SCHOOL-BASED ENTERPRISE INSTRUCTIONAL UNITS
MARKETING-INFORMATION MANAGEMENT

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EMERGING LEADERS AND ENTREPRENEURS IN MARKETING, FINANCE, HOSPITALITY AND MANAGEMENT
If a business is to be successful in the marketplace, it must first conduct both market and marketing research. While market research refers to collecting information about the market, marketing research involves collecting information about how marketing activities affect the consumer. The information collected through marketing research helps a business predict how its customers will respond to changes in other marketing functions. Being able to predict customers’ behavior allows a business to better meet those customers’ needs and wants.

There are different kinds of marketing research. Quantitative research refers to collected information that can be measured numerically, while qualitative research involves information that focuses on the characteristics of some entity. This could be a product, an idea, a behavior, a place, etc. Qualitative information cannot be measured numerically. A salesperson may ask a customer, “How many times do you shop for groceries per month?” The salesperson is performing, albeit very casually, quantitative research. The customer will respond with a numerical value such as once per week or three times per month. Alternatively, a salesperson who asks a customer what they like about shopping at a privately owned market versus a larger chain grocery store is performing qualitative research.

While the ability to best meet customers’ wants and needs is the ultimate goal of marketing research, this goal is somewhat abstract. A business must first define what it needs to know before it can work towards better responding to its customers. This is known as problem definition. By defining an issue to which a solution must be found, a business is categorically specifying how the solution will help it better serve its customers. Consider your SBE. Perhaps you’ve noticed that sweatshirt sales have been lagging. You are not certain why sales have slowed, but you’d like to know why so you can address the issue and correct it so that sales will increase. You’ve just defined your problem.

The next step in performing marketing research is obtaining data. Both secondary and primary sources of data can be helpful, and there are several types of each. Secondary data are data which have already been collected for prior research. Examples include information obtained on the Internet, research reports, and business publications. One of the major advantages of using secondary data for marketing research is that it already exists, so a business does not have to spend large amounts of money conducting a study on its own in order to acquire useful information.

Primary data are data collected for specific research and for the first time. Primary data can be collected by the business in need of the data or by a company hired by the business to perform the research. There are several ways to collect primary data including surveys, interviews, observations, and experiments. The students operating your SBE most likely perform primary data collection using at least one of these methods.

A survey is a questionnaire distributed to a group of individuals for the purpose of acquiring information about those individuals. Marketers may use surveys to determine customers’ needs through the asking of both closed-ended and open-ended questions. Surveys are not conducted in person but rather over the phone, through the mail, or online. Your SBE may distribute surveys to the students and faculty in your school asking them to rate, on a scale of 1 to 10, how strongly they...
feel about the SBE’s potential introduction of a new product line. In addition to the rating scale, the survey might also include questions such as “Do you like smoothies?” (closed-ended) and “What flavors of smoothies would you like to see offered in our SBE?” (open-ended).

Think of an interview as an in-person survey. You may ask your interviewees similar questions to those you’d include on a survey, but the answers they provide may be more informative or detailed due to the conversational nature of the in-person interview. In-person interviews also have the added benefit of a more likely response; an individual is much more likely to answer a question posed to them by a person than they are to fill out a mailed form or answer questions on the telephone.

Observations are conducted in various ways and can be formal or informal. Formal observations include those made by hidden cameras and mystery shoppers, both of which are intended to yield information about the habits and behaviors of a business’s customers. Informal observations are those made on a day-to-day basis by a business’s staff people. A sales associate at a cosmetics counter observes the clientele of the brand. They are aware of the various age groups, ethnicities, and skin types represented by their customers, and the sales associate eventually comes to know how such factors affect those customers’ purchase decisions.

Experiments involve altering an element of the marketing mix to determine if that element affects consumer behavior. Perhaps a business wants to see if the color of its packaging truly impacts sales of a certain product. In one region, the product packaging is bright yellow with bright green text. In another region (similar to the first in terms of size, demographic, etc. to ensure that the experiment is only testing one variable), the product packaging is dark blue with grey text. Over a specified amount of time the business will observe which region’s products boast better sales, therefore determining which type of packaging had a greater impact on the business’s bottom line. Experimentation is the most expensive of marketing research data collection methods. A lot of money is tied up in changing aspects of the market simply so they can be tested.

Regardless of the data collection method used, though, a business must be careful when selecting the sample from which to collect the data. A sample is a portion of the greater population. The population refers to a target market, and a sample of this target market must be representative of the group as a whole if the data collected from it is to yield reliable results. Your SBE wouldn’t survey only teachers or only tenth-graders, because these groups are mere segments of the population. Instead, your SBE should survey a group of students from all grade levels and faculty that includes individuals representing all characteristics of the population at large.
You will identify a problem in your SBE to which you would like to find a solution. You will then collect primary data using one of the methods discussed in this pamphlet, evaluate the data, and determine how you will use the data to implement a positive change in your SBE.

Answer the following questions to help you conduct your marketing research:

1. Identify and describe an issue or problem your SBE is currently facing.
2. Why do you think this is an issue? Are there competitors that deal with the issue more successfully than your SBE does?
3. What method of primary data collection will you use—survey, interview, observation, or experiment? Why?
4. Identify and describe the sample of individuals from which you will collect your data.
5. What does the data you collected reveal?
6. How does the data you collected differ from your hypothesis (your answer to Question 2)?
7. How can you use this data to implement a positive change in your SBE?

**CLASSROOM ACTIVITY**

Even a business as popular as McDonald’s needs to routinely collect data to determine what kinds of products it should both continue to offer and to introduce for the first time. McDonald’s classic products such as the Quarter Pounder, the Happy Meal, and World Famous Fries will most likely always enjoy permanent spots on the menu of the fast-food chain. Even so, McDonald’s is constantly reviewing the performance of its products and considering new ones to appeal to the target market. While McDonald’s takes great pride in its history as an American institution, it also wants to be seen as a modern restaurant that can adapt to its times and the evolving tastes of its customers. The relatively recent market testing and introduction of McDonald’s Angus line of hamburgers demonstrated how the business performs thorough research before implementing a change in its restaurants.

In the early and mid-2000s, McDonald’s responded to Americans’ growing interest in health and fitness by expanding its chicken product line. Many people consider chicken to be a healthier alternative to beef, and McDonald’s capitalized on this notion with the introduction of such items as the Grilled and Crispy Snack Wraps and Chicken Selects. While the new chicken offerings were well received, McDonald’s is primarily known for its hamburgers and didn’t want to stray too far from that perception. In 2006, McDonald’s tested three different kinds of hamburgers made with Angus beef in southern California. The hamburgers were larger and more expensive than other burgers on the McDonald’s menu and were introduced to compete with premium hamburgers offered at other fast-food chains such as Hardees and Carl’s Jr. The “restaurant-style” sandwiches enjoyed impressive sales in each of the six southern California counties where they were tested. Hamburgers are very popular in this particular region of the U.S., so McDonald’s’ choice to introduce the “Third Pounders,” as the burgers are called, was a sound one. The performance of the Deluxe, Bacon and Cheese, and Mushroom and Swiss varieties of the burger prompted the restaurant chain to permanently add them to its menu. The nationwide launch of the Angus Third Pounder in 2009 marked the first new hamburger added to the menu since 2001—and a return to McDonald’s’ roots as an American hamburger restaurant.