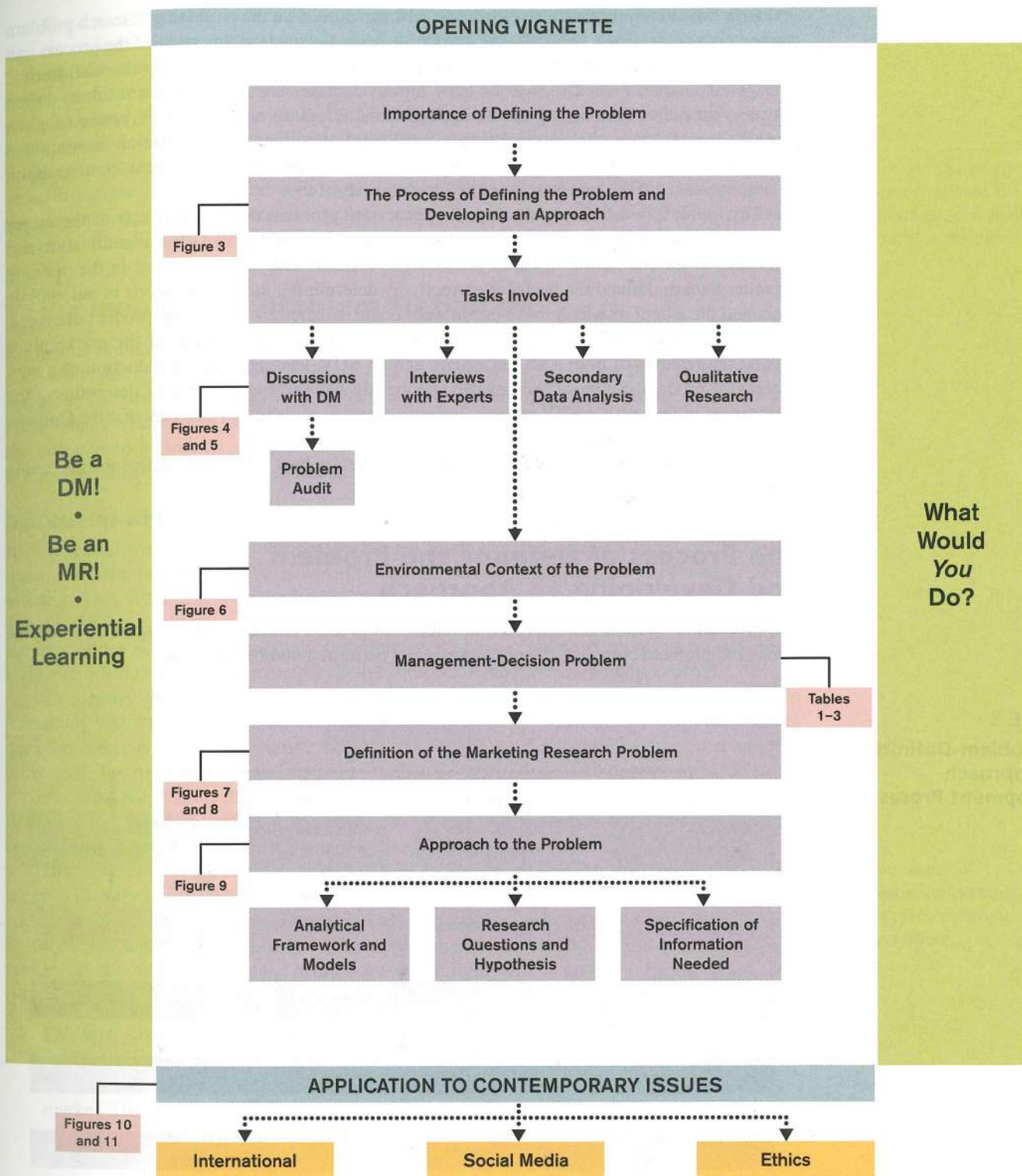
The chapter also discusses how to develop an approach to the research problem once it has been identified. The approach lays the foundation for how to conduct the research by specifying the relevant theory and models. It further refines the specific components of the problem by asking more specific questions and formulating the hypotheses that will be tested. The approach also specifies all the information that would need to be collected in the marketing research project. The special considerations involved in defining the problem and developing an approach in international marketing research are discussed. The impact of social media and several ethical issues that arise at this stage of the marketing research process also are considered. Figure 2 provides an overview of the topics discussed in this chapter and how they flow from one to the next.

## The Importance of Defining the Problem

Although every step in a marketing research project is important, problem definition is the most important step. Marketing researchers consider problems and opportunities confronting management to be interchangeable, because the investigation of each follows the same



**FIGURE 1**  
**Relationship of Problem Definition and Approach to the Marketing Research Process**



**FIGURE 2**  
 Defining the Marketing Research Process and Developing an Approach: An Overview

research process. **Problem definition** involves stating the general problem and identifying the specific components of the marketing research problem, as illustrated in the opening vignette.

The opening vignette provided a broad statement of the problem confronting Subaru and identified its five specific components. The researcher and the key decision makers on the client side should agree on the definition of the problem. The *client* is the individual or organization commissioning the research. The client might be an internal person, as in the case of a research director dealing with a decision maker in her or his own organization. Alternatively, the client might be an external entity if the research is being conducted by a marketing research firm.

**problem definition**

A broad statement of the general problem and identification of the specific components of the marketing research problem.

Only when both parties have clearly defined and agreed on the marketing research problem can research be designed and conducted properly. Mistakes made at this stage of the process can only mushroom into larger mistakes as the project progresses. As stated by the well-known management expert Peter Drucker, the truly serious mistakes are made not as a result of wrong answers, but rather from asking the wrong questions. Of all the steps in the marketing research process, none is more vital to the ultimate fulfillment of a client's needs than an accurate and adequate definition of the research problem. All the effort, time, and money spent from this point on will be wasted if the problem is not defined properly.

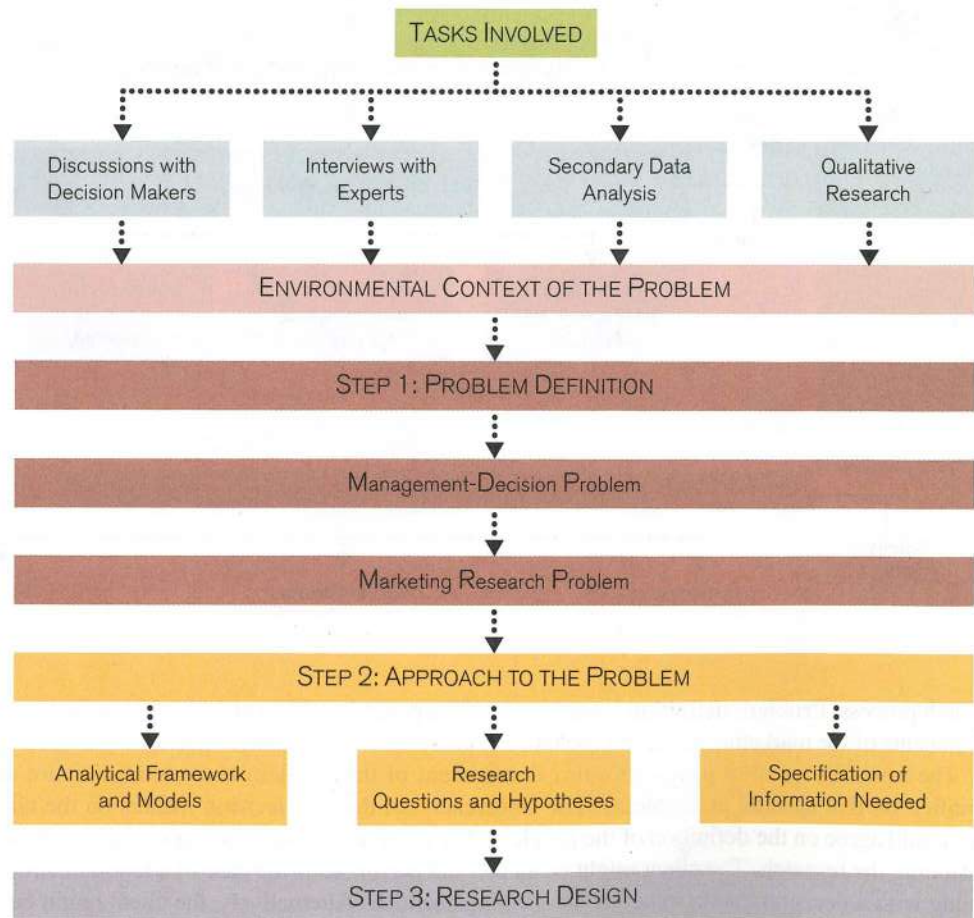
This point is worth remembering. Inappropriate problem definition is one of the major sources of failure in marketing research. The basic message here is that clear identification and definition of the marketing research problem are critical. This was illustrated in the opening vignette. Subaru defined the problem correctly by determining the various needs of automobile users and the extent to which those needs were being satisfied by the current product offerings. The research resulted in an important finding that a substantial segment of the marketplace desired the features of both a station wagon and an SUV, leading to the introduction of a very successful product. Suppose Subaru had incorrectly defined the problem as determining the preferences of the red-hot SUV owners. In such a scenario, it is highly unlikely that the Outback would have been developed.

The problem-definition process provides guidelines on how to correctly define the marketing research problem.

### The Process of Defining the Problem and Developing an Approach

The problem-definition and approach development process is illustrated in Figure 3. To define a research problem correctly, the researcher must perform a number of tasks.

**FIGURE 3**  
The Problem-Definition and Approach Development Process



The researcher must discuss the problem with the decision makers in the client organization, interview industry experts and other knowledgeable individuals, analyze secondary data, and sometimes conduct qualitative research. This informal data collection helps the researcher understand the context or environment within which the problem has arisen. A clear understanding of the marketing environment also provides a framework for identifying the management-decision problem: What should the management do? The management-decision problem is then translated into a marketing research problem, the problem that the researcher must investigate. Based on the definition of the marketing research problem, the researcher develops an appropriate approach. Further explanation of the **problem-definition process** follows, with a discussion of the tasks involved.

#### problem-definition process

The process of defining the management-decision problem and the marketing research problem.

## Tasks Involved in Problem Definition

As mentioned earlier, the tasks involved in problem definition include discussions with the decision makers, interviews with industry experts, analysis of secondary data, and qualitative research. The purpose of performing these tasks is to obtain information on the environmental factors that are relevant to the problem and to help define the management-decision problem and the corresponding marketing research problem, as well as to develop an approach. We will discuss and illustrate each of these tasks.

### Discussions with Decision Makers

It is essential that the researcher understand the nature of the decision faced by the firm's managers—the management-decision problem—as well as management's expectations of the research. This discussion gives the researcher an opportunity to establish achievable expectations. The decision maker needs to understand the capabilities, as well as the limitations, of the research. Research does not provide automatic solutions to problems; rather, it serves as an additional source of information that the manager should consider in the decision-making process.

To identify the management problem, the researcher must possess considerable skill in interacting with the decision maker and maneuvering through the organization. When the ultimate decision maker is a senior executive, the researcher might have difficulty gaining access to that individual. To complicate the situation even further, several individuals might be involved in the final decision. All individuals responsible for resolving the marketing problem should be consulted in this early phase of the project. The quality of the project will be dramatically improved when the researcher is given the opportunity to interact directly with the key decision makers.

