The Marketing Research Process

Learning Objectives
1. Describe and explain the ten major steps in the marketing research process.
2. Describe the differences between marketing problems and marketing symptoms.
3. Describe the differences between managerial objectives and marketing research objectives.
4. Explain some of the major techniques for identifying marketing problems.
5. Define background analysis and identify the types of information collected in a background analysis.
6. Define employee interviews and discuss the advantages and disadvantages of employee interviews.
7. Define mystery shoppers and discuss the uses and benefits of mystery shoppers to marketers.
8. Define observation research and describe the unique characteristics, advantages, and disadvantages of observation research techniques.
9. Describe ethnography and the uses of ethnographic observation techniques by marketers.

The Marketing Research Process
It is helpful to think of marketing research as a process, or as a series of activities that must be performed. Marketing researchers must make decisions at each of the stages in the research process. Marketing researchers must make decisions about the objectives of the research project, the specific data collection techniques and procedures that will be used, the research instruments and the manner in which information is to be collected, the sampling procedures, the data analysis techniques, and the way in which the results from the project will be communicated to marketing managers and decision makers. A generic model of the marketing research process is shown below.

The Marketing Research Process
1. Define the problem
2. Identify management objectives
3. Develop research objectives
4. Decide on the data collection techniques and procedures
5. Develop all research instruments and materials
6. Plan the sampling procedure
7. Collect the data
8. Analyze the data
9. Prepare and present the research report
10. Identify needs for subsequent research
1. Define the Problem

As shown above, the marketing research process begins with defining the problem. Before beginning any research project, it is very important that researchers properly define the problem and clearly distinguish the problem from the observable symptoms of the problem. Marketing research is conducted to gather information to solve problems, not to solve symptoms. For example, decreasing sales and decreasing store traffic might stimulate the need to conduct a marketing research project. However, even though it is a bad thing, decreasing sales is not a problem. Similarly, decreasing store traffic is not a problem. Decreasing sales and decreasing store traffic are most likely the observable symptoms of some underlying unobservable problem related to the marketing mix or other external factors. For example, the problem could be that the prices of the products sold in a store are too expensive for customers to afford. Or, the problem could be that the location of a store is not convenient for customers. Or, the problem could be that a store’s sales force is poorly trained, resulting in poor customer satisfaction. There are any number of problems that could lead to decreasing sales and decreasing store traffic.

The difference between marketing problems and marketing symptoms is illustrated below. Managerial objectives are usually focused toward marketing symptoms, which are the visually identifiable means by which marketing performance is measured and evaluated. Alternatively, research objectives are usually focused toward identifying marketing problems by collecting and providing information about internal and external influences on marketing strategies.
Must the Research Process Always Begin with a Problem? No. Research is often conducted on an on-going basis to identify new ideas, new opportunities, new markets, new bases for segmentation, or even new product positioning strategies. If a company does not continually conduct marketing research to identify new ideas and opportunities, their competitors will. As such, many marketing research projects do not begin with a stated problem to be solved. If, however, the research process does begin with a problem, the purpose of marketing research is to gather information to help managers solve the problem, not the symptom. In this case, the marketing problem should be well defined and identified before conducting any marketing research. If not, the research might solve the wrong problem.

2. Identify Management Objectives

Before starting a research project and collecting data, researchers must first identify the managerial objectives. What does management want the marketing research to help them achieve? What are the marketing performance objectives? Unfortunately, managerial objectives are rarely stated in measurable terms that are specific for research purposes. For example, managers often want to conduct research to help them increase sales by $1,000 a month, or to increase market share by two percent within the next year. While these outcomes can be measured, they do not tell the researcher what to measure and how to measure it. Managerial objectives are often stated in terms of changing observable symptoms, such as increasing sales. Alternatively, research objectives must be related to measuring and identifying the underlying problems, such as consumers’ perceptions of price, consumers’ awareness of advertising, consumers’ perceptions of brand image, or consumers’ perceptions of product positioning that are the potential causes of the observable symptoms. Managerial objectives are often stated as, “To increase . . .,” “To decrease . . ..” Research objectives should be stated as, “To measure . . . .”

3. Develop Research Objectives

Researchers must determine exactly what they are going to measure and how they will measure it. In most cases this is the most difficult stage in the research process. Collecting data is easy. Administering a survey is easy. Knowing exactly what you want to know and how you will get that information is difficult. An entire chapter in this book is devoted to developing measurable research objectives. Once completed, have the list of objectives approved by management (the client) before beginning the research.

