

MARKETING RESEARCH

Definition:

It is defined as the collection, collation, analysis and interpretation of decision – related information which is generally related to the demand, marketing and consumption of goods and services in a particular market.

Market and marketing research are usually used interchangeably in business books and media. However, to distinguish between the two terms we can say that market research is related only to consumers and their tastes and preferences. Marketing research on the other hand is a wider term which also includes the analysis of marketing strategies related to promotion, pricing distribution and packaging.

Need for marketing research

Businesses should use marketing research on a regular basis because of the dynamic nature of the market. Marketing research is needed for the following reasons:

1. to reduce the risks of failure in case of new product.
2. to predict future changes and explore new possibilities
3. to improve public relations as it provides a link to the market trends
4. to explain the patterns of sales of existing products and outside world
5. to help in decision – making related to marketing issues
6. to assess the most popular designs, styles, brands, promotions and packages

Types of research

1. Primary Research
2. Secondary Research

Secondary / Desk Research

Accordingly research is the use and analysis of secondary data i.e. the information which already exists in some form. This information was originally collected by another person or organization for a different purpose. This data is also known as second-hand data. It is the secondary research that should be initially done as it has lower costs, saves time and helps in giving direction for the primary research.

INTERNAL SOURCES OF DATA

1. Internal company records or annual reports
2. Sales trends
3. Stock movements
4. other information
 - any information like supplier and customer records

EXTERNAL SOURCES OF DATA

1. Newspaper
2. Magazines
3. Govt. publications
4. Libraries
5. Economic surveys
6. Information from competitors
7. Internet
8. prepared research reports by others firms

Q. Compare the advantages and disadvantages of secondary research

ADVANTAGES

- Secondary research materials are usually cheaper to obtain as costs of conducting the research do not have to be borne by the organisation. Only Market Intelligence reports are quite expensive.
- They could be obtained quickly as long processes involving data gathering are avoided.
- Nature of market can be identified and essential details about market size and market growth obtained.
- Basic information like population structures and others can be obtained that provide a foundation for primary research and may make it easier.
- Data from several different sources can be compared and important competitor details obtained.

DISADVANTAGES

- Data could be outdated as the different sources don't conduct researches on a regular basis.
- The data obtained may not suit the objectives of the company as it may have been conducted for different purposes so this presentation may not be that effective.
- The way that different organizations have conducted their research for this secondary information is not known. It may be that their data collection methods are inaccurate.
- If a company is starting to develop or has developed a different and new product then secondary research may not be available at all.

Primary / Field Research

Primary or field research involves collecting and analyzing primary data i.e. the information which does not already exist and has to be collected by the researcher. Field research can either be carried out by a firm itself or by a marketing research agency.

Methods of primary research

There are two types of primary research:

1. Quantitative research (finding out the no. of consumers who might buy a product And in what quantities)
2. Qualitative research (it refers to why consumers will or will not buy a particular product. It discovers the motivational factors behind consumers buying habits. This research can be done through personal interviews and in-depth discussions among groups i.e. focused groups and consumer panels.

Focused group

It is a selected group of 15 – 20 people who are shown a product and asked about what they feel of its taste, or design and color depending on what the product is. Once they are interviewed they won't be asked again. In a focus group people related to a one segment of market are selected.

Consumer panel

It is a great extent like the focus group. The difference is that after one interview, the focus group is dismissed and the next time another group is selected. However, in consumer panel, the same group is asked for opinions after intervals about the product and any changes that are introduced. It is more accurate as asking the same people give a better idea of how consumer thoughts and feelings are changed.

Quantitative Research Techniques

1. Observation Method
2. Survey Method
3. experimental Method / Test – marketing

Observation method

It can give you the answer of what is happening but not why as you just observe and see through cameras, stock – movements e.g. seeing how much time they spend at a shelf and looking at which products.

Survey method

Telephonic surveys, mall – intercepts, internet surveys and mail surveys, simple questionnaire surveys and door-to-door surveys. Mall intercept is when you are stopping people in malls and ask them about a product. Questionnaire surveys are most common when people are given out forms with questions that could be open-ended or closed ended. Quantitative is closed ended.

Experimental Method / Test Marketing

Two types of experimental methods:-

Laboratory method – when you invite people to a particular artificial setting and ask them to taste a product or try it at their own place.

