

UNIT-II

Marketing research and consumer behaviour- meaning, objectives and functions- Process of marketing research, advantages and limitations, meaning of MIS- Difference between marketing research and MIS. Consumer behaviour- need for study-consumer decision behaviour-consumer buying decision process- buying motives-theories of consumer behaviour.

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MARKETING RESEARCH

Marketing Research may be described as a method of getting facts to be used by the executive in formulating policies and plans.

Definition:

Marketing Research is defined as, “the systematic, objective and exhaustive search for the study of the facts relevant to any problem in the field of marketing.

Market Research:

Market research is a branch of research and it is concerned with study of size of market, customer’s needs, motive, degree of competition, selling activities, degree of competition etc.

Differences between Marketing Research & Marketing Information system:

Marketing Research Marketing Information system

1. It is concerned with solving problems only. 1. It is concerned with preventing complaints & solving problems.
2. It operates on specific problems. 2. It is a continuous process.
3. Its emphasis is on handling external Information. 3. It handles both Internal & External Information.
4. Focus is on past Information. 4. It tends to be future oriented.
5. It is pertaining to a particular field of activity. 5. It suggests solution to problems for the whole organization.

2.1 Objectives of Marketing Research:

- a. To understand the economic factors affecting the sales volume & their opportunities.
- b. To understand the competitive position of rival products.
- c. To study the price trends.
- d. To evaluate the system of distribution.
- e. To understand the advantages & limitations of the product.

- f. To know & analyse the market size.
- g. To study the customer's acceptance of products.
- h. To assess the volume of future sales.
- i. To find solutions relating to marketing of goods & services.
- j. To know the development of science & technology & its complexity.

2.2 **Major areas for marketing Research:**

1. Research on markets:

This includes market trends, market share & market potential. It is a study of the size, location, nature and characteristics of markets. Market is segmented on the basis of many variables – age, sex, income, education, occupation, religion etc.

2. Research on sales:

This covers sales forecasting, Quota-selling, sales territory design and other sales related activities. Sales volume, salesman performance data, new product performance in test markets, opinion on customer-related product data are analysed.

3. Research on product:

This involves new product development, brand image, concept tests, product tests, test marketing of new product etc. It analyses the strength and weakness of present products in relation to diversification, simplification etc.

4. Advertising and Promotion Research:

This includes media research, copy research, merchandising, packaging and measuring and effectiveness of various methods of advertising and promotion.

5. Corporate Growth Research:

It emphasizes the studies on economic & technological forecasting, measuring company image, profitability measurement, merger etc.

6. Business Economic Research:

It is concerned with economic forecasting & business trend analysis. Planning & Product mix, price etc. are included.

2.3 Procedure of Marketing Research:

The exact procedure cannot be laid down for marketing research, as the procedure may change from firm to firm & from situation to situation. The following is the procedure generally followed in handling marketing problems through marketing research.

- Define Objectives & Identify Problems
- Determine Information Needed
- Determine the Sources
- Decide the Research design
- Tabulating & Interpreting the data
- Preparation of Report

Follow up.

1. Defining the Problem:

In order to carry out the research programme, the researcher should know the basic problem. He must be clear in mind as to what is exactly needed.

After identifying the problem, the researcher formulates a plan when the problem is defined. The purpose of the project determines the nature of the problem & ways to solve it.

2. Determining the Information Needed:

The researcher must consider the Information & decide which is relevant & irrelevant to the study. The Information should be necessary & relevant. If the available data are Insufficient, fresh data have to be collected.

3. Determining the source of Information:

The source of Information may be classified into primary source & secondary source. When the Information is obtained directly, specially for the problem, it is known as primary data. When the Information is already collected by someone for some other purpose & it is helpful to the problem on hand, it is known as Secondary data.

4. Deciding Research Methods:

When secondary data are Insufficient, the researcher has to be satisfied with primary source of data. The data can be collected by experimental method, observation or survey method.

5. Tabulation, Analysis & Interpretation of data:

After collection of data, they are to be classified & tabulated in to statistical summarization. It is the most Important stage in research. Correct Interpretation of the data makes the research meaningful & purposeful.

6. Preparation of the Report:

Report is nothing but a brief explanation of the conclusions, recommendations & suggestions supported by detailed analysis of findings. The writing must be clear because if the researcher is not able to do correctly, then it will destroy the very objective of the Research.

