

Marketing Research

By: Priyanka Kawatra Arora

This reference book can be useful for
BBA, MBA, B.Com, BMS, M.Com, BCA, MCA
and many more courses for Various Universities



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Sample Preview of The Chapter

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MARKETING RESEARCH

Marketing Research Concepts and Design

1

Marketing Research: Meaning and Importance

INTRODUCTION

The ultimate user of product or services are the customers. Hence for any company, it is essential to understand the needs, requirements of customers along with information changing trends, tastes, sources of information, decision influences; etc. Thus market research necessary to understand the customer. Marketing Research acts a link between customers and marketers. It helps in identifying opportunities existing in a given market, access and evaluate the marketing actions, and provide decision-making support for evolving better marketing strategies to serve customer needs.

CHAPTER AT A GLANCE

MARKETING RESEARCH: MEANING AND IMPORTANCE

Marketing Research is defined as the systematic process of collecting information, analysing it and communicating the results and implications in terms of marketing actions/decisions. In market research it is essential that:

- Marketing Research must be conducted for specific issue(s).
- All steps in marketing process are systematically followed, starting with issues to be investigated, information required for study, data collection methods, data analysis techniques, presentation and implications of marketing decisions.

- Systematically apply procedures for collection and analysis of information.
For an effective research, the marketing manager(s) must clearly state the following:
 - The issues faced by the company to the researcher(s) involved.
 - Time for the study.
 - Budget allocated for research project(s).

For a Marketing Research study to be successful, the researcher must keep in mind the following aspects:

- (i) Objective of study must be clearly defined.
- (ii) Use of vague terms/phrase must be avoided.
- (iii) Project must be worth and practically feasible. Trivial project studies must be avoided.
- (iv) A project where underlying purpose is undefined must not be undertaken.
- (v) The terms of references (data collection techniques, time and budget allocation) must be aligned with overall research objectives.

STAGES IN MARKETING RESEARCH PROCESS

There are many forms of marketing research, but systematic enquiry is the most common form, which requires careful planning of entire investigation process. Though different research processes, follow different sequences, the general sequence is as follows:

The process initiates with clear definition of problem as far as possible at initial stage.

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Problem Definition: Problem definition must precede the research purpose, as time and money, both are critical for any project, making it is necessary that these must be put to right problem area. The problem must be clearly defined, so that the research objectives are set appropriately. This in turn helps in collection of relevant data.

To clearly define the problem, at times exploratory research are undertaken, using secondary survey, pilot studies, or experience surveys.

Research Objective Statement: Once the problem has been defined, the researcher has to formally state the objectives of the study to be undertaken. The objective can be in form of a question (qualitative expression), or as hypothesis (quantitative terms). For example, an Insurance company undertakes research to know the link between insurance and investments for retail market. The research objective may be stated as 'To find if retail investors treat insurance as an investment.' This can also be stated in form of a hypothesis, which can be later validated as per the findings of the study: 'To test the hypothesis that retail investors consider insurance as an investment'.

Research Design: Once the objective has been formulated, the researcher can objectively consider the research design to be adopted. A research design is a framework or blueprint detailing various aspects like collecting, analysing the information, reporting; etc. in due course of research.

Research design can be experimental, quasi-experimental, descriptive or exploratory. The research design includes the research objective (as formulated in previous step), data collection method (surveys, interviews), sampling method, overall time and cost involved in the entire research to be undertaken.

Sample Planning: Sampling involves drawing small part of the population to derive conclusions about the entire population. The first step is to define the target population from which the sample is supposed to be drawn. The next question seeks the sample size. Generally, larger the sample size more reliable is the information. In case of probabilistic sampling, even smaller samples may give reliable measure of universe. Once the sample size is decided, the type of sampling method, probabilistic and non-probabilistic can be used.

Data Collection: It involves formulation of research design and sampling plan. Data (primary or secondary), can be collected using observation methods or communication methods, both of which have associated merits and demerits.

Data Processing and Analysis: The data collected is processed to a form that suggests answers to problem defined in problem definition stage. The data is edited, codified and analysed as per the need. In editing, the data is checked for inconsistencies, omissions, legibility and misvalues, if any.

All responses are categorised, and transferred for storage, using specific set of rules called codes. Codes help in manual or automated tabulation of data/responses.

The data collected is analysed by applying logic to it. The type of analytical technique chosen depends on research design, information required and nature of data. In analysis, specific patterns are identified along with summarisation of necessary details.