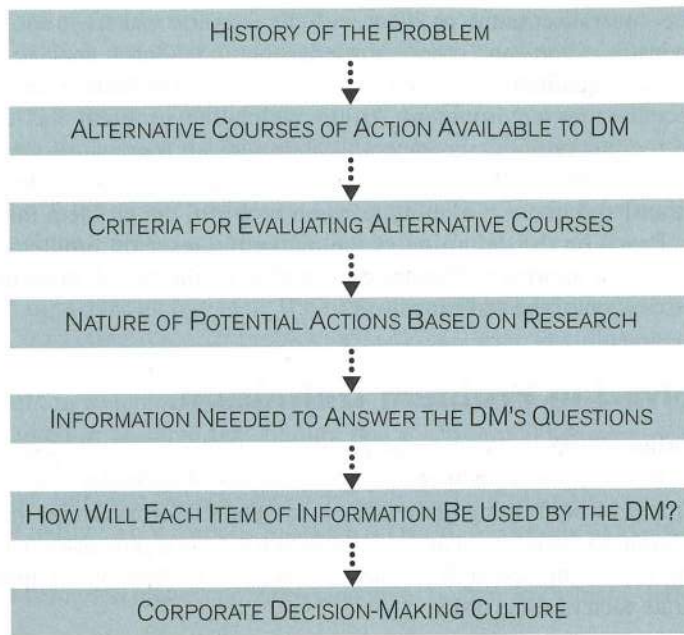
Discussions with the decision maker can be structured around the **problem audit**, which helps to identify the underlying causes of the problem. The problem audit, like any other type of audit, is a comprehensive examination of a marketing problem with the purpose of understanding its origin and nature (see Figure 4). The problem audit involves discussions with the decision maker on the following issues, which are illustrated with a problem facing Mars, Inc. ([www.mars.com](http://www.mars.com)).

#### problem audit

A comprehensive examination of a marketing problem to understand its origin and nature.

1. **The history of the problem.** This includes an analysis of the events that have led to the decision to act. Mars, the second-leading manufacturer of candies in the United States, with a market share of 25 percent, would like to maintain and increase its share of the market. This problem has come into focus due to recent introductions by Hershey's, the category leader with 42 percent share as of January 1, 2010. Hershey's recent product spin-offs, including Hershey's Goodness and York Pink Patties, are threatening Mars' market share.
2. **The alternative courses of action available to the decision maker.** The set of alternatives might be incomplete at this stage, and qualitative research might be needed to identify the more innovative courses of action. The alternatives available to the management of Mars include introducing new brands of chocolates, reducing the prices of existing brands, expanding channels of distribution, and increasing advertising expenditures.
3. **The criteria that will be used to evaluate the alternative courses of action.** For example, new product offerings might be evaluated on the basis of sales, market share, profitability, return on investment, and so forth. Mars will evaluate the alternatives based on contributions to market share and profits.

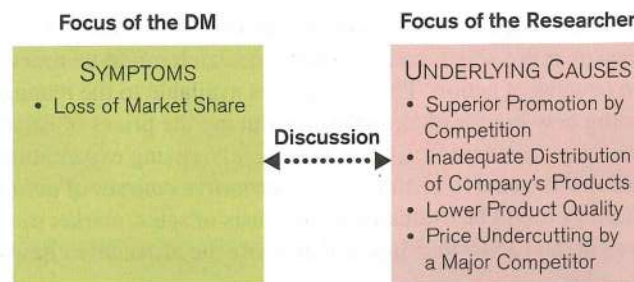
**FIGURE 4**  
**Conducting a Problem Audit**



4. *The nature of potential actions that are likely to be suggested based on the research findings.* The research findings will likely call for a strategic marketing response by Mars.
5. *The information that is needed to answer the decision maker's questions.* The information needed includes a comparison of Hershey's and Mars on all the elements of the marketing mix (product, pricing, promotion, and distribution) in order to determine relative strengths and weaknesses.
6. *The manner in which the decision maker will use each item of information in making the decision.* The key decision makers will devise a strategy for Mars based on the research findings and their intuition and judgment.
7. *The corporate culture as it relates to decision making.* In some firms, the decision-making process is dominant; in others, the personality of the decision maker is more important. A sensitivity to corporate culture in order to identify the individuals who are either responsible for the decision or who have a significant influence over the decision process is essential. In this case, the corporate culture at Mars calls for a committee approach in which key decision makers make the critical decisions.

Conducting a problem audit is essential in order to clarify the problem for the researcher. Not surprisingly, it may serve the same function for the decision maker. Often, the decision maker has only a vague idea of the real problem. For example, the decision maker might know that the firm is losing market share but might not know why. This is because most decision makers focus on the symptoms of a problem rather than its causes. An inability to meet sales forecasts, loss of market share, and a decline in profits are all symptoms. Research that adds value goes beyond the symptoms to address the underlying causes. For example, loss of market share might be caused by a superior promotion by the competition, inadequate distribution of the company's products, lower product quality, price undercutting by a major competitor, or any number of factors (see Figure 5).

**FIGURE 5**  
**Discussion Between the Researcher and the DM**



**TABLE 1 Problem Definition Based on Symptoms Can Be Misleading**

Firm	Symptoms	Problem Definition	
		Based on Symptoms	Based on Underlying Causes
Manufacturer of orange soft drinks	Consumers say the sugar content is too high	Determine consumer preferences for alternative levels of sugar content	Color. The color of the drink is a dark shade of orange giving the perception that the product is too "sugary."
Manufacturer of machine tools	Customers complain prices are too high	Determine the price elasticity of demand	Channel management. Distributors do not have adequate product knowledge to communicate product benefits to customers.

As shown in Table 1, a definition of the problem based on symptoms can be misleading. Only when the underlying causes are identified can the problem be successfully addressed, as exemplified by the effort of Nike to stop the loss of market share.

## Research in Action

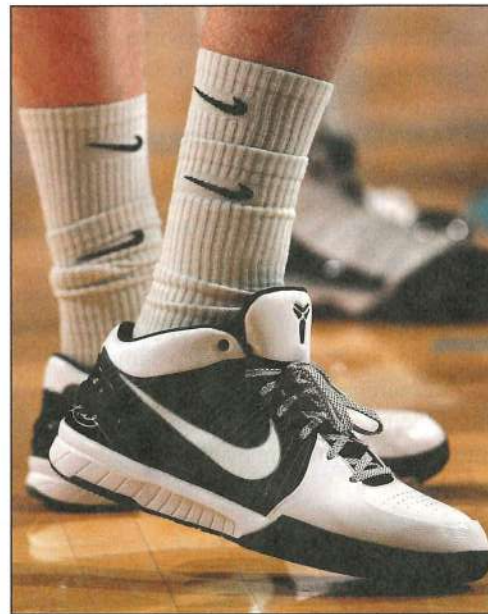
### Increased Advertising in the Video Game Industry Puts Nike Back in the Game

Nike ([www.nike.com](http://www.nike.com)) reported revenues of \$19.39 billion for the fiscal year ending May 31, 2010. Although the company was the global and U.S. leader in athletic footwear, it was losing market share. Clearly there was a problem. However, loss of market share was a symptom, and the underlying causes of the problem had to be identified. A problem audit revealed that a major underlying cause of the problem was the amount Nike was spending on advertising, specifically on advertising in the video game industry. Competitor Adidas had increased its advertising in the video game industry and was one of the top brands recalled by gamers in a study conducted by Phoenix Marketing International. Therefore, the problem was defined as whether Nike should increase its advertising budget in the video game industry.

In an effort to answer this problem, an online survey of 540 video gamers was conducted. The results showed that although Nike was popular with gamers age 8 to 17 years, it lagged behind in the 25- to 35-year segment, a segment that was growing in video game use and that also was a massive contributor to sales of athletic shoes.

Based on these findings, Nike decided to increase its advertising budget devoted to the video game industry. This effort yielded good results, and revenues and market share improved. Nike has continued its emphasis on advertising in the video game industry and has maintained its leadership in the U.S. and global athletic

footwear markets. Correctly identifying the underlying cause of the problem was a key in this turnaround.<sup>2</sup>



Source: Bloomberg/Getty Images.

The Internet provides several mechanisms that can help the researcher communicate with decision makers. The first and most obvious is e-mail. Researchers can use e-mail to reach decision makers at any place or time. Chat rooms also are good forums for discussion with decision makers. For instance, a chat room discussion with multiple decision makers could be developed around a problem audit. The researcher could introduce the audit issues in the chat, and then the decision makers could respond to the issues and to the each other's responses. Chat rooms can be secured with a password if there is a need to protect the discussion's contents. The use of social media for defining the problem is discussed later in the chapter.

**Social Media**

**Be a DM!**

**Be an MR!**

**Sprite: The Number-Three Soft-Drink Brand**

As the brand manager for Sprite, the third-largest soft-drink brand in the United States, you are concerned about improving the brand's performance. Identify possible symptoms that indicate that Sprite's performance is below expectations.

You are conducting marketing research for Sprite to help improve the brand's performance. Identify possible underlying causes that might be contributing to the brand's lack of performance. Visit [www.coca-cola.com](http://www.coca-cola.com) and [www.sprite.com](http://www.sprite.com) and search the Internet—including social media—to obtain as much information about Sprite's marketing program as you can.

**Interviews with Industry Experts**

In addition to discussions with decision makers, interviews with industry experts—individuals knowledgeable about the firm and the industry—can help researchers formulate the marketing research problem. Experts can be found both inside and outside the firm. If the notion of experts is broadened to include people knowledgeable about the general topic being investigated, then the interview also is referred to as an **experience survey** or as the **key-informant technique**. Another variation of this in a technological context is the **lead-user survey**, which involves obtaining information from the lead users of the technology.

Although formal questionnaires normally are not used, a prepared list of topics to be covered during the interview can be often helpful. The order in which these topics are covered and the questions to ask should not be predetermined, but rather decided as the interview progresses. This allows greater flexibility in capturing the experts' insights. The purpose of interviews with experts is to help define the marketing research problem rather than to develop a conclusive solution.

Expert interviews are more commonly used in industrial rather than consumer-research applications. In industrial or highly technical environments, the experts often are more easily identified than in consumer-research settings. This is because consumer settings are more broad and diffused than industrial or technical environments. Expert interviews also are helpful in situations where little information is available from other sources, as in the case of radically new products.

Experts can provide valuable insights in modifying or repositioning existing products, as illustrated by the repositioning of Sears. Once America's number-one retailer, for years, sales at this giant retailer floundered. In 2009, Sears Domestic stores generated \$23.7 billion in net sales, down 7.7 percent from the \$25.3 billion in sales in 2008, due to an 8.7 percent decrease in comparable store sales. When industry experts were consulted, researchers were able to identify the real problem: lack of image. Traditionally a discount store, Sears had unsuccessfully tried to upgrade its image to a prestigious department store, thereby alienating its loyal customers. Sears finally gave up its attempt to upgrade and re-embraced the image of a discount chain store. Since then, sales and profitability have improved.

Researchers can use the Internet to enhance their ability to obtain information from experts in a specific industry. One approach to finding experts is to use newsgroups. Due to the large amount of information available, searching through the newsgroups for specific information can

**experience survey**

Interviews with people knowledgeable about the general topic being investigated.

**key-informant technique**

Interviews with people knowledgeable about the general topic being investigated.

**lead-user survey**

Surveys that involve obtaining information from the lead users of the technology.

**Be an MR!**

**Be a DM!**

**Walmart: The Largest Retailer in the World!**

Visit [www.walmart.com](http://www.walmart.com) and search the Internet—including social media—as well as your library's online databases to identify the challenges and opportunities facing Walmart, the largest retailer in the world.

Visit [groups.google.com](http://groups.google.com) and browse retailing newsgroups to identify an expert in online retailing. Interview this expert (via telephone or online) to identify the challenges and opportunities facing Walmart. Alternatively, you can search for and analyze this expert's comments by searching the Internet.

As the CEO of Walmart, what marketing strategies would you formulate to overcome the challenges and capitalize on the opportunities identified by the marketing researcher?

**Social Media**

be an arduous task. A good place to start is [groups.google.com](http://groups.google.com), which provides categorized lists of newsgroups. Also, you may have access to newsgroups through your ISP (Internet service provider). After finding a relevant newsgroup, access the newsgroup and search for postings about the topic of interest. Surveying postings in a newsgroup is a good starting point for making contacts with the experts in a particular industry.

