
Chapter 2

Marketing research

Chapter Objectives

After working through this chapter, you should be able to:

- Explain the role marketing research plays in developing marketing strategies for hospitality organizations
- Identify sources of information available for marketing research in hospitality organizations
- Describe secondary and primary research activities
- Explain the differences between qualitative and quantitative research methods
- Recognize how bias and sampling errors can distort marketing research findings.

Introduction

This chapter explains how marketing research provides the foundation for taking effective marketing decisions. We will introduce the marketing information system as the starting point for marketing research activity, and will then review the wide range of internal and external information sources available for hospitality managers. Both secondary and primary data collection techniques, and qualitative and quantitative data, are discussed with relevant examples. Finally, we will explain the marketing research process.

You will probably already be aware of marketing research activities in general terms. You may have carried out some primary research, and you will certainly know about surveys and opinion polls in the media. In fact, marketing research is a major industry that impacts on our everyday environment.

Activity 2.1

Before reading the rest of the chapter, try to think about the role of marketing research.

- List as many marketing research activities as you know
- Why do you think hospitality companies carry out research?

When you have completed the chapter, carry out this activity again and then compare your answers.

Marketing information systems

Hospitality managers and marketers need relevant, accurate, current and reliable information to be able to make effective decisions about the future of the business.

Small, single-unit, owner-operated companies normally rely on informal approaches to data collection and interpretation. Owner-managers can easily talk to customers to see how well they are performing, and they can visit and/or discuss what is happening in their own environment with local competitors, suppliers and community leaders. Larger organizations need to develop more sophisticated *marketing information systems* to ensure that corporate executives understand the more complex environments in which they are operating (see Figure 2.1). This is because marketing managers in larger companies are separated geographically, and sometimes culturally, from the markets they serve. This helps marketers to identify trends and plan for the future. A marketing information system utilizes:

- Existing data from company sources (accounts and sales, guest history, customer satisfaction)
- Data collated from external marketing research activities (brand performance, corporate reputation, consumer trends, competitor activity).

The major hospitality companies have invested significant capital in developing computerized databases, linked to guest history, to create systems capable of tracking

