Digital Marketing Research – How to Effectively Utilize Online Research Methods

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Abstract. The term market research refers to gathering, analyzing and presenting information that is related to a well-defined problem. Hence the focus of market research is a specific problem or project with a beginning and an end.

Although the Internet is still confined to the boundaries of the personal computer screen this will soon be a thing of the past; it is now clear that the Internet is definitely going to be a medium for the masses. Many researchers are amazed at how efficiently surveys can be conducted, tabulated and analyzed on the Web. Additionally, online data collection lets marketeers use complex study designs once considered either too expensive or too cumbersome to execute via traditional means. Although the earliest online tools offered little more than the ability to deploy paper-based questionnaires to Internet users, contemporary online tools and services are available with a wide range of features at a wide range of prices which will be outlined in the following sections.

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Integrated marketing communication · Social computing · Social media

1 Introduction to Marketing Research

The term market research refers to gathering, analyzing and presenting information that is related to a well-defined problem. Hence the focus of market research is a specific problem or project with a beginning and an end.

Market research differs from a decision support system (DSS), which is information gathered and analyzed on a continual basis. In practice, market research and DSS are often hard to differentiate, so they will be used interchangeably in this context [1].

Marketers have the idea that different customers should be treated differently to maximize the relationship with the best ones and minimize the involvement with the worst ones. Information technology helps to realize that desire. The reality comes at a cost, however, as relationship marketing presents a new set of challenges both to marketers and information systems managers. To succeed, an effective cross-functional team of information systems and marketing specialists must work harmoniously. In the past, the two groups barely understood or tolerated each other. On a positive note, a new breed of cross-disciplinary executives exists. They understand both marketing and technology. Overall, the most successful implementation will require true collaboration [2].

To be useful to organizations, knowledge tools must be accessible to mainstream users. They must be understandable and useful to marketing managers, not just statistical experts and information systems managers. To overcome potential problems in applicability, marketers must insist that several key goals be achieved. They include [3]:

Putting the problem in the marketer's terms, including viewing the data from a marketing model perspective. Often the job of knowledge discovery is performed by analysts whose primary training is in statistics and data analysis. It is likely that these analysts do not have the same perspective as marketers. To be useful to marketing, the findings must be in a form that marketers can understand;

Presenting results in a manner that is useful for the business problem at hand. The foremost benefit of the analysis and the job of the analyst is to help solve business problems and increase or diminish the value of the analysis;

Providing support for specific key business analyses, marketers need to know about segmentation, market response, segment reachability. Knowledge discovery tools must support these analyses from the beginning;

Providing support for an extensive and iterative exploratory process. Realistic knowledge discovery is not simple and not linear. It is an interactive and iterative learning process. Initial results are fed back into the process to increase accuracy. The process takes time and can have a long lifespan.

2 Online (Internet) Research Methods

Although the Internet is still confined to the boundaries of the personal computer screen this will soon be a thing of the past; it is now clear that the Internet is definitely going to be a medium for the masses. Many researchers are amazed at how efficiently surveys can be conducted, tabulated and analyzed on the Web. Additionally, online data collection lets marketers use complex study designs once considered either too expensive or too cumbersome to execute via traditional means. While initial forays were fraught with technical difficulties and methodological hurdles recent developments have begun to expose the medium's immense potential.

The earliest online tools offered little more than the ability to deploy paper-based questionnaires to Internet users. Today, however, online tools and services are available with a wide range of features at a wide range of prices.

For the international market researcher, the major advantages and disadvantages of online surveys are the following [4]:

2.1 Advantages of Online Surveys

Low financial resource implications: the scale of the online survey is not associated with finance, i.e. large-scale surveys do not require greater financial resources than small surveys. Expenses related to self-administered postal surveys are usually in the form of outward and return postage, photocopying, etc., none of which is associated with online surveys.

Short response time: online surveys allow questionnaires to be delivered instantly to their recipients, irrespective of their geographical location. Fast survey execution allows for most interviews to be completed within a week or so.

Saving time with data collection and analysis: the respective questionnaire can be programmed so that responses can feed automatically into the data analysis software (SPSS, SAS, Excel, etc.), thus saving time and resources associated with the data entry process. Furthermore, this avoids associated data transcription errors.

Visual stimuli: this can be evaluated, unlike CATI.

2.2   Disadvantages of Online Surveys

Respondents have no physical addresses: the major advantage of postal over online surveys is that respondents have physical addresses, whereas not everyone has an electronic address. This is an international marketing research problem in geographical areas where the penetration of the Internet is not as high as in Europe and North America. For cross-country surveys the multi-mode approach (i.e. a combination of online and postal survey) compensates for the misrepresentation of the general population.

Guarding respondents' anonymity: traditional mail surveys have advantages in guarding respondents' anonymity. Sensitive issues, which may prevent respondents from giving sincere answers, should be addressed via the post rather than online.

Time necessary to download pages: problems may arise with older browsers that fail to display HTML questionnaires properly, and also with the appearance of the questionnaires in different browsers (Internet Explorer, Netscape).