The IDO Model and Identifying Objectives. The IDO model is a very useful tool for identify management and research objectives. To illustrate this, consider the case of a restaurant owner who contacted a research firm to conduct some customer satisfaction surveys of his customers. When the researcher met with the restaurant owner, the researcher began the discussion by asking the following questions, “What are your objectives? What are you trying to accomplish? What is happening with your restaurant that makes you think that you need to conduct some customer satisfaction surveys?” The restaurant owner replied that his objective was to increase the number of customers coming to his restaurant during lunch hours. The researcher then followed up by asking, “What do you think that you need to do to make this happen? What changes do you think that you might need to make to increase your lunch business? What decisions do you think that you will have to make to be able to achieve this objective?” The owner then mentioned that he knew that many lunch customers were seeking sandwiches and other quick meals, as opposed to ordering meals that required longer time to cook and prepare. He did not currently offer many sandwiches on his menu, so he wanted to identify the types of sandwiches, and the appropriate prices for these sandwiches, that would appeal
to many of the construction workers who worked on construction sites near his restaurant. Given this, the researcher then knew the research objectives, including what the focus of the survey should be, the types of questions that needed to be asked, and the population of whom these questions should be asked. Notice that the restaurant owner had already identified the problem and that his decisions would center on the menu and the introduction of new menu items that would appeal to lunch customers who had only limited time to eat. If, on the other hand, the owner did not know specifically what his informational needs were, and he did not know what course of action would help to increase his lunch business, exploratory research techniques such as focus groups, mystery shoppers, or observational research might have been needed to identify the problem and potential courses of action.

4. Decide on the Data Collection Techniques and Procedures

After researchers and managers have agreed on the objectives of the research project, researchers must decide on the appropriate data collection techniques and procedures. What research technique is best suited for collecting the specific types of information that decision makers need? How will the data and information be collected? How will surveys be given to customers? How will the information outlined in the list of research objectives be collected? The selection of research techniques and procedures follows directly from the research objectives and the type of information needed by managers to make decisions. For example, will it be necessary to conduct focus groups? Will it be necessary to send out surveys in the mail to consumers? Are personal interviews required? Are experiments required?

5. Develop all Research Instruments and Materials

After deciding on the techniques and procedures to be used, researchers must develop all of the materials necessary to collect the data and information. This could include the focus group moderator’s guide, the questionnaire, the cover letter to accompany the survey, and even detailed instructions for interviewers.

6. Plan the Sampling Procedure

If a sample is to be taken, researchers must decide who will be in the sample and how these people will be chosen. Will the sampling procedure have only one stage of sampling (i.e., drawing names from a hat), or will there be multiple stages of sampling (e.g., choosing five stores in a state, then choosing customers within those five stores)? Will a random selection process, such as a simple random sampling procedure be used? Or, will a different sampling procedure be used, such as a cluster sampling procedure, or a systematic sampling procedure? How many people will be in the sample?

After developing all of the data collection techniques, instruments, and sampling procedures, the researcher should have these approved by management (the client) before beginning the research. This creates a contract, or agreement, between the client and the researcher. Both know exactly what will be researched, what data will be collected, and how it will be collected. Notice that it is very important to keep management (the client) informed about the research and the specific types of information that will be collected. The last thing that a researcher wants to hear from a manager (client) is, “That’s not what I needed.”

7. Collect the Data

Researchers must also make decisions regarding the specific data collection methodologies and procedures that will be used. How will the data be collected in an unbiased and systematic manner? What will the researcher do? When will the researcher do it? How will the researcher do it?
will do it? How can the possibility of error or bias associated with the data collection procedures be reduced?

8. Enter and Analyze the Data

After the data and information have been collected, it must be entered into a data file or other type of database so that it can be analyzed. At this stage in the research process the researcher must perform all statistical analyses necessary to satisfy the research objectives.

9. Prepare and Present the Research Report

A marketing research project is complete only after the results from the research are communicated to decision makers. Prepare the report and present it to management (the client). What is the best format for the research report? How familiar is the reader with statistics and research methodology? Will the reader be able to understand the report and use the information contained in it to help him or her make decisions?

10. Identify Needs for Subsequent Research

Rarely is one research project able to provide all information necessary to make decisions regarding complex marketing problems. Often, the results from one research project prompt the need for additional research projects. Good research frequently raises more questions than it answers. The results from a research project might be unexpected. The results might need further clarification that can only be provided from additional research projects. Additional research projects might be needed to further investigate certain variables, or the relationships between variables, that were not considered in an earlier research project. In many ways, the marketing research process never ends. There will always be a need for information to make managerial decisions.

