

# The Importance of Market Research in Implementing Marketing Programs

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## Abstract

This study provided a deep understanding of the market research and the process which involved and participated in achieving the needed goals. This study also discussed the role of research in building & implementing successful marketing programs. As well as it explained the role of marketing research and its importance in taking the decisions, also we will not forget that this study gave the needed and how we can apply market research on our business.

**Keywords:** Market Research, Marketing Program, Market Challenge

## Introduction

Marketing is a restless, changing, and dynamic business activity. The role of marketing itself has changed dramatically due to various crises—material and energy shortages, inflation, economic recessions, high unemployment, dying industries, dying companies, terrorism and war, and effects due to rapid technological changes in certain industries. Such changes, including the Internet, have forced today's marketing executive to becoming more market driven in their strategic decision-making, requiring a formalized means of acquiring accurate and timely information about customers, products and the marketplace and the overall environment. The means to help them do this is marketing research.

## What is Research?

Research is a systematic and objective investigation of a subject or problem in order to discover relevant information or principles. It can be considered to be either primarily fundamental or applied in nature. Fundamental research, frequently called basic or pure

research, seeks to extend the boundaries of knowledge in a given area with no necessary immediate application to existing problems, for example, the development of a research method that would be able to predict what people will be like x years in the future. In contrast, applied research, also known as decisional research, attempts to use existing knowledge to aid in the solution of some given problem or set of problems (Chintagunta, Nair & Sukumar, 2009).

Marketing research assists in the overall management of the marketing function. A marketing manager must prioritize the more important and pressing problems selected for solution, reach the best possible solution based on the information available, implement the solution, modify the solution when additional information so dictates, and establish policy to act as a ready-made solution for any recurrence of the problem (Danaher, Hardie & Putsis, 2001). As suggested by Goeree (2008), marketing research often focuses on understanding the "Customer" (purchasers, consumers, influencers), the "Company" (product design, promotion, pricing, placement, service, sales), and can also be expanded toward the environment to include "Competitors" (and how their market offerings interact in the market environment).

### **Market Research Definitions:**

Market research is a process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face (Gupta & Benedett & 2007). Market research provides relevant data to help solve marketing challenges that a business will most likely face-an integral part of the business planning process. In fact, strategies such as market segmentation (identifying specific groups within a market) and product differentiation (creating an identity for a product or service that separates it from those of the competitors) are impossible to develop without market research (Nevo, 2001). The process of assessing the viability of a new product or service through techniques such as surveys, product testing and focus groups.

Market research allows a company to discover who their target market is and what these consumers think about a product or service before it becomes available to the public van den & Joshi (2007). Market research may be conducted by the company itself or by a third-party company that specializes in market research. Therefore, market of marketing research is to acquisition and processing of primary and secondary data information about customers attitude and behavior and also product demand (McDonald, 2002). The purpose of marketing research as proposed by van, Fok & Stremersch, (2009) is as follows:

### **Purpose of marketing research:**

- To gain an understanding of markets
- To identify changes in the market
- To Improve market awareness
- To gain an understanding of customer needs
- To reduce the risk and uncertainty
- To anticipate /forecast market trends
- To provide a sound basis for marketing decisions.

**Qualitative and quantitative Market Research**

The distinction between primary and secondary research is the different sources of market information. There are different method of market research is to consider qualitative or quantitative.

**Qualitative research**

Qualitative market research means "quality." Conversely, and importantly, it does not mean "quantity." Qualitative research methods are designed to talk to a relatively few people in the target audience of interest. The purpose of qualitative research is to plumb the depths and range of buyer attitudes and beliefs, not to measure incidence, project, or forecast quantity (Barabba & Gerald, 1991).

Popular qualitative market research methods include focus group studies, depth interviews triads (one interviewer, two respondents, and dyads (one interviewer, one respondent,) and observational techniques such as ethnography and, popular in marketing research, photo ethnography (Creswell, 2003). Qualitative market research methods refer to "market survey" method because they offer a way to measure the market, again, in terms of depth and range of buyer perceptions and needs rather than quantity. Often market researchers and clients succumb to the temptation to inappropriately impute quantitative implications and projections based on this type of market survey. The quality and validity of market surveys is driven by the design, interviewing experience of the moderator or principal interviewer, and the interpretation of results by the market research consultant or marketing analyst.