7. Follow up study:

Follow up study ensures the Implementation of recommendations made by Marketing Researcher. Otherwise, the report may be left unopened.

Status of Marketing Research:

In earlier stages, the market was a smaller one. But now the gap between the consumers & the producers is wider. Competition may enter at any time in the market. Changes are unavoidable. Changes arises in the market because of technological progress, expansion of market, changes in consumption pattern etc.

The changes that take place in the market must be understood by the marketer. For this, the management depends upon the marketing research as a guide to solve all the problems.

Contributions of Marketing Research:

1. It acts as a guide & will shape the products suitable to the demand.
2. Prices can be adjusted in accordance with the demand.
3. It helps to stimulate sales through sales promotion.
4. It not only increase the sales but also cut down the unnecessary expenses.
5. It will guide to achieve consumer satisfaction & sales profitability.

Limitations of Marketing Research:

1. Marketing Research needs the service of qualified & trained persons. Such persons are rarely found.
2. It is highly expensive & time consuming.
3. If the researcher is biased to any problem the results will be unsatisfactory & misleading.
4. Marketing Research studies the behaviour of customer, so it is quite impossible to achieve mathematical accuracy.
5. By the time the results are ready, the circumstances might have changed; then the whole study will be valueless.

Marketing Research in India:

The Marketing Research is unpopular with Indian manufacturers because

- (a) Demand exceeds supply & in such a condition the sales are guaranteed.
- (b) Firms can earn profit without marketing research.
- (c) The management thinks that the amount spent on marketing research can be used for expansion& improvements of the products.
- (d) Available sources of Information are adequate.
- (e) The management concentrate their interest on production.

Methods of Data Collection:

There are two sources of data for Investigation:

(a) **Internal Sources:**

Internal sources means the Information collected from the company itself. It induces a company's P&L a/c, Balance sheet, sales figure etc. A proper analysis of these records reveal the degree of efficiency in the business.

(b) **External Sources:**

External sources means the Information collected by the company from the outside sources. When information cannot be collected from the internal sources, then the company will depend on external sources.

Other Sources of Information:

a. **Primary data:**

Primary data are those which are collected for the first time & they are original in character.

b. **Secondary data:**

The secondary data are those which are already collected by someone for some purpose and are available for the present study.

Methods of gathering Primary data:

1. **Experimental Method:**

The producer carries out a small scale experiment, tries to get valuable information, which can be of great help in designing large-scale marketing programme.

2. **Observation Method:**

Under this method, data are collected by observing some action of the respondent. No questions are asked in data collection.

3. **Survey Method:**

A survey consists of gathering data by interviewing a limited number of people, selected from a larger group. The researcher obtains information by interviewing the respondents.

Types of survey:

(i) **Census survey:** Under this method, the marketer conducts surveys covering the entire market. The data are collected from each & every person in the market.

(ii) **Sampling Survey:** Under this method, only a part of the whole group will be studied.

Methods of data collection under survey method:

(i) **Personal Interview Method:** The enumerates makes personal contacts with the Informant & obtains more Information.

(ii) Mail Questionnaire Method: Under this method, a questionnaire consisting a list of questions is sent to the respondents who are expected to write the answers & return to the researcher within a stipulated time period.

(iii) Telephone survey method: This type of survey is conducted over the telephone & resembles personal interview.

Sampling:

While conducting research, instead of studying the whole population when study is made about a group taken from whole population, it is called sampling.

Methods of Sampling:

I. Random Sampling:

A random sample is one where each item in the universe has an equal chance of known opportunity of being selected.

(a) Simple Random Sampling: This is a technique in which sample is so drawn that each & every unit has an equal & independent chance of being included in the sample.

(i) Lottery Method: In this method, all the items of the universe are numbered on separate slips of paper & mixed up in a container. A blind flod selection is made.

(ii) Table or Random Number: As the lottery method cannot be used, when the population is infinite, the alternative is that of using the table of random numbers.

(b) Restricted Random Sampling:

(i) Stratified Sampling: When the population is heterogeneous with respect to the variable, then it is stratified. The population is divided into a number of sub-group& sample is drawn from each subgroup.