The Most Important Stages in the Marketing Research Process

Even though all ten of the stages in the marketing research process are important, the first three; define the problem, identify management objectives, and develop research objectives, are by far the most important in terms of producing research results that will be useful to decision makers. Recall the IDO model of marketing research and the decision making process presented in chapter one.
If marketing researchers are not able to clearly differentiate between marketing problems and marketing symptoms, they will likely end up solving the symptom, or solving a different problem than the one for which the research was intended. Further, if marketing researchers do not fully understand the marketing manager’s objectives and the decisions they must make, it is likely that the research objectives will be misguided. This can lead to a research project that will not generate information that is useful to the decision making process. Some of the mistakes that researchers make in conducting research projects can be fixed relatively easily. For example, poorly worded survey questions can be changed and surveys re-administered. Likewise, biased sampling plans can be corrected and additional samples taken. But, if the researcher has not correctly identified the problem to be solved and the research objectives that will help managers fulfill their marketing objectives, it is very likely that the research will be a waste of significant time, effort and money.

**Sequence of Causes**

In many business and marketing situations there is not just one problem and one symptom. Often, there is a sequence of multiple problems and symptoms. A problem that is identified as the cause of poor marketing performance might actually be the result of some other underlying problem. For example, decreasing sales of furniture might be the result of slow delivery times, i.e., when customers inquire about potential delivery dates they are disappointed by the amount of time that it will take for furniture from this manufacturer to be delivered to their home. However, this long wait time for delivery might itself be the result of inefficiencies in the production and manufacture of the furniture at the factory. And, inefficiencies in the production and manufacture of the furniture might be the result of an inability to obtain raw materials, wood, components, and other parts that are necessary to complete the manufacture of the furniture. Thus, the solution might be to establish more exclusive distribution networks with suppliers, or even to consider purchasing a supplier of wood, materials, components and parts that are necessary to manufacture furniture. This is illustrated below.
Root Causes. Most gardeners will tell you that a weed must be pulled out by its roots. If not, it will simply grow back again. In the same manner, marketers must identify the root problem and solve that problem. Sometimes this requires working backwards from symptom, to problem, to symptom, to problem, etc. until the fundamental root problem is identified. When marketers do not do this they run the risk of treating only the symptom and not the underlying problem. And, just like weeds in a garden, negative symptoms will continue to reappear.

Questions to Ask When Conducting Marketing Research

To conduct a marketing research project and to evaluate the quality of a marketing research project, researchers should ask themselves the following questions during the research process. Refer back to these questions when working through each stage in a research project.

Define the Problem
- Have we identified the true problem, or just a symptom of that problem?
- What problem(s) will hopefully be solved with the input of marketing research results?

Identify Management Objectives
- What does management want to do with the results of the research?
- Is the research being done to support a decision that has already been made?
- What are the managerial objectives and can these be translated into measurable research objectives?
- What decisions must marketing managers make?

Develop Research Objectives
- What type of research technique or methodology is needed?
- What information is needed for management to make decisions to achieve their marketing objectives?
- Will these research objectives yield results that will help marketing managers make decisions?
- Are the research objectives stated in specific and measurable terms?
- Which objectives can be met with secondary data, and which objectives must be met with primary data?
- If the research is designed to measure demand, and investment decisions will be made based on the results of the research, do those objectives relating to measuring demand have stated (a-priori) acceptance levels that can be used for managerial decision making based on the results of the survey?
- What is to be measured and how will it be measured?
- Can a research project be designed and developed to achieve the objectives?
- Do the objectives need to be more specific?
- Are all important research objectives identified?
- Are there other important research objectives not yet identified, or are there other relevant variables to be measured?
- Can these research objectives be met with just one research project, or are two or more research projects needed?

Decide on the Data Collection Techniques and Procedures
- What research technique or methodology is best suited to collecting the specific types of information needed by decision makers?
- Are multiple research methods required?
Are the techniques and procedures for collecting the data appropriate to the research objectives?
Are the procedures for collecting the data complete?
How will the research instruments and materials be administered, and how will the data be collected?
Are there any sources of error or bias associated with the data collection procedures?
Is there a chance for non-response error or self-selection bias?
Who will complete the survey (respondents), and why?
Who will not complete the survey (non-respondents), and why not?

Develop all Research Instruments and Materials

- Does the focus group moderator’s guide identify all important issues to be discussed during the focus group?
- Does the survey include a cover letter or scripted introduction?
- Does the cover letter or scripted introduction answer the following questions: What is this? Who wants to know? Why do they want to know this? Why was I chosen? How important is this? Will this be difficult? How long will this take? Will this cost me anything? What do I get out of this? Will I be identified with my answers? How will this be used? When should I do this?
- What questions are needed to satisfy the research objectives?
- Do the research instruments have any biased or poorly worded questions that are loaded, leading, ambiguous, vague, taxing or double barreled?
- Is the ordering of questions on the research instruments appropriate?
- Do the research instruments require any skip, filter, or branching questions? If so, are they placed in the appropriate location in the survey?
- Do the research instruments measure all variables and issues identified in the list of research objectives?
- Do the research instruments use the appropriate scales for measuring the issues and variables as they are stated in the list of research objectives?
- Do the research instruments provide a means for determining the representativeness of the respondents?