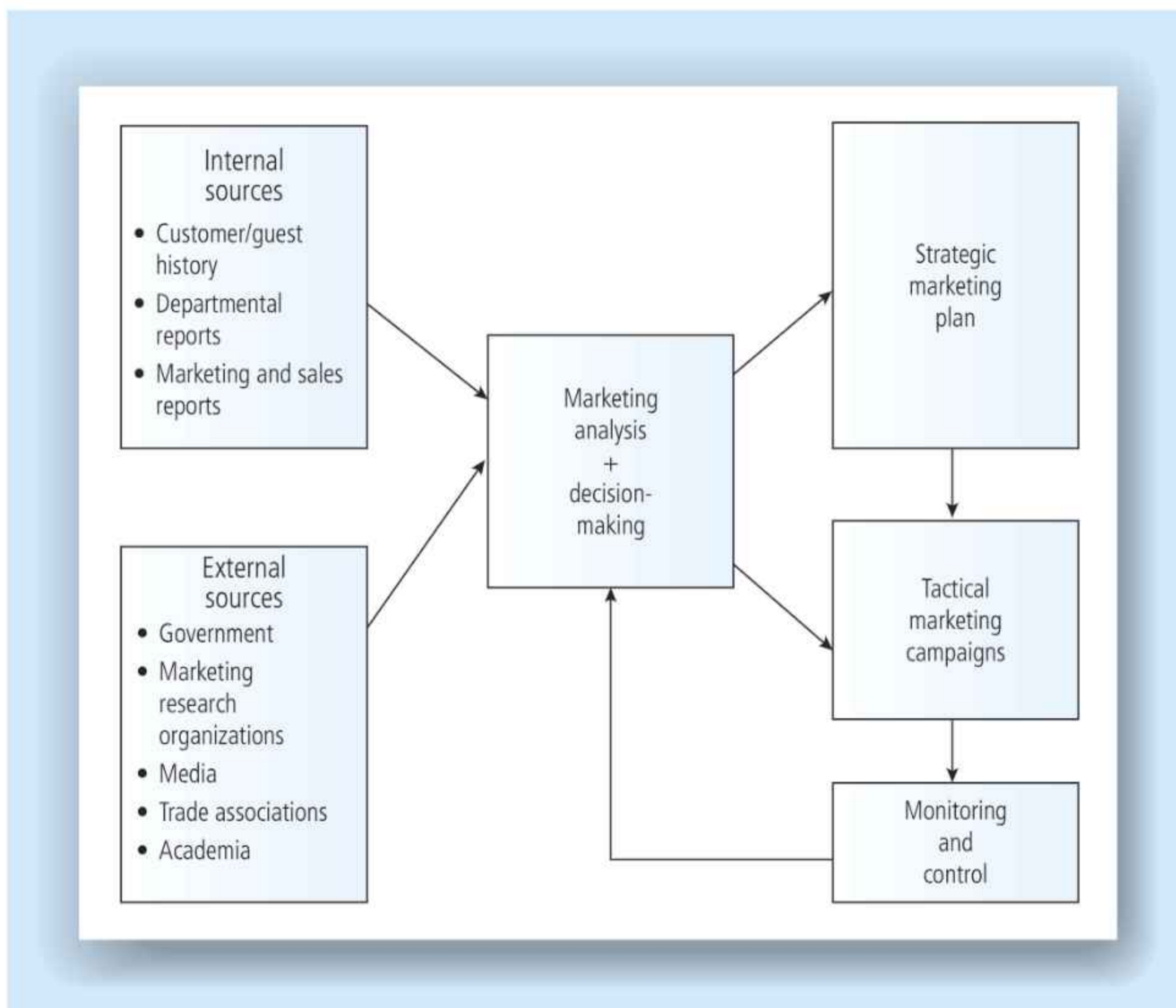


Figure 2.1 The hospitality marketing information system

customer segments and identifying emerging trends. The process of interrogating databases using statistical packages is called *data mining*.

While most of this marketing information will be collected on a routine, regular basis, there are occasions when there is a requirement for specific marketing information. On these occasions, a marketing research project needs to be undertaken. Hospitality managers will use marketing research to help them make decisions regarding such things as:

- Should we increase the number of vegetarian items on the menu? (a review of eating preferences is needed)
- Should we open a new unit near the airport? (a feasibility study will need to be undertaken)
- Should we increase our room rates? (a competitive analysis is needed).

Marketing research

The purpose of marketing research is to inform and improve decision-making by reducing uncertainty. Marketing research can be defined as the systematic gathering and analysis of data to provide relevant information to aid decision-making.

40 Hospitality Marketing

Marketing research is planned, and follows a sequence of logical steps. Following on from the setting of research objectives, information sources are identified. Data are then collected using scientific methods, and quantitative data are analyzed using proven statistical processes. The data are then evaluated and interpreted to provide useful information to aid decision-making. However, marketing research is not an exact science and cannot eliminate all risk in management decision-making.

You may have noticed that throughout this discussion the term *marketing research* has been used – not market research. There is a difference.

- *Market research* is the term used to describe the investigation of consumer and market behavior – the characteristics of a market, its size, the style of consumption patterns, the demographic profile of the consumers
- *Marketing research* has a much wider application including research into all the marketing mix variables and the macro (PESTE) and micro environments.

Professional marketers use the term 'marketing research' to cover all aspects of research activity, including consumer and market behavior.

International marketing research

The international dimensions of major hospitality companies mean they need to carry out research in international markets. This presents unique problems because of the cultural and technological differences between countries (Usunier, 2000). Issues include:

- Translation difficulties (it is usual for English-speaking researchers to compile questionnaires in English, have a native speaker translate it into the local language, then have another English speaker back-translate it into English; this process checks whether translation has changed the meaning of any questions)
- Variations in customer behavior because of different cultural backgrounds
- Variations of customers' product knowledge
- Difficulties in obtaining comparable samples (some countries are unable to provide reliable lists of the population, such as electoral rolls)
- Different cultural responses to market research surveys (in some cultures there can be a reluctance to answer questions, or the answers are biased)
- Differences in the infrastructure – some countries have poor postal systems, and not all consumers have access to telephones.

Companies carrying out international marketing research need to be aware of these difficulties, and should employ specialist local research agencies to provide appropriate advice.

Criticisms of marketing research

Academics and practitioners have criticized modern marketing research for a number of reasons, including the following:

- The focus on collecting data and bureaucratic statistical analysis, which does not provide new insights into the business
- Flawed marketing research methodologies, which provide biased responses
- The emphasis on research stifles creativity in marketing.

