
UNIT 1 MARKETING RESEARCH - MEANING AND IMPORTANCE

Objectives

After going through this unit you should be able to:

- Define Marketing Research
- Enumerate the critical factors in organising a good marketing research study
- Cite some of the possible application areas of marketing research
- Discuss the scope of the marketing research function

Structure

- 1.1 Introduction
- 1.2 Marketing Research - Meaning and Importance
- 1.3 Stages in the Marketing Research Process
- 1.4 Scope of the Marketing Research Function
- 1.5 Self-Assessment Questions
- 1.6 Further Readings

1.1 INTRODUCTION

The principal task of marketing management is to fulfil the aspirations of the consumers. It is thus imperative to understand what the consumers want; how they make the various choice decisions; or what are their sources of information and influence process etc. As such, marketing research is the function which provides the necessary information about the consumer to the marketer. In the process, an organisation can identify new opportunities in the market; evaluate and monitor marketing actions; and in general, evolve better marketing programme to serve the interests of the consumer. Thus marketing research acts as the link between the consumer and the marketer.

1.2 MARKETING RESEARCH - MEANING AND IMPORTANCE

Operationally speaking, marketing research is defined as the objective and formal process of collecting information; analysing the results and communicating the findings and their implications in terms of marketing actions. However, some further comments about this definition are essential. Marketing research is a systematic collection and analysis of information that is ultimately used in evolving some marketing decisions. All stages of a research study must be carried out in a logical manner. For instance, one should, start with a concise statement of the issues to be investigated; indicate the information required to study those select problems; define the methods to be adopted to collect those data; specify the relevant technique to be employed for analysing the data; and finally state the research findings and their specific implications for marketing decisions making.

Note that this definition indicates that marketing research should be conducted for specific issues. Secondly, it must ensure objectivity in every step. Finally, study findings must help the manager in the decision making. In other words, marketing research must not be mere collection of statistical information, One must justify the choice of methodology of data collection and analysis. And, the researcher must not be too much pre-occupied with techniques, but instead convey the meaning of the results in the marketing language even



when some advanced or sophisticated tool is being used. Likewise, marketing manager(s) should also provide a clear, detailed scenario of the problems faced by the company before the marketing researchers (s). They must allow adequate time and budget for conducting the study. They must not use marketing research as a fire fighting device or to justify some preconceived action(s).

Marketing research is the function that links the consumer with the organisation through information. It involves systematic and objective search for and analysis of information that , can be used for evolving some marketing decisions.

Any research study must clearly state the issues being investigated. It must apply systematic and formal procedure in collection and analysis of information. It must communicate the study findings in a manner which could help in arriving at some marketing decisions.

A research study 'will fail to serve its purpose if marketing researcher merely collates some statistical facts or is pre-occupied with techniques or uses data of questionable validity or communicates the findings in too much vague or technical language.

Likewise, a research study will suffer if the marketing manager does not offer full perspective of the research problem; or allows inadequate time; or uses research as a fire-fighting device or does not really appreciate the value of research.

Problem must be clearly defined and reasons for undertaking the research from the point of view of marketing decision making should be explicitly justified.

In order to carry out effective research programme

1. Prepare a list of objectives to be examined
2. Avoid
 - Vague terms of reference
 - Trivial research projects
 - Research where underlying purpose is unknown or withheld.
3. Ensure concurrence about the terms of references (specially research objectives, plan of data collection, time and budget) among all concerned.

Activity 1

Talk to the marketing manager hi your organisation or any other organisation that you are familiar with, about the following:

- Product decisions
- Promotion decisions
- Distribution decisions

How many of these decisions utilise formal marketing research? What additional research activity, in your view should have preceded them?

