

# MARKET RESEARCH & MARKETING INFORMATION SYSTEMS



# Market Research

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Market Research is the process of gathering and interpreting data about

- Customers and
- Competitors

(within a firm's target market)

# Purpose of Market Research

Market Research is carried out to:

- Help firms make marketing decisions
- Reduce risk

Data may be gathered for different reasons:

**e.g.** To identify current and future needs of consumers, the price customers will pay for a product or the success of a promotional campaign.

# General Areas for Market Research

- Research on Consumer
- Research on Market/ Demand
- Research on Product/ Brand
- Research on Competition
- Research on Distribution
- Research on Price
- Research on Advertising/ Promotion
- Research on Sales Methods

# Primary research

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Primary research involves finding out **new**, first-hand information. This is called primary data.

Methods of primary research include:

- Questionnaires
- Focus groups
- Observation

# Primary research

Benefits	Drawbacks
<ul style="list-style-type: none"><li>• Directly relevant to the business</li><li>• Up-to-date data obtained</li><li>• Competitors do not have access to the findings</li></ul>	<ul style="list-style-type: none"><li>• Time consuming</li><li>• Often expensive</li><li>• Results may be misleading if the sample size is too small, questions are unclear or there is interviewer bias</li></ul>

**Oral-B®**





## Exhibit 39.4 P&G Closely Studies the Housewife's Daily Chores

P&G has been doing a lot of qualitative MR. It is doing this through multi-functional teams drawn from the company's R&D, MR, and Sales. The teams go to the market, observe and tackle issues together.

### **Connect + Develop, P&G India**

Connect + Develop is one of the ongoing MR programmes of P&G. The objective is to unlock value addition possibilities. The programme relies mostly on qualitative inquiries. The research focuses on consumer experience relating to P&G products rather than the product features *per se*. How the positives of the consumer experience should be enhanced, is the main enquiry in the MR. It does not go after some radical idea that will transform a product into a super brand, but just probes, in an out-of-the-box way, small, discrete, steps that will enhance the overall consumer experience/value.

Such probes around the oral care brand *Crest* resulted in a toothbrush, the *Crest Spin Brush*. The hygiene cap for *Oral-B* toothbrush is also the result of clues from these *qualitative* studies.

In its quest to improve *Tide*, P&G gets involved deeper with women's daily lives, seeking useful clues. The P&G researchers are closely watching hundreds of American women go through their daily routines so as to determine how exactly, *Tide*, the company's leading detergent, should be changing.

In the past, the research around *Tide* would stop with watching women as they picked out a detergent from the store shelf or washed their clothes. Now, with the participant's consent, the researchers have started observing various routines of her life. By this route, the researchers have been able to notice how important *aroma* was to some women – not merely in relation to the clothes, but in every respect. These women sprayed on perfume in the morning, drove cars with air freshers hanging from the rearview mirror, sat in rooms filled with scented candles and sprayed on more perfume in the evening. This discovery led to the launch of perfumed variants of the detergent like *Tide Vanilla* and *Tide Lavender*.

**Source:** Adapted from a report by Reuters published in the *Economic Times*.



# Secondary research

Secondary research involves gathering **existing** information. This is called secondary data.

Sources of secondary data include:

- Market research reports
- Trade journals
- Government statistics
- Sales and customer records

# Secondary Research

Benefits	Drawbacks
<ul style="list-style-type: none"><li>• Often quick and easy to collect</li><li>• A wide range of secondary data is available, especially on the internet</li></ul>	<ul style="list-style-type: none"><li>• Data may not be reliable or up-to-date</li><li>• May not be totally relevant</li><li>• May not be in a form that is easily interpreted and analysed</li></ul>

# Marketing Research Process

**Define Problem**



**Specify the Information Required**



**Develop The Research Design (Blueprint)**



**Develop The Research Procedure & Instruments for Gathering Information**



**Gather Information (Data Collection)**



**Analyze & Interpret the Information**



**Prepare Research Report**

# Quantitative Research

- Quantitative market research involves finding **numerical** data
- Quantitative data is generally collected from large samples and is easy to analyse
- Methods of collecting quantitative data include written and online questionnaires

# Qualitative research

- Qualitative research involves finding out **opinions, attitudes** and **feelings**
- Often more useful than quantitative data but is more difficult to collect and analyse
- Methods of collecting qualitative data include focus groups & in-depth interviews

# Sampling



Sampling is the method of choosing a smaller, representative group of respondents with which to conduct research instead of the whole population.

Sampling reduces the cost and time to carry out research. Careful sampling can provide reliable data about the population.

# Sampling methods

## **Random sampling**

Everyone in the population has an equal chance of being chosen to be in the sample.