Despite these criticisms, major hospitality companies recognize the importance of marketing research and carry out extensive customer and competitor research on a continuous basis.

Sources of information

There are two sources of information in marketing research: internal and external.

Internal

Internal information is held by, and within, the organization. Hotels are fortunate to hold a wealth of information about customers because of legal requirements regarding residents' personal details. Other types of hospitality outlets have less opportunity to collect personal information, but can still utilize internal data effectively. Internal data for accommodation outlets are set out in Table 2.1.

Restaurants and bars do not normally hold such personal details on customers, apart from possibly a mailing list of regulars. Electronic Point of Sale (EPOS) computer systems are used in chain operations to monitor customer food preferences and purchase patterns, which provide essential marketing data. However, one of the problems with internal data is that other departments compile the records for their own use. For example, the accounting department provides analysis in a format that is not always useful to marketers. Other departments need to have a clear understanding of the information needs of marketing managers, and a commitment to providing it.

External

External information can be collected from a large number of sources, including:

- International and national government organizations, e.g. the World Tourism Organization, International Monetary Fund, United Nations and European Union,

Table 2.1 Internal Data Records for Hotels

Customer records	Hotel guest registration details (in most countries it is a legal requirement to record the name, address and length of stay of all residents)
Guest history	Source of booking (direct, travel agent, local company, website); method of reservation (phone, letter, fax, email, Internet, intranet, walk-in); type and number of guests (corporate, private, tour operator); customer feedback; any special requests
Departmental reports	Weekly/monthly accounts recording actual performance, against budget, for sales, occupancy, yield; non-residential sales (food and beverage, banqueting, conference, leisure outlets)
Marketing and sales reports	Customer satisfaction feedback questionnaires and surveys; customers' written compliments and complaints; sales force information from key accounts and intermediaries; monitoring of loyalty club activity; mystery customer surveys; brand conformance audits; brand performance surveys

who publish a wide variety of useful marketing data and analysis; however, you should be aware that direct comparisons of key statistics between different countries are not always accurate due to cultural, sampling or respondent bias

- UK government publications such as the Annual Abstract of Statistics; the National Census, which is carried out every ten years; the Social Trends Survey; the British Tourist Authority (which produces a range of publications that provide relevant market intelligence for the industry)
- Marketing research organizations like Mintel, Keynote and the Economist Intelligence Unit; management consultancies like Deloitte Touche Roche and PKF, which produce commercial market reports on the major sectors of the hospitality industry (e.g. hotels, brewing and holidays)
- Trade associations, such as the Hotel, Catering and International Managers Association, the Hotel Marketing Association (UK) and the American Hotel Sales and Marketing Association, which provide market information and services for members that are also sometimes made available to the public
- Publicly quoted companies, all of which publish annual accounts for shareholders that are also available to the public; annual accounts provide essential information about competitor companies' marketing strengths and strategies, and often the Chairman's report will contain information about the future plans of the business
- The media, which provide useful company market information in the trade press (*Caterer and Hotelkeeper*), the financial press (*Financial Times*), and surveys like the Media Expenditure Analysis Ltd (MEAL), which reports on advertising expenditure in the UK
- Universities and academic publishers, which produce journals reporting on current academic research; the journals discuss academic theory and provide insights into current industry practice (e.g. *International Journal of Contemporary Hospitality Management* and *Journal of Vacation Marketing*).

Increasingly this type of information is becoming available on the Internet. The ABI/Inform Global database, for example, contains full text records of 1,000 business periodicals, and information on over 60,000 companies.

Marketers analyze data collected from the marketing information system, and use the information as a basis for developing the organization's strategic marketing plan.

Secondary and primary data collection

Marketing researchers distinguish between secondary and primary data.

Secondary (or desk) data

Secondary data means information that has already been collected by another source. Most of the external sources listed earlier in this chapter are examples of secondary data. It is relatively easy to obtain secondary data since the information has already been published.

However, there are limitations to secondary data. First, the data have been collected and analyzed by another organization, which will have had its own reasons

for carrying out the research and its own research objectives. This means the information may not be completely accurate or relevant. Some organizations, including government bodies and pressure groups, may deliberately manipulate data to present findings to pursue their own agendas. Other organizations may have inadvertently introduced bias into their data collection due to poor methodology, and so present flawed findings.

Another limitation of desk research is that the information is generally available to other organizations, including competitors, the media and pressure groups. Finally, secondary data and analysis can often be 'dated' because of the long time between carrying out the research and publishing the findings. When carrying out secondary research, it is therefore essential to check the date of the research and verify the credibility of the source of the material.