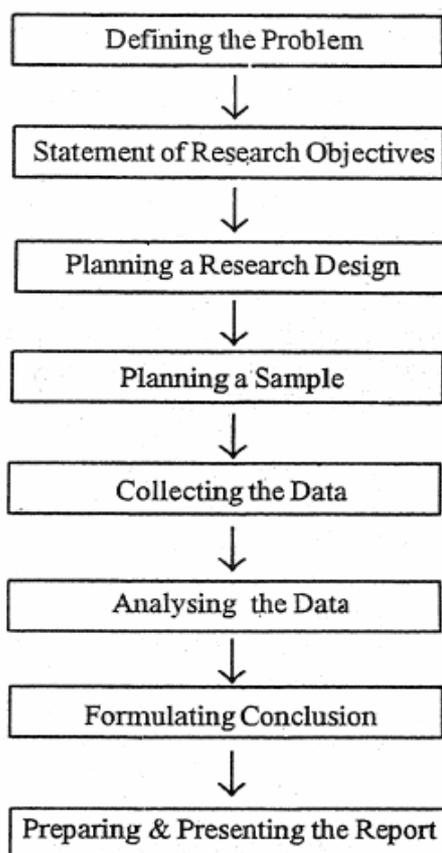
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1.3 STAGES. IN THE MARKETING RESEARCH PROCESS



Marketing research exercise may take many forms but systematic inquiry is feature common to all such forms. Being a systematic inquiry it requires careful planning of the orderly investigation process. Though it is an over simplification to assume that all research processes would necessarily follow a given sequence marketing research often follows a generalised pattern which can be broken down and studied as sequential stages. Figure 1 gives the stages in the marketing research process.

Figure 1 : Stages in the Marketing Research Process



As shown in Figure 1, the research process begins with the identification. The research task may clarify a problem or define an opportunity. The clearcut statement of problem may not be possible at the very outset of research process as often only the symptoms of the problem are apparent at that point. Thus the problem statement may be made only in general terms to be made specific later after some exploratory research has been done to clarify the problem situation.

Defining the Problem

Clear problem definition is of crucial importance in marketing research as in terms of both time and money research is a costly process. Careful attention to problem definition allows the researcher to set the proper research objectives which in turn facilitate relevant and economic data collection.

Problem definition in specific terms must precede the determination of the purpose of the research.

In order to define the problem more precisely, some sort of exploratory research may also be undertaken. The methods popularly in use are survey of secondary data, experience survey or pilot studies.



Statement of Research Objectives

After clarifying and identifying the research problem with or without exploratory research, the researcher must make a formal statement of research objectives. Research objectives may be state in qualitative or quantitative terms and expressed as research question statements or hypothesis. For example, the research objective "To find out the extent to which the sales promotion programmes affected sales" is a research objective expressed as a statement. A hypothesis on the other hand is a statement that can be refuted or supported by empirical findings. The same research objective could be stated as: "To test the hypothesis that sales are -positively affected by the sales promotion programme undertaken this summer." Example of another hypothesis may be "Concentrating advertising efforts in monthly waves (rather than advertising continuously) would cause an increase in sales and profits." Once the objectives or the hypothesis *are* developed the researcher is ready to choose the research design.

Planning the Research Design

Once the research problem has been defined and the objectives decided, the research design must be developed. A research design is a ^Pmaster plan specifying the procedure for collecting and analysing the needed information. It represents framework for the research plan of action. The objectives of the study discussed in the preceding step are included in the research design to ensure that data collected are relevant to the objectives. The researcher must, at this stage, also determine the type of sources of information needed, the data collection methods (surveys or interviews for example), the sampling methodology and the timing and possible costs of research. The design chosen play be from exploratory, descriptive, quasi-experimental or experimental design categories which again include a number of alternative methods. You will study more about specific types of research designs and their appropriateness for particular kinds of research problem in unit 3 entitled 'research design'.

Planning the Sample

Although the sample plan is included in the research design, the actual sampling is a separate and important stage in the research process, Sampling involves procedures that use a small number of items or parts of the population to make conclusion regarding the whole population. The first sampling question that needs to be asked is who is to be sampled, which follow from what is the target population. Defining the population may not be as simple as it seems. For example, if you are interested in finding the association between savings and loans, you may survey the people who already have accounts and the selected sample will not represent potential customers.

The next important issue is regarding sample size. How large or how small should a sample be? Generally speaking, larger samples give more reliable information then smaller ones but if probability sampling is used, a small proportion of the population may give a reliable measure of the universe. Unit 5 on 'sampling' gives a detailed account of determination of sample size as well as different sampling methods used. The researcher is also required to know how to select the various unit to make up the sample. There are two basic classes of sampling methods-probabilistic, and non-probabilistic, both of which have been discussed at length in unit 5:

Data Collection

The data collection process follows the formulation of research design including the sampling plan. Data which can be secondary or primary, can be collected using variety of tools. These tools are classified into two broad categories, the observation methods and the communication methods, all of which have their inherent advantages and disadvantages. All these methods and their appropriateness for different situations have been discussed in detail in unit 4 on 'data collection'

Data Processing and Analysis

Once the data has been collected it has to be converted to a format that will suggest answers to the problem identified in the first step, Data processing begins with the editing of data and coding. Editing involved inspecting the data collection forms for ommission, legibility and consistency in classification.



