



आईएफटीएम विश्वविद्यालय, मुरादाबाद, उत्तर प्रदेश
IFTM University, Moradabad, Uttar Pradesh
NAAC ACCREDITED

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IFTM University, Moradabad, Uttar Pradesh

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Subject: MARKETING RESEARCH

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Meaning and Definition of Marketing Research

“Consumer is the king” is the theme of all the marketing activities of these days. It follows that all the marketing activities of all the business and industrial enterprise of today go around the satisfaction of consumers’ needs. All the efforts are made to provide the goods and services to the consumer at right time and place and keeping in view their tastes, income, fashion etc. Marketing research is a tool to achieve this object. Marketing research is the collection, summary and analysis of the data regarding goods and services so that behaviour of consumers may be understood and maximum satisfaction may be provided to them. The term ‘Marketing Research’ has been defined by many eminent scholars. Some of the important definitions are as follows:

Philip Kotler, “Marketing research is the systematic problem analysis, model building and finding for the purpose of improved decision-making and control in the marketing of goods and services.”

American Marketing Association, “The systematic gathering, recording and analysis of all facts about problems relating to the marketing of goods and services is called marketing research.”

Luck, Wales and Taylor, “Marketing research may be defined as the application of scientific method to the solution of marketing problems.”

Lorei and Roberts, “Marketing research is any systematic attempt to get information useful in solving marketing problems (Making marketing decisions).”

Prof. Richard D. Crisp, “Marketing research is the systematic objective and exhaustive search for, and the study of, facts relevant to any problem in the field of marketing.”

WHAT DOES IT MEAN SYSTEMATIC AND OBJECTIVE?

Systematic means that information is not intuitive or haphazardly gathered. The term connotes patient study and scientific investigation wherein the researcher takes another, more careful look at the data to discover all that is known about the subject.

Objective means, that if the information generated, or data collected and analyzed, is to be accurate, the marketing research must be objective. The researcher should be detached and impersonal rather than biased, attempting to support his or her preconceived ideas. If bias enters into the research process, its value is considerably reduced.

Above definitions make it clear that Marketing Research is the collection, analysis and interpretation of relevant data to help a marketing manager in taking sound marketing decisions. It is a scientific method of solving the marketing problems. It includes all types of research in the field of marketing, such as -market analysis, sales research, product research, sales promotion research, advertising research etc. It may also be concluded that marketing research is the systematic collection, recording, analysis, interpretation and reporting of necessary information and data about existing or potential consumers, marketing methods, channels of distribution, media of advertisement, methods of sales promotion and competitors. The object of marketing research is to prepare and amend the marketing policies, strategies and programmes in such a manner that they may provide maximum satisfaction to the consumers.

The objects of Marketing Research

Marketing research is used to gather information about:



Company's macro – environment (Political, Economic, Socio – cultural, Environmental and Technological)



Company's micro – environment (Customers, Suppliers, Employees, Competitors, Media, Shareholders)