Despite these limitations, secondary research is usually the starting point for a research project and provides useful background information cost-effectively.

Primary data

Primary data consist of original information collected by an organization for a specific purpose. The data have not been published before. The organization conducting or commissioning the research determines the research objectives and research questions. The data are collected directly to provide answers to those questions.

Primary research is more costly than secondary research. The advantages of primary research include the following:

- The ability to frame the research questions to the needs of the organization
- Research is current and not dated
- The research is confidential to the commissioning organization.

This can enable a hospitality company to gain a competitive advantage if its rivals are not carrying out similar primary research.

Closed and Open Questions

There are two types of questions used in research: closed questions and open questions.

Closed questions provide a number of alternative answers from which the respondent chooses one answer. Examples include questions about the respondent's age, sex, employment or income; or about the frequency with which a respondent visits a restaurant, drinks coffee or takes a holiday. Closed questions use a structured format, and this creates a data set that can be efficiently analyzed using quantitative statistical methods. The research findings are described as 'hard' data, and provide numerical information. If the research uses a quantitative approach, then closed questions are essential.

Open-ended questions allow respondents to provide their own answers, without any guidance. Examples of open questions include: 'Why did you choose to stay in this hotel?' and 'How did you feel about the quality of service?' The response to an open question allows the respondent to use their own words

to describe their experience, feelings and opinions. The research findings provide 'rich' data, which are used in qualitative research.

Researchers usually ask a combination of both closed and open questions, and combine quantitative with qualitative analysis.

Qualitative and quantitative data

Qualitative data

Qualitative research aims to provide a deep understanding of people's contextualized behavior. It aims to explain how and why people behave as they do. As such, it examines beliefs, perceptions, motives, attitudes and opinions. This type of research can provide deep insights into consumers' responses to an organization, its products, services, brands and image. Qualitative research in hospitality uses observation, in-depth interviews, focus groups (also known as group discussions), and qualitative questions in surveys.

Observation is a powerful research tool. Simply sitting in a reception lobby or dining in a restaurant and watching the customer/employee interaction can provide insights into the efficiency of the service operation, the friendliness of the style and the level of customer satisfaction! The Scandinavian airline SAS used video observation of passengers waiting in airport terminals as an effective marketing research technique to improve its customer service.

In-depth interviewing enables a researcher to ask a respondent open-ended questions, often in a semi-structured format. The interviews can take place face-to-face, by telephone or using email. Face-to-face interviews allow the researcher to get close to the interviewee, which helps the researcher to react to the interviewee's body language and to probe with more searching questions in order to obtain more accurate and honest responses. However, face-to-face interviewing is more time-consuming and more expensive to conduct than telephone or email interviews.

Focus group discussions use group dynamics to explore important marketing issues. The researcher invites a number of people (no more than ten) to participate in the discussion, which is normally held in a neutral environment. Depending on the purpose of the discussion, the invitees may be existing customers, potential customers, former customers or employees. A small reward is often offered for participation. A moderator hosts the discussion, which is conducted in a friendly, informal, even 'chatty' way. Focus groups start by discussing broad issues, then begin to focus on the core topic of the research. The researcher often asks the participants' permission to record or video the session, to enable further analysis to be undertaken later. The group dynamics enable a skilled moderator to draw out different perspectives from each member of the group, as well as the group's collective views.

Questionnaires often include both qualitative and quantitative questions. The qualitative questions are open-ended, thus enabling the respondents to give opinions using their own words. We will discuss quantitative questions in the next section.

Whilst qualitative research provides rich, detailed information based on consumers' personal experience and using their own words, there is a methodological limitation to the technique. Respondents who are willing to participate by giving an interview or joining a focus group cannot be considered to be a truly representative sample. Many hospitality customers are too busy, or not sufficiently interested, to give up their valuable time to participate. The inducements to participate – if any – are modest. Although the findings are valuable they cannot be generalized, and other forms of marketing research need to be used to corroborate the qualitative research.

Sometimes, however, qualitative research is performed after quantitative research. This happens when quantitative research has thrown up some interesting information that needs further investigation. For example, a customer satisfaction survey may indicate that a high percentage of customers don't like a hotel's food service. Qualitative research can explore the reasons behind the statistic.