Response rates to e-mail questionnaires vary according to the study context. Various factors have been found to inhibit response to e-mail or Internet data collection. These factors include poor design of e-mail questionnaires, lack of anonymity and completion incentives. By addressing these factors in the context of specific research objectives it may provide a way to tackle non-response to e-mail questionnaires. Incentives should be used to encourage response rates, especially if the e-mail questionnaires are lengthy. Potential respondents are likely to trade off their anonymity if incentives are used. The researcher can easily negotiate completion incentives if the sampling frame derives from a company's database [5].

3   Online Quantitative Market Research

Online surveys can be conducted through e-mail or they can be posted on the Web and the URL provided (a password is optional depending on the nature of the research) to the respondents who have already been approached. When a wide audience is targeted the survey can be designed as a pop-up survey, which would appear as a Web-based questionnaire in a browser window while users are browsing the respective websites. Such a Web-based survey is appropriate for a wide audience, where all the visitors to certain websites have an equal chance to enter the survey.

However, the researcher's control over respondents entering the Web-based surveys is lower than for e-mail surveys. One advantage of Web-based surveys is the better display of the questionnaire, whereas e-mail software still suffers from certain limitations in terms of design tools and offering interactive and clear presentation. However, these two modes of survey may be mixed, combining the advantages of each [6].

4   Online Qualitative Market Research

There are many interesting opportunities to conduct international qualitative market research quickly and at relatively low cost, without too much travelling involved [2]:

Saving Money on Travelling Costs, etc. Many qualitative researchers often have to travel to countries in which research is conducted, briefing local moderators and viewing some groups or holding interviews to get a grasp of the local habits and attitudes. This leads to high travelling costs and increases the time needed to execute the fieldwork. It usually takes one or two weeks to recruit the respondents, and one or two weeks before the analysis can start. In online research the respondents can be recruited and interviewed from any computer anywhere in the world. Nearly everyone who is connected to the Internet knows how to use chat rooms. Fieldwork may start two days after briefing, and the analysis may start straight after the last interview based on complete and accurate transcripts, with each comment linked to the respective respondent.

Cross-Country Qualitative Research. International online research is particularly interesting for multinational companies that sell their products on a global scale and are afraid to build the global marketing strategy on research which has been conducted in only a few of these countries. Online qualitative research could serve as an additional multi-country check. This is not intended to give insight into the psychology of customers but rather to check whether other countries or cultures may add to the general picture, which has been made on the basis of qualitative face-to-face research.

One of the limitations with, for example, online focus groups is that they seem to generate less interaction between members than the face-to-face groups. Discussions between respondents occur, but they are less clear and coherent.

5   Marketing Research Based on Web 2.0

Today, maybe 80% of international marketers' need for international marketing data are addressed by conducting a market-research project. In future, the leading edge MNEs—probably led by consumer-packaged goods and technologically driven companies—will look for answers to 80% of their marketing issues by 'catching' already available data. Some of the data sources and tools available through the Web 2.0 will include the following [2]:

Mobile Data. One of the biggest opportunities for marketers is the opportunity to collect real-time geographic information about consumers and to geo-target consumers.

GPS-enabled smart phones penetrating worldwide markets at an exponential rate coupled with an ongoing increase in cellular bandwidth and data processing speed will result in the opportunity to target the right consumer not only at the right time but at the right place. Major information firms such as Google and innovative start-ups are leading the way in utilizing such readily available data sources in real time.

User-Generated Content and Text Mining. Web 2.0 provides gathering places for Internet users in social-network sites (e.g. Facebook, Twitter), blogs, forums, and chatrooms. These assembly points leave footprints in the form of huge amounts of textual data. The difficulty in obtaining insights from online user-generated content is that consumers' postings often are extremely unstructured, large in magnitude, and not easy to syndicate. Commercial (e.g., Nielsen Online) and academic text-mining tools provide marketers and researchers with an opportunity to 'listen' to consumers in the market. By doing so, firms can better understand the topics discussed, consumers' opinions, the market structure, and the competitive environment.

Web Browsing. The use of click-stream data, which contain click-by-click Web page-viewing information, dates back to the introduction of the Internet to the mass market. Until now the utilization of clickstream data has been limited by the inability to collect, store, and analyze the huge data sets, often in real time. However, now firms use cross-organizational skills for developing and converting these data into international market insights.

Social Networks and Online Communities. Some of the fastest growing sources of information flow are the social-networking sites of which the most visible and powerful presences include Facebook and Twitter. Somehow consumers are turning from searching for information at news websites and search engines back to the traditional approaches of asking their friends their advice. Of course, the networking element means that they have a much wider circle of 'friends', which can also be used for more formal but 'quick-and-dirty' questionnaire surveys. Although social-networking sites have become ubiquitous, the full international marketing utilization of these sites is still untapped. The integration of social networking sites with other sources of information such as online retailers and media sources will amplify the opportunities to derive actionable marketing insights from online word-of-mouth content. Furthermore, by observing consumers' social-networking habits and purchase behavior, researches can leverage the social relationship information to identify and target opinion leaders. Furthermore, with emergence of Web 2.0, many consumer goods companies such as Nike, Harley-Davidson and Procter & Gamble have started to build their own brand communities. Brand communities open an opportunity for firms not only to enhance the interactions among consumers but to fully observe these interactions. Furthermore, brand communities open a direct of communication channel between the firm and its customer. As consumers move toward obtaining much of the information from other consumers, brand communities are likely to become a major component of the information flow.