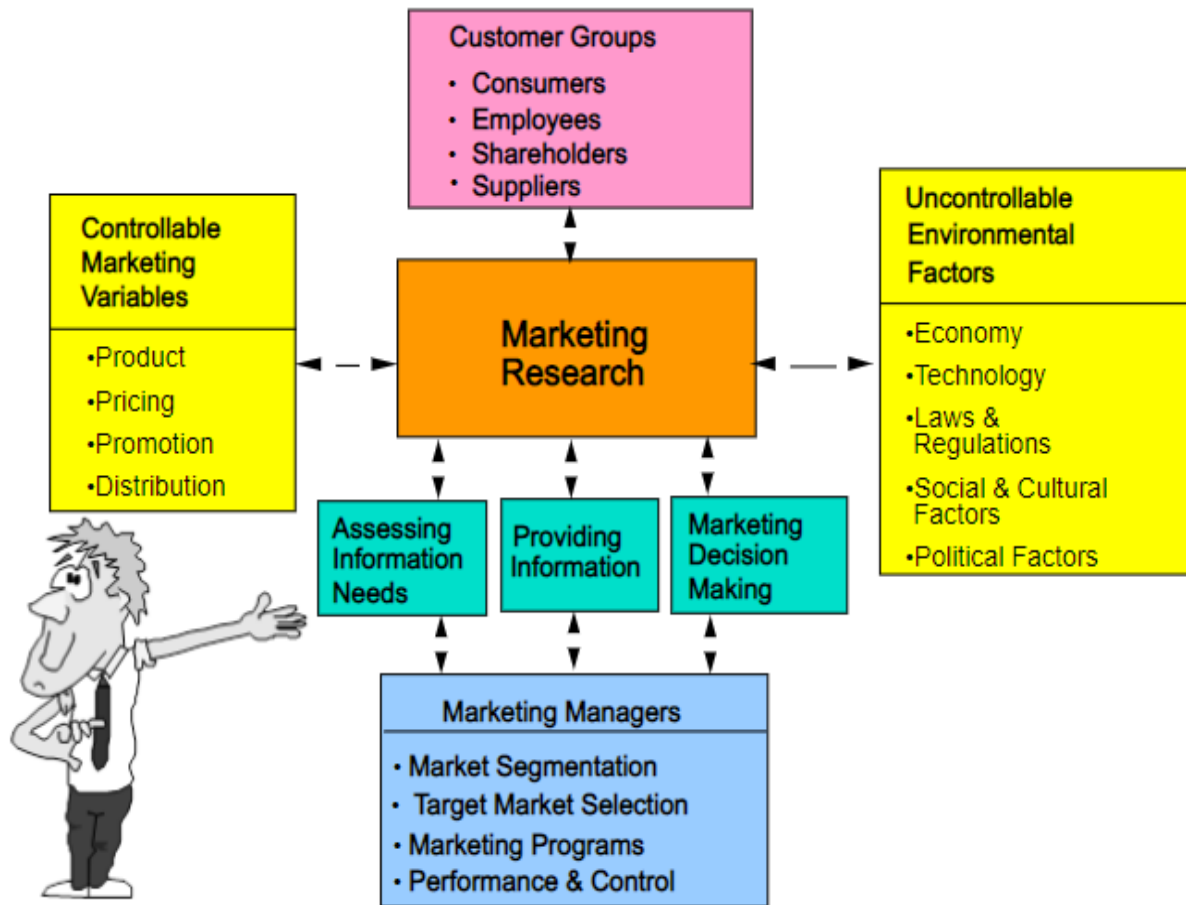
Marketing Mix (Product, Price, Promotion, Place)



Customers (Behaviours, Attitudes, Desicions, Oppinion, Life style, Values, Sociodemographic characteristics and so on...)

The Role of Marketing Research

The role of the marketing research in decision making can be explained with the help of following diagram:



Source: *Marketing Research* by Naresh Malhotra, 2007 Prentice Hall

Scope of Marketing Research

Scope of marketing research is very wide. *Prof. M.J. Baker* has included sales research, product research, advertisement research, motives research, exports marketing research, business economics etc., in the scope of marketing research. *Prof. Richard D. Crisp* has included products and services research, markets research, sales policies and strategies research, advertisement research, etc., in the scope of marketing research. Thus, it is clear that marketing research is very wide term which embraces all the research activities in connection with the management and performance of marketing activities. The scope of marketing research may be explained as under:

1. Research of Products and Services: Research of products and services is meant to study whether the consumers are satisfied or not with the products and services provided to them. If they are satisfied, then the extent to which they feel satisfied be examined. If they are not satisfied, the reasons of their dissatisfaction may be noted. In addition to this, this type of research is also meant to make a comparative study of the products and services of competitors with that of the enterprise. The aim of such research is to take the decision about the development of products and services; development of new products; product diversification; product simplification and changes in the form of colour or packing or design of product etc.

2. Research on Markets: Research on markets is meant to forecast the demand of products on the basis of analysis of markets. The characteristics of the products and different uses of the products for different market segments are analysed. In addition to this, research of markets includes the study in respect of the nature of customers; habits, tastes and attitudes of customers and their purchasing power etc.

