

## 2 MARKETING RESEARCH

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### Meaning and Definitions :

Marketing research is the collection, recording , analysis and interpretation of market information that helps in the efficient and effective conduct of all marketing activities of a business. To explore the market opportunities and sell goods and services in the modern competitive markets is a challenging task. To perform this task in an efficient manner, marketing manager of a modern business has to frame his plans and policies on the basis of accurate market information. Such reliable and accurate information, helping the managerial decisions, is provided by marketing research.

### Definitions :

**Some of the important Definitions of marketing research are as under :**

(1) “Marketing research is the systematic gathering, recording and analysing of data about problems relating to marketing of goods and services.”

- **The**

### **American Marketing Association**

(2) “Marketing research is the systematic design, collection analysis and reporting of data and findings relating to a specific marketing situation facing the company.”

- **Philip Kotler**

(3) “Marketing research is the application of scientific method to the solution of marketing problems”.

- **Lock, Wales and Taylor**

(4) “Marketing research is the systematic objective and exhaustive search for and study of the facts relevant to any problem in the field of marketing”.

- **Richard D. Crips**

(5) “Marketing research is any systematic attempt to get information useful in solving marketing problems”.

### Features :

From the careful analysis of the above definitions, we can obtain the following features of marketing research.

- (1) Marketing research is a well-planned systematic and step-by-step study of marketing problems.
- (2) It uses scientific research methods and statistical tools.
- (3) It involves collection, recording, analysis and interpretation of marketing information.
- (4) The final objective of marketing research is to solve marketing problems as well as to evaluate and improve the marketing performance.
- (5) It is an important function of marketing
- (6) It assists in business decision makings
- (7) It reduces the marketing risks.
- (8) It should be performed objectively without any personal bias to achieve the desired goals.

#### **Importance of Marketing Research :**

Marketing research is described as the beginning and end of marketing management. Marketing management of a modern business becomes effective and efficient only if it is backed up by systematic marketing research. The importance of marketing research can be highlighted with the help of points.

#### **1. Helps in exploring business opportunities :**

Marketing research helps modern business in identifying gaps in the existing market situation and exploring new business opportunities. Business can manufacture goods and services which have adequate demand in the existing market and earn profit.

## **2. Helps to concentrate on consumer :**

Marketing research provides reliable information about consumer needs, wants and preferences. On the basis of such information, modern business firms improve the quality, design, size, appearance, packing, prices, distribution and other features of their products. This leads to maximization of consumer satisfaction and improved turnover of business.

## **3. Assists in production planning :**

Marketing research provides the information about consumer demand, sales potential and market potential of the various products marketed by firm. Such market information helps the business in sales forecasting and production planning.

## **4. Provides knowledge of market changes :**

In order to survive and develop business in global competition, modern business has to adopt its working to the changes in the business environment. Marketing research provides reliable information about the changes in business environment. Such information may be about changes in government policies, technological changes, competitors moves, consumers income, developments in foreign markets and so on. These factors keep on changing. Business can change its products and policies according to these changes in business environment and improve its working.

## **5. Helps in understanding consumer behaviour :**

In modern competitive market, the success, survival and growth of business depends on perfect knowledge of consumer behaviour. However, increasing number of middlemen has created a communication gap between the manufacturers and consumers. Market research provides firsthand knowledge about consumers behaviour, their needs, wants, likes and dislikes, fashions, attitudes, etc. This knowledge of consumer behaviour helps the business in predicting consumer behaviour and

improving products, policies and performance of business according to needs of consumers.

## **6. Measures the impact of marketing strategies :**

In fast changing business environment, modern firms follow different marketing strategies and programs regarding advertising, sales promotion and personal selling. Some of these programs and strategies are successful, while some are total flop. To measure the success or failure of marketing strategies and programs, the marketing research is of great help.

### **Objectives of Marketing Research :**

Following are the objectives of marketing research :

to increase impact  
of promotional  
efforts

to ascertain cost  
effectiveness of  
marketing

to know  
consumer

to design &  
implement  
marketing control

to know the  
consumer

to control  
external forces

**(1) To know the consumers :** The ultimate objective of marketing is to satisfy consumer needs through provision of goods and services. Marketing research helps the marketing manager to know his customer profile. It provides him the demographic features of actual and potential consumers, number of consumers in different segments, their age and income groups, likes and dislikes, regional locations, social category, buying habits, frequency of buying, factors influencing purchase decisions and so on. Such complete knowledge of consumer enables the marketing manager to frame appropriate marketing plans and strategies.

**(2) To know consumer response :** A marketing manager is keen to know the consumer response to his products, policies, packing and pricing. Marketing research provides him such feedback of consumers through *market product testing*.