Qualitative research is based on opinions, attitudes, beliefs and intentions. This kind of research deals with questions such as "Why"? "Would?", or "How?". Qualitative research aims to understand why customers behave in a certain way or how they may respond to a new product. Given that these opinions are often obtained from small numbers of people, the findings are not necessarily statistically valid. However, such data can highlight potential issues which can be explored in quantitative research. Focus groups and interviews are common methods used to collect qualitative data. The data is often revealing and useful, but it is costly and time-consuming to collect, particularly for a start-up or small business (Creswell, 2003).

**Quantitative research**

Quantitative market research methods attempt to gauge quantity. Using a range of sampling strategies, quantitative market research methods seek to project results of a quantitative market survey to the entire marketplace. Popular quantitative market survey methods include online surveys, personal quantitative interviews, mail surveys, and telephone surveys. Combinations of these marketing research survey tools are referred to as "hybrid" research methods Hair, Bush & Ortinau (2006). The data collection technique through phone, face to face interviews, web interviews, traditional mail surveys and will based on marketing research objective, time and quality issues (Creswell, 1994).

Normally, this is research based on larger samples for more statistically valid. Quantitative research is concerned with data and addresses question such as "how many?", "how often", "who?", "when?" and "where?". The results of quantitative research will generally be numerical form, such as:

- 35 percent of customers rate the new product as "attractive"
- 70 percent of potential customers use the Internet to buy their hotel accommodation

- 3 out of 5 customers will buy a new food product after being offered a free in-store sample

### Market Research Methods

There are two types of collecting data, primary data and secondary data. Secondary data are data that were previously collected for some other project. This type of data is easily accessible, relatively inexpensive, quickly obtained and is useful when it is not feasible for the firm to collect primary data, for example a population census. Therefore the examination of secondary data is a prerequisite to the collection of primary data. However, due to the fact that secondary data was collected for some other purpose, their usefulness to the problem at hand may be limited. Primary data may be qualitative or quantitative in nature (Jarowski, Kohli & Arvind, 2000).

### Why do Market Research

Market research is important for every business, and should not be just a one-off activity. Successful businesses conduct research on a continual basis to keep up with market trends and to maintain a competitive edge. Regardless of whether you're starting or expanding your business, market research is vital to understanding your target market and increasing sales (Oud, 2004). Several issues need to highlight before a market research to be implemented. The issues are as follows:

- **Identify potential customers**  
Who is going to use your product/service? How old are they? Are they male or female? Are they married, single or divorced? Do they have children? Where do they live? What is their level of education? (Barabba & Gerald, 1991).
- **Understanding your existing customers**  
Why do customers choose your product over competitors? What do they value? Is it service, product quality or the prestige associated with consuming your product/service? Who influences their buying decision? What magazines do they read? What websites do they visit? What do they enjoy doing?
- **Set realistic targets**  
From the information you collect you'll be able to set realistic targets for areas such as growth, sales and the introduction of new products/services.
- **Develop effective strategies**  
From your research you'll be able to make informed marketing decisions about how to price your product/service, how to distribute your product/service, which media channels to use (eg: newspaper, radio or direct marketing) or whether to develop a new product/service. It will also help you make an informed decision about starting, building, consolidating, diversifying or reducing business activity.
- **Examine and solve business problems**  
If you've identified a business problem, research will help you work out what is happening. For example, if your sales have fallen you might discover that brand awareness has also fallen, or that a new competitor has entered the market or a substitute product has become available.
- **Prepare for business expansion**  
Research will help you identify areas for expansion and test the market's readiness for a new product/service. For example you could be looking to open a new retail store and you need to find the right location or you could plan to make changes to