3. Research on Sales Methods and Policies: As evident from the name, this type of research is meant to study different aspects of sales in an enterprise. The aspects to be studied in such research are -

- i) Classification of sales territories
- ii) Amendments in sales territories
- iii) Study of competitors' prices
- iv) Development of different methods of sales
- v) Evaluation of present and proposed sales methods
- vi) Study of the cost of distribution

Study of these aspects plays an important role in forecasting the demand of product. Such study also helps in the formulation of policies and strategies for marketing.

4. Advertising Research: Advertising research is study of different media of advertisement and comparative study of their merits and demerits. In addition to this, this type of research is also meant to study the advertising programme of the enterprise. Such study helps in the selection of suitable media of advertisement for the enterprise and in making the necessary amendments in these media.

5. Research on Miscellaneous Activities: Research on miscellaneous activities is the research on marketing activities of the enterprise other than the activities referred above. It collects and analyses the opinion of consumers regarding products, services and policies of the enterprise. In addition to this, this type of research also studies the effect of government rules and regulations on the activities of the enterprise. It also helps in making changes in marketing policies and programmes of the enterprise.

Advantages or Importance of Marketing Research

Marketing Research is a gift of Modern Concept of Marketing (Consumer-Oriented Concept). All the activities of a business and industrial enterprise start and end with the maximum satisfaction of consumer needs. Satisfaction of consumer needs necessitates the study of their behaviour, tastes, habits and attitudes. The study of behaviour, tastes, habits and attitudes of consumers is a difficult problem in itself. This problem can be solved if the marketing decisions of the enterprise are based on marketing research. Marketing Research helps in the study and analysis of the behaviour, tastes, habits and attitudes of consumers.

Products at large-scale, ever increasing competition, improving standard of living of consumers, frequently changing habits and attitudes of consumers, frequently changing fashions, frequently changing conditions of the economic world and ever developing techniques and methods of production have increased the need and importance of marketing research. No business and industrial enterprise can achieve its marketing objectives in the absence of marketing research. The importance of marketing research can be explained as under:

1. Production of New Products: Marketing research explores the possibility of selling a new product into a market and, thus, provides an opportunity to the enterprise to start the production of the product and helps in capturing the market substantially.

2. New Uses of Products: Marketing research explores new uses of the products of the enterprise. The enterprise can widely publicise these alternative uses of its product among the customers and, thus, can create new market and new demand for its products.

3. Important Information about Customers: The most important role of marketing research is the study of habits, tastes, attitudes and behaviour of consumers. This study helps the enterprise in understanding its customers – Who are customers? Why do they purchase the

products of the enterprise? When and where do they purchase the products? For what do they purchase the products? These information helps the enterprise in deciding its marketing policies, strategies and programme.

4. Selection of Channels of Distribution: Marketing research makes a comparative study of the terms and conditions, way of working, popularity among consumers and effectiveness of different channels of distribution. It helps the enterprise in the selection of particular channel of distribution for distributing its products. It also helps in changing these channels, if necessary.

5. Existence in Competitive Situation: Marketing research collects and analyses the data in respect of products and services offered by the competitors to the consumers. It also studies their marketing policies and programmes. It evaluates the effectiveness of their policies in the market. It helps the enterprise in deciding its marketing policies and programmes. It also helps in making necessary changes from time to time in these policies and programmes so that the enterprise may face the competition very successfully

6. Knowledge of Demand: Marketing research makes a thorough study of the demand of products of enterprise. It helps in deciding the nature and trend of demand. It also helps in deciding the elasticity of demand. Such study helps an enterprise in planning for distributing the goods and services at right time and right place.

7. Planned Production: As marketing research helps in making sales forecasts, the enterprise can establish harmonious adjustment between demand and supply of its products.

8. Improvement in the Quality of Products: Change in the needs and wants of consumers is the regular feature of the market. The consumers may discard the product tomorrow which they prefer today. Therefore, it is imperative to be in continuous touch with the changes in the habits, tastes and attitudes of consumers. It is also necessary to be in continuous touch with the changes in fashion and marketing policies of competitors so that necessary improvement in the quality of products may be made at the right time.

9. Discovery of Potential Markets: Marketing research makes an intensive and extensive search of new markets for products of the enterprise. It helps the enterprise in developing new markets, in turn, increasing the demand for its products.