**(3) To measure the impact of promotional efforts :** In the modern competitive markets, the marketing managers make various marketing plans and strategies in the areas of advertising and sales promotion. Some of these strategies may be successful while others fail to achieve desired results. Marketing research helps marketing manager to evaluate the outcome of these strategies and promotional efforts and enable the further improvement.

**(4) To ascertain cost-effectiveness of marketing :** Marketing manager has to achieve the best result of his marketing efforts at minimum cost. He has to maintain his marketing costs consisting of advertising and publicity, distribution cost, selling cost, research cost, etc, at the optimum level. Marketing research does the cost-benefit analysis of his various marketing activities and reports the management about their cost-effectiveness.

**(5) To design and implement marketing control :** Marketing control is the process of monitoring the marketing activities through planning and evaluation, so as to ensure that the actual results are in tune with the planned course. If there is any difference in the plans and actual results, the corrective action is taken so that, in future, actual results fall in line with the plans. Marketing research helps in both planning as well as evaluation of marketing activities and assists the marketing manager in his task of marketing control.

**(6) The control the external forces :** Companies change their policies and strategies to adopt their working as per the changes in internal controllable and external uncontrollable factors in the business environment. To do so, they need reliable information about the external factors, such as competitors' moves and strategies, governmental policies, technological changes, consumers' income and spending levels, changes in the internal and overseas markets. Marketing research provides reliable information about such external factors so as to enable the marketing managers of companies to refine their policies and strategies according to the changes in business environment.

## **Market Research Vs Marketing Research**

Often the terms market research and marketing research are used interchangeably. However, these two terms are technically different as they convey different meanings as under.

### **Marketing Research :**

Marketing research is a wider term covering the systematic and scientific study of all sorts of marketing problems. It conducts scientific enquiry into each aspect of marketing mix namely product, price, place and promotion. It analyses and evaluates the impact of all marketing efforts of a firm. It covers different areas of modern marketing management, such as consumer research product research, market research, sales promotion research, pricing research, distribution research, advertising research, policy research and competition research. It provides factual information pertaining to all these areas to assist the decision making of marketing managers. In short, it covers all the 'P's of marketing, namely Product Price, Place, Promotion, Physical distribution and Publicity.

### **Market Research :**

Market research is a narrow concept. It is a part of marketing research. According to Philip Kotler, the term market research refers to research into markets. It studies their size, geographical distribution, income level. Market research covers :

- (a) Study of market profile and market segmentation.
- (b) Identification of market size;
- (c) Analysis of market share ;
- (d) Study of general trends and seasonal trends in market;
- (e) Forecasting of demand and sales;
- (f) Determination of market characteristics ;
- (g) Conduct of elaborate market surveys.

The distinction between market research and marketing research will be more clear with the help of following comparative chart :

### **1. Meaning**

It is a study of market profile

It is a systematic and scientific enquiry into

all sorts of marketing problems.

## 2. Scope

It is a narrow concept covering the different features of market.

It is a broad concept covering all the aspects of marketing function. Market research is a part of marketing research.

## 3. Objective

The objective of market research is to improve the understanding of market demand and trends.

The objective of marketing research is to improve the performance of all the marketing functions.

## 4. Areas Covered

It covers study of market profile, market potential, market segmentation, price, product, packing, physical market trends, market potential, sales, forecast, market demand, characteristics of market.

It covers the study of market, consumers, distribution, promotion, publicity, policies, etc.

### Steps in Marketing Research :

Marketing research involves the in-depth study of marketing problem by the use of research methods and procedure. It is a process consisting of following steps or stages.

(1) Problem Formulation

(2) Objectives and Hypotheses

Steps in

(3) Determining Research Design

Marketing

(4) Preparation of Questionnaire

Research

(5) Determining Sample Design

(6) Collection of Data from Respondents

(7) Analysis and interpretation

(8) Report Writing

(9) Follow-up Efforts

Let us discuss these steps involved in detail.

**(1) Problem Formulation :** The first step in any marketing research process is formulation of problem to be taken up for research. Researcher has to discuss the marketing manager and understand the nature of problem. He has to identify the factors contributing to the problem. Instead of getting carried away by the symptoms of the problem, researcher should try to go to the root causes of the problem. For example, a decline in a market share or continuous fall in sales may be the symptoms of problem. Whereas the real causes of such fall may be recession in market, unsatisfactory sales efforts, wrong pricing, unsatisfactory packing, poor after-sale service, cut-throat competition and so on. After proper understanding of the nature of the problem, researcher should define it carefully indicating its scope dimensions and limitations. A problem well-defined is half solved. For instance, the above stated problem may be defined as -

“Analysis of causes of decline in market share of Narmada Steels Limited in Western Maharashtra State during 2005-2008”

**(2) Objective and Hypotheses :** Once a problem has been clearly defined the researcher has to state the research objectives and develop appropriate hypotheses. Research objectives are the goals to be achieved by the research study. Through statement of clear objectives, researcher tries to clarify as to why he wants to study the problem and what he wants to achieve from the study. In our example given above, the objectives of study may be stated as under :

(a) To study the changes in market shares of different steel manufacturers in Western Maharashtra during the period of study.