## **Quota sampling**

People in the sample are chosen to reflect the proportions of different groups in the target market e.g. 80% over 60s, 20% under 60s when researching the market for mobility aids.

## **Stratified sampling**

The appropriate market segment is first selected, for example, married men, then the sample is randomly selected from this segment.

# Sampling methods

## **Cluster sampling**

This uses random sampling from a specific area or cluster e.g. tourist towns when researching leisure hotels.

## **Convenience sampling**

This simply means using a sample of willing volunteers. This method often results in bias and may only produce small samples.

## **Systematic sampling**

Every  $n^{\text{th}}$  person is selected from a list of the population. This can be costly if the sample is widespread.



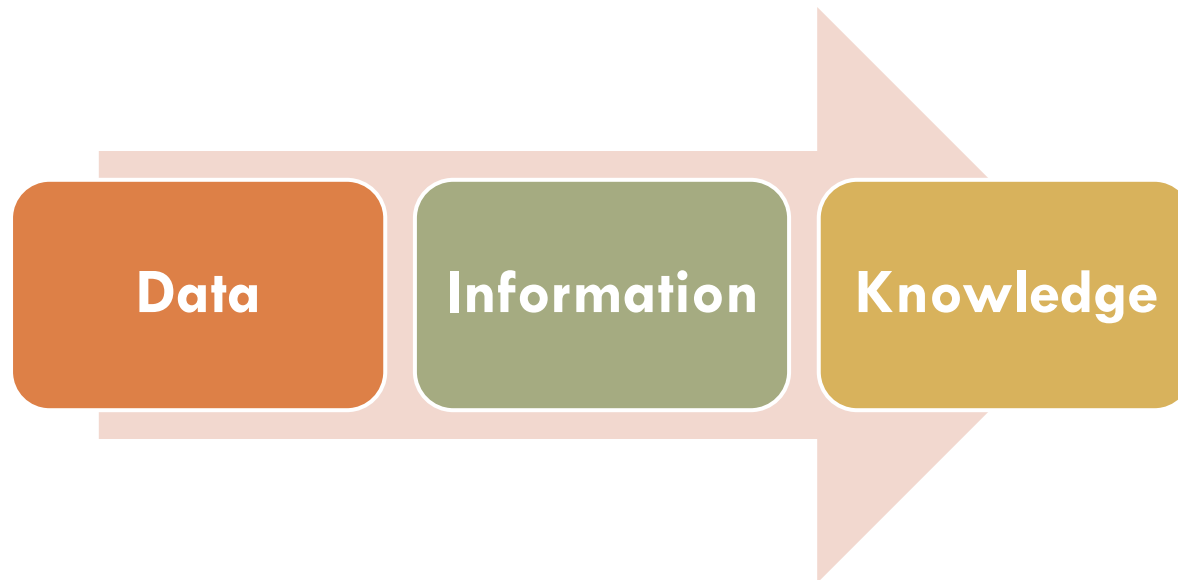
# Reliability of sampling

The larger the sample size, the more reliable it is likely to be. However, larger samples incur greater costs.

A 95% confidence level is usually expected when conducting research. This means that findings are likely to be correct 19 times out of 20.

