Application 01. Secondary sources of marketing data

The first stage in the data collection process consists of accessing, extracting and analyzing **secondary data**. These data were collected for reasons other than the needs of the project at hand and represent the most affordable and accessible information source[1]. In terms of the sources from which data are obtained, marketing research can be conducted using secondary data, primary data or, most often, a combination of both.

In a highly suggestive, yet slightly ironic, metaphorical manner, Blankenship proposes the distinction: "When you *read* about auto theft, that is secondary data. When you *experience* auto theft yourself, you have collected primary data." Collecting secondary data starts from the rule which states that any attempt at reinventing the rule is pointless – it is no use collecting your own primary data if that has already been done by someone else.

In the marketing research process, secondary data can be used in very different manners: to define the problem and state the research assumptions; as a source of ideas which are to be explored thoroughly at a later point, by primary research; to prepare for the collection of primary data, when researching methodologies and techniques used in other similar situations; in sampling – defining the population and selecting the sample; to achieve completely the objective of the research, when the secondary data prove sufficient in this respect; as a benchmark to assess the validity and accuracy of the obtained primary data.

To obtain the secondary data necessary in marketing research two source categories may be used: internal and external. **Internal sources** of secondary data may be classified into three broad categories: internal accounting records; salesforce reports; miscellaneous records. Their advantages lie in the absolute availability, quick and continuous accessibility and the precise relevance for the company's actual situation.

Whereas published materials constitute the most frequently referenced source of secondary data, it must be noted that they pose certain problems to the researcher, related to their compatibility with the aims of the research. Over time, there has emerged a veritable science and art of identifying **external sources** of secondary data required to conduct a research project. As a general rule, the research begins with identifying a list, which should be as comprehensive as possible, of the external sources of secondary data, including the following main categories: official sources, general directories and index services, compendia, annual registers, journals, newspapers, the Internet, etc. The experience in searching external sources of secondary data is built in time, so that, at first, it is advisable to turn to a librarian specialized in using reference materials.

Homework 01: *Identify the secondary sources of data necessary for a research on the market of product ....*

- Product description (the needs it meets)
- Key benefits for the consumers/users
- Situations or areas of use
- Product segmentation
- Market segmentation (consumers/users)
- Competition on the particular market (direct, indirect)
- List of identified secondary data sources
- Other relevant data, related to the features of the product/service

Bibliographical references

[1] Rodica Boier, Laura Ţimiraş (2006), *Cercetarea de marketing*, Editura Performantica, Iaşi.

Application 02. Market gaps

On the market, perfect interaction between producers and buyers is impeded by the potential existence of five types of gaps: the content gap of the offering, the time gap, the space gap, the ownership gap and the image gap.

The content gap of the offering consists in the imperfect agreement between what the buyer, and equally the end consumer, expects from a particular product, on the one hand, and what the producer is able to achieve based on the actual design of the product and on the inputs that it attracts and combines, on the other hand. The resulting item can meet the consumer's expectations to varying degrees. The more the consumer is knowledgeable of the market offering and the more he is experienced in using that particular product, the higher his expectations of the performance of the product. In addition, every buyer carefully evaluates the amount of risk involved in making a particular purchase[1].

The time gap represents the lack of perfect agreement between the moment the product is presented on the market by the seller, on the one hand, and the moment which the buyer/consumer considers to be most convenient for purchase/consumption, on the other hand. The potential emergence and manifestation of this type of gap are both obviously related to the temporal aspect of the consumer's behavior – the moment in the customer's life, the particular year, month, week, day or even hour when buying/consuming the product is most convenient to the customer.

The space gap refers to the imperfect agreement between the place that is the most convenient for the producer/distributor to retail the product and the place that is the most convenient for the beneficiary to purchase/consume it. Obviously, this kind of gap is essentially dependent on the type of product sold, as selling newspapers, milk or bread requires different approaches than selling footwear and indeed automobiles.

The ownership gap derives from the fact that the buyer must first own the product before being able to consume it. Changing ownership through purchase, rental, leasing, etc. can be done on more or less favorable terms for the one who purchases the product.

The image gap results from the lack of perfect agreement between the image which the buyer would like to acquire from consuming/using or simply owning a particular product, on the one hand, and the image which he feels he will in fact gain by purchasing the product, on the other. Of all the highlighted market gaps, this one is most liable to subjectivity.

It is clearly the role of marketing to facilitate, through its specific actions, the bridging of these gaps, their mitigation or even elimination. The greater the separation between the producer and the end consumer, the more substantial the required marketing effort will be.

By bridging the objective gaps in the marketplace, marketing creates utility and, thereby, **value for the customer**[2]. If by **product utility** one denotes the product's ability to satisfy a need, then the value of the product is materialized in the set of benefits that the consumer will gain, measured in relation to the cost incurred to obtain these benefits. In agreement with the four types of market gaps, the organization can create four types of utility - *content utility of the offer, time utility, space utility* and *ownership utility* – which concur to provide value to the particular product.