Quantitative data

Quantitative research uses a wide range of statistical methods to measure or quantify data. Quantitative research counts numbers, in terms of either volume or value (for example, the number of customers, passengers, residents, diners, room nights, room occupancy, sales, satisfaction). If results are numeric, then the research and the data are quantitative. Quantitative research techniques are founded upon statistical theory. It is important that the correct statistical method is adopted to reduce possible error and bias. There are four main classes of error in marketing research:

- 1 Sampling errors. This type of error includes a common problem: sample bias. To be valid, the research has to be based upon a representative sample of the population.
- 2 Respondent errors. People can change their behavior when asked to participate in marketing research. Some people may give answers which they think are the 'right' answers, rather than being honest and giving their own opinion.
- 3 Investigator errors. Researchers can accidentally make errors, for example by entering the data inaccurately. This type of recording error can easily happen when inexperienced researchers are not trained thoroughly.
- 4 Administrative errors. Responses to questionnaires often vary according to the day of week and the weather. For example, on a rainy or oppressively hot day, more hotel guests remain in the property. On a pleasant day, in-hotel surveys will therefore have fewer guests to interview.

In large surveys, computers using statistical software packages process the quantitative research data. Optical scanners read the completed questionnaires and provide detailed data analysis.

There is a variety of survey methods used in quantitative marketing research. The methods commonly used in hospitality organizations include exit surveys, mystery customer audits, telephone surveys and omnibus surveys.

Exit surveys are held by virtually all major hotel chains and many independent hotels, which have questionnaires (often in the bedrooms) available for residents to complete. Questions typically seek customer feedback on the quality of accommodation, food and service, and value for money. These customer satisfaction surveys are important tools for evaluating how a unit is performing, but they suffer from a low response rate and normally attract either the extremely dissatisfied or the highly delighted customer. The example in Figure 2.2 shows the Le Meridien Hotels' exit

MOMENT
OF TRUTH
L'INSTANT
DE VERITE

Le MERIDIEN
GROSVENOR HOUSE

Dear Guest

Thank you for staying with us at Le Meridien Grosvenor House.

In order to ensure our products and services are of the highest standards available, and that we are best able to meet your requirements, we would be very grateful if you would take a few minutes to let us know how we are doing. We would also greatly appreciate any suggestions you may have to make a stay at Le Meridien Grosvenor House more enjoyable.

Please leave this card with our Front Office Reception upon check-out.

Thank you for your valuable assistance and we look forward to welcoming you back in the near future.

Gregoire Salamin
Hotel Manager

ART + TECH
LE MERIDIEN

YOUR ARRIVAL

	Unacceptable	Average	Outstanding
Accuracy of reservation	1 2 3	4 5 6	7 8 9 10
Appearance of hotel	1 2 3	4 5 6	7 8 9 10
Appearance of lobby	1 2 3	4 5 6	7 8 9 10
Speed of check-in process	1 2 3	4 5 6	7 8 9 10
Helpfulness of front-desk staff at check-in	1 2 3	4 5 6	7 8 9 10
Helpfulness of doorman and bell staff at check-in	1 2 3	4 5 6	7 8 9 10
Overall Rating of Arrival	1 2 3	4 5 6	7 8 9 10

GUEST ROOM

	Unacceptable	Average	Outstanding
Cleanliness of guest room	1 2 3	4 5 6	7 8 9 10
Decor/furnishing/style of guest room	1 2 3	4 5 6	7 8 9 10
Comfort of bed (include mattress, linens..)	1 2 3	4 5 6	7 8 9 10
Quietness of guest room	1 2 3	4 5 6	7 8 9 10
Availability of amenities (hair dryer, iron etc)	1 2 3	4 5 6	7 8 9 10
Ability to work in room	1 2 3	4 5 6	7 8 9 10
Lighting for reading or working	1 2 3	4 5 6	7 8 9 10
Connection/speed of internet	1 2 3	4 5 6	7 8 9 10
Variety of in-room video/TV/music/entertainment	1 2 3	4 5 6	7 8 9 10
Cleanliness of bathroom	1 2 3	4 5 6	7 8 9 10
Bath/shower water pressure	1 2 3	4 5 6	7 8 9 10
Quality of bathroom amenities (soap, shampoo, etc)	1 2 3	4 5 6	7 8 9 10
Room Smell	1 2 3	4 5 6	7 8 9 10
Overall Rating of Guest Room	1 2 3	4 5 6	7 8 9 10