Types of Marketing Research

Types of Marketing Research can be explained as under:

1) Product Analysis: Product analysis is a detailed and thorough study of the popularity of products among consumers of an enterprise. This analysis helps the enterprise in the study of the extent to which the quality, characteristics, utilities form, design, colour, packing, and price etc. of its products meet the expectations, habits, tastes, attitudes and standard of living of its consumers. Such study helps the enterprise in deciding the improvements and changes to be made in its products so that maximum satisfaction may be provided to the consumers and maximum demand may be created for its product. In addition to it, the decision of development of a new product is also taken on the basis of product analysis.

2) Market Analysis: Market analysis is the study of markets available for a particular product of an enterprise. Market analysis determines the quantity which can be sold of a product in a market. It helps in determining the quota of different mediaries. It helps in determining the channels of distribution selection of mediaries and salesmen and the determination of their sales territories. Market analysis tries to explore the possibilities of selling the products of the enterprise in new markets. It also determines the markets on areas in which special efforts are necessary to make the products of the enterprise more popular.



3) Distribution Analysis: Distribution analysis is related with the analysis of different problems related to the physical distribution of goods and services, such as - storage, transportation, advertisement, sales promotion, pricing policy etc. Main aim of distribution analysis is to control the costs of distribution and to provide the goods and services to the consumers at the right place and at the right time.

4) Competition Analysis: Competition analysis is the analysis of competitive situations prevailing in the market. It makes an analytical study in respect of characteristics, qualities, form, design, uses, packing, labelling etc., of the products of competitors. It also makes a study of the policies of competitors in respect of prices, physical distribution, advertisement, sales promotion and after-sale-services etc. Such study is perhaps the most important gift of marketing research to the enterprise. It helps the enterprise in deciding its marketing policies and strategies and in making the necessary changes in these policies and strategies.

5) Consumer Research: Consumer research is the research on present and potential consumers of the enterprise. It makes a study of different aspects to the consumers, such as - Who are the consumers? Where do they live? Why do they purchase? Where do they purchase? When do they purchase? In what quality do they purchase? What are their buying motives? What impression do they have about the products of the enterprise? In addition to this, consumer research also makes a study of consumers of the enterprise, by dividing them on the basis of their age, education, sex, income, caste etc. Consumer research collects the opinions of different consumers regarding products and marketing image of the enterprise.

6) Sales Analysis: Sales analysis is an important tool to measure the effectiveness of sales organization of an enterprise. Sales analysis includes collection of actual sales performance of salesman, determination of sales territories, analysis of the trend of sales, analysis of market segmentation analysis of uses of product, analysis of the cost of sales etc. Such study helps in evaluating the results of the performance of the selling force of the enterprise so that necessary amendments may be made in the policies of the enterprise in this respect.

7) Motivational Research: Motivational research is the study of reaction of consumers or society towards the products of enterprise or the enterprise itself. It is very difficult task in itself because sometimes the consumers are not in a position to express what do they want or what do they feel or why do they feel. Marketing manager tries to understand the behaviour of his

consumers with the use of psychological techniques. Such study is very helpful for directing the activities of salesmen.

8) Advertisement Research: The importance of advertisements is increasing day-by-day. No business and industrial enterprise can think of success in its marketing efforts without advertisement. It is not enough to advertise, even through the best available media. The evaluation of the effectiveness of advertising programmes and sales promotion campaigns is much more important. Advertising research undertakes this responsibility. It analyses and evaluates the success productivity and effectiveness of the advertising campaign of the enterprise. It helps in making necessary modifications in the advertising policy of the enterprise.