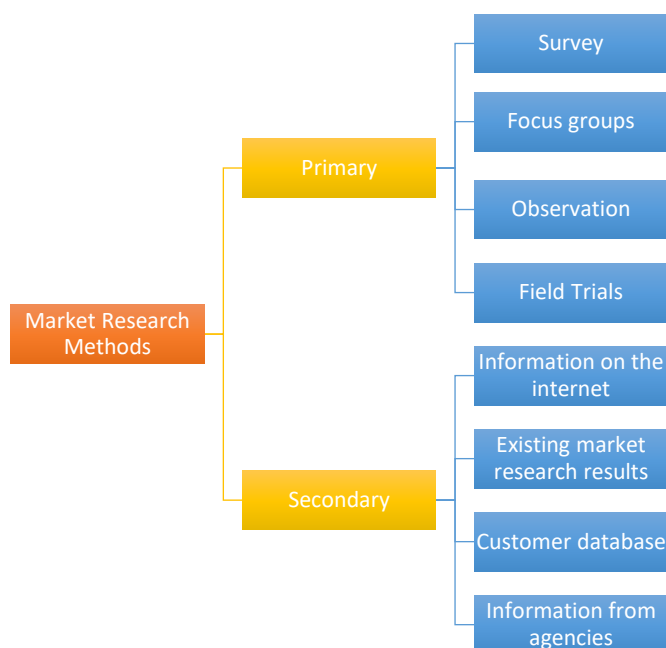
your distribution channels (eg: from home parties to retail) and need to determine how that will affect your customer base.

- **Identify business opportunities.**

Your research could identify new business opportunities. You may find an un-serviced or under-serviced market. You could identify changing market trends such as population shifts, increasing levels of education or leisure time which bring new opportunities (Barabba & Gerald, 1991).

### Successful Market Research:

Market research helps you understand your market, your customers, your competitors and industry trends. High-quality research will reveal details about your current customers and will help you target new customers (Balmer & John, 2001). For example, to operate an organic produce market, it is important to find out if there is a demand for food grown without pesticides and whether customers will afford or willing pays more. Market research involves two types of data that shown on Fig. 1.



**Fig. 1. Types of Data**

**Source:** Balmer & John, 2001

### The importance of Market Research:

Market research focuses your marketing strategy on potential customers that want your product. Small and local businesses may find researching their market easier than large, nationwide businesses because their customer base is smaller. Timely information reduces business risks and helps spot sales opportunities. It is important that to identify current challenges and potential problems in the current market, a proper plan and strategy need to be developed.

This will help a marketer understand market, customers, competitors, and industry trends. High-quality research will reveal details about present customers and this will help the new operator to target their new customers. For example, Coca-Cola's introduction of a new product, branded New Coke in the 1980s. Coke revised the formula of its traditional brand of soft drink and lost millions in sales. As a result the product was not accepted by consumers and this

demonstrate Coca Cola failed to conduct detail market research. Therefore, if a proper study is conducted and determine the need and wants of new formula, Coke will be survived more better (Dekeba & Alemayehu. 2003).

### **Market Research Challenges**

There are several challenges in conducting market research. This challenge is proposed by Dekeba & Alemayehu. 2003) which involved the following:

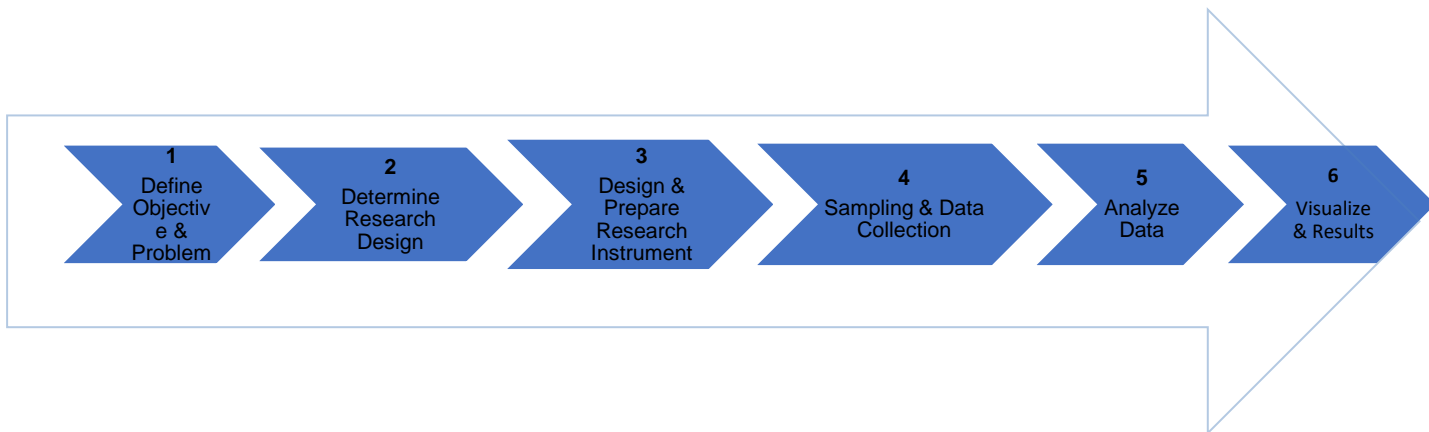
- Objectives are unclear, leading to conflicting or unrealistic expectations. This often is due to imprecise or too many goals.
- Consumer cannot easily express how they feel.
- Sometimes data providers are not strategic advisors.
- Sample has quality issues (participants are not sufficiently qualified or authenticated, or do not pay adequate attention), or needed sample size is unmet.
- Instrument is poorly designed. Long, complicated questionnaire design (or rambling discussion guides for focus groups or in-depth interviews) confuses participants with awkward question sequences and poor answer options.
- Data analysis is conducted with more attention to techniques than results; either the choice of analytics is poor or is misaligned with client needs.
- Poor matching of methodology and customer needs (incorrect use of qualitative or quantitative methods).
- Schedules slip significantly; research is completed too late to support intended decisions.
- Internal clients unable to apply the research as originally intended; “action-ability” of research.
- Programming (for online or telephone data collection) is done hastily, and questionnaire logic is not enforced nor approved by client. Entire questions are missing, and answer options are not properly presented.
- Research report may contain egregious errors.
- Client-agency relationship is unproductive or strained, causing miscommunication and conflicts.

### **Who is responsible for performing market research?**

- Participation will vary based on the organization and types of supplies or services needed.
- A wide range of consumer may participate in market research, based on their area of expertise.
- A team approach may be best since many functional areas may need to be gathered during market research, the team may be composed of: Project Officers, End Users, Technical Specialists, Logistics Specialists, Scientific Researchers, Testing Specialists, Cost Analysts, Legal Counsel, Contract Specialists, and Contracting Officers.
- Conserve energy and time by making sure the individual responsible for the operational requirement is on the team.

**Results and recommendations:**

The appropriate steps for market research based on Creswell (1994), as shown on Fig. 2.



**Fig. 2. Steps in Markets Research**

- **Define the Objective & Problem**

Perhaps the most important step in the market research process is defining the goals of the project. At the core of this understands the root question that needs to be informed by market research. There is typically a key business problem (or opportunity) that needs to be acted upon, but there is a lack of information to make that decision comfortably; the job of a market researcher is to inform that decision with solid data (Bakery, 2006).

- **Determine Research Design**

The second step is objective of research. This involved type of research and duration to collect primary data. Proper research design need to be plan and this will involve survey, focus group and other variables.

- **Design & Prepare Research Instrument**

In this step of the market research process, it's time to design research tool.

- **Data Collection**

This is the important dimension/step that will involve administering research question, and observations through collection and recording questionnaires.

- **Analyze Data**

Once data had been collected, it needs to analyze. The process may involve the statistical tool such as SPSS, SEM or Rasch technique.

- **Visualize Data and Communicate Results**

The result of the finding will help an individual or industry to identify the possible solution to overcome any shortcoming before the product or service to be introduce.

**The best practices to deal and benefit from market research:**

- Describe what have learned from the market research finding. The standard business provisions and conditions used, such as terms, payment, delivery, warranties, acceptance, and payment terms. Thus range of prices, fair price, Competition vs. non-competitive, sources, leading edge of technology, availability, lead times, new product or service.
- Summarize trade studies, cost/benefit, or other analyses that influenced the outcome of the market research.



- Include results of any ongoing market research.
- State if commercial products or services or non-developmental items solutions exist.
- Summarize how a fair price will be determined, including consideration of customary terms and conditions such as payment, freight delivery, acceptance, warranties, performance standards and training.
- Discuss how the original requirement was restated to commercial or non-developmental items to satisfy the Government's policy.
- Discuss the impact of market research on the acquisition strategy.

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