Field experimentation is test marketing – you select a particular geographic area and launch your product to it to see the reaction of the people. This is cheap as if product

isn't successful then the loss is less but if it is successful then the product can be launched throughout the country.

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Issues regarding Surveys / MARKET RESEARCH

1. who to ask – it involves population, Sampling size and sampling methods
2. what to ask – the types of questions and the required information
3. how to ask – the layout of the questionnaire, questionnaire techniques (complex or simple)
4. how accurate the result is (limitations of marketing research) accuracy depends on the intelligence and cleverness with which question is asked.

Who to ask

- Population includes current and / or potential consumers
- Sample size is the number of people selected from the population on which marketing research is conducted. Generally speaking, the larger the sample size the more accurate can be the results. However, one needs to take into consideration time and cost factors.
- Sampling methods
 - Random sampling → systematic random sampling
 - Stratified sampling
 - Quotas sampling
 - Cluster sampling
 - Multistaged sampling
 - Snowballing sampling technique

Limitations of market research

Sampling biased

- probably chosen a wrong method of sampling
- chosen a proper sample but by chance is not a true representation of the true population this is unintentional

2. Questionnaire – based: leading questions might misguide the respondents. Leading questions are those that make the consumer answer what the research wants from them e.g. asking about liking and only giving options of good or very good.
3. Changing human behavior – unintentional: people liking a product today may not like it after two months i.e. the change of preferences of customers.
4. Other biased:
 - if the respondent intentionally or unintentionally do not give true answers like taking it lightly or didn't understand the question.
 - the respondent just fills every other option but doesn't really care of it.

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Q. Explain briefly all six types of sampling methods.

Ans. Sampling methods are the techniques of market research that enable an organization to select the consumer groups which have to be interviewed or researched upon for their choices and opinions. It includes random sampling, multistaged sampling and snowballing.

RANDOM – SAMPLING

The major objective as well as advantage of this method is that the entire survey population has an equal chance of becoming a part of the sample. It would not be practical to include the entire population of the country or countries. Therefore a survey population is decided which consists of all of the present customers as well as potential customers of the firm's product. From this population people are selected randomly e.g. if survey population includes all the people in a telephone directory, then random names are selected for research. The disadvantage is that by chance the selected people may have similar preferences and so may not be a true representation.

STRATIFIED SAMPLING

In this method, the population is divided into sub-group's samples that would be selected. The sub-group consists of only those people that are interested in the product. Therefore, the samples would be a truer representation e.g. if a new magazine is to be printed that would have articles related to teens, then the sub-group would be teenagers or people belonging to age group of (12 – 19) year. Therefore, any examples selected would also be from this sub-group.

QUOTA SAMPLING

When samples are selected by quotas, then selection is according to a set proportion of people from particular areas based on consumer consumption. E.g. if research was to be conducted in Pakistan, and a sample of 200 people was to be selected, then 10% might be selected from Baluchistan, 15% from NWFP, 50% from Punjab and 25% from Sindh.

CLUSTER SAMPLING

When a full sampling frame list is not available or when the product is mainly likely to appeal to specified groups of consumers, e.g. town or regional newspapers, then cluster sampling will take a sample from just this group – not the whole population. Random methods can then be used to select the sample from this group.

MULTISTAGED SAMPLING

This method involves the selection of a sample from another larger sample until the exact group of people to be research on is decided e.g. a continent Asia may be decided, then its south-east region, from which Pakistan is selected, then a province, then city and finally a district is decided upon. Similarly a street within a city would be selected and then a particular household on that street.

SNOWBALLING SAMPLING

It is a very specialized form of sampling. In this, firstly a group of people is selected as the first sample. Then they are asked for one contact or reference who is then added into the sample and so the size increases, the snowball effect. Sampling in this way is not representative and should only be used when other methods can't be used. Businesses in highly secretive markets use this e.g. firms engaged in producing highly specialized and expensive one off products for a very limited range of customers may need to rely upon snowballing.