Against this background, one cannot overlook the fundamentally *subjective* character of the concepts of utility and value of the product, which are both essentially dependent on the consumer's perception of them[3]. Therefore, any strategic decision on the reduction of gaps must be based on relevant information provided by marketing research[4].

Project 02

Simulate a marketing research aimed identifying the value components for the customer which are specific to product .... and, based on it, determine the solutions for increasing the product's competitiveness on the market.

Solution:

1. Identification of gaps, by category;
2. Measurement of the severity of gaps;
3. Identification of proposals for the increase of the product's competitiveness on the market by enhancing its value for the customer (continue on Application 03).

Bibliographical references

[1] Rodica Boier (2001), *Comportamentul consumatorului*, Editura Gh. Zane, Iaşi.
[2] Philip Kotler (2009), *Marketing management*, 9th Edition, Pearson International.
[3] Rodica Boier (1997)*, Inovare şi succes. Strategii de marketing pentru produse noi*, Sedcom Libris, Iaşi.
[4] Rodica Boier, Laura Ţimiraş (2006), *Cercetarea de marketing*, Editura Performantica, Iaşi.

Application 03. Customer value[1]

Product value is created by meeting a customer's need, solving a problem, helping to achieve a goal, in brief, by delivering a **benefit**. Value is the concept which balances the benefits gained from consuming the product with the costs incurred in order to acquire and use the product. Therefore, it becomes apparent that value can be achieved by delivering either superior benefits through the product or comparable benefits at lower costs.

The customers' perceptions of value are shaped by the sum of their own evaluations of the benefits they could gain from consuming a particular product, on the one hand, and of the costs incurred to acquire the benefits, on the other hand. This is synthesized as follows:

Perceived value = Perceived utility – Perceived costs

From a marketing perspective, the utility promised to the beneficiary becomes an essential feature of the product. **Perceived utility** results from matching the product's benefits with the intensity of the consumer's needs and is materialized as what the customer deems to be the fair price for the functional and emotional benefits that the consumption/use of the product may provide. For example, the utility of a textile product can result from the option to modulate its components in order to expand the occasions for wearing the product or to match it with accessories required to keep up with the latest fashion trends. The product's utility may also lie in the feelings of pride, satisfaction and self-confidence that it inspires in its owner.

The **perceived cost** consists of the overall amount of expenses involved, which the client expects to incur in exchange for obtaining the benefits. They include, in addition to the product's selling price, a whole range of expenses related to its transportation, installation, operation, insurance, maintenance, servicing, dismantling, storage of waste, etc, but also wasted time, frustration, anxiety and so on. For instance, to the perceived cost of a textile garment, the consumer will add the expenses associated with potential changes to adjust the waist, with purchasing matching accessories, etc. For a footwear item, costs can emerge from expenses for required repairs, some expected, and others unexpected (e.g. broken heels) in addition to unwanted additional expenses (e.g. inadequate interior finishes, which damage the stockings) with all the resulting consequences: wasted time, stress, damage to self-image, etc.

……………………………………………………………………………………………

Homework 03

Simulate a marketing research aimed identifying the value components for the customer which are specific to product .... and, based on it, determine the solutions for increasing the product's competitiveness on the market.

Solution:

1. Listing of the benefits/advantages (utility elements) for the customer;
2. Listing of the cost elements for the customer;
3. Identification of proposals for the increase of the product's competitiveness on the market by enhancing its value for the customer.

Bibliographical references

[1] For details, please refer to: Rodica Boier (1997), *Inovare şi succes. Strategii de marketing pentru produse noi*, Sedcom Libris, Iaşi.

Application 04. Analyzing competitive position using the benchmarking technique

Benchmarking is a technique by which an organization's competitive performance is compared against the corresponding performance levels of competing organizations present on the marketplace, in order to identify solutions to improve the quality of its own offer. One key point to consider is that the assessment of performance gaps is achieved *indirectly*, by measuring the customers' perception of the performance levels of the various brands competing within the same product category.

This method provides the following benefits:

1. identification of the main focus areas of improvement efforts based on which the organization can gain competitive advantages;
2. support for systematic investigations related to settting new product strategic goals, which will enable the organization not only to close competitive gaps but also enhance customer value above the level of its competitors;
3. ensuring strict adherence to objectivity, by eliminating the risks of underestimating or overestimating own performance;
4. guaranteed rapid problem-solving as the solutions are often readily available.