Plan the Sampling Procedure

- How will the research participants (respondents) be selected?
- Is a sample selection procedure based on random selection required (probability sampling procedure)?
- What will be used as a sampling frame?
- Will the sampling frame systematically eliminate any members of the population from being included in the sample (sampling frame error)?
- What sample size is needed?
- What will be the specific sampling procedures?
- Will the sampling procedure yield a representative sample of the population?
- Are any members of the population systematically eliminated from being included in the sample?
- Will any members of the population be either over represented or under represented in the sample?
Collect the Data

• Will the data be collected in a systematic, objective and un-biased manner?
• How long will the data collection take?
• Who will collect the data?

Analyze the Data

• What analyses need to be performed on the data to satisfy the research objectives?
• What variables are being analyzed?
• What level scales are used to measure these variables?
• What analysis techniques are appropriate for analyzing variables measured on these scales?

Prepare and Present the Research Report

• Who will receive the report?
• What will they do with the report?
• Is the report well organized and easy to read?
• What is the level of statistical knowledge or understanding of the person reading the report?
• What information, issues or results are of most interest to the reader?
• Does the report present the results of the marketing research project in a way that will help marketing managers make decisions?

What Would You Do?

You are the manager of Dalapatalio’s Pizzeria, which is a pizza restaurant located in the suburban part of a large city. One day, Vinnie Dalapatalio, the owner of the restaurant, begins to discuss with you the declining business that he has noticed over the last four months. He is concerned that fewer and fewer customers are coming to Dalapatalio’s Pizzeria to eat. He then tells you that he has decided to do something about it. He has decided to offer a “Buy One Pizza, Get Two Free” promotion. He thinks that this will have a significant positive effect on his business and the number of customers. He plans to offer the “Buy One Pizza, Get Two Free” promotion for about two months. Then, if business has picked up, he will discontinue the promotion and return to his regular pricing.

What do you tell Vinnie Dalapatalio? What words or phrases do you use?

Identifying Marketing Problems

As previously stated, it is very important to identify and understand the difference between observable marketing symptoms and their underlying problems. However, marketing problems are often difficult to identify. For example, consider the following situation.

PrintMax makes computer printers and other peripherals. Marketing managers at PrintMax have noticed a steady decrease in sales over the past two years. During this time, PrintMax has been selling their printers in larger discount stores such as Wal-Mart. From in-store interviews of customers shopping for printers in these stores, marketing managers have repeatedly heard customers mention that they were not going to buy a PrintMax printer because it was too expensive.

What was the problem? An immediate reaction to this situation would have been to consider lowering the price for PrintMax printers. But, this would have been a mistake. The consumers who
shopped for printers in large discount stores were not very knowledgeable about computer equipment. As such, they relied on retail salespeople to inform them about the relative merits of competing printers. In fact, it actually turned out that the true problem was with the retail sales force that PrintMax was relying on to promote and sell their printers. The employees of the discount stores were not adequately knowledgeable to communicate the printer’s true value. Also, in-store promotions were not compensating for this lack of knowledge among the employees. Thus, what seemed like a problem with pricing was really a problem with promotion, sales messages and channels of distribution. Selling through independent retailers forced PrintMax to rely on the employees of those retailers to sell their printers.

Consider another situation.

Music Source is a small independently owned music store located in a suburban part of a large city. Music Source sells and rents musical instruments and also offers music lessons. The owners of Music Source noticed a steady decline in all aspects of their business. They also noticed that larger music stores had been opening in other parts of town and their business had actually been growing. These larger music stores sold a wider selection of musical instruments and frequently offered in-store concerts and clinics by famous musicians to promote their music lessons.

What was the problem? An immediate reaction to this situation would have been for Music Source to consider expanding their product line to include a greater variety of musical instruments and also offer in-store clinics similar to those offered by the larger stores. But, this would have been a mistake. The true problem was the demographics of the market that Music Source was serving. The people living in this suburban area of town had grown older and no longer had school-age children, which is the prime market for instrument sales, rentals and lessons. Thus, what seemed like a problem with the product line (the limited variety of instruments and lack of in-store clinics) was really a problem of changing market demographics. Expanding their product line would not have solved the problem.

**Background Analysis**

How could PrintMax and Music Source have identified their true problems? Many marketing problems can be identified by first conducting a **background analysis**. In conducting a background analysis marketers gather as much related information as possible. This includes information about demographic changes, general economic changes, changes in the nature and amount of competition, an even changing market and environmental conditions. Much of this information can be collected with secondary data. In many ways a background analysis is similar to conducting a SWOT analysis where a manager identifies **Strengths**, **Weaknesses**, **Opportunities**, and **Threats** to a company or organization.