### Secondary Data Analysis

The information that researchers obtain from decision makers and industry experts should be supplemented with available secondary data. **Secondary data** are data collected for some purpose other than the problem at hand, such as data available from trade organizations, the Bureau of Census ([www.census.gov](http://www.census.gov)), and the Internet. In contrast, **primary data** are originated by the researcher for the specific problem under study, such as survey data. Secondary data include information made available by business and government sources, commercial marketing research firms, and computerized databases. Secondary data are an economical and quick source of background information.

Analyzing available secondary data is an essential step in the problem-definition process and should always precede primary data collection. Secondary data can provide valuable insights into the problem situation and lead to the identification of innovative courses of action. For example, the U.S. Department of Labor says that the median age of the American labor force will increase; by 2030, 23 percent of the U.S. labor force is projected to be age 55 and older, compared with 16 percent in 2005. This is, in part, the result of the maturation of the “baby bust” generation (those born between 1965 and 1976), which will cause a decline in the number of young (age 16 to 24) workers available to fill entry-level positions, with that percentage decreasing from 15 in 2005 to 13 in 2030. This potential shortage of young workers has caused many marketers, particularly those in the service industries, to investigate the problem of consumer response to self-service. Some companies, such as Arby’s, have switched from a “high-touch” to a “high-tech” service orientation. By using high-tech equipment, consumers now perform many of the services formerly done by workers, such as placing their own orders by entering them directly into the electronic terminal.

#### secondary data

Data collected for some purpose other than the problem at hand.

#### primary data

Data originated by the researcher to address the research problem.

Be a DM!	Be an MR!
<b>Wendy's Battling for Market Share</b>	
<p>As the marketing director for Wendy's, what significance do you attach to secondary data showing the aging of the U.S. population? What are the implications of these data for increasing Wendy's market share?</p>	<p>Identify the sources of secondary data including social media that would be helpful in defining the problem of Wendy's increasing its share of the fast-food market. Visit <a href="http://www.wendys.com">www.wendys.com</a> and search the Internet—as well as your library's online databases—to determine Wendy's market share for the past 3 years.</p>



### Qualitative and Exploratory Research

Information obtained from decision makers, industry experts, and secondary data might not be sufficient to define the research problem. Sometimes qualitative research must be undertaken to gain a clear understanding of the factors underlying a research problem. **Qualitative research** is unstructured in that the questions asked are formulated as the research proceeds. It is exploratory in nature and based on small samples. It might involve popular qualitative techniques such as focus groups (group interviews) or in-depth interviews (one-on-one interviews that probe the respondents' thoughts in detail). Other exploratory research techniques, such as pilot surveys and case studies, can also be undertaken to gain insights into the phenomenon of interest. **Pilot surveys** tend to be less structured than large-scale surveys in that they generally contain more open-ended questions and the sample size is much smaller. **Case studies** involve an intensive examination of a few selected cases of the phenomenon of interest. The cases could be consumers, stores, firms, or a variety of other units, such as markets, Web sites, and so forth.

#### qualitative research

An unstructured, exploratory research methodology based on small samples intended to provide insight and understanding of the problem setting.

#### pilot surveys

Surveys that tend to be less structured than large-scale surveys in that they generally contain more open-ended questions and the sample size is much smaller.

**case studies**

Involve an intensive examination of a few selected cases of the phenomenon of interest. Cases could be customers, stores, or other units.

The data are obtained from the company, external secondary sources, and by conducting lengthy unstructured interviews with people knowledgeable about the phenomenon of interest. In a project we conducted for a major department chain store, valuable insights into factors affecting store patronage were obtained in a case study comparing the five best stores with the five worst stores of that chain. The role of qualitative research in defining the marketing research problem is further illustrated by Norwegian Cruise Lines.

Once the leader in the Caribbean cruise market, Norwegian Cruise Lines ([www2.ncl.com](http://www2.ncl.com)), based in Coral Gables, Florida, had slipped to fourth position. To identify the underlying causes and define the problem, focus groups and pilot (small-scale) surveys were conducted. This qualitative research revealed that one worry that kept people from cruising was the fear of being confined to a boat for a week or more with little to do. This concern was particularly acute among young people. This concern became a major component of the problem, and a large survey was conducted to address it. The survey verified the qualitative research findings.

In response to this information, Norwegian Cruise Lines developed advertising that fought this myth, emphasizing that passengers have the flexibility to make their cruise vacation whatever they want it to be. Its provocative, award-winning print and TV campaigns featured close-ups of young people, often on land, having lots of fun. The campaign helped Norwegian attract new and younger customers and improve its market share and penetration. This success was achieved despite the fact that Norwegian was outspent in advertising two to one by Carnival Cruise Lines and one and one-half to one by Royal Caribbean Cruises.

Although research undertaken at this stage might not be conducted in a formal way, it can provide valuable insights. These insights, together with information obtained from discussions with the decision makers, industry experts, and analysis of secondary data, guide the researcher to an appropriate definition of the problem, as illustrated by P&G for CoverGirl.

## Research in Action

### P&G's Peep into Privacy Identifies Underlying Causes

P&G decision makers were faced with the problem of increasing the sales and market share of its CoverGirl cosmetics lines. Analysis of internal secondary data showed that the sales to working mothers were stagnating despite the fact that external secondary data revealed that the number of mothers in the workforce was increasing. Past research conducted by P&G as well as interviews with cosmetic experts revealed that the image of CoverGirl was not the problem, as the line was well-thought-of by both the experts and ordinary users.

In an effort to identify the underlying causes, P&G turned to qualitative research. In addition to focus groups, it sent video crews and cameras into households with working mothers, hoping to capture, on tape, life's daily routines and procedures in all their boring glory. A small London research firm, Everyday Lives Ltd. ([www.everydaylives.com](http://www.everydaylives.com)) ran the program for P&G.

This research revealed that one of the biggest challenges faced by working mothers is their hectic mornings. Between getting the kids off to school and juggling a host of other duties, they still want to make sure they leave the house looking their best. So P&G defined the marketing research problem as determining the potential for multipurpose products that could help this segment of customers by making their makeup routine easier. Subsequent research led to the launch of multipurpose products such as a CoverGirl cosmetic that is a moisturizer, foundation, and sunscreen all rolled into one. This was followed by the introduction in 2010 of "the 3-Minute Facelift Effect," involving CoverGirl & Olay Simply Ageless Serum Primer and Foundation. Working moms were to "first, smooth on the Serum Primer to prep your skin; it hydrates to

help firm skin's appearance. Next, apply the foundation to cover fine lines and wrinkles flawlessly. The results are so amazing everyone will wonder what you did." These products were successful because they met an underlying need of the target segment.<sup>4</sup>

**COVERGIRL**  
INTRODUCING  
TAYLOR SWIFT

introducing a breath of fresh air!  
flawless coverage with a light-as-air feel.  
new **natureluxe** silk foundation  
Silky touched to nature.

Discover the flawless finish with a lightweight feel.  
We took our honey-scented silk and put in a light touch of cucumber.  
And now? Even the 21st-century makeup can't beat it for a lightweight feel!

NEW COVERGIRL. TAYLOR SWIFT IS BACK IN NATURELUXE FOUNDATION IN AMBASSADOR.  
Get Taylor's look of coverage. \*Based on data from the NPD Group.  
[www.covergirl.com](http://www.covergirl.com)

Source: Splash News/CoverGirl/Newscom.

## Environmental Context of the Problem

The insights gained from qualitative research, along with discussions with decision makers, interviews with industry experts, and analysis of secondary data, help the researcher understand the environmental context of the problem. The researcher must have a full understanding of the client's firm and industry. Several factors that comprise the **environmental context of the problem** can play an important role in defining the marketing research problem. These factors consist of past information and forecasts pertaining to the industry and the firm, the firm's resources and constraints, decision makers' objectives, buyer behavior, the legal environment, the economic environment, and the firm's marketing and technological skills (see Figure 6). Each of these factors is discussed briefly.

### Past Information and Forecasts

Past information and forecasts of trends with respect to sales, market share, profitability, technology, population, demographics, and lifestyle are combined to provide the researcher with a fuller picture of the underlying marketing research problem. Not only should the firm's performance and projections be analyzed, but the firm's performance relative to the overall industry should be examined as well. For example, if a firm's sales have decreased but industry sales have increased, the problems will be very different than if industry sales have also decreased. In the former case, the problems are likely to be specific to the firm.

Past information, forecasts, and trends can be valuable in uncovering potential opportunities and problems. For example, pizza restaurants have sought to exploit potential opportunities in the recent trend toward takeout food and home delivery. Pizza Hut has successfully capitalized on this trend by emphasizing takeout and home-delivery services. It opened several takeout-only (with no dine-in service) outlets to better serve this market. As another illustration, in the Subaru vignette, forecasts of future sales of station wagons and SUVs indicated to management that both types of automobiles were not tapping the full market potential.

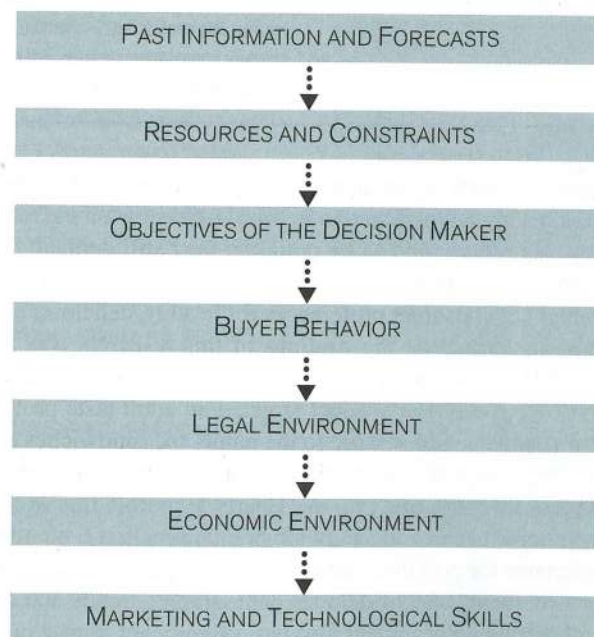
Past information and forecasts can be especially valuable if resources are limited and there are other constraints on the organization.

### Resource Constraints and Objectives

To formulate a marketing research problem of appropriate scope, it is necessary to take into account the resources available, such as money, research skills, and operational capabilities, as well as operational and time constraints. Although adjustments in proposed research expenditure levels are common, proposing a large-scale \$100,000 project when only \$40,000 has been

### environmental context of the problem

Factors that have an impact on the definition of the marketing research problem, including past information and forecasts, resources and constraints of the firm, objectives of the decision maker, buyer behavior, legal environment, economic environment, and marketing and technological skills of the firm.



**FIGURE 6**  
Factors to Be Considered  
in the Environmental  
Context of the Problem

budgeted will put the research firm at a serious competitive disadvantage. Time constraints also are an important factor in many research projects. A project for Fisher-Price, a major toy manufacturer, involving mall-intercept interviews (conducted with shoppers in malls) in six major cities (Chicago, Fresno, Kansas City, New York, Philadelphia, and San Diego) had to be completed in 4 weeks. Why the rush? The results had to be presented at an upcoming board meeting where a major (go/no-go) decision was to be made about a new product introduction. The time constraint was a major factor that guided the problem definition and the approach adopted.

In formulating the management-decision problem, the researcher must also have a clear understanding of two types of **objectives**: (1) the organizational objectives (the goals of the organization) and (2) the personal objectives of the decision makers. For the project to be successful, it must serve the objectives of the organization and of the decision makers. This may become a challenge when the two are not complementary. For example, a decision maker might wish to undertake research to postpone an awkward decision, to lend credibility to a decision that has already been made, or to get promoted.

It might take skill to get the decision maker to think in terms of objectives that management can act upon (actionable objectives). One effective technique is to confront the decision maker with a number of possible solutions to a problem and ask whether he or she would follow a particular course of action. If the answer is no, further probing might be needed to uncover deeper reasons as to why a particular solution is unsatisfactory.