Formulating Conclusion, Report Preparation and Presentation: In this final stage in the research process, where the findings are interpreted to draw conclusions for managerial decisions in form of research report. The management is more than often interested in the conclusions, interpretation of research findings, rather than statistical analysis or technicalities of the study.

Researcher are required to make either oral or written (or both) presentation of their work. Though verbal presentation largely depends on personal style of presenter, the written form (report) is considered to be effective, when it is found to include the following details:

- Title Page
- Table of Contents
- Introduction
- Statement of Objectives
- Methodology
 - Research Design
 - Data Collection Methods
 - Sampling
 - Field Work
 - Analysis and Interpretation
- Limitations
- Findings
- Conclusions and recommendations
- Appendix
 - Copies of forms used
 - Tables not included in findings
 - Bibliography, if relevant.

For report to be reliable, the researcher must make sure that the presentations are technically precise and understandable.

SCOPE OF MARKETING RESEARCH FUNCTION

There are many applications of market research work in contemporary corporate environment, given the fact that business environment today is highly competitive, product cycles are shorter, technology and innovation are the watchwords. While, most of the research involves studying customer behaviour and customer needs, there are studies conducted to know the impact of past marketing actions. There are special research studies conducted to know about socio-legal-technical, political and competitive environment. Broadly, market research studies can be categorised on based of area where end-results of the research work are considered. Accordingly, following areas of research can be recognised:

1. Sales Analysis: Sales analysis includes study in following areas:

- (a) Demand projection/ assessment of market potential
- (b) Determining market characteristics

- (c) Estimation of market share
- (d) Business trend study.

Sales analysis is conducted to know customer attitude, motivation, perceptions; etc. in relation to considered product attributes. Some of the aspects considered in this study include the following:

- (i) Customer types in a given market
- (ii) Market size and location
- (iii) Market's growth pattern over the years and its concentration
- (iv) Product's competitive picture
- (v) Competitor's strategy with respect to product's price, place; etc.
- (vi) Purchasing habits of key segments
- (vii) Pre-purchase considerations
- (viii) Person(s) involved in decision-making
- (ix) Role of other members in decision-making
- (x) Product's fit in customer life-style or requirements
- (xi) Assessment of brand loyalty.

2. Sales Methods and Policies: At times, studies are conducted in an attempt to know the effectiveness of existing marketing framework. These help in redefining sales strategies like territory redefinition, revision of sales quotes, sale force compensation and management, distribution costs involved. The effectiveness of different promos like discounts, coupons, premiums, sampling; etc. can also be objectively assessed using the sales research.

3. Product Management: Marketing information is crucial to effective management of existing and new products. The research provides an insight into the competitors for existing product line. It also helps in forming specific marketing segments, besides helping in knowing the customer response to a new product launch. Research helps in knowing how different customers perceive different brands, and this helps companies in positioning their brands. Other studies include knowing product pricing studies, packaging research, product design and other attributes; etc. The STM (Stimulated Test Marketing), is a method in which new brands are tested for customer acceptability (on basis of trial purchase and repeat/repurchase).

4. Advertising Research:

(a) Media Research: The National Readership Survey are studies conducted to estimate the readership of leading national dailies. So far three NRS have been conducted, of which the latest took the readership feedback on editorial content as well. There have been studies conducted to know effectiveness of media type (newspaper, magazines, TV, FM or internet) for a given product or brand.

(b) Copy Research: Advertising agencies different 'design copies' to obtain customer feedback/response to a particular product design, besides using these to know the effectiveness of marketing campaigns.

5. Corporate Research: These involve study of corporate image of a company amongst different publics on large scale to monitor any change in image over a period

of time. It involves assessment of company's core, additional and sponsored activities.

(a) Social Value Research: The research involves study of aspects like knowledge, belief, values and attitude of people towards social practices and institutions like dowry, marriage, smoking, alcoholism, bribery, child-abuse, child-labour, amongst others.

(b) Political Studies: These studies help in knowing the public opinion about election results.

(c) Customer Service Studies: These studies help institutions like banks, to assess change in customer needs, and reveal grievances about existing products and operations. This provides scope for development of new products, expansion of existing product line and service rendered.

6. Syndicated Research: Many research agencies and companies, collate information on continual basis, to generate value reports which are availed to subscribed customers periodically (weekly, monthly, quarterly). Some of the areas where such research is seen include – retailing of FMCG goods, viewer-ship information, readership (for newspapers and magazines), assessing market potential of an area with population exceeding one lakh, demographic study of nation's attitudes and psychographies; etc.