# MIS – Management Information Systems

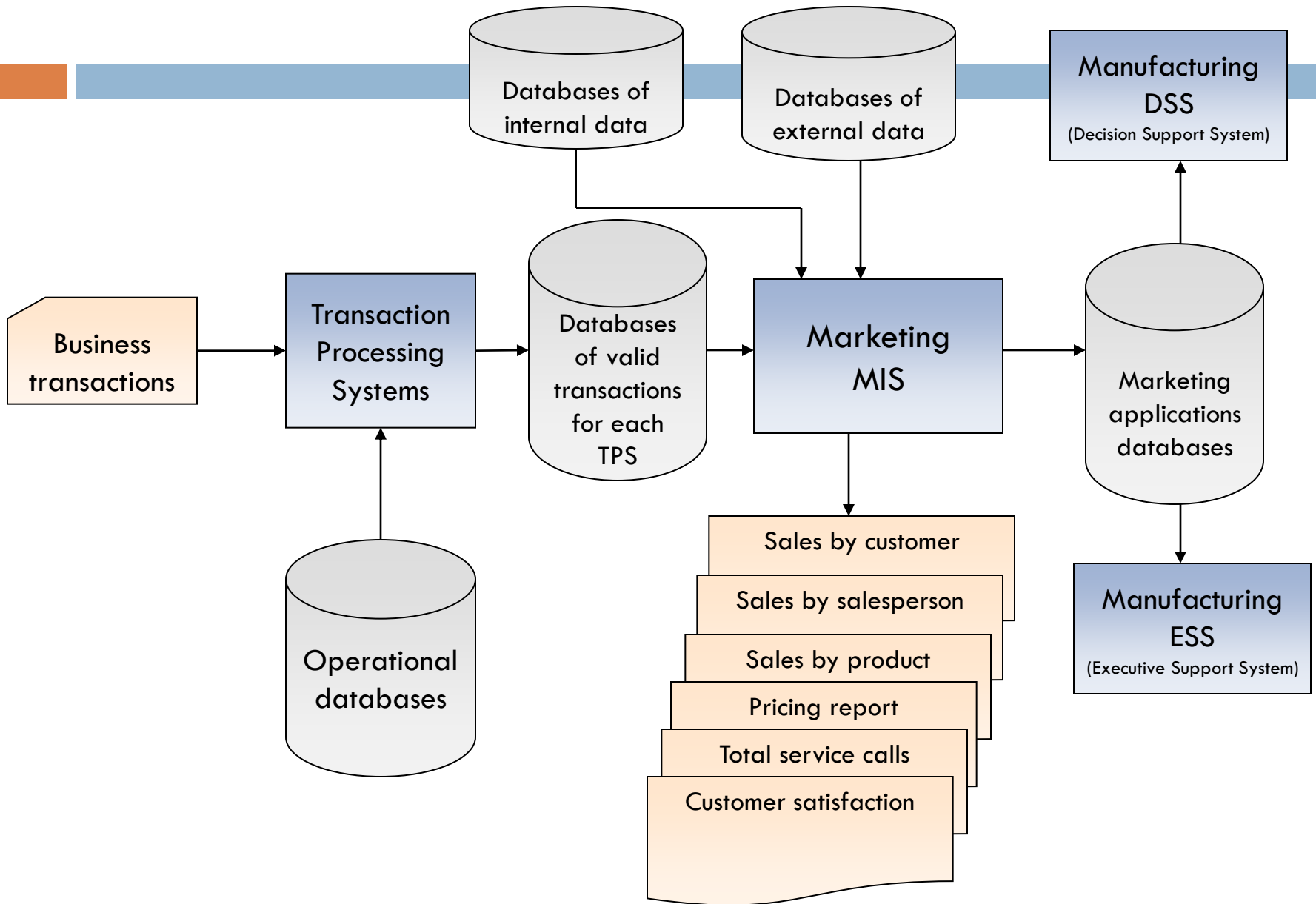
- Information systems at the management level of organization that serve the functions of planning, controlling, and decision making by providing routine summary and reports.



# Marketing MIS

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- It supports managerial activities in
  - Product development
  - Distribution
  - Pricing decisions and
  - Promotional effectiveness

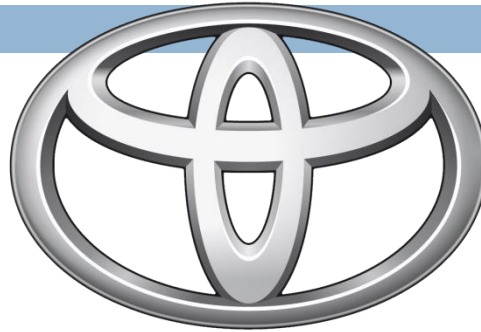


# Inputs to Marketing MIS

- Strategic plan and corporate policies
- The TPS
- External sources:
  - ▣ Competition
  - ▣ Market

# Output of Marketing MIS

- Marketing research
- Product development
- Promotion and advertising
- Product pricing



## Exhibit 39.1 Toyota Gathers Information on Channel Practices of Car Firms in India

Toyota conducted a study on the dealer networks of the passenger car firms in India.

- It devoted special attention to Maruti dealer network.
- It investigated the dealership conditions in detail.
- The aspects covered included the following:

Was there a clear definition of the territory of a dealer or not

Timing and frequency of orders by dealers

Delivery time and lead time for the arrival of the vehicle

Dealer margins and incentives offered by the manufacturer

Payment condition and mode of sales

Extent of down payment by customers while ordering a car

Details of advertising/sales promotion/offers of premiums by dealers

Facilities sought by the manufacturer from the dealer in

respect of showrooms, warehouses for spare parts and workshops for servicing

Capital support by the manufacturer to the dealer for building facilities like showrooms, warehouses and workshops

Cash support for sales promotion

Assistance in training of personnel

Number of service staff working with the dealer

Labour rates/salary structures of the service personnel

Space available for service work

Number of services carried out per month by the dealer – free service and customer-paid service

- The most important piece of information that Toyota gained was that the dealer network is a key success factor for a car venture in India.