Need of the Marketing Research

Marketing research is not only desirable but has become a necessary of all the business and industrial enterprise of to-day. It is the time of large-scale production and throat cut competition. Maximum satisfaction of the needs and wants of consumers is the only key for achieving marketing objectives for all the enterprise. Satisfaction of consumers' needs and wants is a very difficult task because the habits, tastes, attitudes and behaviour of consumers always keeps on changing. Therefore, it becomes necessary that an enterprise must keep itself in continuous touch with day-to-day changes in the behaviour of consumers and policies of competitors. All this is possible only through marketing research. Marketing research collects and analyses all such information and helps the enterprise in planning, organising, directing, motivating, coordinating and controlling its marketing activities. Market research is very necessary in the following conditions:

- (i) When a new product is to be launched into the market.
- (ii) When adequate data are not available in respect of demand of a product.
- (iii) When there are fast changes in the habits, tastes and attitudes of consumers.
- (iv) When there are the fast changes in the fashion.
- (v) When the sale of a particular enterprise goes on declining.
- (vi) When adequate data is not available about the consumers of a particular group.
- (vii) When adequate data is not available about a particular market segment.
- (viii) When the data of reactions of consumers to the packing or utility or price of a product are to be collected.
- (ix) When the effectiveness of an advertising campaign is to be evaluated.
- (x) When the possibilities of developing a new product are to be explored.

Procedure of Marketing Research

Marketing research is the most important tool in the hands of management to take managerial decisions in the field of marketing. Marketing research analyses and defines marketing problems, develops the possible alternatives to solve these problems, evaluates and analyses the merits and demerits of these alternatives so that a best possible alternative may be selected and the problem be solved.

William J. Stanton, has stated in this regard as, “Marketing research is fundamental tool which is used by the management in making decisions and solving the problems in the field of marketing.” The procedure of marketing research may be different in different enterprises but the procedure commonly adopted may be explained as under:



Figure: Procedure of Marketing Research / Marketing Research Process

1. Defining the Problem: The very first step of marketing research is to define the problem. It is not possible to take a right decision unless and until the problem is specifically identified and properly defined. While defining a problem, a careful study of all the internal and external factors must be made. After this, the problem must be analysed. For example, if an enterprise wants to take a decision on the question whether to continue the production of a particular product or to stop it, the questions may be further analysed on different grounds, such as –

- (i) What is the demand of the product in the market?
- (ii) If the production is discontinued, what will be its effect on total sales of the enterprise?
- (iii) Whether the demand of the product can be increased or not?
- (iv) If the production is discontinued, will it affect other activities of the enterprise also?
- (v) Fall in the sales of the enterprise on the discontinuation of this product can be substituted by increasing the sales of any other product or not?
- (vi) Whether idle capacity of the enterprise on discontinuation of the product can be used or not?

2. Situation Analysis: Second step of the process of marketing research after defining the problem is the study of relevant factors affecting the problem. It includes the analysis of the situation prevailing in the enterprise, markets and the whole industry. Competitive situations are also analysed. Attempts are made to revise the problem so that important aspects to be concentrated may be recognised and understood. Situation analysis limits the scope of problem very limited and sometimes it offers a solution to the problem itself.

3. Checking of Available Sources of Information: After this, attempts are made to know the sources of information which may be used to solve the problem. These sources must be thoroughly checked so that right information can be made available for the solution of the problem.

4. Collection of Data: After preparing a plan of marketing research, collection of required data is a very important step. The sources of collection of data can be divided into two parts - (i) Internal sources (ii) External sources.

Internal sources include the records of the company, reports of salesmen, correspondence with customers etc. External sources include the data collected by one enterprise and published by another enterprise.

5. Tabulation of Data: After collecting the data, these are tabulated so that a comparative study and an analytical study of data may be made.

6. Analysis and Interpretation of Data: After collecting and tabulating the data, these are analysed and interpreted. Such analysis and interpretation lead to important decisions. After this, the decisions are arrived at in the light of the problem. This is a very important step of marketing research because a marketing manager gets relevant information for the solution of a problem only through such analysis and interpretation.

7. Preparation of Research Report: After arriving at the conclusions, a research report must be prepared by the researcher. This report should neither be very lengthy nor very short. This report must contain all the facts and conclusions of the research undertaken. Researcher should consult marketing manager before preparing such report so that the report may contribute in the process of decision making. This report must clearly specify the objects and scope of research so that no doubt may arise at any stage.

8. Follow up of the Report: Though the process of marketing research is completed with the preparation of research report, it is also important that effective implementation of the decisions arrived at during the course of marketing research must be ensured and chased by the marketing manager so that the research may produce best results for the enterprise.