### Buyer Behavior

**Buyer behavior** is a central component of the environment. It includes the underlying motives, perceptions, attitudes, buying habits, and demographic and psychographic (psychological and lifestyle) profiles of buyers and potential buyers. Most marketing decisions involve a prediction of the buyers' response to a particular marketing action. An understanding of the underlying buyer behavior can provide valuable insights into the problem. Note that in the Subaru vignette, information on the demographic and psychographic characteristics of the automobile segment whose needs were not being met was an important component of the marketing research problem.

#### objectives

Goals of the organization and of the decision maker that must be considered in order to conduct successful marketing research.

#### buyer behavior

A body of knowledge that tries to understand and predict consumers' reactions based on an individual's specific characteristics.

#### Social Media

#### Be a DM!

#### Be an MR!

#### Timberland Marketing Outdoor Shoes

As the marketing manager for Timberland, how would your understanding of the consumers' decision-making process affect your decision to sell outdoor shoes on the Internet?

Timberland is a major manufacturer of outdoor footwear. Visit [www.timberland.com](http://www.timberland.com) and search the Internet—including social media—as well as your library's online databases to obtain information on Timberland's marketing program for outdoor shoes. What decision-making process do consumers follow when purchasing outdoor shoes?

In another case, buyer behavior research told ConAgra Frozen Foods that more than 55 percent of Americans pack a lunch and that more and more meals are eaten on the run. However, although consumers increasingly want their food to be portable, they still demand high flavor and good nutrition. Wanting to capitalize on this aspect of buyer behavior, ConAgra further investigated the marketing research problem of consumer preferences for healthy, delicious, and portable food.

The company's answer, based on the findings of this research, was a new entry into the premium-meals category, Healthy Choice Hearty Handfuls frozen sandwiches. As an alternative to many frozen convenience foods, the product targeted an adult taste profile with bakery-style breads, lean meats, and crisp vegetables. True to the name, the sandwiches are both healthy (low in fat and calories) and hearty (at 6 ounces, they are an estimated 35 percent larger than most frozen sandwiches). According to ConAgra, the Hearty Handfuls line exceeded sales expectations, becoming the number-three frozen sandwich brand in its first 6 months.

The increased preference for portable, healthy, and hearty food could be attributed to changes in the sociocultural environment, which includes demographic trends and consumer tastes. The legal, economic, and marketing environment also has a significant impact in some industries.

## Legal, Economic, Marketing, and Technological Environments

The **legal environment** includes public policies, laws, government agencies, and pressure groups that influence and regulate various organizations and individuals in society. Important areas of law include patents, trademarks, royalties, trade agreements, taxes, and tariffs. Federal regulation and deregulation has had a huge impact on the marketing process in many industries, such as the airline, banking, and telecommunication industries. The legal and regulatory considerations relevant to a business must be taken into account by the researcher.

Another important component of the environmental context is the **economic environment**, which is composed of purchasing power, gross income, disposable income, discretionary income, prices, savings, credit availability, and general economic conditions. The general state of the economy (rapid growth, slow growth, recession, or stagflation) influences the willingness of consumers and businesses to take on credit and spend on big-ticket items. Thus, the economic environment can have important implications for marketing research problems.

J.C. Penney is one of the largest and most well-known department stores in the United States. In the 1980s, J.C. Penney suffered due to inconsistent sales growth and a drop in the company's image. In the early 2000s, J.C. Penney began a massive overhaul toward a higher-quality image to counter these problems. The company courted famous name brands such as Oshkosh B'Gosh, Levis, and Charles of the Ritz. Unfortunately, J.C. Penney decided to raise prices and go for high-end fashions at a bad time. Price increases coincided with the recession and the economic downturn of 2001 and 2002, and consumers did not have sufficient money to spend. Its most recent attempt in 2011 to recover its image has been to stick with good brand names, to control prices, and to market itself as the store for "middle America." J.C. Penney's lost image has been found by keeping prices competitive and carrying good brand names.

A firm's marketing and technological skills greatly influence which marketing programs and strategies can be implemented. A company's expertise with each element of the marketing mix, as well as its general levels of marketing and production skills, affect the nature and scope of the marketing research project. For example, the introduction of a new product that requires retooling of a manufacturing process or that presumes sophisticated marketing skills might not be a viable alternative if the firm lacks the skills to manufacture or market such a product. However, if the company is able to capitalize on its marketing and technological skills, its products and new introductions are more likely to succeed, as illustrated in the Subaru vignette.

A good understanding of the environmental context of the problem enables the researcher to appropriately define the problem, as illustrated by Gillette.

## Research in Action

### Satin Care for Women Provides a Satin Touch for Gillette

Analysis of past information indicated that most women pamper themselves with products for their beauty regimen and that this trend was likely to continue. Gillette was willing to devote its tremendous financial resources and marketing expertise to capturing a larger share of the women's shaving-products market.

An examination of underlying buyer behavior revealed that women had a strong preference for personal-care products that were rich in moisturizers. Economic and marketing analysis indicated that a substantial segment of this market was not price sensitive and was willing to pay a premium for such products. Accordingly, the marketing research problem was formulated as the investigation of women's preferences and purchase intentions for a shaving preparation rich in moisturizers.

The research showed that women were willing to spend more on shaving products that contained moisturizers. To capitalize on those findings, Gillette introduced Satin Care for Women (www.satincare.com). The product was an innovation in the shaving-products category, because it was the first nonsoap-based shaving preparation and it was infused with seven moisturizers. The product introduction was so successful that Satin Care



Source: HANDOUT/KRTNews.com.

(continued)

### legal environment

Regulatory policies and norms within which organizations must operate.

### economic environment

The economic environment is composed of purchasing power, gross income, disposable income, discretionary income, prices, savings, credit availability, and general economic conditions.

for Women exceeded all expectations in the launch markets of the United States, Canada, and northern Europe. This success reinforced Gillette's understanding of the environmental factors in the shaving-products market. Gillette continued to build on the success of Satin Care for Women by extending the line. As of

2011, the Satin Care line was marketed with the tagline: "Smooth. Sexy. Satin" and included in-shower moisturizers (Dry Skin and Sensitive Skin), shave gel fragrances (Alluring Avocado, Lavender Kiss, Floral Passion, and Radiant Apricot), and shave gel skin formulations (Dry Skin, Sensitive Skin, and Cooling Sensation).<sup>5</sup>

Many of the factors to be considered in determining the environmental context of the problem can be researched via the Internet. Past information and trend forecasts can be found by searching for the appropriate information with the search engines. For company-specific information pertaining to the client or a competitor, the researcher can go to the company's home page.

Gaining an adequate understanding of the environmental context of the problem allows the researcher to define both the management-decision problem and the marketing research problem.

## Management-Decision Problem and Marketing Research Problem

### management-decision problem

The problem confronting the decision maker. It asks what the decision maker needs to do.

### marketing research problem

The marketing research problem asks what information is needed and how it can best be obtained.

The **management-decision problem** asks what the decision maker needs to do, whereas the **marketing research problem** asks what information is needed and how it can best be obtained (see Table 2). Research is directed at providing the information necessary to make a sound decision. The management-decision problem is action oriented, framed from the perspective of what should be done. How should the loss of market share be arrested? Should the market be segmented differently? Should a new product be introduced? Should the promotional budget be increased?

In contrast, the marketing research problem is information oriented. Research is directed at providing the information necessary to make a sound decision. The management-decision problem focuses on the symptoms, whereas the marketing research problem is concerned with the underlying causes (see Table 2).

In the opening vignette, the management-decision problem was "What can Subaru do to expand its share of the automobile market?" The marketing research problem focused on information about the needs of the buyers of passenger cars, station wagons, and SUVs and on identifying a segment whose needs were not being met. Also, information was to be obtained on the automobile features desired by the identified segment and on the demographic and psychographic characteristics of this segment.

To further illustrate the distinction between the two orientations, consider an illustrative problem: the loss of market share for Unilever's ([www.unilever.com](http://www.unilever.com)) Axe male grooming product line in United States. The decision maker is faced with the problem of how to recover this loss (the management-decision problem). Possible responses include modifying existing products, introducing new products, reducing prices, changing other elements in the marketing mix, and segmenting the market. Suppose the decision maker and the researcher believe that the problem can be traced to market segmentation, in that Axe should be targeted at a specific segment. They decide to conduct research to explore that issue. The marketing research problem would then become the identification and evaluation of different ways to segment or group the market. As the research process progresses, problem definition can be modified to reflect emerging information. Table 3 provides additional examples, including that of Subaru from the opening vignette, that further clarify the distinction between the management-decision problem and the marketing research problem.

**TABLE 2 Management-Decision Problem Versus the Marketing Research Problem**

Management-Decision Problem	Marketing Research Problem
Asks what the decision maker needs to do	Asks what information is needed and how it should be obtained
Action oriented	Information oriented
Focuses on symptoms	Focuses on the underlying causes

**TABLE 3 Management-Decision Problem and the Corresponding Marketing Research Problem**

Management-Decision Problem	Marketing Research Problem
Should the advertising campaign be changed?	To determine the effectiveness of the current advertising campaign.
Should the price of the product be changed?	To determine the impact on sales and profits of various levels of price changes.
What can Subaru do to expand its automobile market?	To determine the various needs of the automobile users and the extent to which those needs were being satisfied by the current product offerings.

A good way to link the broad statement of the marketing research problem with the management-decision problem is through the use of a conceptual map.<sup>6</sup> A **conceptual map** involves the following three components:

Management wants to (*take an action*).

Therefore, we should study (*topic*).

So that we can explain (*question*).

The first line states the rationale for the question and the project. This is the management-decision problem. The second line of the conceptual map declares what broader topic is being investigated. The third line implies the question being investigated—the who/how/why that needs to be explained. Thus, the second and third lines define the broad marketing research problem. An example of the conceptual map for AT&T follows:

Management wants to (develop retention programs that will retain 90 percent of heavy users of wireless services and lead to 10 percent higher sales over the next 2 years).

Therefore, we should study (heavy-user loyalty).

So that we can explain (what will be the most important variables in retaining these customers over the next 2 years).

As can be seen, the preceding example provides valuable definitions of the management-decision problem and the broad marketing research problems that are closely linked. The problem is now focused on a segment of customers (heavy users) and one behavior of these customers (staying with the company over the next 2 years). Measurable results, such as “90 percent retention of heavy users,” are included, as well as a company goal (10 percent increase in sales over the next 2 years).

## Experiential Learning

### Kimberly-Clark's Conceptual Map

In an attempt to take market share away from archrival P&G's Pampers, Kimberly-Clark's baby-care division has developed a diaper that remains wet for 2 minutes prior to drying. Called “Wet 'n Act Advanced Trainers,” these diapers prompt toddlers to try tinkling in the toilet once they partially wet the diaper. The Huggies team has a keen interest in the primary customer segment it calls “30 & Smart.” This segment currently accounts for 15 percent of Pampers and 20 percent of Huggies sales. Members of this segment live primarily in metropolitan areas, are between 30 and 39 years of age, and are well educated.<sup>7</sup>

Visit [www.kimberly-clark.com](http://www.kimberly-clark.com) and search the Internet—including social media—as well as your library's electronic databases to obtain information on Kimberly-Clark's and competing diaper brands. Develop a three-level conceptual map from the following elements:

- Management wants to beat Pampers in the diaper wars.
- Management wants to successfully introduce a new diaper that will capture an 80 percent market share in the 30 & Smart segment within 12 months after introduction.
- Therefore, we are studying what will make the best diaper.
- Therefore, we are studying 30 & Smart evaluations of “Wet 'n Act” in a test market.
- So that we can explain preferences for competing brands of diapers.
- So that we can explain the probability of switching to the “Wet 'n Act” diapers within this segment.

### conceptual map

A way to link the broad statement of the marketing research problem with the management-decision problem.