To illustrate the usefulness of a background analysis, consider the case of a private university where the student enrollment has been declining steadily for the last two years. Before surveying prospective students about their attitudes and perceptions of the university (which would require time and money), officials at the university should examine:

- **Changes in demographics.** Perhaps there have been fewer graduating high school seniors over the last few years.
- **Changes in the economy.** Perhaps a slower economy means that fewer students can afford to attend college.
- **Changes in federal school loan programs.** Perhaps school loans are more difficult to obtain or are more expensive than in previous years.

**Research techniques for identifying marketing problems include:**

- **Background Analysis**
- **Employee Interviews**
- **Focus Groups**
- **Observation**
- **Ethnography**
- **Mystery Shoppers**
The presence of other alternatives for students. Perhaps newer universities have recently opened, or other universities are offering expanded online degree programs allowing students to attend these universities without traveling.

As another example, consider the case of a laundromat where sales have been declining steadily over the past two years. Before surveying customers about their attitudes and perceptions of the laundromat, managers should examine:

- Mortgage rates. Perhaps lower mortgage rates make it cheaper to own a home so people do not need to rent apartments and do laundry at a laundromat.
- Interest rates and attractive financing. Perhaps low interest rates and attractive financing offers from manufacturers and retailers allow more consumers to purchase big-ticket items for their homes, such as washing machines and dryers.
- New competition. Perhaps newer laundromats have opened in town.

Employee Interviews

The purpose of marketing research is to obtain information about consumers. However, this does not mean that the information must always come directly from consumers. Not all marketing problems can be identified by researching consumers. Consumers can provide information about only what they see and directly experience. Information needed to identify marketing problems can also be collected from employees, salespeople, suppliers, buyers, or from other members within the channel of distribution. Employee interviews, employee surveys and employee focus groups can be used to identify marketing problems. For example, PrintMax could have conducted some focus groups involving the retail sales employees. By conducting a focus group session where sales employees act out a sales situation in the context of a role-playing exercise, researchers could have quickly identified the true problem. If researchers surveyed only customers, they would have heard comments dealing only with the high price.

It is often beneficial to survey or interview employees, such as front-line customer service representatives, salespeople, sales managers, checkout clerks, and even store managers. These people are in direct contact with consumers on a daily basis. They hear the concerns, criticisms, complaints, suggestions and compliments from consumers. They are a valuable resource to the marketing researcher. They can be surveyed or interviewed on a formal or informal basis.

Ask them:
- What do you hear consumers saying?
- What do consumers tell you about the products or the services?

Advantages of employee interviews and focus groups include:

- They can be cheaper than surveying consumers. Employees are already being paid so there is no need to offer financial incentives that might be required to survey customers. This is part of an employee’s job.
- By speaking to one customer service employee you are speaking to hundreds of consumers.
- Employees can summarize and translate consumers’ comments into terms management can understand (industry lingo).
- This lets employees feel like they have an input into managerial decisions. Don’t just ask employees what they hear consumers saying, but also ask them what they think.

Disadvantages of employee interviews and focus groups include:

- Employees might have vested interests and report only those comments that further their interest. They might censor or bias their comments.
- The telephone game. Comments and words tend to change when they are repeated from one person to another. The information employees report might not be exactly what they heard from consumers.
Mystery Shoppers

A mystery shopper could have also helped PrintMax identify the true problem. Mystery shoppers are becoming a very popular research technique for identifying marketing problems and improving customer service. Mystery shoppers are especially useful in retail settings where there is a high degree of customer contact with employees. Mystery shoppers look and act like ordinary customers. Their primary function is to evaluate customer service from a customer's perspective. Mystery shoppers can be used to evaluate customer service inside the store and outside the store. When a mystery shopper visits a retail store, he or she will carefully notice everything that customers might experience in the store. They look around. They shop for pre-specified items. They record the amount of time that it takes for a salesperson to approach them. They ask questions to create problems so that they can observe how the customer service employee solves the problem. Sometimes, they even complain to see how employees react. When their shopping trip is finished, they will then complete a detailed report on their personal experiences. Sometimes the reports involve answering as many as 200 questions about their experiences. Often, the mystery shopper reports and questionnaires can be completed online. These reports provide a detailed evaluation of customer service, from the cleanliness of the store, to whether or not the employee at a fast food restaurant tried to up-sell them to a value size meal, to whether or not customer service employees smiled or said “thank you.”

The purpose of a mystery shopper is to collect data about a store or company in an objective, dispassionate and unobtrusive manner. Mystery shoppers are often employed by outside research firms. This provides them with an objective and unbiased frame of reference when evaluating the store. However, sometimes mystery shoppers are employees of the organization being evaluated. You can learn more about mystery shoppers by visiting the following websites: www.mysteryshopperjobs.com; www.mystery-shoppers.com; www.mysteryshop.org.

