WHY DO RESEARCH?

Companies are immersed in a changing environment:

- Technologically
- Economically
- Competitively
- Socio-culturally

Companies must adapt to the environment in order to continue to exist.

All of this implies that there is a continuous need to make decisions.

If a company does not have adequate and precise information at its disposal, it runs the risk of making decisions that are not appropriate for the situation at hand.

Although this situation can be applied to all business functions, it acquires even greater importance with regards to market research since most of the information needed to make decisions is found outside the company and it is necessary to make a special effort to obtain it.

In short, market research is needed to replace intuition for information.

This research must be:

- Relevant- to support the decisions made as much in strategic as in operative dimensions
- Opportune- to be done sufficiently beforehand so that the results influence the decision making
- Efficient- the value of the information provided must be superior to the cost of doing the research
- Exact- designed in such a way that the results are guaranteed with exactitude

Because of this, we will define market research as:

“The search for and gathering of relevant, opportune, efficient and exact data that has as its objective the reduction of risk in making commercial and marketing decisions.”

Research must be orientated towards decision making, which is to say that carrying out a marketing project makes sense if it reduces incertitude and influences decision making.
Market research contributes to company profit in that:

- It allows for products to be better adapted to demand;
- On one hand it makes the system of sales and salespersons performance more efficient, and on the other it reduces the cost of sale;
- It encourages management to reevaluate prior objectives;
- It is stimulating for the staff to know that the company has a complete knowledge of its situation in the market and that it is moving towards well-selected objectives.

For the reasons given above, adequate market research is a critical factor in the success of any company.

THE RESEARCH PROCESS

Market research is a logical process that is made up of five stages:

1. **Define the problem:** "A problem well-defined is a problem already half-solved."

   The sought after end in this first phase is that the researcher captures what he or she is setting out to find, and in this way, is able to adopt a plan according to the objective theme of the research. The research objective must be clear, concrete and as well delimited as possible.

2. **Research plan development**

   Once the researcher knows what objectives need to be met, he or she tries to determine what information is needed and from what sources it can be obtained.

3. **Information gathering**

   This can also be called field work. The correct development of information gathering is a crucial element in the market research process since it is where most errors are made (false answers, incorrect formulation of questions, etc.) The information must be current, available, sufficient and relevant.

4. **Data analysis and processing**

   In this phase, the gathered information is made useable by applying the correct statistical approach. It consists of drawing conclusions from the data that has been gathered with rigorous and objective criteria and avoiding subjective factors which may bias the results of the evaluation.

5. **Data presentation**

   The people who receive this information are the company's management.

   The following must be avoided in writing up the report:

   - using language that is too technical;
   - giving too great an importance to the results and conclusions extracted from the analysis because it is on this information that the decisions made will be based.
The report should include the following information:

- objectives followed
- methodology used
- results achieved
- conclusions and recommendations

DIFFERENCES BETWEEN QUALITATIVE AND QUANTITATIVE RESEARCH

Gathering of information can be separated into two methodologies: **qualitative** and **quantitative**.

1. **Qualitative.**

   Qualitative research involves the gathering, analysis and interpretation of data that is not measurable, which is to say, data that cannot be synthesized into numbers. It allows us to approach and understand problems.

2. **In-depth interviews**

   Direct technique in which the aim is to gather information related to the interviewee’s behavior, opinions and attitudes.

3. **Observation**

   Attention is paid to how people behave when it is not possible to directly and voluntarily gather information from them.

4. **Mystery shopping**

   The researcher takes on the role of a client and observes how the salesperson behaves.
5. **Focus groups**

Focus groups consist of a group of people (from 6 to 10 people) debating and giving their opinions on a predetermined topic, under the control of a moderator. Within this method there is also a technique called the projective technique where the interviewees receive incomplete stimuli which they must complete, or where they receive ambiguous stimuli that may not make sense and of which they must find logic.

6. **Quantitative**

Quantitative research is what is used to gather **objectively measurable** information. The sample used to gather quantitative information is representative of the population objective of the study which means that the results derived from this type of research can be extrapolated at the statistical level. Qualitative research is interested in the “why” while quantitative research is interested in the “how many.”

8. **Databases**

Information set related to, and accessible through, a given criteria (e.g., client relationships).