**Social  
Media**

## Defining the Marketing Research Problem

A general guideline for defining the research problem is that the definition should (1) allow the researcher to obtain all the information needed to address the management-decision problem and (2) guide the researcher in proceeding with the project. Researchers often err by defining the research problem either too broadly or too narrowly (see Figure 7).

A broad definition fails to provide clear guidelines for the subsequent steps involved in the project. The following are examples of overly broad marketing research problem definitions: developing a marketing strategy for the brand, improving the competitive position of the firm, or improving the company's image. These definitions are not specific enough to suggest an approach to the problem or a research design.

Focusing the problem definition too narrowly can also be a serious flaw. A narrow focus might inhibit a full examination of plausible options, particularly innovative ones. It might also prevent the researcher from addressing important components of the management-decision problem. For example, a problem will be too narrowly defined if it is confined to how a company should adjust its pricing, given that a major competitor has initiated price changes. The narrow focus on pricing alone leaves out other possible responses (alternative courses of action), such as introducing new brands, changing advertising, or adding new distribution channels.

A narrow definition of the problem could also lead to restrictive sampling, resulting in erroneous conclusions. If Revlon is targeting females age 16 to 29 for its cosmetics line, that is fine for guiding media placement; however, the problem would be too narrowly defined for research measuring advertising effectiveness if the study is restricted to females age 16 to 29. The reason is that TV advertising has a much larger reach. Suppose the advertising turns out to be really effective among women age 30 to 50 instead of 16 to 29. Revlon might have canceled a very effective campaign because it appeared to be failing among the target audience. However, it is possible that Revlon's commercials are working among the age 16-to-29 group, but driving all other age groups away. If we were sampling only the age 16-to-29 segment, we would have overlooked this critical failing. Remember: Always define the problem broadly enough so as not to overlook any relevant aspects.

To minimize the possibility of a wrong decision due to an incorrect definition of the marketing research problem, the researcher should adopt a two-stage process: First, the marketing research problem is stated in broad, general terms; then, it is reduced to its specific components (see Figure 8). The **broad statement of the problem** provides perspective on the problem and acts as a safeguard against committing the second type of error. The **specific components of the problem** focus on the key aspects and provide clear guidelines on how to proceed further, avoiding the first type of error.

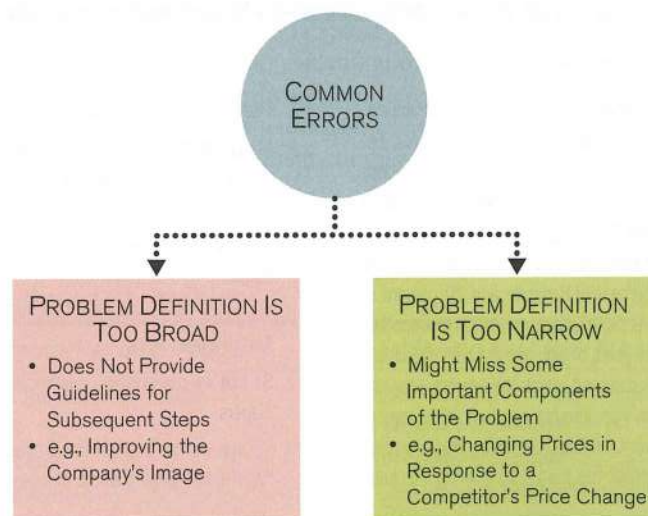
### broad statement of the problem

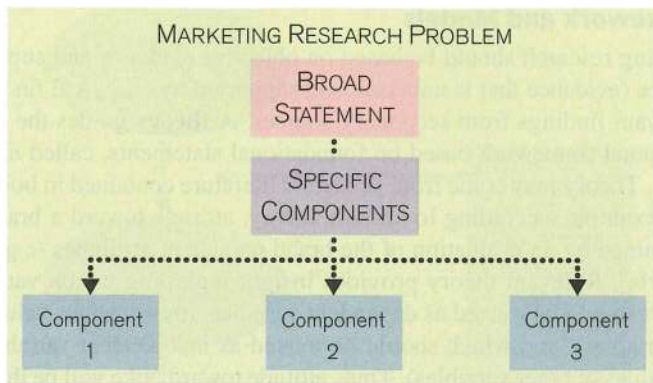
The initial statement of the marketing research problem that provides an appropriate perspective on the problem.

### specific components of the problem

The second part of the marketing research problem definition. The specific components focus on the key aspects of the problem and provide clear guidelines on how to proceed.

**FIGURE 7**  
Errors in Defining the Marketing Research Problem





**FIGURE 8**  
Proper Definition of the  
Marketing Research  
Problem

This process was illustrated in the opening vignette. The broad statement of the problem was to determine the various needs of automobile users and the extent to which current product offerings were satisfying those needs. In addition, five specific components were identified. *Tennis* magazine provides another example of an appropriate marketing research problem definition.

## Research in Action

### Research Serves *Tennis* Magazine

*Tennis* magazine ([www.tennis.com](http://www.tennis.com)), a publication of the Miller Publishing Group, wanted to obtain information about its readers. The broad marketing research problem was defined as gathering information about subscribers. The specific components of the problem were as follows:

1. **Demographics.** Who are the men and women who subscribe to the magazine?
2. **Psychological characteristics and lifestyles.** How do subscribers spend their money and their free time? The following lifestyle indicators were examined: fitness, travel, car rental, apparel, consumer electronics, credit cards, and financial investments.

3. **Tennis activity.** Where and how often do subscribers play tennis? What are their skill levels?
4. **Relationship to *Tennis* magazine.** How much time do subscribers spend with the issues? How long do they keep them? Do they share the magazine with other tennis players?

Because the questions were clearly defined, the information provided by this research helped management design specific features on tennis instruction, equipment, famous tennis players, and locations to play tennis to meet readers' specific needs. These changes made *Tennis* magazine more appealing to its readers and resulted in increased circulation and enhanced advertising revenues. As of 2011, the magazine had more than 600,000 subscribers.

Once the marketing research problem has been broadly stated and its specific components identified, as in the case of *Tennis* magazine, the researcher is in a position to develop a suitable approach.

### Be a DM!

### Be an MR!

#### TiVo: Marketing Innovation

A TiVo DVR is like a VCR, but without the hassles of videotapes or timers. Browse the TiVo Web site ([www.tivo.com](http://www.tivo.com)) to get a better idea of this innovative product/service.

As the marketing manager, you want to increase TiVo's sales. What information do you need in accomplishing this goal?

Broadly define and identify the specific components of the marketing research problem facing TiVo.

## Components of the Approach

The tasks performed earlier also help in developing an approach. An approach to a marketing research problem should include the following components: analytical framework and models, research questions and hypotheses, and a specification of the information needed (see Figure 3). Each of these components is discussed in the following sections.

**objective evidence**

Unbiased evidence that is supported by empirical findings.

**theory**

A conceptual scheme based on foundational statements, which are assumed to be true.

**analytical model**

An explicit specification of a set of variables and their interrelationships designed to represent some real system or process in whole or in part.

**verbal models**

Analytical models that provide a written representation of the relationships between variables.

**graphical models**

Analytical models that provide a visual picture of the relationships between variables.

**mathematical models**

Analytical models that explicitly describe the relationships between variables, usually in equation form.

**Analytical Framework and Models**

In general, marketing research should be based on objective evidence and supported by theory. **Objective evidence** (evidence that is unbiased and supported by empirical findings) is gathered by compiling relevant findings from secondary sources. A **theory** guides the collection of this data. It is a conceptual framework based on foundational statements, called *axioms*, which are assumed to be true. Theory may come from academic literature contained in books, journals, and monographs. For example, according to attitude theory, attitude toward a brand, such as Nike sneakers, is determined by an evaluation of the brand on salient attributes (e.g., price, comfort, durability, and style). Relevant theory provides insight regarding which variables should be investigated, which should be treated as dependent variables (those whose values depend on the values of other variables), and which should be treated as independent variables (those whose values affect the values of other variables). Thus, attitude toward Nike will be the dependent variable; price, comfort, durability, and style will be independent variables. The approach should be based on some kind of working theory or framework. This also is helpful in developing an appropriate model.

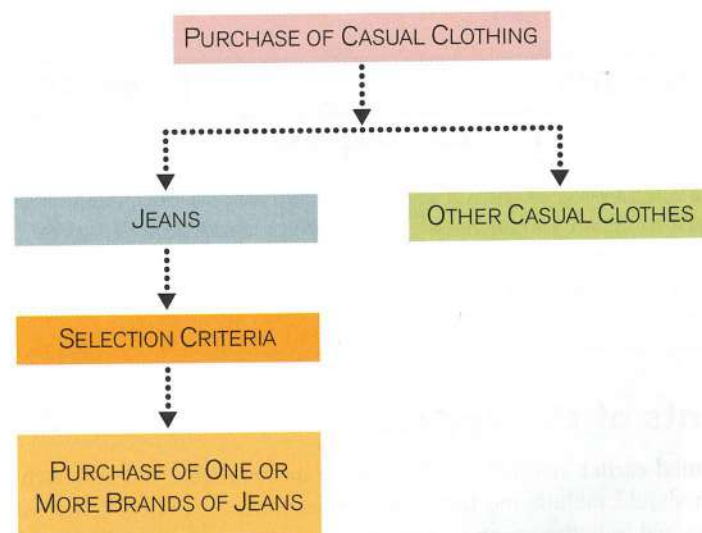
An **analytical model** consists of a set of variables related in a specified manner to represent all or a part of some real system or process. Models can take many forms. The most common are verbal, graphical, and mathematical structures. In **verbal models**, the variables and their relationships are stated in prose form. These models often are a summary or restatement of the main points of the theory. **Graphical models** are visual and pictorially represent the theory. They are used to isolate variables and to suggest directions of relationships; however, they are not designed to provide numerical results. They are logical, preliminary steps to developing mathematical models. **Mathematical models** explicitly specify the strength and direction of relationships among variables, usually in equation form. Graphical models are particularly helpful in conceptualizing an approach to the problem, as the following jeans purchase model illustrates.

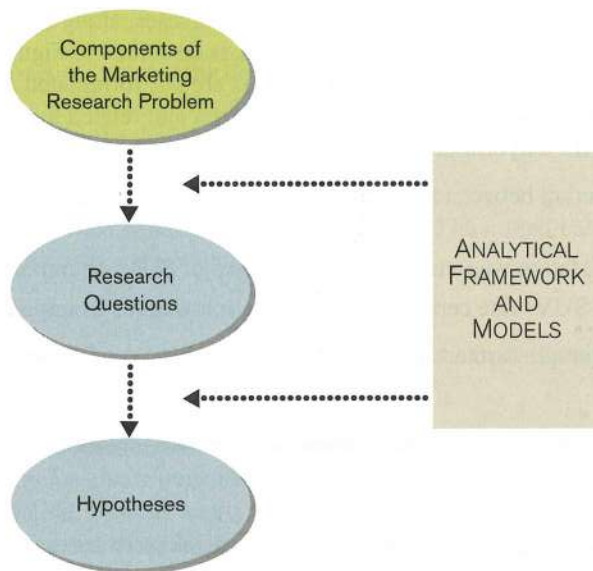
**Research in Action**

## Lee Riveted Rivets Young Consumers with "The Brand That Fits"

According to consumer decision-making theory, the consumer first decides whether to purchase jeans or other casual clothes. If jeans are to be purchased, the consumer will form selection criteria for evaluating alternative brands. The selection criteria consist of factors such as color, price, fit, cut, comfort, and quality. The competing brands of jeans are then evaluated based on the selection criteria to purchase one or more brands. The accompanying graphical model illustrates the decision process for jeans for a consumer considering the purchase of casual clothing.