A benchmarking program, which in practice is customized to the features of each particular situation, includes, in the standard form, the following stages: gap identification; gap analysis; anticipating future changes. During the *initial investigation*, the manager:

1. identifies the function (area) to be compared;
2. decides on the key performance variable to be compared;
3. selects as benchmark an organization which may be the *best* performer in that particular class or only a *better* performer;
4. measures the performance of the benchmark organization in the area and for the key variable selected for comparison, which will constitute the measurement standard (benchmark);
5. measures the organization's own performance and highlights the gap with the selected benchmark.

Performance gap analysis focuses on the following aspects: 1. measuring the gap, as a difference between the selected reference level and the organization's own indicators; 2. analyzing the gap identified in the previous stage.

The *anticipation of future changes*, both in the organization's own performance and in the benchmark levels, is based on various forecasting methods and seeks to detect trends and assess their development in time.

It is important, decisive even, that benchmarking should be conducted with a definite *market orientation*: much more relevant than the views on performance of the organization's managers are the perceptions of its customers, suppliers, agents and of marketing professionals.

Standard structure of a benchmarking procedure (sequence of quenstionnaire)

1. *What features do you consider when you intend to buy product ……………………..?*

   A1 ………………………..
   A2 ………………………..
   A3 ………………………..
   ……………………………..
   An ………………………..

2. *How important is for you each of the features listed above?* (distribute the 100 points among the "n" features considered, in proportion with the importance that each feature holds in your purchase decision).

   A1 ……………………….. points
   A2 ……………………….. points
   A3 ……………………….. points
   …………………………………………
   An ……………………….. points

   Total = 100 points

3. *Which are the 5 competitive brands which you take into consideration when you intend to buy the product ………………………?*

C1 ………………………………………
C2 ………………………………………
C3 ………………………………………
C4 ………………………………………
C5 ………………………………………

4. *Please rate, on a scale of 1 to 10, your own perception of the performance of each of the 5 brands considered, individually, for each of the features which make up product …………………………………* (a rating of 1 means the lowest level of perceived performance, while a rating of 10 indicates the highest level of perceived performance)

A1 (importance = … points) 1_______________________________________10
A2 (importance = … points) 1_______________________________________10
A3 (importance = … points) 1_______________________________________10
A4 (importance = … points) 1_______________________________________10

……… a.s.o. …………………………………………………………………..

………………………………………………………………………………………..

Homework 04

Simulate a **benchmarking** study in order to identify potential management solutions for gaining sustainable competitive advantage by the company ……………………… for the product …………………..

Bibliographical references

Boier, Rodica, Laura Țimiraş, *Cercetarea de marketing*, ed. a II-a, Editura Performantica, Iaşi, 2006.
Boier, Rodica, *Inovare şi succes. Strategii de marketing pentru produse noi*, Editura Sedcom Libris, Iaşi, 1997, p. 110-112
Kotler, Philip, *Managementul marketingului*, Editura Teora, Bucureşti, 2003, p. 309-311.

Application 05. Investigating market structure

In terms of the relationship with a product (for example, the product „detergent”), brand B (for instance, Ariel), produced by company C (for the proposed example, Procter&Gamble), we can identify:

► **BUYERS –** who have purchased the product before and regularly buy it.
- ■ **buyers of brand B** – customers who are generally loyal to brand B;
- ■ **buyers of competitor brands** – customers of the competition.

► **NON-BUYERS** – who have *not* bought the product before.
- ■ **relative non-buyers** – who may buy the product, but have not done so due to:
  - *Objective reasons* – e.g. the selling price exceeds the customers' resources, customers did not find the product in store etc.;
  - *Subjective reasons* – e.g., damaging rumors on the quality of the product etc.;
- ■ **absolute non-buyers** – for whom in principle the product is not intended or appropriate or may even be harmful; for example, sugar-based products, for diabetics, or rollerblades, for elderly or disabled persons, etc.

Marketers will therefore seek to design and implement adequate strategies for each market structure, chief among them being:

1. reinforcing the loyalty of existing customers to the *product category* (by reducing the customers' willingness to switch to alternative products);
2. reinforcing the loyalty of existing customers to the *brand* (by reducing the customers' willingness to switch brands);
3. eliminating/mitigating the *objective* reasons which have caused prospective buyers to remain relative non-buyers while simultaneously attracting them to become customers of the brand;
4. eliminating/mitigating the *subjective* reasons which have caused prospective buyers to remain relative non-buyers while simultaneously attracting them to become customers of the brand;
5. persuading absolute non-buyers to purchase the product/brand as a *gift* for a potential user.

....

Homework 05

Design the ***questionnaire*** *based on which you will describe the structures of the product's market. Start with listing the questions and assumptions related to the research.*

Discussion: *The scale the customer's product/brand loyalty.*

Questions:
1. Can the marketer be totally unconcerned about the loyalty to the brand of existing customers?
2. Should the marketer consider customers loyal to a competing brand to be a lost cause?