

3. MARKET RESEARCH

3.1 OBJECTIVES OF MARKET RESEARCH: Marketing research is the function that links the consumer, customer, and public to the marketer through information. This information is used to identify and define marketing opportunities and problems; to generate, refine, and evaluate marketing actions; to monitor marketing performance; and to improve understanding of the marketing process. Marketing research specifies the information, manages and implements the data-collection process, analyzes the results, and communicates the findings and their implications. Marketing research is concerned with the application of theories, problem-solving methods, and techniques to identify and solve problems in marketing. In order to offset unpredictable consumer behavior, companies invest in market research.

Increased customer focus, demands for resource productivity, and increased domestic and international competition has prompted an increased emphasis on marketing research. Managers cannot always wait for information to arrive in bits and pieces from marketing departments. They often require formal studies of specific situations. For example, Dell Computer might want to know a demographic breakdown of how many and what kinds of people or companies will purchase a new model in its personal computer line. In such situations, the marketing department may not be able to provide from existing knowledge the detailed information needed, and managers normally do not have the skill or time to obtain the information on their own. This formal study, whether performed internally or externally, is called marketing research.

The marketing research process consists of four steps: defining the problem and research objectives, developing the research plan, implementing the research plan, and interpreting and reporting the findings.

DEFINING THE OBJECTIVES

The marketing manager and the researcher must work closely together to define the problem carefully and agree on the research objectives. The manager best understands the decision for which information is needed; the researcher best understands marketing research and how to obtain the information.

Managers must know enough about marketing research to help in the planning and to interpret research results. Managers who know little about the importance of research may obtain irrelevant information or accept inaccurate conclusions. Experienced marketing researchers who understand the manager's problem should also be involved at this stage. The researcher must be able to help the manager define the problem and to suggest ways that research can help the manager make better decisions.

Defining the problem and research objectives is often the hardest step in the research process. The manager may know that something is wrong without knowing the specific causes. For example, managers of a retail clothing store chain decided that falling sales were caused by poor floor set-up and incorrect product positioning. However, research concluded that neither problem was the cause. It turned out that the store had hired sales persons who weren't properly trained in providing good customer service. Careful problem definition would have avoided the cost and delay of research and would have suggested research on the real problem.

When the problem has been defined, the manager and researcher must set the research objectives. A marketing research project might have one of three types of objectives. Sometimes the objective is exploratory—to gather preliminary information that will help define the problem and suggest hypotheses. Sometimes the objective is descriptive—to describe things such as the market potential for a product or the demographics and attitudes of consumers who buy the product. Sometimes the objective is casual—to test hypotheses about cause-and-effect relationships.

3.2 TYPES OF RESEARCH: The type of information sought from market research will determine how much time and effort a business should invest in it. There are various types of research such as:

Market Attractiveness Evaluation:

- Market sizing - estimating the size of a total market, how much is accessible by the business, and/or what market share ambitions would be realistic.
- Competitive presence and customer preference.
- Customer spending patterns, budget cycles, and intent.

- Channel trends, preferences, and allegiances.
2. Customer Insight: Specific customer needs, aspirations, buying behaviors, usage patterns, decision models, preferences, favorability, intentions, etc
 3. Competitive Forces: Current and potential basis of competition in a market.
 4. Communications Planning: What information sources do prospective customers pay attention to, how to reach them, opportunities / vehicles for influencing target customers and which are most effective.
 5. Product Testing: Evaluation of product improvements, alternatives, packaging etc.
 6. Concept Testing: Evaluation of potential products and solutions, clarification of needs, wants, and preferences.
 7. Advert Testing: Evaluation of alternative brand promises, impact / cut through ability, persuasiveness, strength of call to action, out-take versus intent, etc.
 8. Customer Satisfaction: Measurement of quality of customer experience, perceptions, reaction, loyalty, intent, etc.
 9. Pricing: Testing of price / feature / quality / packaging / positioning combinations, price points, promotions, loyalty schemes, terms and conditions, etc.
 10. List Building: Compilation of information about prospective customers for direct marketing purposes (NB may not be compatible with ethical guidelines followed by many market research practitioners).

3.3 METHODS TO GATHER THE INFORMATION: COLLECTING THE

INFORMATION The researcher must now collect the data. This phase is generally the most expensive and the most liable to error. In the case of surveys, four major problems arise. Some respondents will not be at home and will have to be replaced. Other respondents will refuse to cooperate. Still others will give biased or dishonest answers. Finally, some interviewers will occasionally be biased or dishonest.

CHARACTERISTICS OF GOOD MARKETING RESEARCH

Following are the characteristics of good marketing research

1. Scientific method. Effective marketing research uses the principles of the scientific method: careful observation, formulation of hypotheses, prediction, and testing.

2. Research creativity. At its best, marketing research develops innovative ways to solve a problem.
3. Multiple methods. Competent marketing researchers shy away from over-reliance on any one method, preferring to adapt the method to the problem rather than the other way around. They also recognize the desirability of gathering information from multiple sources to give greater confidence.
4. Interdependence of models and data. Competent marketing researchers recognize that the facts derive their meaning from models of the problem. These models guide the type of information sought and therefore should be made as explicit as possible.
5. Value and cost of information. Competent marketing researchers show concern for estimating the value of information against its cost. Value/cost evaluation helps the marketing research department determine which research projects to conduct, which research designs to use, and whether to gather more information after the initial results are in. Research costs are typically easy to quantify, while the value is harder to anticipate. The value depends on the reliability and validity of the research findings and management's willingness to accept and act on its findings. In general, the most valuable information tends to cost the most because it requires more intensive methods, but of course it is easy to spend a great deal of money on poorly conceived research.
6. Healthy skepticism. Competent marketing researchers will show a healthy skepticism toward assumptions made by managers about how the market works.
7. Ethical marketing. Most marketing research benefits both the sponsoring company and its consumers. Through marketing research, companies learn more about consumers' needs, and are able to supply more satisfying products and services. However, the misuse of marketing research can also harm or annoy consumers. There are professional ethical standards guiding the proper conduct of research.

RESEARCH CONTACT METHODS

Research may be collected by mail, telephone, e-mail, fax, or personal interview. Mail questionnaires can be used to collect large amounts of information at a low cost per respondent. Respondents may give more honest answers to more personal

questions on a mail questionnaire than to an unknown interviewer in person or over the phone. However, mail questionnaires lack flexibility in that they require simply worded questions. They can also take a long time to complete, and the response rate—the number of people returning completed questionnaires—is often very low.

Telephone interviewing is the best method for gathering information quickly, and it provides greater flexibility than mail questionnaires. Interviewers can explain questions that are not understood. Telephone interviewing also allows greater sample control. Response rates tend to be higher than with mail questionnaires. But telephone interviewing also has its drawbacks. The cost per respondent is higher than with mail questionnaires, people may regard a phone call as more of an inconvenience or an intrusion, and they may not want to discuss personal questions with an interviewer. In the latter part of the 1990s, laws were also passed to guard against the invasion of privacy. If a person wishes to be taken off a solicitation or interview list, companies can be sued if they persist in calling.

Personal interviewing consists of inviting several people to talk with a trained interviewer about a company's products or services. The interviewer needs objectivity, knowledge of the subject and industry, and some understanding of group and consumer behavior. Personal interviewing is quite flexible and can be used to collect large amounts of information. Trained interviewers can hold a respondent's attention for a long time and can explain difficult questions. They can guide interviews, explore issues, and probe as the situation requires. The main drawbacks of personal interviewing are costs and sampling problems. Personal interviews may cost three to four times as much as telephone interviews.