Limitations of Marketing Research

Marketing research is a social science and like other social sciences, it is also not free from limitations. Important limitations of marketing research are as follows:

1. Limitation of Money: Marketing research is a process involving heavy expenditure. It cannot be afforded by the enterprise of small-scale or even of medium-scale. Thus, marketing research can be adopted by the enterprise of large-scale only. Limitation of money also limits the activities to be performed in the process of marketing research.

2. Limitation of Time: Marketing research is the process involving the need of sufficient time. Generally, a research scholar is required to submit his report in a definite time. If such a time

period is not sufficient, the researcher faces the difficulty of time and he feels himself unable to carry out the research in a satisfactory manner. If time is short, the researcher has to depend upon secondary data, the reliability of which is always doubtful.

3. Limitation of Skill: The success of marketing research depends to a great extent on the ability, efficiency and experience of a researcher. A researcher must have thorough knowledge of statistical and analytical methods because marketing research involves a lot of statistical work such as - collection and tabulation of data, analysis and interpretation of data and to draw the necessary results. If the researcher is not efficient enough, the results of the research cannot be very fruitful.

4. Limitation of Bias: Limitation of bias is one of the important limitations of marketing research. If the researcher is biased to the problem, the results of such research will not be reliable and the purpose of marketing research cannot be served. The limitation of money, time and skill also cause the limitation of bias. For example, if due to the limitation of time and money, the decision is taken to draw the results on the basis of data collected on sampling basis, the selection of samples may be biased.

Above discussion makes it clear that there are some serious limitations of marketing research but if we go into the details of these limitations, we can easily come to the conclusion that all the limitations discussed above are not the limitations of marketing research itself. All these limitations relate either to the enterprise or to the researcher which can be overcome. So, it should not be concluded that marketing research is useless and worthless. The fact is that the marketing research helps in solving the marketing problems of an enterprise by collecting, analysing, interpreting and presenting the facts.

Problems in the Acceptance of Marketing Research in India

There are some specific problems in India in the way of required development of marketing research. Following are the main problems in this respect:

1. More Demand than Supply: In case of some of the products, the demand in the market is more than their supply. With this situation, the businessmen or the producers do not face any difficulty in selling such products. Therefore, they feel that there is no need of marketing research for them.

2. Expected Results without Marketing Research: Most of the industrial and business enterprises of India are making expected sales and earning expected profits at their present capacity and with their present marketing techniques. So, they feel that they are not in the need of marketing research.

3. Misunderstanding of Marketing Managers: A great problem in the required development of marketing research in India is the misunderstanding of marketing managers of most of the industrial and business enterprises of the country. They feel that the money, time and energy spent on marketing research is only a waste and it results in unnecessary increase in the price of products. They further feel that if the time, money and energy spent on marketing research is diverted to some other activities of the enterprise, it may result in much more profits. Such thinking of marketing executives may cause a set back to the development of marketing research.

4. Inadequate Resources: Another very serious problem in the way of development of marketing research is inadequate resources for marketing research. Marketing research requires many resources and our business and industrial enterprises lack such resources.

5. Lack of Freedom to the Industries of Private Sector: A great problem in the way of acceptance of marketing research in India is great interference of the Government in the affairs of commercial enterprises, particularly in the private sector. These enterprises do not enjoy practical freedom with regards to production or pricing policies. Such strict control of the Government is a problem in the way of acceptance of marketing research in India.

6. Marketing Research is not a Guarantee of Success in Marketing Efforts: Most of the marketing executives of business and industrial enterprises in India think that marketing research is not a guarantee that the enterprise will be successful in its marketing efforts. Marketing efforts, based on marketing research also result in failure. It makes these marketing executives reluctant to invest the time, money and energy of the enterprise in marketing research.

