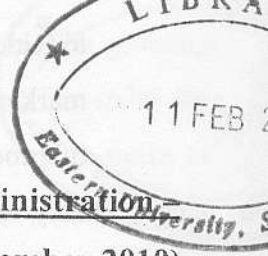


EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

Final Year/First Semester Examination in Business Administration
Specialization in Marketing Management 2009/2010 (December 2010)



MKT 4133 Marketing Research and Development

Answer all five (5) questions

Time: 03 hours

Q1) Read the following case study and answer the questions given below.

Riders Fits New Database into Brand Launch

The Initial Launch

A few years ago, the Lee Apparel Company decided to market a new apparel line of jeans under the name Riders. The brand's management team seized the opportunity to use market test data from a field experiment to begin building a customer database to help successfully launch the new brand of jeans. Unlike the typical process of building a customer database around promotions, merchandising, and advertising efforts that directly benefit retailers, their goal was to use marketing dollars to build both the brand and the database. The initial launch of the Riders apparel line went well with rollouts in the company's Mid-west and Northeast regional markets. The initial positioning strategy called for the products to be priced slightly higher than competitive brands and marketed at mass-channel retailers like Ames, Bradlee's, Caldor, Target, and Venture. During the first year, the communication program emphasized the line's "comfortable fit," and within two years the rollouts went national, using major retail channels like Wal-Mart.

Initially, Riders used a spring promotion called "Easy Money" to generate product trial and to gather name, address, and demographic information about the line's first customers. This data was collected using a rebate card

to Riders; the customer was rewarded with a cheque in the mail. This initial market test provided valuable data on each customer, such as the exact type of product purchased, how much was spent, who they bought for, where they heard of the Riders brand, and their lifestyle interests. As part of the test market, Riders supported the effort with point-of-purchase (POP) displays and promotions in Sunday newspaper circulars. In addition, the management team funded the promotion and handled all development, redemption, and fulfilment in-house. Results of the first test market were as follows: a total of \$ 1.5 million in certificates were distributed yielding a 2.1 percent response, or just over 31,000 customer names. About 20 percent of the buyers bought more than one item.

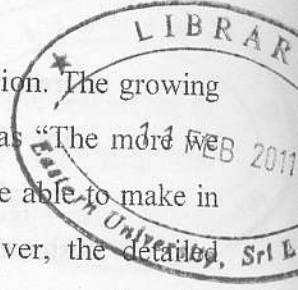
Another part of the test market design was the follow-up phone survey among new customers three months after initial promotion. Of the customers surveyed, 62 percent had purchased Riders products. The survey provided detailed information to salespeople and consumers. Riders then repeated the test market design adding a postcard mailing to existing database names. The promotional effort netted over 40,000 new customer names and information for the database. It also proved the responsiveness of database customers – 3.8 percent of the database customers who received the postcard promotion came into the store to make a purchase, compared to a 2.8 percent response to the POP and circular ads.

To build a successful customer database from test market designs, the critical first step is figuring out the most efficient way to gather names. Then comes the question of how you want to use the information with customers, prospects, and retailers. Finally, you begin the process of testing and evaluating the relationships, and applying what you have learned to build customer loyalty.

Focus on retail partnerships

The main goal of the Riders test marketing was to create valuable information that could be used to build relationships with Riders consumers

and those retail accounts Riders depended on for distribution. The growing philosophy within the Riders brand management team was "The more we know about our customers, the better the decision we'll be able to make in dealing both with them and with our retailers." Moreover, the detailed information such as hard dollar results of each promotion as well as the demographic profiles was shared with retailers, as was the research showing the consumer behaviour benefits. For example, a tracking study found that purchase intent of database customers was twice that of nondatabase customers in a given trade area. Unaided brand awareness likewise was high (100 percent, compared to 16 percent of the general population), and awareness of Riders advertising was 53 percent compared to 27 percent.



The Riders team believed so strongly in tying database information with promotion efforts that they insisted that a database component be part of any chain-specific promotions. Management hoped to convince the retailers that build their own database capabilities to share their information. For example, retail account information can identify more product and promotion opportunities. Riders believed the real payoff comes when both manufacturer and retailer use data, from either source, to do a better job of attracting and keeping the key assets for both channel members – the customers. Riders must continue convincing retailers that putting Riders merchandise on their shelves is bringing people into their stores. From test marketing to creating complete customer database, the Riders team has begun to put a major part of its marketing investment into image-building advertising strategies focused on print and television media.