MARKET RESEARCH

Presentation of data

1. Tables
2. Line Graphs
3. Bar Charts
4. Histograms
5. Pie Charts
6. Pictograms

TABLES

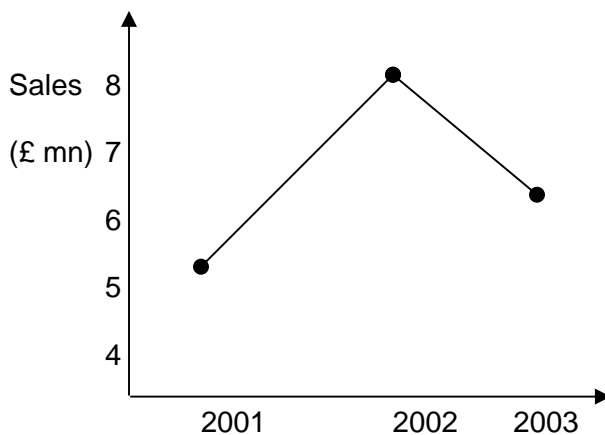
Product A

Years	2001	2002	2003
Sales (£ mn)	5	8	6

Sales (£ mn)

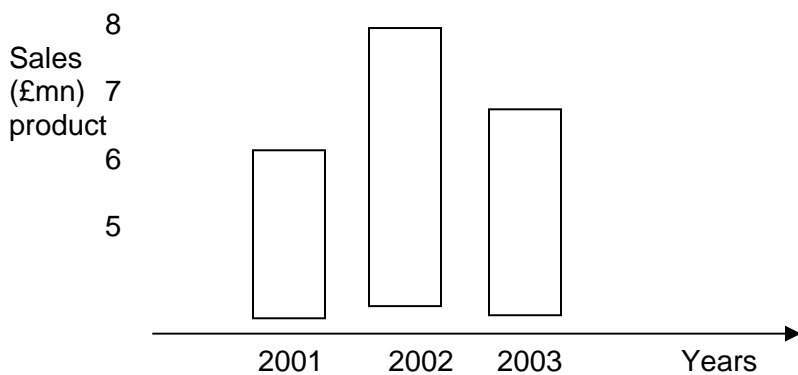
Product / Years	A	B	C
2002	5	7	4
2003	8	6	6
2004	6	8	7