Above discussion makes it clear that there are many problems which have stood in the way of proper acceptance of marketing research in India but if we make a deep study of the problems discussed above, we can easily find that almost all the above problems arise due to the misunderstanding of marketing executives of the enterprise. Therefore, the need is to educate the marketing executives and not to abandon the marketing research. Marketing executives must come out of their traditional and narrow thinking. India is in greater need of marketing research than even the developed countries. The reasons for such need may be explained as under:

- (i) Increasing population of India;
- (ii) Improvement in the standard of living in India;
- (iii) Neglected rural markets of the country;
- (iv) Improvement in the standard of education in the country,
- (v) Improvement in the awareness of consumers of the country;
- (vi) Increase in the means of transportation;
- (vii) Increase in the national income;
- (viii) Increasing competition;
- (ix) Changing feelings of businessmen and manufactures (Consumers-oriented approach);
- (x) Frequent changes in fashion, habits, tastes and attitudes of consumers;
- (xi) Expanding network of channels of distribution;
- (xii) Expanding and improving media of advertisement.

All these factors have increased the importance of marketing research in India. Thus, all the problems in the way of development of marketing research techniques must be solved and due attention must be paid to marketing research.

Market Research vs. Marketing Research

There is a general confusion that market research and marketing research are the two words with the same meaning but it is wrong to think so. Market research and Marketing research are the two different words. Market research is a narrow word while marketing research is a wider word. Market research is a part of marketing research.

Meaning of Market Research

Market Research is a very important part of the process of marketing research. Market research, as evident from the name, is the study of nature, size, organisation and profitability of different markets: changes in these markets; and the economic, social and political factors affecting these changes. Market research aims at collecting detailed information about the markets and consumers of the products and services of the enterprise. The questions to be replied through the process of market research are - Who are the consumers of the goods and services of the enterprise? Where do they live? What is their status? What is their standard of living? What are their habits, tastes, attitudes and preferences? When do they purchase the products of the enterprise? Why do they purchase these products? Who are the competitors of the enterprise? What are the characteristics

and qualities of the goods and services of these competitors? Are the consumers satisfied with the goods and services of the enterprise? What are the marketing policies and strategies of competitors? Thus, market research helps in completing the study of the consumers and markets of the enterprise. Such research helps in the formulation of marketing policies and strategies of the enterprise. It also helps in making necessary changes in these policies and strategies so that the maximum satisfaction may be provided to the consumers and the competition may be faced successfully.

Difference between Market Research and Marketing Research

Above discussion makes it clear that there is significant difference between Market Research and Marketing Research. This difference may be explained as under:

1. Subject Matter: Marketing Research covers all aspects of marketing activities, such as-markets, products, behaviour of consumers, advertisement, techniques of sales promotion channels of distribution, etc. On the other hand Market Research is the research only about the markets and consumers of an enterprise.

2. Scope: Market Research is a narrow term while Marketing Research is a wider term. Marketing Research includes Market Research also.

3. Object: The object of Market Research is to study the trends of markets, situation of competition in the markets and the tastes, habits, nature, preferences, attitudes and behaviour of consumers while the aim of Marketing Research is to study all the aspects of all the marketing activities.

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SELF ASSESSMENT TEST

Q. What do you mean by Marketing Research? Explain its scope and importance.

Q. What is Marketing Research? Outline important areas of marketing research the benefits, it is expected to confer.

Q. Discuss the importance of Marketing Research in today's scenario. What is the contribution of Marketing Research in decision making?

Q. "Marketing Research is vital for the evolution of sound Marketing Strategy." Critically examine this statement.

Q. "Popularly Marketing Research includes four types of analysis - Product Analysis, Market Analysis, Distribution Analysis and Competition Analysis." Explain and discuss the need of Marketing Research.

Q. Describe how Market Analysis might be used to aid Marketing Management?

Q. Discuss the various kinds of Marketing Research. State when Marketing Research is necessary?

Q. Explain the procedure and limitations of Marketing Research.

Q. If you have to put in the market of an entirely new article, what process you adopt in order to ensure the success of your venture?

Q. What is the meaning and scope of Marketing Research? What are the factors which have stood in the way of acceptance of Marketing Research in India?

Q. What is the meaning and scope of Marketing Research? Why are managers reluctant to invest in to the Marketing Research?

Q. What is meant by Marketing Research? Is there any difference between Market Research and Marketing Research?