Lee Riveted jeans ([www.lee.com](http://www.lee.com)) are targeted at young people, who buy jeans based primarily on fit and cut. Therefore, the marketing theme of Lee Riveted with taglines "the brand that fits" and "cut to be noticed" was based on this model. In 2007, the company expanded its reach by introducing three new lines of fit: Lee Custom Fit, Lee Natural Fit, and Lee Relaxed Fit. In 2010, Lee Jeans introduced Lee Premium Select with the tagline "Comfort where it counts." The line offered softer, stronger, new fits.<sup>8</sup>





**FIGURE 9**  
Development of Research Questions and Hypothesis

In the opening vignette, the analytical model postulated that buyers first decide on the type of car they want (e.g., station wagon, SUV, passenger car) and then select a specific brand based on their choice criteria (e.g., features, performance, price, repair and maintenance, gas mileage, and so forth). The verbal, graphical, and mathematical models complement each other and help the researcher identify relevant research questions and hypotheses, as shown in Figure 9.

Be an MR!	Be a DM!
<b>GM: Targeting Car Buyers</b>	
Write a report about consumers' perceptions of GM's automobile brands by visiting <a href="http://www.gm.com">www.gm.com</a> and searching the Internet, including social media. Develop a graphical model explaining consumers' selection of an automobile brand.	As the marketing chief of GM, how can a graphical model explaining consumers' selection of an automobile brand help you to position GM's various brands?

Social Media

### Research Questions and Hypotheses

**Research questions (RQs)** are refined statements of the specific components of the problem. A problem component might break into several research questions. Research questions are designed to ask the specific information required to address each problem component. Research questions that successfully address the problem components will provide valuable information for the decision maker.

The formulation of the research questions should be guided, not only by the problem definition, but also by the analytical framework and the model adopted. In the Lee Riveted jeans example, the factors that influenced consumers' selection of jean brands were postulated based on theoretical framework as color, price, fit, cut, comfort, and quality. Several research questions can be posed related to these factors: What is the relative importance of these factors in influencing consumers' selection of jeans? Which factor is the most important? Which factor is the least important? Does the relative importance of these factors vary across consumers?

A **hypothesis (H)** is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher. It may be a tentative statement about the relationships discussed in the theoretical framework or represented in the analytic model. The hypothesis can also be stated as a possible answer to the research question. Hypotheses are statements about proposed relationships rather than merely questions to be answered. They reflect the researchers' expectation and can be tested empirically. Hypotheses also play the important role of suggesting variables to be included in the research design. The relationship between the

**research questions**  
Refined statements of the specific components of the problem.

**hypothesis**  
An unproven statement or proposition about a factor or phenomenon that is of interest to the researcher.

marketing research problem, research questions, and hypotheses, along with the influence of the objective/theoretical framework and analytical models, is described in Figure 9.

In commercial marketing research, the hypotheses are not formulated as rigorously as they are in academic research. An interesting research question and related hypotheses that could be posed about the need for a hybrid product in the Subaru vignette are as follows:

RQ: Is there an overlap between the features sought by station wagon buyers and buyers of SUVs?

H1: The buyers of station wagons rate certain features of SUVs as important.

H2: The buyers of SUVs rate certain features of station wagons as important.

The following example further illustrates research questions and hypotheses.

## Research in Action

### "Got Milk?"

Milk consumption had steadily declined for 20 years. Qualitative research indicated that people had misconceptions about milk. Hence, survey research was undertaken to address the following RQ and Hs:

RQ: Do people have misconceptions about milk?

H1: Milk is perceived as fat-laden and unhealthy.

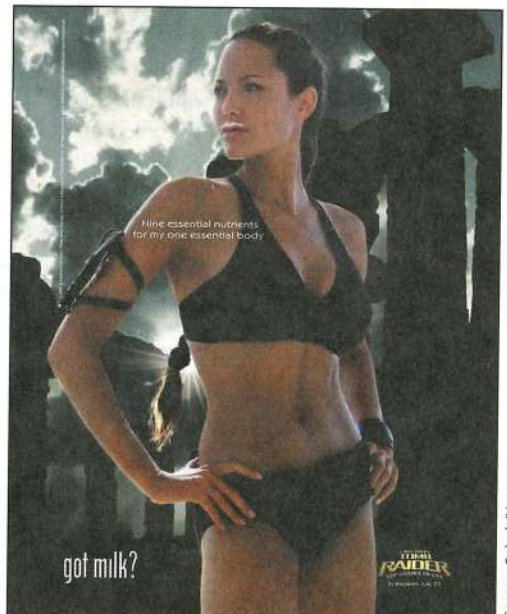
H2: Milk is perceived as an old-fashioned drink.

H3: People believe that milk is meant only for kids.

When the survey data supported these hypotheses, the Milk Processor Education Program launched the well-known "milk mustache" campaign with the "Got Milk?" slogan. This creative advertising was a real attention-getter, showing celebrities ranging from Joan Lunden to Rhea Perlman and Danny DeVito sporting the famous white mustache. The result? Humble milk, until a few years before an also-ran in the advertising race behind soft drinks and juices, became a key beverage-industry player. The decline in milk consumption was arrested and annual milk consumption among children reached 28 gallons in 2002—the highest level in 10 years. Consumption continued to be stable through 2011 ([www.gotmilk.com](http://www.gotmilk.com)). In 2011, "Got Milk?" ads were touting the health benefits of milk. The advertising campaign included humorous 30-second television spots, a Web site for audiences to visit the imaginary world of Mootopia ([www.visitmootopia.com](http://www.visitmootopia.com)),

and Facebook games. The campaign emphasized interactivity and engagement with audience while promoting the health benefits of milk.<sup>9</sup>

Social  
Media



Source: Splash/Newscom.

## Specification of Information Needed

By focusing on each component of the problem, the analytical framework and models, and the research questions and hypotheses, the researcher can determine what information should be obtained. It is helpful to carry out this exercise for each component of the problem and to make a list specifying all the information that should be collected. We illustrate this process with respect to the opening vignette.

### Component 1

- Needs of buyers of passenger cars are operationalized in terms of the attributes or features desired in an automobile.
- Needs of buyers of station wagons are operationalized in terms of the attributes or features desired in an automobile.
- Needs of buyers of SUVs are operationalized in terms of the attributes or features desired in an automobile.

**Component 2**

- Evaluation of passenger cars on the desired attributes.
- Evaluation of station wagons on the desired attributes.
- Evaluation of SUVs on the desired attributes.

**Component 3**

- No new information to be collected. The segment can be identified based on information obtained for the first two components.

**Component 4**

- No new information to be collected. The desired features can be identified based on information obtained for the first two components.

**Component 5**

- Standard demographic characteristics (e.g., gender, marital status, household size, age, education, occupation, income, and type and number of automobiles owned) and psychographic characteristics. Psychographic characteristics include outdoor and recreational activities, family orientation, and attitude toward daily commuting.

## Experiential Learning

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### Defining the Problem and Developing an Approach

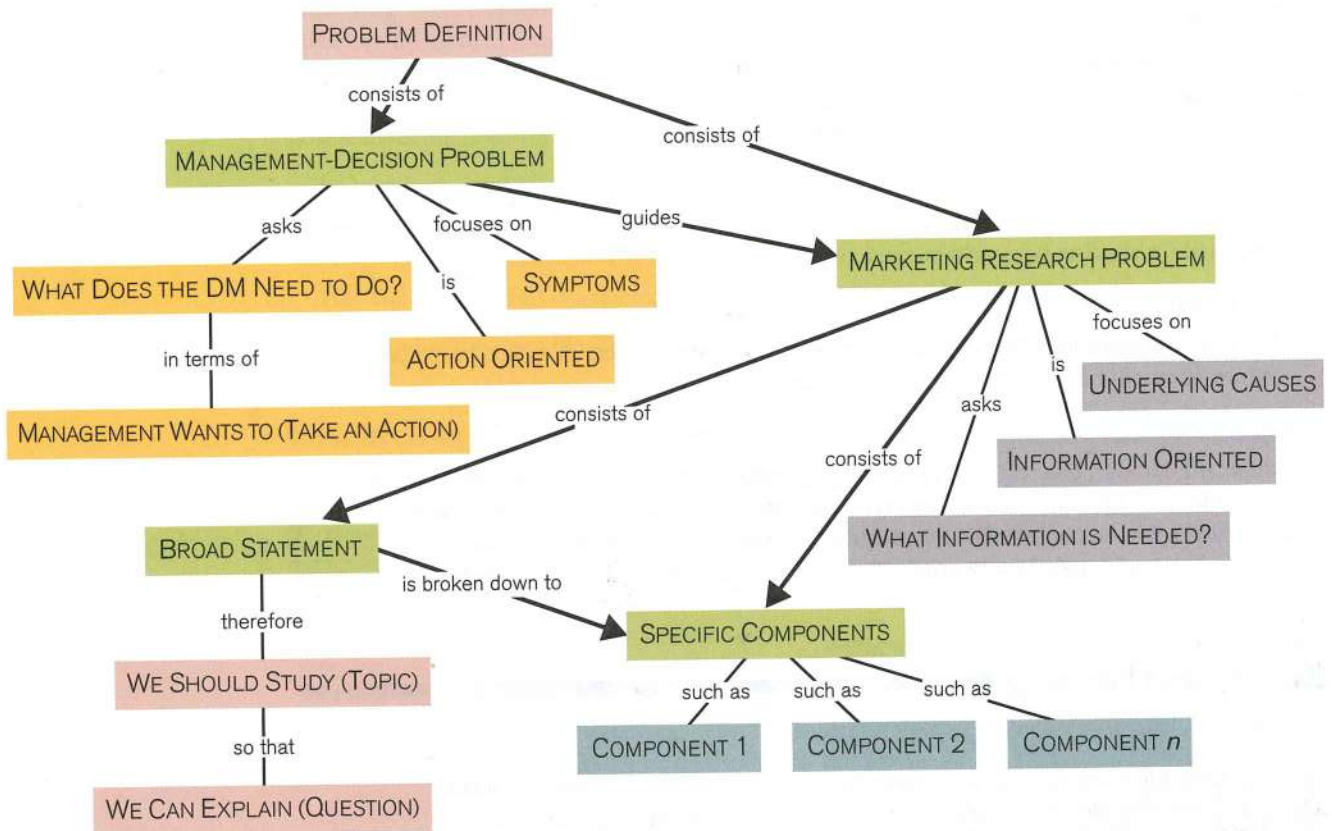
Visit a local business located near your campus. Interview the business owner or manager and identify some of the marketing challenges facing this business. Also, interview an expert in this industry. Search and analyze secondary data pertaining to this business and the industry, and identify the environmental context of the problem.

1. Define the management-decision problem.
2. Define the marketing research problem.
3. Develop a graphical model explaining the consumer-choice process leading to the patronage of this business or its competitors.
4. Develop an appropriate research question and hypothesis.

## Summary Illustration Using the Opening Vignette

We can summarize and illustrate the major concepts discussed in this chapter by returning to the opening vignette. The Subaru vignette illustrates the importance of correctly defining the problem and showing how a problem audit can help in the process. The tasks involved in formulating the marketing research problem should lead to an understanding of the environmental context of the problem. In the case of Subaru, forecasts of future sales of station wagons and SUVs indicated that these two types of automobiles were not tapping the market potential. Subaru undertook research to understand the underlying behavior of the consumers and their needs and desires. It capitalized upon its marketing and technological skill to achieve the successful introduction of “the world’s first sport utility wagon.”

Analysis of the environmental context should help identify the management-decision problem, which should then be translated into a marketing research problem. The management-decision problem asks what the decision maker should do, is action oriented, and focuses on the symptoms. The marketing research problem asks what information is needed and how it should be obtained, is information oriented, and focuses on the underlying causes. In the opening vignette, the management-decision problem was “What can Subaru do to expand its share of the automobile market?” The marketing research problem focused on information about the needs of the buyers of passenger cars, station wagons, and SUVs and identification of a segment whose needs were not being met. Also, information was to be obtained on the automobile features desired by the members of this segment and on their demographic and psychographic characteristics. A broad statement of the problem was given, and specific components were identified. Figure 10 provides a concept map for problem definition. In this figure, the major concepts are connected, in order, by bold arrows using descriptors.