LINE GRAPH

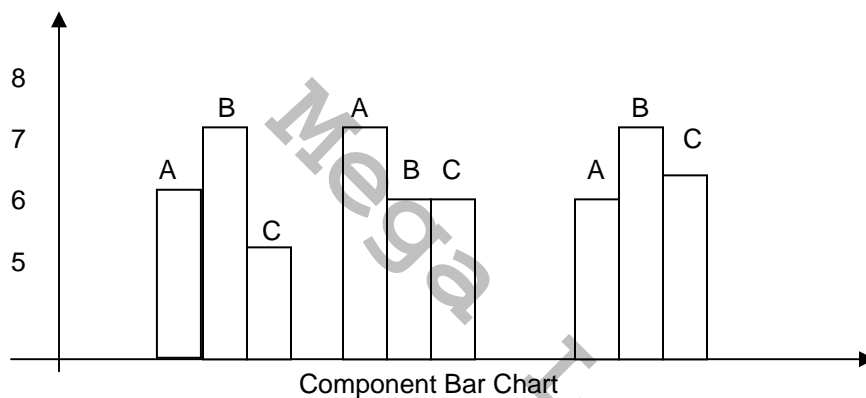


BAR CHARTS

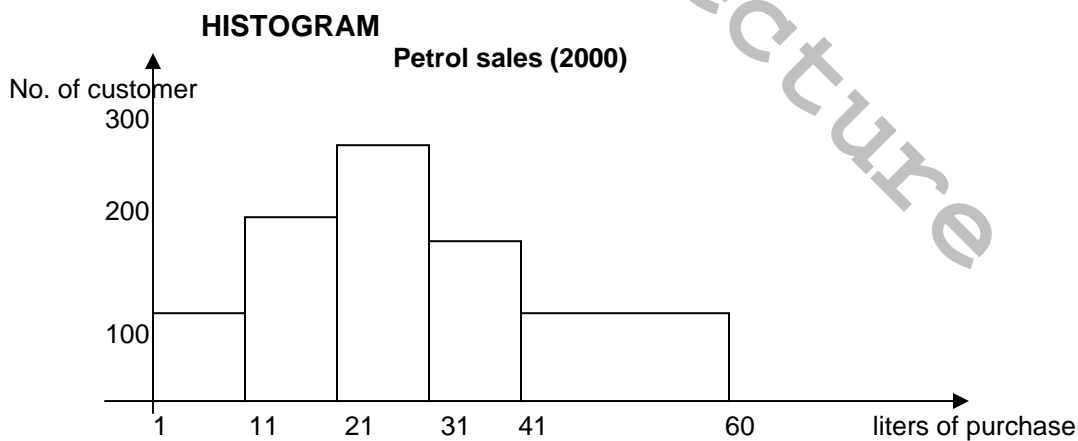




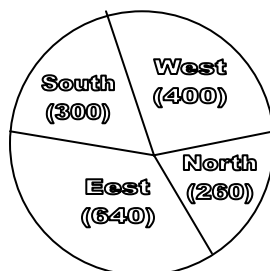
Simple Bar Chart



Component Bar Chart



PIE CHART



Sales by region

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DATA PRESENTATION

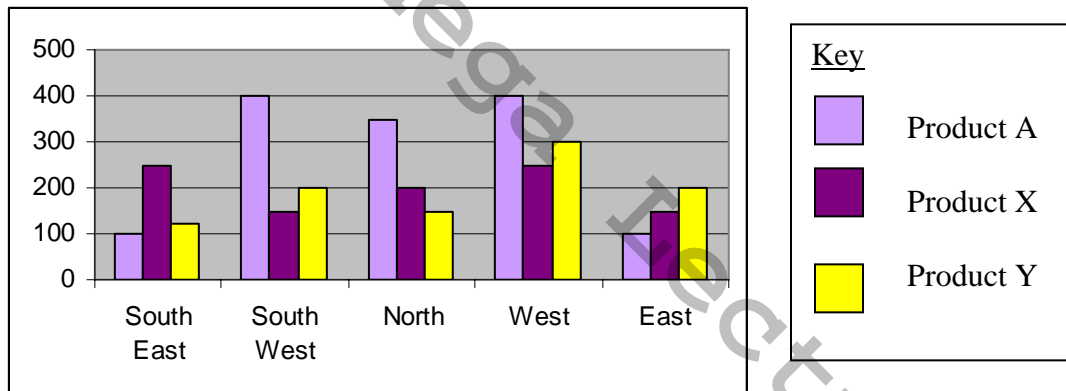
ACTIVITY PAGE 152 (Peter Stimpson)

The directors didn't want the data to be left in table format because data can get confusing if only a bulk of numbers is there to look at. This means that the results aren't clear. So the interpretation and analysis of data is also a difficult task which is made easier by bar charts, pie charts and histograms that make comparison between the figures e.g. sales of months and years easier.

Tables are also not a very effective way and lack the impact that graphs have. Tables don't show the changes and trends in e.g. sales, share prices as line graphs and component bar charts would show.

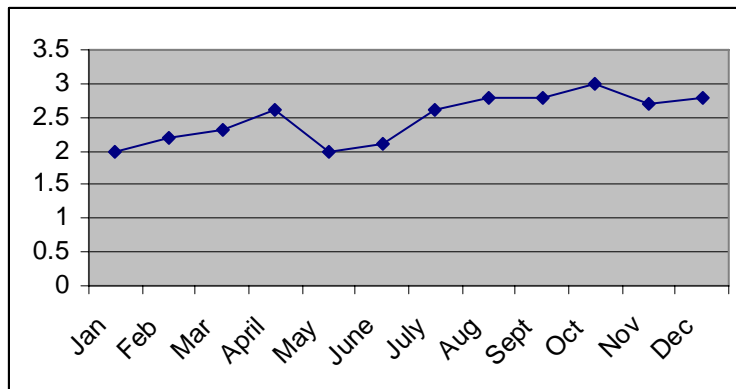
Component bar chart would be used for first set of data. It shows the sales of three different products A, X, Y in the five different regions. The advantage of using a parallel component bar chart is that it is easier to compare changes between the products sales in all regions just by looking at the graph. No long calculations are required to know which product sells are higher in which region.

Sales of product A, X and Y

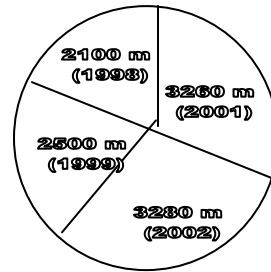


For the second set of data, the line graph would be most suitable because changes of share prices are small and looking at a line immediately gives a clear picture of these changes.

Changes in share price (2001)



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Total sales of 4 Years \$11140 m

The third set of data showing the sales in different years from 1998 – 2001 could be best represented on a pie chart which would easily show the years with higher sales and those with lower sales i.e. easy comparisons can be made.

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