

**417 132**  
**Marketing Research-Theory**  
**Mid-Term Examination**  
**11/30/2001**

**name:** \_\_\_\_\_  
# \_\_\_\_\_

**Please indicate whether the statements are true or false.**  
**Elaborate your choice with an explanation (in English).**

1. Marketing research should be carried out whenever there is the potential for learning something new about the problem. true/false
  
2. A probability sample of the population is imperative in good exploratory research. true/false
  
3. The GfK Purchase Diary Panel is an example of an omnibus panel in which the same variables are measured over time. true/false
  
4. BMW has retained you to determine if owners of BMW automobiles differ from owners of compacts in terms of certain demographic characteristics. Mark the following two statements true or false:
  - a. An experimental approach would be preferable to a descriptive approach to obtain the desired information. true/false

- b. A cross-sectional approach would be more appropriate than a longitudinal approach for the study question. true/false
5. The scientific notion of causality differs from the common sense notion in that the scientific notion holds that a single event (the cause) always leads to another single event (the effect) and thus, the scientific notion is more precise. true/false
6. If perfect concomitant variation is found, we can say that our hypothesis is proven. true/false
7. 'Instrumentation variation' includes the situation in which respondents in a study become familiar with the measuring instrument and consequently modify their true responses. true/false
8. Telescoping error refers to the fact that people only tend to remember events which have occurred rather recently. true/false
9. Initial pretests are best done by personal interview even if the survey is to be handled by mail or telephone. true/false
10. You are studying the product life cycle phenomenon attempting to classify certain products into the following stages: introduction, growth, maturity, saturation and decline. This represents an example of "nominal scaling". true/false

11. Please solve the following problems:

The manufacturer of a certain brand of nationally advertised and distributed frozen fruit juices has retained you as a consultant to advise on a questionnaire that is being prepared. The purpose of the survey is to determine consumer opinions and attitudes about frozen versus fresh fruit juices. Personal interviews are to be conducted on a randomly selected sample of families.

The questions listed below are being considered for the questionnaire. Comment on each, indicating whether you would leave the question as it is or would change it.

(1) Do you or any of your family drink fruit juices?

Yes \_\_\_\_\_ No \_\_\_\_\_

If Yes:

(2) Is the juice drunk at a meal or between meals or both?

At meal \_\_\_\_\_ Between meals \_\_\_\_\_ Both \_\_\_\_\_

(3) Do you prefer frozen or fresh juice?

Frozen \_\_\_\_\_ Fresh \_\_\_\_\_

(4) What advantages, if any, do you believe using fresh juice has to using frozen juice?

(5) What brand or brand of juice do you regularly buy?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Don't know \_\_\_\_\_

(6) On this card is a list of fruit juices. Tell me which are your family's first, second, and third choice.

grape \_\_\_\_\_  
tomato \_\_\_\_\_  
lime \_\_\_\_\_  
lemonade \_\_\_\_\_  
orange \_\_\_\_\_  
other \_\_\_\_\_

(7) What is the last brand of juice bought by your family?

\_\_\_\_\_ Don't know \_\_\_\_\_

12) The Merlin Magic Company, a large manufacturer of women's beauty aids, conducted a study in order to assess how its brand of hair dye was faring in the market. Questionnaires were mailed to a panel of 1260 families. Merlin Magic (MM) brand of hair dye had three major competitors: Brand A, Brand B, and Brand C. A similar study conducted in 2000 had indicated the following market chares: Merlin Magic 31.755 (i.e., 400 families); Brand A 25% (315 families), Brand B 32.54% (410 families), Brand C 10.71% (135 families). The present study indicated that its market chare had not changed during the one-year period. They noted that Brand B had increased its market chare to 36.5% (460 families). However, this increase could be accounted for by a decrease in Brand A's and Brand C's market chares. (Brand A now had a market chare of 22.23% or 280 families; Brand C now had a market chare of 9.52% or 120 families). The management of MM Company decided it had little to worry about.

The study of 2001 also revealed some additional facts. Over the one-year period 70 families from Brand A and 30 families from Brand C had switched to MM Brand. Five families from Brand B and 30 families from Brand C had switched to Brand A while none of MM brand users had switched to Brand A. The above facts further led management to believe that it had little to worry about. Finally, 45 families switched from Brand B to Brand C while none of the families using MM Brand or Brand A had switched to Brand C. Brand C's loyalty was estimated to be 0.556.

a) Do you think that management of Merlin Magic Company was accurate in analyzing the situation? Justify your answer.

b) You are called upon to do some analysis. From the data given above construct the brand switching matrix (Hint: begin by filling in the row and column totals.)

c) Indicate what this matrix reveals for each of the brands over the one-year period.

d) Calculate the brand loyalty and brand switching probabilities among the families in the panel.

e) What can be said about the degree of brand loyalty for each of the four products.

13) Super Savers is a chain of department stores located in larger towns in Austria. In order to improve its understanding of the market, management decided to develop a profile of the “average customer”. You are requested to design the study.

a) What kind of research design would you select? Justify your choice.

b) List at least four relevant variables.

c) Specify at least two hypotheses. (Note: A hypothesis is a conjecture as to how two or more variables are related. You should indicate the direction of the suggested relationship and how each of the variables would be measured).

d) Construct dummy tables using two of the variables that were specified in part b).

14) O'Leary Department Stores operates some twenty department stores in the greater Vienna metropolitan area. Many of O'Leary's major competitors in the past few years have introduced price-special promotions through the use of e-mail announcements, for example, "We have a special for our store patrons. For this evening only, all ties are half price."

O'Leary management feels that there are some real advantages in such a system. It can be implemented on short notice and discontinued when needed. It does not induce product-specific competitive reaction as might a newspaper ad promoting the price discounts, and it further might promote greater patronage in that consumers might be more likely to come in and browse if they think that there may be some attractive in-store specials offered that day.

Since the company already has e-mail addresses of many of their clients, there would be few costs associated with introducing such a system. However, the management of O'Leary is very much concerned with the kinds of products that should be promoted and the size of the discounts that might be offered. In effect, they would like to have a better handle on the effectiveness of the announcements.

Design an experiment by which the sales effectiveness of the announcements could be determined. Record the experimental components below.



- c) What method of administration would be appropriate? Justify your choice.
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- 16) a) List at least two attributes that students might use in evaluating bookstores.
  
  - b) Using these attributes, develop two Likert items and two Semantic differential items by which attitudes towards some bookstore can be evaluated.



