

MARKETING RESEARCH

Introduction

Research is defined as a “*systematic inquiry aimed at providing information to solve managerial problems.*” The term systematic is related to the scientific method, the idea being that research is the process of inquiry conducted in the best, or at least, most appropriate way. In this text, we are more specific about a particular domain of research – viz., marketing. We will examine what marketing research is, why and how it is used by marketing managers.

Definition of Marketing Research

According to Naresh Malhotra, a popular researcher and professor the definition of Marketing research is: The systematic and objective identification, collection, analysis, and dissemination of information for the purpose of assisting management in decision making related to the identification and solution of problems (and opportunities) in marketing.

Green and Tull, a popular text book authors have defined marketing research as follows:

Marketing research is the systematic and objective search for, and analysis of, information relevant to the identification and solution of any problem in the field of marketing.

Characteristics of Marketing Research-

1. Marketing research is a function of a business organization.
2. It links marketer with consumer, customer and public.
3. Information is the outcome of marketing research.
4. It is an objective search- inquiry with a purpose
5. It is systematic. It is based on a defined procedure and uses standard methods.
6. It is a process involving steps like: identification, collection, analysis, and dissemination of information.

Marketing Research and Decision Areas

Manufacturers, retailers, suppliers and their competitors need information for designing effective marketing programs that can satisfy customers and earn profits to the enterprises.

Key Inquiry Areas

Information needs of marketing managers pertain to five key areas: target market, product /services, price, distribution, and promotion.

Target market- The interesting questions that marketer will face are:

What is the best target market for the products or services being offered by the organization?

How large is the target market and how can it be described?

What are the attitudes, opinions, preferences, lifestyles, etc., of its members?

Products / services The relevant questions are:

How far consumers in the target market are satisfied with existing products/services?

What product features and benefits do those consumers desire?

How do they compare the company's product with those of competitors?

What sort of features do they need for making them more satisfied?

Price In regard to **price**, the consumer expectations are important to marketer. The relevant questions are:

How much value does the target market place on the product offered by the firm?

Is the firm's product reasonably priced, in the opinion of customers?

What prices are charged by competitors for similar brands?

What products are consumers willing to substitute for the product in question?

Has the company brand, features and appeals, that make it a premium brand from consumer point of view?

Distribution - The key questions are:

What distribution channel do the consumers prefer when purchasing the product in question?

Is the organization's product pricing in line with the distribution channel selling it?

Does the pricing include adequate margins for the channel members?

Will the channel be able to provide the service or support needed for the product?

Promotion - The questions of interest are:.

What is the positioning and USP of the product?

In which media mix (television, newspaper, billboards, etc.) should the organization advertise?

What should be the budget allocation to specific vehicles of media?

How often should the advertisements appear?

Should personal selling be used and, if so, how?

What kinds of promotions would have a favourable effect on the target market?

Research Provides Answers

Marketing managers in most organizations need answers to some or all of these questions.

Obtaining answers to many of these questions requires contact with final consumers. Because most managers are separated from their final consumers—and from the information they need—business and other organizations are increasingly turning to marketing research to obtain the information they need for decision making.

Nature of Information

Marketing research provides the information for decision makers at each step of the marketing decision process. It is the goal of marketing research to provide relevant, accurate, reliable, valid, and current information to management in order to facilitate managerial decisions. The characteristics of the information provided by marketing research are as given under:

Relevant- It is relevant to address the problem or issue being investigated. It is useful being contextual.

Accurate- It is accurate, correct, and precise to provide right understanding of the decision situation

Reliable – Reliable, as it originates from competent, trustworthy sources and can be used with confidence in making decisions.

Valid – It is useful as it is based on right data and right method of investigation and interpretation. It is applicable to the problem at hand. It can be validated by comparing it with other similar researches or by taking the view of experts.

Timely – It is current and timely. It is an up-to-date for decision maker to use it without hesitation.

Marketing Research Process -

Marketing research can be used in each stage of the decision making process. We will now see how the decision making is supported by marketing research.

A) Identifying the existence of problems or opportunities

Decision making starts with a problem or an opportunity. A problem is a gap – the difference between standard and actual; a difference between an expectation and the actual.

For instance, a firm expects to sell 1000 units of a product. However, it could sell only 90 units. The gap of 10 units represents a problem. The relevant question is: why consumers did not buy the product?

B) Diagnosis and Assessment

After a problem or a potential opportunity is identified, the decision maker needs information that clarifies the situation. Situation analysis is needed to make strategies. Diagnose the situation – the internal environment and external environment. The internal environment analysis yields information on strengths and weaknesses of a company. The external environment analysis provides an identification of opportunities and threats.

How serious are the problems? How serious are the weaknesses?

How good are the strengths? How good are the opportunities?

Assessment is necessary to find answers to these questions. Managers need to gain insight about the underlying factors causing the situation. If there is a problem they need to specify what happened and why.

What factors are significant in the situation?

What factors caused the deviation from standard or expectation?

What is the magnitude of the loss?

C) Develop Alternatives and Select a Course of Action

What course of action is to be selected to resolve the problem or gain from an opportunity?

Marketing research is often conducted to obtain specific information to help develop various alternatives. By providing the information on performance criteria (expectations, standards or bench marks) it helps select the right course of action.

Thus he can formulate different combinations of the marketing mix. Based on what is more effective in convincing consumers, what is more effective in beating competition, what is more cost effective among them, that course of action is chosen.

D) Implement and Evaluate the Course of Action

Evaluation research is conducted to inform managers whether planned activities were properly executed and whether they accomplished what they were expected to do. Evaluation research can be understood as performance-monitoring research. For example, a firm decides to launch an ad campaign to increase sales and implements it. It needs the following information to know that all is well with the decision.

Whether to Conduct Marketing Research

A manager considering whether or not to conduct research shall consider the following questions. If the answer to any of these questions is “no,” then the researcher / firm should not conduct marketing research activities.

Availability of data Is the information already on hand adequate for making the decision? If not, can appropriate information be made available?

Nature of the decision Is the decision of considerable strategic or tactical importance?

Time constraints Is there sufficient time available before a managerial decision must be made?

Benefits vs. costs Does the value of the research information exceed the cost of conducting the research?

The typical situation where research is not needed will be a situation that is relatively routine or will be a situation where a decision is needed urgently (where no time is available for research).

Meeting customers, making presentations to prospects, offering discounts to win sales, etc are routine decisions, They are policy based (to offer discount to customers) or procedure based (credit office sends notices to default customers) or rules based(not taking a gift from customers). Such of these decisions do not need research.

Marketing Research in the 21st Century

Marketing research is strongly influenced by two major trends in business:

- Increased globalization and
- Rapid growth of the Internet and other information technologies

Globalization Impact

Many organizations have gone global. The global environment is complex and less known to firms when they make the entry decisions. They may require specific information about markets, competition, consumer preferences and tastes and channel practices.

McDonald has to change the taste of their Pizzas as Indian consumers like spicy foods. If tanning the body is important in USA, whitening is important in India. Accordingly, firms sell cosmetics to the women consumers.

IT Impact

Internet is dramatically changing the face of business research. Information can be gathered in virtual space. Following are the common approaches.

- Getting information from Web sites
- Conducting Web surveys
- Participating in conversations through social media like Facebook and Twitter.