9. **Surveys** (includes number 7, 9, 10, 12 and 13 from the image above)

Surveys consist of a set of related and coherent questions that are asked to people in the form of a questionnaire.

10. **Omnibus surveys.**

This is a survey aimed at a large sample of the population (for example the Spanish population over the age of 16 using a sample of 1,000 individuals) in which answers about a large variety of subjects are collected for a number of different clients. This considerably reduces the cost of the study.

The results are presented in the following way (each client only sees their questions and the corresponding results):

- Graphic presentation of the individual results of each client
- Statistical charts of all the questions juxtaposed with the main socio-demographic variables (sex, age, habitat, social class, level of education, work situation, family role, etc.)
- Technical report of the study (field of work, dates, client questionnaire, etc.)

In theory, there is no limit on the type of questions that can be included. For example, questions may be asked to quantify potential markets, find out information about commercial brand awareness, or measure public opinions on current affairs.

11. **Panels**

These are stable samples that provide periodic information. The common aims of retail and consumer panels are as follows:

- Measure market volume and value
- Analyze market structure (market quotas by geographical areas and distribution channels)
- Compare the evolution of the study's variables with that for the same period in prior years
The specific aims of retail panels are:

- Numerical distribution: percentage of shops that have sold units of the corresponding brand;
- Weighted distribution: the importance of these same shops with regards to the sales in euros of the class of products;
- Average of sales per shop: the quantity, in units, that a shop sells on average per month. This is used as an indicator to determine what the final demand of consumers is;
- Rotation: this represents the period of time, expressed in months or days, that it would take to finish the stock of determined products for every brand or variety. Two points are assumed: 1. that the product has not been improved in any way and 2. that the sales level remains the same.

And of consumer panels:

- Penetration: percentage of homes that have made at least one purchase of the product, segment, brand, etc., during the period of the study;
- Relative penetration: percentage of households which buy the brand or variety over the total number of households which buy the product;
- Average purchase: average quantity (kilograms, litres, units) bought by the purchasing household;
- Average expense: euros spent by the purchasing household for a product, brand, etc.

The television panel measures audience levels daily and monitors programming and publicity through people meters. These devices control television activity, video activity, etc. The people meter is controlled by remote control. Each person in the household is assigned a button with a letter on the remote control which is used to switch the television on or off. Audience viewing by guests can also be monitored, including their age and sex, via auxiliary keys. The people meter information is monitored 24 hours a day and is sent each morning through the telephone line.

The following table summarizes the differences between the two methods of collecting information:

<table>
<thead>
<tr>
<th>NATURE</th>
<th>AVAILABILITY</th>
<th>INFORMATION GATHERING</th>
<th>USED TO THE RESEARCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of information</td>
<td>Primary</td>
<td>Secondary</td>
<td>Qualitative</td>
</tr>
<tr>
<td>Observation</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Group meetings</td>
<td></td>
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<tr>
<td>Databases</td>
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<tr>
<td>Surveys</td>
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<tr>
<td>Mystery shopping</td>
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<tr>
<td>Interviews</td>
<td></td>
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<td></td>
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<tr>
<td>Panels</td>
<td></td>
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</tr>
</tbody>
</table>

1. **Primary availability**

There is no information prior to this study so it must be gathered.

2. **Secondary availability**

The information already exists.
3. Qualitative

Qualitative research involves the gathering, analysis and interpretation of data that is not measurable, this is to say, data that cannot be synthesized into numbers. It allows us to approach the problems and understand them. Small samples are used and for this reason they are not representative. Qualitative research is interested in the “why” and in a description of the facts. It is employed in the initial phases of the study and above all it serves to make hypotheses that may later be verified in a quantitative study. It is a common error to think that quantitative research is superior to qualitative research. These two ways of research have different ends and for this reason neither is superior to the other. It always depends on the circumstances, on the definition of the problem and the development of the research plan.

4. Quantitative

Quantitative research is what is used to gather **objectively measurable** information. The sample used to gather quantitative information is representative of the population objective, which means that the results derived from this type of research can be extrapolated at the statistical level. Qualitative research is interested in the “why” while quantitative research is interested in the “how many.”