Before tabulation, responses need to be classified into meaningful categories. The rules for categorising, recording and transferring the data to data storage media are called codes. The coding process facilitates the manual or computer tabulation. If computer analysis is being used, the data can be key-punched and verified.

Analysis represents the application of logic to the understanding of data collected about the subject. In its simplest forms, analysis may involve determination of consistent patterns and summarising of appropriate details. The appropriate analytical techniques chosen would depend upon informational requirements of the problem, characteristics of the research designs and the -nature of the data gathered. The statistical analysis may range from simple univariate analysis to very complex multivariate analysis. You will study univariate, bivariate and multivariate analysis and their applications in marketing problem in last three blocks of this course.

Formulating Conclusion, Preparing & Presenting the Report

The final state in the research process is that of interpreting the information and drawing conclusions for use in managerial decisions. The research report should effectively communicate the research findings and need not necessarily include complicated statements about the technical aspect of the study and research methods. Often the management is not interested in details of research design and statistical analysis but in the concrete findings of the research. If executives are to act on these findings they must be convinced of the value of the findings. Researchers, therefore, must make the presentation technically accurate, understandable and useful.

Frequently, the researchers are required to make both an oral and a written presentation. Since each project is different, the presentation in each case requires originality. However, the better the earlier steps in the research process have been executed, the more likely it is that a good presentation would result. While the oral presentation depends a great deal on the personal style of the presenter and the management expectation, the written report in order to be effective needs to include the following details:

- I) Title page
- II) Table of contents
- III) Introduction
- IV) Statement of objectives
- V) Methodology
 - A) Research design
 - B) Data collection methods
 - C) Sampling
 - D) Field work
 - E) Analysis and interpretation
- VI) Limitations
- VII) Findings
- VIII) Conclusion and recommendations
- IX) Appendix
 - A) Copies of forms used
 - B) Tables not included in finding
 - C) Bibliography, if relevant

Activity 2

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

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1.4 SCOPE OF THE MARKETING RESEARCH FUNCTION

This section will discuss the possible applications of marketing research in the corporate environment. Bulk of research is done to measure consumer wants and needs. Also, marketing research is carried out to assess the impact of past marketing actions. Some research is done to understand the competitive, technological, social, economic cultural, political or legal environments of the market.

Another way of looking at the function of marketing research is to look at the particular decision area where research results are used.

I) Sales Analysis

Much research is done in the following areas which are broadly referred as sales analysis,

- Measurement of market potential/demand projection,
- Determination of market characteristics;
- Market share estimation;
- Studies of business trends.

In fact, some of the more detailed studies to be carried out under the broad ambit of sales analysis could be as follows,

- The types of consumers that constitute the potential market
- The size and location of the market;
- The growth and concentration of the market over certain period of time,
- The competitive picture for the product;
- The major strategies of leading competitors with respect to price, offerings distribution etc.
- The purchase habits of key market segments;
- What is the pattern of pre-purchase deliberations made by the consumers'?
- Who are involved in the decision making?
- What are the roles of different members in the decision making?
- How does the product fit into the consumer's life styles? (Operation if it is an industrial product);
- Do consumers prefer to buy some particular brands'? (i.e. Assess the degree of brand loyalty).

The above list is not exhaustive. Here research is basically done with a view to know consumers' motivation, attitude, cognition and perceptions etc. Thus information will be collected in a manner so that they have some implications for various marketing decisions.

II) Sales Methods and Policies

Marketing research studies are also conducted with a view to evaluate the effectiveness of present distribution system. Such studies are used in establishing or revising sales territories.. They are also helpful in establishment of sales quotas, design of territory boundary, compensation to sales force, physical distribution and distribution cost analysis etc. Marketing research is also done to assess the effectiveness of different promotional activities such as premiums, deals, coupons, sampling etc.