FOOD & BEVERAGE

	Unacceptable	Average	Outstanding	N/A
Menu choices available in restaurant/bar	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Ambience/atmosphere in restaurant/bar	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Accuracy of restaurant/bar service	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Quality of food and beverage in restaurant/bar	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Helpfulness of restaurant/bar staff	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Timeliness of room service	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Quality of room service food and beverage	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Quality of breakfast (taste, variety)	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Overall Rating of Food & Beverage	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>

HOTEL SERVICES

	Unacceptable	Average	Outstanding	N/A
Availability of business facilities/services	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Fitness/Recreation facilities (pool, fitness centre)	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Timeless of voice mail/message/fax	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Helpfulness of front desk staff or concierge staff	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Hotel security/safety	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>
Overall Rating of Hotel Services	1 2 3	4 5 6	7 8 9 10	<input type="checkbox"/>

DEPARTURE/CHECKOUT

Speed of check-out process at front desk
 Accuracy of billing
 Helpfulness of front desk staff at departure
 Helpfulness of doorman and bell staff at departure
 Overall Rating of Departure/Check-out

Unacceptable	Average	Outstanding
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6
<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9
<input type="checkbox"/> 10	<input type="checkbox"/> 10	<input type="checkbox"/> 10

N/A

Which of the following best describes the reason for your stay:

Business
 Leisure
 Both
 How was the reservation made?
 Directly through the hotel
 Le Méridien reservation centre
 Corporate travel
 Internet
 Other

Are you a member of the Le Méridien Moments guest reward programme? Yes No

Additional Comments and Suggestions

Room cleanliness
 Staff attitude
 Staff service
 Other

Hotel/Room maintenance
 Room location/type
 Room Service
 Small room

Heating, Ventilation, and/or Air Conditioning

Room cleanliness

Room location/type

Room Service

Small room

Did you report the problem to hotel staff? Yes No

If you reported the problem, how would you rate the hotel's resolution of the problem?

Unacceptable	Average	Outstanding
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6
<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9
<input type="checkbox"/> 10	<input type="checkbox"/> 10	<input type="checkbox"/> 10

Problem was never solved

Please rate your OVERALL guest experience?

Unacceptable	Average	Outstanding
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6
<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9
<input type="checkbox"/> 10	<input type="checkbox"/> 10	<input type="checkbox"/> 10

Considering your entire guest experience, how would you rate the value for money?

Unacceptable	Average	Outstanding
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6
<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9
<input type="checkbox"/> 10	<input type="checkbox"/> 10	<input type="checkbox"/> 10

How likely would you be to return to this hotel if in the same area again?

Definitely Will not	Probably Will not	Probably Will	Definitely Will
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How likely would you be to recommend this hotel to a friend or colleague?

Definitely Will not	Probably Will not	Probably Will	Definitely Will
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How likely would you be to stay at a Le Méridien property again?

Definitely Will not	Probably Will not	Probably Will	Definitely Will
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the hotel you stayed at had NOT been available, which ONE other hotel would you have chosen instead?

Crowne Plaza
 Sofitel
 Hilton
 Ritz Carlton
 Sheraton
 Four Seasons
 Intercontinental Hotels
 Other
 Hyatt
 W
 Marriott
 Westin

Thank you for your time and suggestions, please return this questionnaire to front desk.

Mr / Mrs / Ms Last Name
 First Name
 Company
 Position

Address.....
 City
 Postcode
 Country

Your Room No
 Dates of stay

Figure 2.2 Customer questionnaire (source: Le Meridien Hotels)

Hotel Name	
Location	
Name:	
Date of stay:	
Room number:	
Comments:	

Figure 2.3 Open-ended questionnaire

survey, which has both closed and open questions asking customers to comment in detail on every department in the hotel. Companies like Malmaison do not ask any questions but simply allow customers to write what they feel (see Figure 2.3).

Activity 2.2

Compare the two questionnaires.

- What is the main difference between Le Meridien’s approach and companies who use an open-ended questionnaire?
- What type of questions are used?
- How will the research findings be analyzed?

Mystery customer audits are used by multiple-unit branded operators to assess how individual units are performing. Researchers posing as customers check whether a unit is conforming to the brand standards, and evaluate the operation from a customer perspective. Each aspect of the operation is marked, and an overall ‘score’ is recorded. Unit managers and employees do not know who the ‘mystery customer’ is, but later receive a copy of the report, which highlights brand and operational compliance and deficiencies.