Mystery shopping has gained in popularity as a research technique for identifying marketing problems and for understanding marketing issues from the consumer’s perspective. The Mystery Shopping Providers Association (www.mysteryshop.org) is the professional organization for mystery shopping providers.
Mystery shoppers evaluate everything that customers might experience. This includes everything customers might see, smell, hear, touch or feel. They evaluate:

- The physical environment.
- The cleanliness of the store.
- Customer service.
- Employee performance.
- Whether or not employees are courteous.
- Whether or not employees are knowledgeable.
- Displays of merchandise.
- Patterns of employee behaviors.
- Employee integrity.

They do this by:

- Trying out some of the merchandise.
- Asking questions.
- Asking for help.
- Voicing some complaints.

Mystery shoppers give businesses information about:

- Why customers do or do not come back.
- Variables that might negatively affect customer satisfaction and employee performance.
- Consistency of quality and service across multiple store locations.
- Possible areas for employee training.

Possible limitations of mystery shoppers include:

- Mystery shoppers should be trained to make accurate and objective observations.
- Mystery shoppers provide information about only one point in time.

Mystery shopping has become increasingly accepted as a valid research tool for improving marketing performance and gaining insight into marketing problems from the customer’s perspective. In 2002, the Mystery Shopping Providers Association (MSPA; www.mysteryshop.org) developed a two-level certification program for educating shoppers in the processes and techniques of mystery shopping. The Silver Certification program provides shoppers with a fundamental understanding of the mystery shopping industry and assures that the shopper has the basic skills to read, comprehend and follow directions. Shoppers can complete this training online. The Gold Certification program involves attending a day-long series of workshops covering the mystery shopping industry in more detail. In 2008, the MSPA began offering the Gold Certification training via DVD, so shoppers could become certified without having to travel to attend the workshops. The certification is not required to be employed as a mystery shopper. However, the certification is an indication to a company looking to employ a mystery shopper that the shopper is knowledgeable in the procedures, policies, methods, ethics, and standards of the mystery shopping industry.

**Observation**

Observational research techniques have become increasingly popular among marketing researchers as a means of better understanding consumers and identifying marketing problems. **Observation research** allows researchers to record patterns in consumers’ behaviors as they interact with products, people and their physical surroundings in a natural environment. Whereas focus groups and surveys rely on measuring consumers’ self-reported responses to questions, observation...
research allows marketers to observe what people actually do and how they actually interact with their surrounding environment. For example, observation researchers might be stationed in the convenience store of a gas station to observe and record how much time consumers spend in the store and in specific aisles, the direction in which consumers travel through the store, whether or not consumers initiate conversations with other consumers, and whether or not they pick up and examine any products near the cashier’s counter. Observation in retail stores allows marketers to study how consumers browse through stores, how they locate products and brands in stores, the amount of time they spend reading package labels, and their queuing behaviors when forming lines to pay for products.

The main advantage of observation research techniques is that they allow marketers to directly measure actual behaviors, instead of self-reports of behavior which can be easily biased or censored. For example, self-reports of behaviors, such as the amount of time consumers spend engaging in a behavior, can be very inaccurate. Consumers can deliberately over estimate or under estimate the amount of time they spend performing certain activities. Additionally, self-reports of behaviors can be inaccurate due to consumers simply forgetting or not paying attention to what they are doing. In such cases, consumers might report behaviors that are socially acceptable.

Traditional research methods, such as focus groups and surveys, rely on consumers’ self-reports of behaviors and memories for events. And, the situational contexts in which these self-reports are provided can be very artificial and contrived. For example, most focus groups are conducted in professional focus group facilities, not in the environments in which the behaviors being discussed are performed. It is difficult for consumers to accurately remember and report the nuances of their behaviors, thoughts and emotions regarding washing their car when they are seated around a conference table in a focus group room. Observation techniques solve this problem by studying consumers within the context of their daily lives.

The main disadvantage of observation research is that only behaviors and physical characteristics of consumers can be recorded. Observation does not allow researchers to measure and record psychographic constructs such as attitudes, intentions, emotions, motivations and reasons for behaviors. Additionally, many private behaviors cannot be recorded via observation. Marketers of personal care products would have a very difficult time observing consumers’ behaviors regarding toothpaste, deodorant, toilet tissues and foot powder.

**Human versus Mechanical Observers.** The two main types of observation research are those that use **human observers** and those that use **mechanical observers**. In many situations it is desirable to have a human researcher as the observer. Humans are able to observe and form immediate interpretations of consumers’ behaviors. Examples of human observation in marketing include:

1. Observing consumers as they shop in retail stores.
2. Observing consumers as they use and consume products.
3. Observing consumers as they interact with other consumers in retail environments.
4. Observing consumers as they examine products and make in-store purchase decisions.
5. Observing consumers as they interact with other consumers in non-retail environments, such as social gatherings.
6. Recording the license plates of cars parked in a store parking lot.