(b) To analyse the policy changes made by various manufacturers to promote the sale

during the period.

(c) To study the responses of customers to these policy changes.

(d) To study the changes in the market conditions and government policies towards steel

industry during the period.

(e) To detect the significant causes for the decline in market share of Narmada Steel

Company.

(f) To give suggestions for arresting the decline in market share and sales of the company.

Research hypotheses is a statement indicating tentative supposition or a possible solution to a problem based on the marketing experience or some documentary evidence. Such hypotheses indicate the relations between the different factors related to research problem. In the course of research, these hypotheses are tested on the basis of observations and responses collected. Formulation of hypotheses helps the research to keep sharp focus on the factors related to the problem under study. They prevent the research from getting detailed and thus prevent wastage of time, money, and energy. In the example of Narmada Steels Ltd. given above, the hypotheses may be :

(a) The market share of Narmada Steel Ltd. in the Western Maharashtra is declining sharply.

(b) The major causes for decline in market share are poor marketing strategies vis-a-vis competitors, lack of aggressive sales promotion activities, inefficiency in distribution channel as well as poor sales administration of some branches in Western Maharashtra.

**(3) Developing Research Design :** A research design is a plan comprising the researcher's decisions about the procedures, sampling, collection and analysis of data for a given study . It aims to fulfill the purpose of the study without waste of time,

energy and money. It is the master plan for the conduct of research . It is a blue print to be followed in the conduct of research. It consists of

- (a) Title and rationale of research
- (b) Objectives and hypotheses
- (c) Scope and limitations of study.
- (d) Nature and sources of data required
- (e) Schedule and budget of activities to be performed.
- (f) Methods of collection and analysis of data
- (g) Sample design
- (h) Outline of research report

Research design keeps the research work right on track and ensures best results with minimum resources.

**(4) Preparation of Questionnaire :** Generally, for the collection of primary data from the respondents, questionnaires or schedules are used. A schedule or questionnaire is a form containing a set of questions related to the subject of investigation in a logical sequences. Drafting of questionnaire requires a good degree of skill, experience, wisdom and intelligence. The form of questionnaire depends on the nature of information sought, the kind of respondents (i.e. consumers, dealers, employees, etc) and the method of data collection used (i.e. personal enquiry or mailed questionnaire, etc.)

**(5) Determining sample Design :** In the course of investigation, if the information is collected from each and every respondent forming the part of universe (or population), it is called census method. But instead, if inferences about the population are drawn on the basis of select respondents from the population, it is called sampling. A sample is a small number of respondents chosen at random from a large universe of respondents. A sample should be the perfect representative of the entire universe of respondents. In majority of investigations, sampling is followed as it saves time, money and efforts and gives more accurate results by enabling in-depth investigation. Sampling design constitutes the following:

- (a) Description of universe of study/
- (b) Determining the sample size. A sample size is the proportion of sample as a part of

population.

(c) Deciding the method of selecting sample.

The different methods of selecting a sample from the population are Random sample. Systematic sample. Cluster sample, Stratified sample or Quota sample.]

**(6) Collection of Data :** After preparing research design and sample design, the researcher has to proceed to collect the information relevant to the marketing problem under study. Research of any kind requires both primary and secondary data. Primary data means original observations collected by the researcher or his agents for the first time for any investigation. Secondary data means the data available in published and unpublished form already collected by some other agency to be used for investigation.

Primary data provides firsthand information about the research problem from the respondents. The methods of collecting primary data are : (1) by observation, (2) by personal interview, (3) by telephonic talk, (4) by mailed questionnaire and (5) through schedules.

The use of secondary data in an investigation saves time, money and efforts. However, it should be reliable and suitable to the needs of investigation. The sources of secondary data are government publications, publications of international bodies like IMF, WTO, World Bank, UNO etc. Journal and Bulletins of Chamber of Commerce, trade associations and industries, Reserve Bank associations of banks, insurance agencies etc.

**(7) Analysis and Interpretation of Data :** After the data collected from various sources has been edited, compiled and tabulated, the researcher does the analysis of data, Analysis of data involves a number of closely related operations that are performed with the purpose of summarising the collected data and understanding the message hidden in it. Several statistical tools are used to analyse the data and seek answers to the research questions. Proper analysis of data requires necessary skill and judgement of researcher. In the recent years, computer facility is used extensively in the task of analysis of data. Drawing the inferences on the basis of analysis is called interpretation of data.