Telephone surveys have been used in consumer research since telephone ownership levels reached saturation point in Western economies. Telephone research is a cost-effective tool to investigate specific segments (e.g. the conference market). Key accounts and conference placement agencies can be contacted to ascertain changes in customer needs and wants. The marketing manager can then introduce adaptations to improve the offer to the customer.

Omnibus surveys are a marketing research method where several companies share the costs of the research. The survey is carried out by an independent marketing research agency. The companies can either come from different industries (e.g. a car manufacturer, an insurance company and a tour operator) or be competitors in the same industry sector. The UK Hotel Brands omnibus survey is carried out each year by BDRC (see Case study 2.1). An omnibus survey, which can also be called syndicated research, is a major research exercise. It is relatively expensive to carry out because of the large sample size, but can be very cost-effective for each individual brand. The cost of participation varies according to the number of questions and types of analysis required.

Case study

2.1 BDRC hotel brands survey

Business Development Research Consultants (BDRC) is an independent marketing research agency founded by Dr Crispian Tarrant and specializing in the service sector. Most of the leading hotel companies, including Accor, Best Western, Copthorne-Millennium, Hilton, InterContinental, Marriott, and Westin participate in the syndicated research. The research benchmarks each brand's performance against competitor brands.

BDRC has carried out qualitative research into hotel guest behavior for over ten years, using in-depth interviews of business and leisure hotel customers. This longitudinal research allows each brand to monitor its own performance year on year. Key performance measures include brand awareness and brand image. BDRC also surveys the meetings, training and conference market by researching the views of corporate event organizers and venue finding agencies, and by extensive mystery shopping to evaluate how enquiries are handled. Whilst elements of the syndicated research are published, each company also receives a confidential report regarding its competitive position. De Vere Hotels made the following comment about BDRC in its annual report: 'the British Hotel Guest Survey is the most comprehensive of its kind ... and tracks brand performance across a host of measures such as awareness, preferences and loyalty'.

(Source: BDRC)

Marketing research process

A company can either carry out its own marketing research (this is called in-house) or contract out the marketing research to a specialist agency. Although marketing research agencies can appear to be more expensive, as specialists in their field they will have the expertise, experience, qualified staff, connections and appropriate equipment to carry out the research professionally.

The decision will depend upon the type of research undertaken and the budget available. Observation, customer satisfaction and exit questionnaires, and competitor surveys are normally handled in-house. Focus groups, in-depth interviewing, mystery customer, telephone and omnibus surveys are more often conducted by specialist marketing research agencies.

Effective marketing research follows a number of logical stages, described below.

- 1 *Formulation of research objectives.* The aims, scope and limitations of the research project need to be established at the start. Clearly identifying the research problem, deciding the desired research outcomes and defining the research objectives at the beginning saves time and money later. Establishing the available budget is essential, since budget constraints will determine what type of marketing research is undertaken and whether the activity is carried out in-house or by an agency. Research objectives are largely determined by the marketing decisions that are to be made. In order to limit the scope of the research, it is helpful to construct empty tables – i.e. tables into which the data will be put once the research is completed. This discipline forces managers to decide precisely what information is needed.
- 2 *Development of a research plan.* Each stage of the research process needs to be carefully planned, with provisional actions, costs, people, planning and deadlines set out. An evaluation of which research methods (the methodology) are most appropriate needs to be based upon the research objectives and budget.
- 3 *Data collection.* There are two major components to this phase of the process: first, identifying sources of information (who has the information and where is it?); and second, deciding how to collect the information from the sources (using primary or secondary research methods). Research activity usually starts with a review of secondary sources. This desk research enables the researcher to understand what has been collected in the past, and the data collection methods that have already been used. A good understanding of secondary sources provides the researcher with a solid foundation before embarking on any primary research. Indeed, some research projects can be completed with secondary data alone. If primary research is required, a pilot study to test the research instrument (or method) is essential. Changes can then be made to the research instrument, before the marketing research study is rolled out.
- 4 *Data analysis.* There is a wide range of statistical tools available to aid marketing data analysis, including:
 - univariate techniques, which analyze single factors such as customer complaints
 - bivariate techniques, which analyze data linking two variables and establish the relationship or correlation between them – for example, the correlation between foreign tourist arrivals and movements in exchange rates
 - multivariate techniques, which analyze three or more variables to establish what, if any, link exists between them – an example might be all the complex factors that influence customer satisfaction on holiday.
- 5 *Reliability and validity of data.* Responsible researchers recognize that marketing research has limitations, and that it is important to identify any possible statistical error or bias in the findings. Professional marketing researchers are particularly concerned with the issues of reliability and validity. Measures are valid when they measure what they are supposed to measure. If you want to measure customer satisfaction, it would be invalid to use an instrument (questionnaire) designed to measure service quality perceptions. Valid measures are free from the sources of error described earlier: respondent error, investigator error, sampling error and administrative error. A reliable measure is one that is consistent and does not vary over time. Remember that some organizations deliberately manipulate or distort information. In particular, the data from research have to be placed within the context of the PESTE environment at the time of the research,