One might think that human observers are always preferable to mechanical observers. However, in some situations it is easier and more efficient to observe consumers using mechanical observation. Video cameras and audio recorders can sometimes record behaviors more accurately than humans can. Video cameras do not get tired, they do not get distracted, and they have no inherent biases in recording consumers’ behaviors. Machines are often preferable to humans when observing large numbers of consumers over long time periods. Machines are also preferable to humans when the behavior of interest is rare, infrequent, unpredictable or erratic. It is far cheaper to run a video camera non-stop than...
it is to pay a human observer to wait for an infrequent behavior to occur, e.g., a consumer picking up a bottle of $100 wine in a liquor store. Marketers have used many different types of mechanical observation of consumers, including:

- Video and audio recorders.
- Electronic checkout scanners.
- Nielsen television boxes for measuring which family members are watching television.
- Arbitron’s Portable People Meters for recording the radio stations that people listen to.
- Retailers’ loyalty cards and rewards programs for tracking customers’ purchases.
- Proprietary (store) credit cards for recording customers’ purchases.
- Turnstiles for measuring traffic flow and traffic patterns.
- Web-based tracking of consumers viewing Internet sites.

Many of these mechanical observation devices are covert in that consumers are often less likely to notice the presence of the recording device than they are to notice the overt presence of a human observer. In many cases they become invisible to consumers because consumers are either not aware of their presence, or they are not aware that the device is recording their behaviors. This has the advantage of reducing biases because consumers are less likely to know that they are being watched, and as such, are less likely to alter their behaviors. However, many researchers have ethical concerns regarding the level of deceit associated with covert observation where consumers are not aware that their behaviors are being recorded.

**Ethnography**

*Ethnography* is the study of human behavior in natural and native settings – where people live, work, play, socialize, shop, relax and entertain themselves. Ethnographers observe how people behave and interact with each other and their physical and social environment. Ethnography is a specialized form of observation that is relatively new to marketing and business disciplines, but has a long and rich history with its origins in anthropology. Ethnography usually involves well trained researchers who observe and study consumers in the diverse environments in which consumers are influenced by, and interact with, goods and services.

In many cases, ethnographers are **participant observers** who directly intermingle with the people they are observing. Marketing researchers who are participant observers immerse themselves into social groups and settings and overtly interact with consumers by listening to them and engaging them in conversations, participating in activities, and even conducting interviews. Ethnographers record and collect photographs, audio and video tapes of activities and interviews, and detailed field notes of their experiences. Instead of searching for specific information gleaned from a single consumer’s behaviors, ethnographers often seek to find and understand the common themes, meanings and interpretations of the behaviors of groups of consumers. The advantage of being a participant observer is that it allows the researcher to obtain a greater appreciation for the phenomenon, issue, topic, or people being studied. However, a disadvantage is that whenever a researcher directly participates with subjects for extended periods of time there is the possibility of decreased objectivity because the researcher becomes part of the phenomenon being studied.

The theory behind ethnography is that researchers must fully experience something before they can fully understand it. This is one of the main reasons behind the increased acceptance of ethnography as a form of marketing research to better understand how consumers interact with products. In most cases the researcher is not as familiar with the product or service being researched as is the marketer and consumer. Observation and ethnography can help increase researchers’ familiarity with, and understanding of, the products, services, people, situations and behaviors they are researching.

Ethnography has become well accepted by many of today’s best and most successful businesses. Business and marketing decision makers have come to recognize the value of ethnographic research methods. *Envirosell* (www.envirosell.com), started by Paco Underhill more than 25 years ago, has been
a leader in the use of observation research techniques to help businesses better understand their customers. They boast a long list of clients who have benefited from the use of observation research, including Burger King, Cracker Barrel, Starbucks Coffee, Gap, Old Navy, Sam’s Club, Walgreen’s, Johnson & Johnson and Sony Music.

Whereas some observational research studies can be completed in a relatively short time (i.e., a few hours to a few days), true ethnographic studies with participant observers often require more time, as long as a few weeks to a few months. This longer time horizon highlights an advantage of ethnography—the longer a participant observer interacts with the subjects, the more familiar and accustomed the subjects become with the observer, and the less likely subjects are to bias or censor their comments, or to alter their behaviors in response to the observer’s presence. Thus, longer ethnographic studies can lead to data that is less likely to be influenced by respondent bias. However, the longer an ethnographer directly interacts with the people they are attempting to study, the less objective they can become.