SURVEYS

<table>
<thead>
<tr>
<th></th>
<th>1 PERSONAL SURVEY</th>
<th>2 POSTAL SURVEY</th>
<th>3 TELEPHONE SURVEY</th>
<th>4 INTERNET SURVEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time necessary to gather information</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
<tr>
<td>Participation percentage</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
<tr>
<td>Length of questionnaire</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
<tr>
<td>Possibility of false interpretations on the part of the interviewee</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
<tr>
<td>Interviewer's level of influence</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
<tr>
<td>Assurance that person responding is target interviewee</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
<tr>
<td>Sample accessibility</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
<tr>
<td>Cost</td>
<td>Low</td>
<td>Medium/high</td>
<td>Low</td>
<td>Medium/high</td>
</tr>
</tbody>
</table>
1. **Personal survey**

- Direct contact between interviewer and interviewee
- Third parties cannot influence the answers given
- Can be done in different places (in the street, at home, etc.)
- Support material can be used
- Additional information can be obtained (physical appearance)
- Can be adapted to the intellectual characteristics of the interviewee (the question can be explained)
- High cost (transportation, meals)
- Non-marginal errors (due to interviewer’s appearance, badly transcribed answers)

2. **Postal survey**

- No physical presence of interviewer (since survey is sent by post)
- Can be sent to any sample no matter how far or disperse the individuals may be
- Low unit cost. Cost of envelopes and postage is low
- Since there is no interviewer, any bias that his or her presence may produce disappears (very useful for dealing with sensitive or confidential topics)
- Response time flexibility
- Low response index (roughly 10% returned responses) which means a more widespread sampling is necessary
- There may be third-party influence. It is also possible that the person responding is not the person from whom the information is required
- The interviewee may introduce bias into the measurement by how he or she reads or interprets the questions
- Can only be used with people of a certain cultural level

3. **Telephone survey**

- Quick way to obtain information since through a simple telephone call you have access to the interviewee
- CATI (Computer Aided Telephone Interviewing) system can be used. CATI software permits entire telephone interviews to be completely automated. This system offers a large range of applications including: registration of open questions with optional voice response recording, redialling and automatic record keeping of quotas, productivity reports, encoding and editing of data
- The response index is much higher than in the case of postal surveys (around 55%)
- In certain cases the interviewees’ answers are more reliable since they feel they are under a cloak of anonymity
- Any bias the interviewer may produce is reduced to a minimum
- The duration should not be very long; it is difficult to prolong it more than 5 minutes
- Auxiliary materials cannot be used and for this reason it is not useful in certain types of research
- There may be some lack of trust in the interviewer and for that reason there may be cases where the interviewee does not answer with total sincerity
- It is not possible to obtain more information than that which is asked for through the questionnaire

4. **Internet survey**

- The questionnaire is sent to the public via e-mail or accessed through a website
- Extremely fast, it takes little time to edit and distribute the questionnaire and for it to be returned
- It has a very low cost
As there is no interviewer, any bias this person may introduce disappears
Sample may be limited depending on internet access
Greater difficulty in assuring that the sample is representative of the population to which it is aimed (a database is required)
Interviewee’s answers may be influenced by a third-party
The questionnaire should not be very long and should be very easy to understand so that the person answering it will not have problems
Incentives tend to be offered so that the participation rate increases

THE QUESTIONNAIRE

Questionnaires need to be carefully written and it is recommended that they be tested before using on a large scale.

Piloting the questionnaire: this consists in selecting an objective sample of the population to do the survey, in order to validate it.

Firstly, a brief introduction to the questionnaire is given, explaining to the interviewee what the research is about, who the person is and guaranteeing the confidentiality of the information.

The objective is to create a climate of trust between the interviewer and the interviewee.

Example: Good morning/afternoon. I’m an interviewer for Marketing Plus Research, a market research company. We are doing a study on different households in the area. Would you be so kind as to answer a few questions?

In poorly prepared questionnaires errors may appear.

Examples: Are you an occasional or frequent consumer?

How would you differentiate between the term occasional and the term frequent?

Considering that beverages that contain water are healthy, would you recommend a publicity campaign to encourage their consumption? Do not ask questions that already have the potential answer.

After piloting the questionnaire, possible errors are rectified and then the final copy of the questionnaire is drawn up.
QUESTION TYPES:

- **Filter questions**
  
  Definition: These are questions used to adapt the sample to the objective population.
  