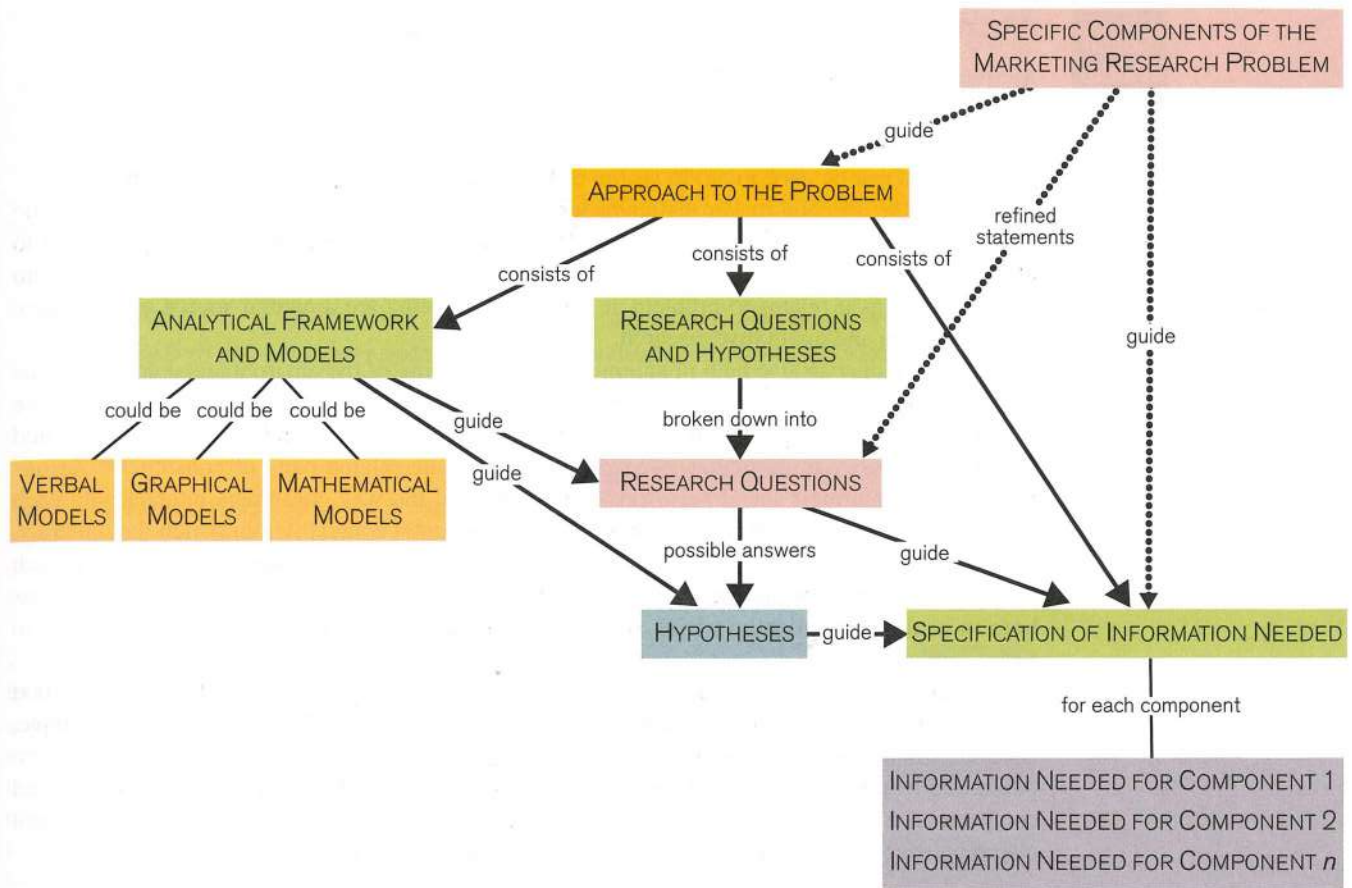
**FIGURE 10**  
**A Concept Map for Problem Definition**

Thus, problem definition consists of defining the management-decision problem and the marketing research problem. The management-decision problem guides the marketing research problem. The marketing research problem consists of a broad statement and specific components. Each major concept is described by minor concepts that are connected to that major concept by lines with descriptors. Thus, the management-decision problem asks what the DM needs to do, is action oriented, and focuses on the symptoms. The rest of the figure can be interpreted similarly.

Developing an approach to the problem is the second step in the marketing research process. The components of an approach consist of an analytical framework and models, research questions and hypotheses, and specification of the information needed. The analytical model postulated that buyers first decide on the type of vehicle (e.g., station wagon, SUV, passenger car) and then decide on a specific brand. Research questions and hypotheses related to the overlap between the features sought by station wagon buyers and buyers of SUVs were formulated. In specifying the information required, the researcher operationalized the needs of automobile buyers in terms of the attributes or features desired. Evaluations of passenger cars, station wagons, and SUVs on the desired attributes had to be obtained. Information on standard demographic characteristics and the identified psychographic characteristics also was needed. Figure 11 provides a concept map for developing an approach. The interpretation of this concept map is similar to that for problem definition (see Figure 10).

### International Marketing Research

Conducting research in international markets often means working within unfamiliar environments. This lack of familiarity with the environmental factors of the country in which the research is being conducted can greatly increase the difficulty of appropriately defining the problem, as illustrated by the Heinz Company in Brazil.



**FIGURE 11**  
A Concept Map for Approach to the Problem

**Research in Action**

**Heinz Ketchup Couldn't Catch Up in Brazil**

As of 2011, H. J. Heinz Company is one of the world's leading marketers of branded foods to retail and food-service channels. Heinz has number-one or number-two branded businesses in more than 50 world markets. Despite good track records domestically and overseas, H. J. Heinz failed in its initial attempts to penetrate South America's biggest and most promising market. As an entry strategy into Brazil, Heinz entered into a joint venture with Citrosuco Paulista, a giant orange juice exporter, with the future possibility of buying the profitable company. However, the sales of Heinz products, including ketchup, did not take off. Where was the problem?

A post-entry problem audit revealed that the company lacked a strong local distribution system. Heinz had attempted to duplicate a strategy that had been successful in Mexico: distribution through neighborhood shops. However, the problem audit revealed that 75 percent of grocery shopping in Sao Paulo is done in supermarkets, not small, neighborhood shops. Although Mexico and Brazil may appear to have similar cultural and demographic characteristics, consumer behavior was found to vary greatly. A problem audit and an examination of the environmental context of the problem prior to entry in Brazil could have prevented this failure.<sup>10</sup>

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, as illustrated in the case of Heinz. While developing theoretical frameworks, models, research questions, and hypotheses, remember that differences in the environmental factors, especially the sociocultural environment, can lead to differences in the formation of perceptions, attitudes, preferences, and choice behavior.

For example, orientation toward time varies considerably across cultures. In Asia, Latin America, and the Middle East, people are not as time conscious as Westerners, which can influence perceptions and preferences for convenience foods, such as frozen foods and prepared dinners. In defining the problem and developing an approach, the researcher must be sensitive to the underlying factors that influence consumption and purchase behavior.

## Marketing Research and Social Media

Analysis of social media can facilitate problem definition as well as an approach to the problem.

### Problem Definition

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. Research approaches built around social computing technologies and open-source thinking enable us to get a richer understanding of the environmental factors in general and consumer behavior in particular. We can analyze the interrelated parts of consumers' various behaviors, within their social networks. We can look at the way consumers interact with each other, over time. Moreover, we can study the environmental context within which they interact, and how environmental changes cause their behavior to change. This adaptive systems approach to understanding consumer behavior has utility, and the new Web 2.0 tools give us the means both to analyze organically arising social networks and to create specific social networks to understand consumers.

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. For example, analysis of blogs and Facebook postings revealed to Hewlett-Packard (HP) that many customers who purchased its computers were having issues with service support. Hence, evaluation of HP and competitors on service support was identified as an important component of the problem. Subsequent research, indeed, confirmed this initial discovery, leading HP to revamp its service function.

### Approach to the Problem

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. For instance, Sun Microsystems maintains a blog with its clientele and supporters so as to understand how its marketing efforts can be better suited to its best customers. Researchers can then assess the appropriateness of their models or whether they are asking the right research questions. Furthermore, market researchers can choose to openly discuss their derived hypothesis for feedback among closed social media consumer panels. As illustrated by the opening Subaru vignette, the process of specifying information needed requires the marketing researcher to address multiple consumer segments simultaneously. This process can be aided through the use of social media tools because they allow researchers to customize their interaction with each group of consumers by selectively choosing the platform on which to interact. For example, through the Facebook "fan" pages of a certain brand, marketers are able to solicit opinions from different demographics by filtering user profile data as registered online. Thus, the use of social media facilitates problem definition and the development of an approach, as illustrated by the case of Dell.

### Research in Action

#### From Dell Hell to Tell Dell Through Social Media

In June 2005, Dell saw erosion in its profits and drop in share prices because of public outrage of its products' poor functionality and safety features, from faulty network cards to battery explosions. Popular blogger Jeff Jarvis coined the term "Dell Hell" as consumers regarded the consumption of Dell products as a hellish experience. However, these were but the tip of the iceberg—the symptoms of the

underlying problems faced by Dell. Therefore, it was crucial for Dell to identify the problem and develop a research approach.

As negative comments and posts online proliferated, Dell analyzed the secondary data available on social media sites. The analysis of social media data indicated that the underlying problems faced were (1) the poor components of Dell laptops (product fault)

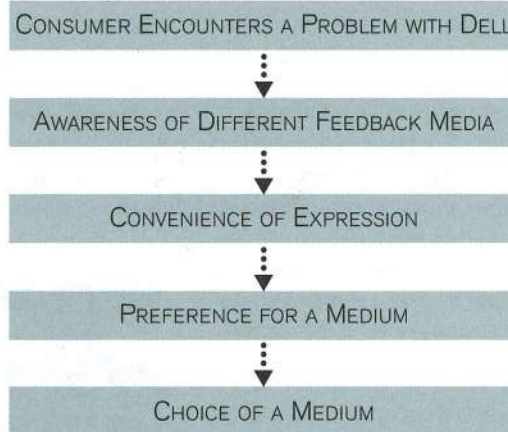
and (2) Dell's poor support and response to consumers' complaints. As product fault was more of a technical problem, marketing researchers decided to focus on the other problem of Dell. The management-decision problem was what should Dell do to address consumers' complaints? The broad marketing research problem was to determine the effectiveness of traditional media and social media as platforms for supporting and responding to consumers' complaints. The specific components of the problem were to determine:

1. The effectiveness of the current system in addressing consumers' complaints
2. Whether social media would be an effective support system where consumers' complaints could be addressed
3. Whether there were any other consumer needs that social media could meet

Analysis of social media, along with secondary data from traditional sources, helped Dell to formulate the analytical model shown explaining consumers' choice of a preferred medium to address their complaints.

Based on the graphical model, specific research questions and hypotheses were formulated. When the results of this research favored the use of social media, Dell set up the Online Tech support team to offer assistance to Dell consumers through social media. In July 2006, the Direct2Dell blog was set up to listen to and connect with Dell consumers. Direct2Dell became a moderated medium for Dell to be directly connected to consumers, to hear their complaints, and to provide feedback and support to consumers in the fastest, quickest way.