For instance, they say, "The more we know about our customers and their preferences, the better we'll be able to hone our advertising messages and media buys, pinpoint what kind of promotion work best, and understand what new products we ought to be developing. As competitive pressures continue to mount, Riders expects detailed customer information to become more valuable in helping define the brand position clearly. Defining ourselves and what's different about Riders products is going to be an

increasingly important element in drawing customers who have a great many choices to stores where Riders products are on the shelves. Although it initially began with test markets guiding the development of a complete customer database program, it's now the databases that are guiding the inclusion of key elements in our test market research. Riders' ultimate goal is creating a tool that is going to make its products more attractive to retailers and to consumers."

Questions:

(a) What was Lee Apparel Company's overall goal for conducting such an extensive test market of its new line of jeans under the brand name Riders? In your opinion did the company achieve its goal? Why or why not?

(08 Marks)

(b) Identify and explain the strengths and weaknesses associated with the test market process used by the Lee Apparel Company.

(07 Marks)

(c) What are the information regarding of Customers, this research team had to collect? Give reasons for each item that you consider.

(06 Marks)

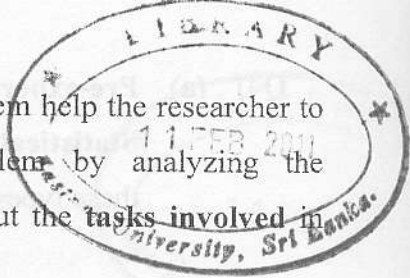
(d) Specify in what ways the retail partnerships can contribute in this test market and identify areas in which their partnership could enhance this test marketing process in future.

(07 Marks)

(Total 28 Marks)

Q2) (a) Observation methods are the systematic activities of witnessing and recording the behavioural patterns of objects, people, and events without directly communicating with them. What are the **observation methods** that are available for a descriptive research?

(05 Marks)



- (b) Tasks that are involved in defining the problem help the researcher to understand the background of the problem by analyzing the environmental context. Briefly describe about the **tasks involved in Problem Definition.**

(05 Marks)

- (c) When considering the **Marketing research suppliers and services** the firm can either go for **full service or limited service**. What does it indicates by the above two and briefly explains the varieties of services that fall into the above categories with its importance.

(05Marks)

- (d) Describe the **reasons** for conducting a **marketing research** with the help of **5 Cs**.

(03 Marks)

(Total 18 Marks)

- Q3) (a) **Random sampling error** and **Non-sampling error** are the potential sources of error in Research Design. Describe about these two errors with examples.

(05 Marks)

- (b) Describe the **major factors and sub-factors** that fall into, that contributes in selecting the appropriate **Survey methods**.

(05 Marks)

- (c) **Exploratory Research** is an initial research conducted to clarify and define the nature of a problem. Illustrate the **types and Characteristics of Exploratory Studies**.

(05 Marks)

- (d) What are the **elements** that are included in most of the **research reports**?

(03 Marks)

(Total 18 Marks)

Q4) (a) **Pre-experimental, True Experimental, Quasi Experimental and Statistical** are the types of Experimental Designs. Distinguish among these types with methods that fall into each of this categorization. (05 Marks)

(b) What is the difference between **Comparative Scales** and **Non-comparative Scales**? What are the categorizations that you can identify under the above classification? (05 Marks)

(c) What is a **“hypothesis testing”**? And what are the two types of error that is associated with this hypothesis testing? (04 Marks)

(d) What are the main purposes of a **Regression Analysis**? (04 Marks)

(Total 18 Marks)

Q5) (a) What is the difference between **Dependence Method** and **Interdependence Method** in a **Multivariate Analysis** and explain the **factor and cluster analysis**. (07 Marks)

(b) Briefly explain the steps involved in the **data preparation process**. (06 Marks)

(c) What are the **non-probability sampling techniques** that are available for a researcher and how they are different from each other? (05 Marks)

(Total 18 Marks)