since research findings into the hospitality industry are obviously influenced by different periods of economic prosperity and recession.

- 6 *Presentation of findings.* Finally, the researcher has to present the findings. Normally there will be large amounts of data and analysis, which need to be presented in an accessible manner. Key findings should be provided in an executive summary. The main report should contain an explanation of the methodology and detailed discussion of the findings. Any research limitations and possible bias should be explained. The raw data can be presented either in the appendices or in a separate booklet.

Case study 2.2 provides an example of global marketing research.

Case study

2.2 InterContinental Hotels' global marketing research

InterContinental Hotels (ICH) carried out extensive customer and employee research as part of a repositioning strategy. The company conducted 2500 interviews, received 150,000 feedback questionnaires, and organized focus groups in over 50 countries to establish what customers and employees expected from the brand. Six key target markets were identified and described using lifestyle descriptors, such as 'contemporary classics' (successful international business travelers, who have discriminating taste and enjoy modern living).

A proposition was developed for positioning ICH: the thought was 'we know what it takes'. Although this was regarded as an ambitious positioning statement, both customers and employees liked the idea. The research suggested that the proposition was credible because the brand had a strong heritage, appropriate because of the positive service promise inherent in the idea, and relevant because the target market is demanding. The research also revealed that although ICH customers maintained that their rational needs were dominant, they also had strong latent emotional needs. International business travelers are employed to carry out important work, and therefore work is clearly the dominant purpose of their visit. However, these customers also wanted to enjoy their stay and have a pleasurable business trip. This research was used to inform the £25 million re-launch campaign for ICH, which combined effective internal marketing with new advertising and print material.

(Source: Paul Simmons, Vice President Global Marketing, presentation to the HMA 29/4/03)

Conclusion

You now know that marketing research is based upon scientific principles and provides hospitality companies with essential information to help decision-making. Managers use marketing research to confirm or reject their own gut feelings about a project. In the final analysis, marketing research is a tool that managers use in developing, implementing and controlling marketing plans, but no amount of marketing research can actually make decisions for the hospitality manager. It is the manager's task to make decisions based on the information available.

In this chapter, we have explained:

- The role of a marketing information system
- How hospitality organizations can utilize internal information for marketing research purposes
- Where to find external sources of information
- Secondary and primary research techniques
- The difference between qualitative and quantitative data
- The marketing research process.

Review questions

Carry out Activity 2.1 (page 38) again and compare your answers. Now check your understanding of this chapter by answering the following questions:

- 1 Discuss the components and the role of a marketing information system for a major hospitality organization.
- 2 Evaluate the relevance of secondary and primary research methods for:
 - an owner-managed hospitality unit
 - a branded hospitality unit
 - a national branded hospitality chain.
- 3 Describe the differences between qualitative and quantitative data in hospitality marketing.
- 4 Draw up a marketing research plan for the opening of a new restaurant in your neighborhood.

References and further reading

- Finn, M., Elliott-White, M. and Walton, M. (2000). *Tourism & Leisure Research Methods*. Longman.
- Kotler, P., Bowen, J. and Makens, J. (2003). *Marketing for Hospitality and Tourism*, 3rd edn. Prentice Hall.
- Lewis, R. C. and Chambers, R. E. (2000). *Marketing Leadership in Hospitality: Foundations and Practice*. John Wiley.
- Lumsden, T. (1997). *Tourism Marketing, International*. Thomson Business Press.
- Middleton, V. T. M. and Clarke, J. (2000). *Marketing in Travel and Tourism*. Butterworth-Heinemann.
- Usunier, J. C. (2000). *Marketing Across Cultures*. Prentice Hall.