With the success of Direct2Dell in gathering feedback and control of negative comments, IdeaStorm ([www.ideastorm.com](http://www.ideastorm.com)) was created in February 2007 as a social media platform that involves consumers in generating ideas and suggestions. By 2008, Dell had emerged from 2005's public outrage through the use of social media tools as marketing research tools, successfully controlling and reducing unfavorable comments online from 49 percent to 20 percent. In early 2008 Dell stated that as many as 27 product and process innovations had been developed as a direct result of ideas submitted on IdeaStorm by consumers. For example, Dell's offering of the Linux operating system on its desktop computers was motivated by several suggestions posted on IdeaStorm. By 2010, the Dell community had contributed more than 14,000 ideas through IdeaStorm, and 417 ideas had been implemented.<sup>11</sup>



## Ethics in Marketing Research

The stakeholders involved in ethical conflicts during the process of defining the problem and developing an approach are likely to be the marketing researcher and the client. Personal interests or hidden agendas of either stakeholder can lead to ethical dilemmas. Ethical issues arise when the personal objectives of the decision maker (e.g., defending a decision) are at variance with the objectives of the client firm. The client should be forthright in disclosing the relevant objectives and the purpose for which the research is being undertaken. Likewise, the researcher should have the best interest of the client at heart.

Suppose that while conducting the problem-definition tasks, a researcher discovers that the problem is a lot simpler than both parties originally thought. Although the reduced scope of the problem will result in substantial savings for the client, it will also cut the revenues for the research firm. Does the researcher continue with the problem definition given in the proposal? Codes of ethics suggest that this situation should be discussed with the client.

Sometimes a client wants to conduct research that, in the opinion of the researcher, is not warranted or needed. Again, the researcher is faced with the ethical dilemma of what to do. Codes of ethics indicate that the researcher should communicate to the client that the research is not necessary. If the client is still insistent, the researcher should feel free to undertake the research.<sup>12</sup>

Likewise, ethical issues might also arise in developing an approach to the problem. Such issues include using models and approaches developed for specific projects for other clients. Researchers who conduct studies for different clients in related industries (e.g., banks and brokerage firms) or in similar research areas (e.g., measuring company image) might be tempted to reuse client-specific models or findings from other projects. However, unless the researcher has obtained client permission, this practice might be unethical.

## WHAT WOULD YOU DO?

### 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, with 2010 global sales of about \$12.4 billion and a market share of more than 30 percent. David Mackay, CEO of Kellogg's, takes pride in being a part of the Kellogg's company because of the consistency of the decisions that are made within the company to promote the long-term growth of the business, as well as 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, and it had to face the challenge of getting out of its slump. Kellogg's, therefore, 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 came out of this preliminary research. Current products were being targeted to the kids. Bagels and muffins were winning for favored breakfast foods. 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: kids.
  - 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 needs to address.
3. Discuss the role of the type of marketing research problem you have identified in enabling David Mackay to increase Kellogg's sales.

#### The Marketing Management Decision

1. David Mackay is wondering what changes Kellogg's should make to increase market share. Should Kellogg's (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 the above.

2. Discuss how the marketing management decision action that you recommend to David Mackay is influenced by the research that you suggested earlier and by the findings of that research.

#### What David Mackay Did

Kellogg's began to introduce flavors more suited to the adult palette. For example, it introduced Honey-flavored Shredded Wheat and Honey Crunch Corn Flakes, both 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." This was followed by the launch of the "Be Victorious" Campaign with Special K in January 2010. The campaign encouraged healthy weight management for women with Kellogg's Special K cereals, protein shakes, and meal bars. These efforts were successful and not only arrested the decline in sales but also led to increased sales and profits.<sup>13</sup>



Source: Bloomberg via Getty Images.

## Summary

The most important step in a research project is defining the marketing research problem. This task often is made more difficult because of the tendency of managers to focus on symptoms rather than underlying causes. The researcher's role is to help management identify and isolate the problem.

The tasks involved in formulating the marketing research problem include discussions with management, including the key decision makers, interviews with industry experts, analysis of secondary data, and qualitative research. This data-gathering process should lead to an understanding of the environmental context of the problem. Within the environmental context, a number of factors should be analyzed and evaluated. These factors include past information and forecasts about the industry and the firm, the decision maker's objectives, buyer behavior, the firm's resources and constraints, the legal and economic environment, and the firm's marketing and technological skills.

Analysis of the environmental context should help identify the management-decision problem, which should then be translated into a marketing research problem. The management-decision problem asks what the decision maker should do, is action oriented, and focuses on the symptoms. The marketing research problem asks what information is needed and how it should be obtained, is information oriented, and focuses on the underlying causes. The researcher should avoid defining the marketing research problem either too broadly or too narrowly. The researcher can avoid these errors by first defining the research problem using a broad statement and then breaking it down into specific components.

The next step in the marketing research process is to develop an approach to the problem. The components of an approach are the analytical framework and models and research questions and hypotheses. In addition, all the information that needs to be obtained in the marketing research project should be specified. The approach developed should be based on objective or empirical evidence and be grounded in theory. Models are useful for portraying the relationships among variables. The most common kinds of models are verbal, graphical, and mathematical. The research questions are refined statements of the components of the problem that ask what specific information is required with respect to each component. Research questions can be further refined into hypotheses. By focusing on each component of the problem and the analytical framework and models, research questions, and hypotheses, the researcher can determine what information should be obtained.

When defining the problem and developing an approach in international marketing research, the researcher must isolate and examine the impact of cultural factors. Analysis of social media content can facilitate problem definition and the development of an approach. Several ethical issues that have an impact on the client and the researcher can arise at this stage, but they can be resolved by open and honest communication.

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## Key Terms and Concepts

Problem definition	Case studies	Broad statement of the problem
Problem-definition process	Environmental context of the problem	Specific components of the problem
Problem audit	Objectives	Objective evidence
Experience survey	Buyer behavior	Theory
Key-informant technique	Legal environment	Analytical model
Lead-user survey	Economic environment	Verbal models
Secondary data	Management-decision problem	Graphical models
Primary data	Marketing research problem	Mathematical models
Qualitative research	Conceptual map	Research questions
Pilot surveys		Hypothesis

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## Suggested Cases and Video Cases

### Case with Real Data

Hewlett-Packard

### Critical Thinking Cases

American Idol

Baskin-Robbins

Akron Children's Hospital

**Cases with Real Data**

Bank of America

McDonald's

Boeing

**Comprehensive Brief Harvard Business School Cases**

TruEarth Healthy Foods: Market Research for a New Product Introduction (4065)

The Springfield Nor'easters: Maximizing Revenues in the Minor Leagues (2510)

Metabical: Positioning and Communications Strategy for a New Weight-Loss Drug (4240)

Saxonville Sausage Company (2085)

**Online Video Cases**

Accenture

NFL

Mayo Clinic

eGO

Nike

P&amp;G

Nivea

Dunkin' Donuts

Motorola

Subaru

Intel

Marriott

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**Live Research: Conducting a Marketing Research Project**

1. Invite the client to discuss the project with the class.
2. Have the class (or different teams) analyze the environmental context of the problem: past information and forecasts, resources and constraints, objectives, buyer behavior, legal environment, economic environment, and marketing and technological skills.
3. Jointly with the client, the instructor should make a presentation to the class discussing the management-decision problem and the marketing research problem.

The students should come up with formal definitions of the management-decision problem and the marketing research problem. In conjunction with the client, arrive at consensual definitions.

4. Ask the class or specific teams to develop an approach (analytical framework and models, research questions, hypotheses, and identification of the information needed). Through class discussion, arrive at a consensus.

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**Acronym**

The factors to be considered when analyzing the environmental context of the problem can be summed up by the acronym PROBLEM:

P ast information and forecasts

R esources and constraints

O bjectives of the decision maker

B uyer behavior

L egal environment

E conomic environment

M arketing and technological skills

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**Review Questions**

1. What is the first step in conducting a marketing research project?
2. Why is it important to correctly define the marketing research problem?
3. What are some reasons that management often is not clear about the real problem?
4. What is the role of the researcher in the problem-definition process?
5. What is a problem audit?
6. What is the difference between a symptom and an underlying cause? How can a skillful researcher differentiate between the two and identify the true problem?
7. What are some differences between a management-decision problem and a marketing research problem?

8. What are the common types of errors encountered in defining a marketing research problem? What can be done to reduce the incidence of such errors?
9. How are the research questions related to components of the problem?
10. What are the differences between research questions and hypotheses?
11. What are the most common forms of analytical models?
12. **Social Media** Discuss the role of social media in enabling the researcher to define the marketing research problem and in developing an approach.

## Applied Problems


1. Visit [www.census.gov](http://www.census.gov) and obtain data relating to population trends by age groups. What are some of the marketing implications of these trends?
2. State the marketing research problems for each of the following management-decision problems.
  - a. Should a new product be introduced?
  - b. Should an advertising campaign, which has run for 3 years, be changed?
  - c. Should the in-store promotion for an existing product line be increased?
  - d. What pricing strategy should be adopted for a new product?
  - e. Should the compensation package be changed to motivate the sales force better?
3. State the management-decision problems for which the following marketing research problems might provide useful information.
  - a. Estimate the sales and market share of department stores in a certain metropolitan area.
  - b. Determine the design features for a new product that would result in maximum market share.
  - c. Evaluate the effectiveness of alternative TV commercials.
  - d. Assess current and proposed sales territories with respect to their sales potential and workload.
  - e. Determine the prices for each item in a product line so as to maximize total sales for the product line.
4. Identify five symptoms and a plausible cause for each one.
5. **Social Media** Suppose you are conducting research for American Airlines. Identify, from secondary sources including social media, the attributes or factors passengers consider when selecting an airline.
6. You are a consultant to Coca-Cola USA working on a marketing research project for Diet Coke.
  - a. Use the online databases in your library to compile a list of articles related to the Coca-Cola Company, Diet Coke, and the soft-drink industry published during the past year.
  - b. Visit the Coca-Cola ([www.coca-cola.com](http://www.coca-cola.com)) and PepsiCo ([www.pepsico.com](http://www.pepsico.com)) Web sites and compare the information available at each.
  - c. **Social Media** Visit Diet Coke on Facebook ([www.facebook.com/DietCoke](http://www.facebook.com/DietCoke)) and analyze the available information.
  - d. Based on the information you have collected, write a report on the environmental context surrounding Diet Coke.
7. Select any firm. Using secondary sources, obtain information on the annual sales of the firm and the industry for the last 5 years. Use a spreadsheet package, such as Excel, or any microcomputer or mainframe statistical package, to develop a graphical model relating the firm's sales to the industry's sales.
8. **Social Media** Visit the Web sites of competing sneaker brands (Nike, New Balance, and Adidas). The URLs are [www.nike.com](http://www.nike.com), [www.newbalance.com](http://www.newbalance.com), and [www.adidas.com](http://www.adidas.com). From an analysis of information available at these sites, as well as a conducting a search in social media, determine the criteria used by consumers in selecting a sneaker brand.

## Group Discussion

1. Form a group of five or six people to discuss the following statement: "Correct definition of the marketing research problem is more important to the success of a marketing research project than sophisticated research techniques." Did your group arrive at a consensus?
2. We are all aware that Coca-Cola 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 that Coke management faced. As a team, define the marketing research problem and its specific components.

## Hewlett-Packard Case

Review the Hewlett-Packard (HP) case and the questionnaire.

1.  Conduct an Internet and social media search on HP and briefly describe the environmental context of the problem surrounding HP.
2. Define the management-decision problem facing HP as it seeks to maintain and build on its leadership position in the personal computers market.
3. Define an appropriate marketing research problem that corresponds to your definition of the management-decision problem.
4. Present a graphical model describing consumers' selection of a personal computer brand.
5. Describe three research questions, with one or more hypotheses associated with each.

## ONLINE VIDEO CASE

### ACCENTURE: The Accent Is in the Name

Visit [www.pearsonhighered.com/malhotra](http://www.pearsonhighered.com/malhotra) to read the video case and view the accompanying video. Accenture: The Accent Is in the Name describes the marketing research conducted by Andersen Consulting to change its name, while at the same time maintain the brand equity and the goodwill of its previous name. The case can be used to prompt discussion on the various environmental factors affecting the formulation of a well-defined research problem, as well as discussion on clarifying the distinction between the management decision problem and the marketing research problem. Specific marketing research questions are posed in the video case.

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