As research tools, observation and ethnography provide marketing researchers with the ability to learn much more about consumers than could be learned from secondary accounts of consumers’ behaviors. Specifically, observation and ethnography allow marketing researchers to:

- Measure actual behavior, instead of self-reports of behavior.
- Uncover the unspoken cultural and social patterns of behavior surrounding product use.
- Understand product purchase, consumption and disposal from the customer’s point of view.
- Gain a holistic view of consumers as they behave and interact with each other and with products in their daily lives.
- Observe usage patterns and usage situations.
- Measure the amount of time that consumers spend performing product related behaviors.
Observe how consumers interact with their physical environment and physical spaces.
• Learn the terminology and language that consumers use when discussing products with friends.
• Experience what the consumer experiences.
• Understand the social context of group interactions involving products or services.
• Understand the cultural aspects of behavior and decision making.

What Would You Do?

The bookstore on your college campus has recently employed you as a marketing research consultant. Managers at the book store want to better understand the process by which students purchase university logo apparel. What influences students’ decision to purchase university logo apparel? When do students purchase university logo apparel? Where and when do students wear university logo apparel? What factors influence where and when students wear university logo apparel?

What types of observation research could you conduct? Who would you study? What would you observe? Where would you observe it?

Observation in Simulated Shopping Environments

One of the main advantages of observation research techniques is that they allow researchers to track consumers’ behaviors in natural, real life environments. However, when it is not feasible to conduct such observation research in real life environments (often due to privacy issues), simulated shopping environments can be used. For example, The PreTesting Group (www.pretesting.com) has developed multiple techniques and technologies for recording consumers’ behaviors in simulated environments. Some of these techniques are described below.

Print Advertising Viewing: Consumers are led to believe that publishers want their opinions on newly proposed magazines. Unknown to consumers, a marketer’s target advertisement is placed in each of two different magazines that consumers are to read. As they read through the magazines, two cameras hidden in a nearby table lamp record how much time they spend looking at each page of the magazine, and they also record consumers’ eye movements. The patented PeopleReader™ technology measures consumers’ level of involvement with each page. The patented Eye Tracking System™ also measures the specific places on the pages that consumers are looking at. This helps marketers identify the most attention getting elements of print advertisements.

Direct Mail: Consumers are asked to sort through a day’s mail as if they have just come home from work. They are also given the opportunity to throw any pieces of mail that they do not want, or do not want to open, into the trash can. The two hidden cameras in a nearby table lamp record consumers’ level of involvement with each piece of mail and the movement of their eyes as they read through a piece of mail.

Packaging: Consumers are seated in front of a five-foot screen that shows a life-size image of retail store shelves through which consumers can browse. Consumers can navigate through the shelves using a control panel. As a product package catches their attention, consumers can zoom in to examine it more closely. Consumers make purchase decisions revealing the ability of selected package designs to grab consumers’ attention.

Billboard Advertising: Consumers are seated in front of a five-foot screen and asked to “drive” down a road at 45 mph. They are instructed to look for specific road signs to determine their visibility. This keeps them from artificially paying increased attention to billboards for target advertisements that are included in the images that are shown on the screen. Following their simulated drive, consumers are asked to recall the billboards they remember seeing during the drive. PreTesting’s Eye Tracking Recorder also records which visual elements of the billboards were examined, and which visual elements were ignored.
Behavior, Behavior, Behavior

A key advantage of observation, ethnography and mystery shoppers is that they allow marketing researchers to measure actual behaviors, instead of merely measuring self-reports of behaviors. The closer marketing researchers can get to measuring actual behaviors, the better off they will be and the more useful and predictive their research results will become. While consumers often bias and censor their answers on surveys and their comments in a focus group session, behaviors do not lie. Marketing researchers care less about what consumers say they do, and care more about what consumers actually do. Focus groups and surveys tell us only what people say they do, or what they did. Observation, ethnography, mystery shoppers and database marketing with purchase tracking capabilities can tell us what consumers actually do, as well as what they actually did.

Questions for Discussion

1. In general, what are the differences between marketing problems and marketing symptoms?
2. It is often said that the most dangerous part of an iceberg is the part below the water. How does this relate to the differences between marketing problems and marketing symptoms?
3. Sally owns a restaurant. What are some negative symptoms that Sally might observe in managing and marketing her restaurant? What are some problems that could cause these observable negative symptoms?
4. The Metro Transit Authority (MTA) is the public transportation provider for a large city. The MTA has noticed a steady decrease in the number of people riding buses to and from downtown. This decline began in the late 1990’s and has continued to the present day. What information could the MTA obtain from a background analysis to help it identify the true problem? What would they want to know to help them identify the true problem?
5. From a marketing research perspective, identify which of the following are problems, and which are symptoms:
   a. Decreasing sales
   b. Advertisements that convey the wrong image about a brand
   c. Poorly trained sales force
   d. Decreasing market share
   e. A price that is too high for customers in a target market to afford
   f. Product packaging that does not properly contain the product
   g. Too few product installation instructions included in the package
6. If you entered a Target store and noticed someone standing near the door with a clipboard and making notes as they observed shoppers in the store, how would this affect your behaviors as you shopped?

Endnotes