Customer Decision-Making Data. Increasingly firms are interested not only in understanding the outcome of (or exposure to) the marketing effort but in understanding the entire process customers go though in arriving at a decision. This interest has been sparked by several technological advances in areas such as radio frequency identification (RFID), video-recognition tools and eye tracking. RFID technology allows researchers to track consumers in the retail environment, a capability to track items with the goal of improving the efficiency of supply-chain systems. Marketers can get the full picture of what is happening in the store and enable tracing consumers and product flow. The difficulty with converting these extremely valuable data into international marketing insights lies in the magnitude of data and the complexity of analysis.

Consumer Usage Data. More and more products now are being embedded with sensors and wireless devices that can allow marketers to track consumers geographically and over time. For example, sensors on cars and consumer packaged goods can open new windows into their usage and consumption in addition to the purchase of products.

Neuromarketing. Neuromarketing, referring to the use of neuroscience for marketing applications, potentially offers the ability to observe directly what consumers are thinking. Neuromarketing often is used to study brain activity to exposure to brands, product designs, or advertising. Neuromarketing is a relatively new tool for marketers, mainly owing to technological barriers, the ability to transform the neuroscience results into actionable business insights, and the high costs of collecting the data. It is expected, however, that the next decade will see improvement on these fronts, making neuromarketing a common component of the customer insights tool kit.

6   Social Media Funnel

Social Media marketing is about using social networks and tools to guide prospect (potential) customers through a series of steps – a funnel – to get them to take the desired action, e.g. becoming a new customer and buying the company's product and services, with the end-goal of turning new customers into loyal customers with a high lifetime value. As shown in Fig. 1 (the four categories of Social Media) there are a lot of media tools. With all these Social Media marketing tools at the disposal, how should the company decide which ones fit to optimally to the social media funnel, and in which order they should be used? To answer this question, the company has to know who the potential customers are and how they can be reached most effectively. The social media marketer also has to know about the company's objectives, how it should measure these objectives (i.e. the metrics that should be analyzed) and what numbers should be set for those metrics. Figure 1 provides a generic illustration of the social media funnel and the key metrics connected to the three stages of a typical customer buying process: Awareness, Engagement and Action [3].
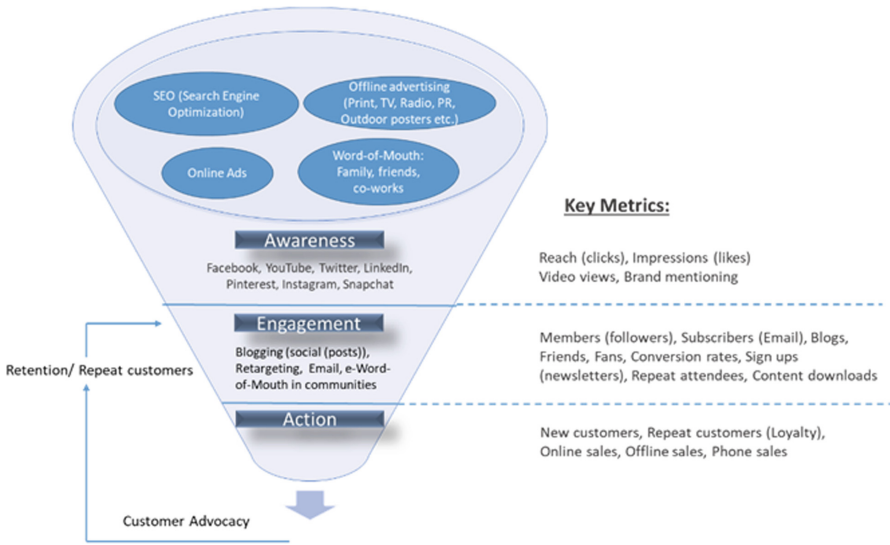
Fig. 1. The social media funnel (Source: Kotler, Hollensen and Opresnik, 2019)

As illustrated in Fig. 1, the following tools can act as vehicles to move and drive new potential customers into the funnel:

SEO (Search Engine Optimization);
Offline advertising;
Online advertising;
Word-of-Mouth conversation with family members, friends and co-workers;

Any bottlenecks in the social media funnel will slow the momentum of turning prospects into actual customers or stop the process completely. Depending on where the bottleneck happens, the company could miss out on brand awareness opportunities, or conversions into actual sales.

With the key metrics in place, the company should look at each tactic in each part of the funnel and it should try and set industry benchmark standards. These benchmark standards should be used to compare the company with its competitors and the industry in general [7, 8].

7   Conclusion

As digital communication becomes an increasingly dominant way for people exchange and share information, digital marketing research becomes and essential tool for any company and organization. Effectively utilizing online research methods will help organizations and companies better understand how to engage their target market online and outline the key activities they need to take to market their business digitally and measure the effectiveness of their actions.

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