(ii) Systematic Sampling:It is also known as quasi-random sampling. A systematic sample is selected at random sampling. Under this method, the items are arranged in numerical, geographical or any other order. Under this method, the item is selected from the order formed.

(iii) Cluster Sampling: It is also called as sampling stages. It refers to a sampling procedure which is carried out in several stages. The whole population is divided into samplings units & these units are again divided into sub-units.

II. Non-Random Sampling:

(a) Judgement Sampling: Under this method, the choice of sample items depends on the Judgement of the Investigator.

(b) Quota Sampling: This sampling is similar to stratified sampling. To collect data, the universe is divided into quota according to some characteristics & the selection of sample items depends on personal judgement.

(c) Convenience Sampling: Under this method, sampling units are selected by sampling units are selected by selecting convenient population units

Marketing Information System:

Marketing information system (MIS) is a system to provide selected decision-oriented information needed by management to plan, control, and evaluate the activities of the corporation.

It is designed within a framework that emphasizes profit planning, performance planning, and control at all levels.

Marketing Information System (MIS) is basically concerned with processing data into information. Data collection involves the use of Information Technology (IT) comprising computers and telecommunications networks (e-mail, Voice Mail, Internet, telephone, etc.). Walter J. Kennevan defined Marketing Information System as, "a formal method of collecting timely information in a presentable form in order to facilitate effective decision-making and implementation in order to carry out organisational operations for the purpose of achieving the organisational goals."

Difference between MIS vs MR is based on the following ten points:

Meaning of MIS and MR. Their basic or main purpose. Wide or narrow scope.

General or specific nature. Number of reports provided. Future or past orientation.

Frequency of data collection. Number of problems to solve.

Continuous or non-continuous operational method. Based on use of computers or not.

Now let's distinguish MIS and Marketing Research (MR) on above points.

Meaning:

MIS means to collect, analyse and supply relevant marketing information to the marketing managers. The marketing managers use this information for taking effective marketing decisions. It is a permanent and continuous process.

Marketing Research (MR) is a systematic process of collecting and analyzing information to solve a specific marketing problem.

Purpose :

The main purpose of MIS is to provide relevant information to marketing managers and enable them to make effective marketing decisions.

However, the main purpose of Marketing Research (MR) is to solve a specific marketing problem.

Scope :

The scope of MIS is wide. Marketing Research (MR) is one of its component. It is not only used to solve problems but also helps to prevent problems in the future.

The scope of Marketing Research (MR) is narrow. It is one small part of MIS. It solves a specific present marketing problem.

Nature :

MIS is more nonspecific or general in nature. It can solve many types of marketing problems.

Marketing Research (MR) is more specific or particular in nature. At one time, it can only solve a single type of marketing problem.

Reports :

MIS gives four types of reports namely, plan-reports, periodic-reports, triggered-reports and demand reports.

Marketing Research (MR) provides only one report called as 'MR Report.'

Orientation :

Orientation of MIS is more future-oriented when compared to MR.

However, the orientation of Marketing Research (MR) is more past and present one when compared to MIS. It concentrates more on earlier and latest information. It uses this information to solve a current marketing problem.

Problems :

MIS deals with and attempts to solve many different marketing problems at one time. For this, it collects, stores, analyze and supply relevant market information to the marketing managers.

Marketing Research (MR) only deals with a single marketing problem at one time. It doesn't solve multiple marketing problems simultaneously.

Data :

In MIS, the data is collected more frequently, usually almost daily. This is a must for every company.

In Marketing Research (MR), the data is not collected as frequently as MIS. It is collected on a required basis.

Operation :

MIS is a permanent and continuous system. Here, the inflow of market information never stops. Data is constantly collected and stored for further analysis. It is properly analyzed, studied and well-organized before supplying to the marketing managers. MIS has a starting but no ending point.

Marketing Research (MR) is not a continuous system. Here, data is collected only when a company faces a specific marketing problem. It has a starting and ending point.

Computers :

MIS is heavily based on the use of computers. Here, computing technologies are widely used to ease and facilitate data collection, its storage, analysis, retrieval and supply of relevant information to marketing managers of the company.

Unlike MIS, Marketing Research (MR) hardly makes use of computers. It uses computers only for analyzing some information and is not entirely based on computing technologies.