Some of the examples are MARG which published prescription audits, development of Thompson indices for a city, ORG Retail Audit, NRS for newspaper readership and Television Rating Points; etc.

ACTIVITY QUESTIONS

Q. 1. Find out the following about any marketing research organisation:

- Product Decisions
- Promotion Decisions
- Distribution Decisions.

How many of these decisions involve market research? What additional research activity, in your view should be have proceed them?

Ans. Product Decisions: Product decisions in an organisation include the following:

1. New product launch
2. Repositioning of existing products
3. Product pricing studies
4. Packaging research
5. Product design and other attributes
6. Product's competitive picture.

The market research is involved all of the above product decisions and helps in gaining insight for existing product line, knowing the customer response to a new product launch, brand positioning, product pricing studies, packaging research, product design and other attributes; etc.

Promotion Decisions: Promotion decisions in an organisation include the following:

1. Effectiveness of different promos like discounts, coupons, premiums, sampling; etc. can also be objectively assessed using the sales research.

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2. Media cost and reach
3. Target audiences.

Distribution Decisions: Distribution decisions in an organisation include the following:

1. Redefining sales strategies like territory redefinition
2. Revision of sales quotes
3. Sale force compensation and management
4. Revisions of distribution cost involved
5. Customer types in a given market
6. Market size and location
7. Market's growth pattern over the years and its concentration.
8. Competitor's strategy with respect to product's price, place; etc.
9. Purchasing habits of key segments.

Other areas where marketing research can be used are:

- (i) Consumer behaviour studies
- (ii) Pre-purchase considerations
- (iii) Person(s) involved in decision-making
- (iv) Role of other members in decision-making
- (v) Product's fit in customer life-style or requirements
- (vi) Assessment of brand loyalty.

Q. 2. With respect to a marketing research project undertaken in your organisation, or any other organisation, outline the steps followed in the research.

Ans. Marketing research is defined as the systematic process of collecting information, analysing it and communicating the results and implications in terms of marketing actions/decisions. The main steps in market research followed by any organisation include:

1. Problem Definition: It precedes the main research, and is necessary to make sure that resources allocated for research are put in right problem area. This in turn helps in collection of relevant data.

2. Research Objective Statement: Once the problem has been defined, the researcher has to formally state the objectives of the study to be undertaken.

3. Research Design: Once the objective has been formulated, the researcher can objectively consider the research design to be adopted. A research design is a framework or blueprint detailing various aspects like collecting, analysing the information, reporting; etc in due course of research.

4. Sample Planning: Sampling involves drawing small part of the population to derive conclusions about the entire population. The first step is to define the target population from which the sample is supposed to be drawn. The next question seeks the sample size.

5. Data Collection: It involves formulation of research design and sampling plan. Data (primary or secondary) can be collected using observation methods or communication methods, both of which have associated merits and demerits.

6. Data Processing and Analysis: The data collected is processed to a form that suggests answers to problem defined in problem definition stage. The data is edited, codified and analysed as per the need. In editing, the data is checked for inconsistencies, omissions, legibility and misvalues, if any.

7. Formulating Conclusion, Report Preparation and Presentation: In this final stage in the research process, where the findings are interpreted to draw conclusions for managerial decisions in form of research report. Researcher are required to make either oral or written (or both) presentation of their work. For report to be reliable, the researcher must make sure that the presentations are technically precise and understandable.

SELF-ASSESSMENT QUESTIONS

Q. 1. What is Marketing Research?

Ans. The systematic process of collecting information, analysing it and communicating the results and implications in terms of marketing actions/decisions is called marketing research.

It acts as link between customers and marketers and helps in identifying business opportunities which might exist in a given market. It also helps in accessing and evaluating the marketing actions already taken, and provide decision-making support for evolving better marketing strategies for serving customers.

Q. 2. Briefly comment on the definition of Marketing Research.

Ans. Marketing Research is defined as, "the systematic process of collecting information, analysing it and communicating the results and implications in terms of marketing actions/decisions." The definition highlights the following critical aspects of market research:

- **Issue Specific:** Marketing research study is always issue specific. It is very important to clearly define the objectives of study.
- **Systematic Process:** All steps in the marketing process must be systematically followed. The process starts with the investigation of issues and information required for the study followed by data collection, its analysis and presentation, and later consideration of the implications of research on marketing decisions.