  Example: Do you drink wine at meals?
  - Yes (Carry on with the interview)
  - No (End interview here)

- **Control questions**
  
  Definition: These are questions that have already been asked but are formulated in a different way. The end goal is to measure the interviewee’s sincerity. Control questions are useful in eliminating incoherent questionnaires.
  
  Example: Are you the person responsible for doing the daily shopping?
  - Yes
  - No
  
  (Later on in the questionnaire)
  How many days of the week do you do the shopping for your family?

- **Likert scale questions**
  
  Definition: These are questions that form statements in which the interviewee can express his or her grade of agreement through a scale.
  
  Example: Small airlines provide better service than larger companies.
  
  strongly disagree 1
  disagree 2
  neither agree nor disagree 3
  agree 4
  strongly agree 5

- **Open questions**
  
  Definition: In open questions no answer is suggested.
  
  Example: What do you most like about the service in this restaurant?

- **Closed questions**
  
  Definition: Closed questions give alternatives so the answer is limited.
  
  Example: Do you drink wine at meals?
  - Yes
  - No

- **Semi-closed questions**
  
  Definition: These questions are a hybrid between open and closed questions. They are used when it is difficult to fully close the answer.
  
  Example: What is important for you in a restaurant?
  - That it is cheap
  - That it is elegant
  - Other: ________________________________
Recommendations in order to make a good questionnaire:

- Transfer the aim of the research into concrete questions.
- Organize the questionnaire and the answers in a coherent way:
  - The questions must be grouped into blocks.
  - In each block the first questions are of a general nature and then continually become more specific.
  - Difficult questions are placed slightly before the middle of the questionnaire.
  - Winding down or relaxation questions are placed before the end of the interview in order to reduce any stress the interviewee may have experienced.
  - The interviewee must be thanked for the time dedicated to the questionnaire.

THE SAMPLE

In a perfect world, a company would be able to launch a new product or implement a strategy knowing the opinion of its clients. Nevertheless, the majority of companies nowadays have to work within the limits established by budgets and financial resources. One way to get an idea about a market, without having to do an exhaustive gathering of information on each participant, is to take a sample (a reduced group of individuals or elements of the population in order to then make a generalisation about the rest).

Important terms:

- Population - Each and every one of the individuals or elements of whom or which we want to obtain information
- Sample unit - Each one of the possible components of the sample
- Macro - The list of elements from which it is possible to take a sample, also known as working population
- Sample - Reduced group of individuals or elements of the population from which we are going to obtain information that we will use to generalize about the rest of the population

Probabilistic types of samples (everyone has the same likelihood of being chosen to make up part of the sample):

- Simple random - Everyone has the same likelihood of being chosen.
- Stratified random - This consists in comparing different typical categories (stratums) which are greatly homogeneous with respect to a characteristic. What is trying to be achieved with this type of sample is to make sure that all the stratums of interest will be adequately represented in the sample. The distribution of the sample in function of the different stratums is called affixation and can be of different types:
  - Simple: The same number of sample elements corresponds to each stratum.
  - Proportional: The distribution is made in accordance to the weight (size) of the population in each stratum.
- Conglomeration or area random - In the conglomerated sample, the sample unit is a group of elements of the population that form a whole, what we call a conglomerate. The conglomerated sample consists in randomly selecting a certain number of conglomerates (the number necessary to reach the established sample size) and then in investigating all the elements pertaining to the chosen conglomerates.
- Systematic random - This consists in taking each interval size unit of the sample \( K=N/n \) after a random start between 1 and \( k \) (number \( i \) being origin). The sample will be made up of the following elements: \( i, i+k, 2k..., i+(n-1)k \).

Non-probabilistic types of samples (not everyone has the same likelihood of being chosen). Subjects are chosen according to determined criteria and the goal is to have representative sample:

- Convenient sample: The researcher selects the most accessible members of the population from whom to gather information.

- Opinion sample: This consists in asking experts on the material to help us in order to determine what the representative sample is.

- Quota sample: The researcher decides on and interviews a determined number of people from each category.

- Snowball sample: Each sample unit is nominated by another person within the sample group. This is often used in the study of marginal groups of the population.