**(8) Report Writing :** The end result of all the above steps of marketing research is presented in the form of report. The conclusions or solutions to the research problem,

drawn on the basis of analysis and interpretation of data collected systematically, are given in the report. Some reports narrate the whole research procedure, whereas others simply concentrate on the analysis and conclusions and give recommendations relevant to research objectives and hypotheses. Research reports communicate the procedure and findings of research to the audience. It should enlighten the readers on the following points :

- (a) The problem of research
- (b) The research procedure
- (c) The findings and conclusions
- (d) The theoretical and practical solutions to the research problem.

**(9) Follow Up Efforts :** Finally the researcher has to assist the marketing executives in implementing his suggestions and recommendations by converting them into appropriate marketing strategies and programs.

From the discussion of steps involved in marketing research, it is clear that marketing research is not an easy task. It requires a great deal of knowledge, skill and experience.

### **Areas of Marketing Research or Application of Marketing Research :**

Marketing research has a wide scope covering all the functions of marketing management. The following diagram indicates the role of marketing research in all the decision areas of marketing.

**(1) Consumer Research :** Consumer research needs, wants, preferences and satisfaction of consumers in order to improve the relations of business with its consumers. It covers the study of

- (a) Consumer profile (Demographic characteristics)
- (b) Consumer preferences, likes, dislikes, reactions,
- (c) Factors influencing consumer buying decisions,
- (d) Sources of consumer satisfaction and dissatisfaction,
- (e) Shifts in consumption patterns,

**(2) Product Research :** It covers the study of :

- (a) Product line, product quality, product features, product design,
- (b) Actual and new uses of products,
- (c) Package design
- (d) New products tests and evaluation of product performance.
- (e) Servicing requirements of products.

**(3) Market Research :** The areas of research for market includes :

- (a) Study of market profile and market segmentation.
- (b) Identification of market size or potential market.
- (c) Analysis of market share, forecasting of sales and demand,
- (d) Study of general trends and seasonal trends in market,
- (e) Conduct of elaborate market surveys,
- (f) Determination of market characteristics

**(4) Sales Research :** Sales research covers problems relating to the sale of product of a given firm. It attempts to judge and improve sales potential. It covers :

- (a) Measuring sales performance in terms of volume and profit,
- (b) Establishing and revising sales territories and sales quotas,
- (c) Determining and appraising sales methods,
- (d) Analysing sales personnel performance,
- (e) Determining effective ways of compensation and motivation of sales force.

**(5) Pricing Research :** Pricing research tries to find out consumer price expectation, actions and reactions. The areas of research for pricing includes :

- (a) Evaluating pricing strategy of the firm,
- (b) Studying the price policies and strategies of the competitors,
- (c) Testing alternative price strategies,
- (d) Measuring the consumer reactions and responses to firm's product prices.
- (e) Assessing general pattern of pricing followed by industry,
- (f) Measuring price elasticity of demand.

**(6) Distribution Research :** Distribution Research has two aspects, namely channel research and physical distribution research. Channel research deals with intermediaries between producers and consumers. Physical distribution research deals

with problems of storing, handling and transporting of goods. The areas of distribution research are :

- (a) Study of effectiveness of different types of distribution channels.
- (b) Study of dealers' needs and problems to ensure their full co-operation,
- (c) Determining optimum stock levels and storage facilities,
- (d) Analysis of distribution cost,
- (e) Optimisation of storage, material handling and transportation cost.

**(7) Advertising Research :** The areas of advertising research area :

- (a) Study of advertising messages and appeals,
- (b) Comparing effectiveness of alternative advertising copies,
- (c) Selection of advertising media,
- (d) Evaluation of advertising effectiveness.

**(8) Policy Research :** Policy research with the study of policies in all the functional areas of an organisation, such as production, finance and personnel and their impact on marketing activities. The areas of policy research are :

- (a) Studying the existing policies and strategies in the other functional areas, but influencing marketing.
- (b) Evaluating the impact of changes in these policies on firm's marketing efforts and results,
- (c) Determining a perfect blend of policies in different functional areas so as to achieve effective and efficient marketing performance.
- (d) Making study of firm's marketing strategies and policies vis-a-vis those of competitors.

**(9) Competition Research :** It deals with systematic study of competition and competitors from the point of view of marketing. It includes :

- (a) Study of competitive structure of industry and individual competitors.
- (b) Study of competitors' products, sales methods, distribution network, sales promotion programs, policies and plans