III) Product Management

Every marketer tries to formally or informally utilize information to manage the



existing and new products. It examines market feedback about competitive product offerings. Also, some companies make use of marketing research to form market segments through choice of alternative bases. Companies also carry out different research studies to assess consumer feedback to new products and their likely potential. Of late, in India many consumer products have been launched after making rigorous amount of research. Moreover, researches have enabled to diagonalise how consumers perceive various brands of a product. Such studies have enabled the companies to position their brands.

Marketing research studies have been conducted to monitor the performance of the test brand (in terms of trial and repeat purchase) launched in select shops in the market. Studies are popularly known as simulated test marketing (STM) models.

Pricing studies, packaging research, design or physical characteristics, have also been sometimes conducted.

IV) Advertising Research

Media research: Three National Readership Surveys (NRS) have so far been conducted in India. These studies have basically estimated the readership of leading newspapers. The last NRS has also assessed qualitatively, readers feedback on the editorial content.

Moreover, some marketing research have evaluated the relative effectiveness of different media in specific product fields, and in context of achieving specific tasks such as creating brand awareness or a particular product benefit.

Copy research: Advertising agencies have been regularly engaged in this activity where they test out alternative copy designs by obtaining the feedback from to consumers.

Studies of advertisement effectiveness - Advertising agencies regularly make use of marketing research studies to assess and monitor effectiveness of different advertising compaigns.

V) Corporate Research

Large scale corporate image studies among different target publics - They involve an assessment of knowledge about company activities, association of company with sponsored activities and company perceptions on specific dimensions. These types of corporate image studies are done periodically to monitor any change in image over time among different publics.

Social values research: Knowledge, attitude and practices on family planning, anti-dowry, smoking, drinking etc.

Political studies: In recent times marketing studies have been conducted to ascertain the public opinion about the election results.

Customer service studies: Many banks and large industrial houses have resorted to marketing research to know the consumers' changing need for service and possible grievances about existing operations.

VI) Syndicated Research

Several research agencies collect and tabulate marketing information on a continuing 'basis. Reports are sent periodically (Weekly, monthly or quarterly) to clients who are paid subscribers. Such services are found specially useful in the spheres of movement of consumer goods through retail outlets (ORG Retail Audit), incidence of disease and use of branded drugs (MARL- prescription audit), Television Program viewing (the Television Rating Points), Newspaper & Magazine readership (NRS - discussed earlier under media research), assessment of market potential of a city with population one lakh and above (Thompson Indices), study of nation's attitudes and psychographics (PSNAP and IMRB's life style research on the cigarette market).



1.5 SELF-ASSESSMENT QUESTIONS

- 1) What is marketing research?
- 2) Briefly comment on the definition of marketing research.
- 3) Indicate whether marketing research is relevant to each of the following organization and if so, how each might benefit from it.
 - a) Your company
 - b) Central Minis in the Government of India
 - c) A retail shop
 - d) A bank
 - e) A service business
- 4) What are the major weaknesses of marketing research?
- 5) Suggest some of the precautions to be adopted in the problem definition stage
- 6) Suggest some possible areas of application of marketing research.

1.6 FURTHER READING

Marketing Research: Text and Cases- H.W. Boyd. Ralph Westfall and S.F. Stasch. Homewood, Illinois, Richard D. Irwin Inc.,

Basic Marketing Research - Gilbert A. Churchill (Jr.) Hinsdale, Illinois, Dryden Press, *Handbook of Marketing Research* - Rober Ferber (Ed.) New York, McGraw Hill.

Research for Marketing Decisions- Paul E. Green and Donald S. Tull. Englewood cliffs N.J. Prentice Hall. Inc.,

Marketing Research: Applications and Problems - Arun K. Jain, Christian Pinson and Brian T. Rachford, New York, Wiley,.

Marketing Research: An Applied Approach Thomas C. Kroner and James R. Taylor, Singapore, McGraw Hill.

Marketing Research: Text, Applications and Case Studies - Ramanuj Majumdar, New Delhi, Wiley, 1990.

Marketing Research: Information Systems and Decision Making- Bertrem Schoner and K.P. Uhl, New York, Wiley.

Marketing Research: Meaning, Measurements and Methods-D.S. Tull and D.I. Hawkins New York: Macmillan.

Marketing Research: Fundamentals and Dynamics - Cerald Zaltman and P. S. Berger. Hinsdale, Dryden Press.