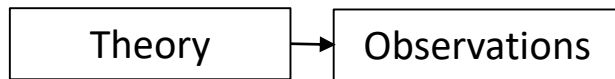


DEFINING A BUSINESS PROBLEM

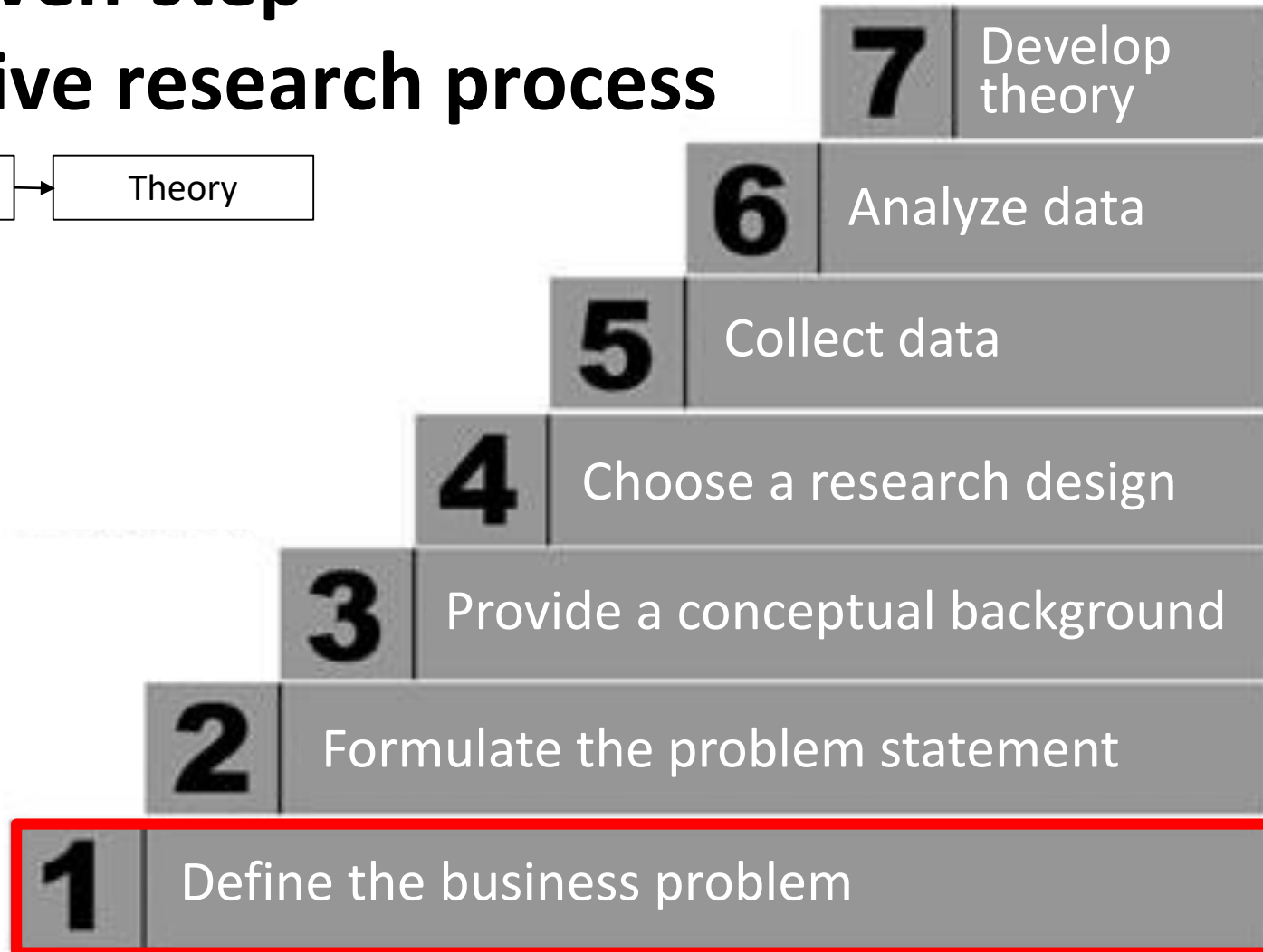
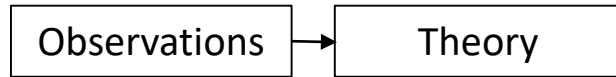
BUSINESS RESEARCH



The seven-step **deductive** research process



The seven-step **inductive** research process

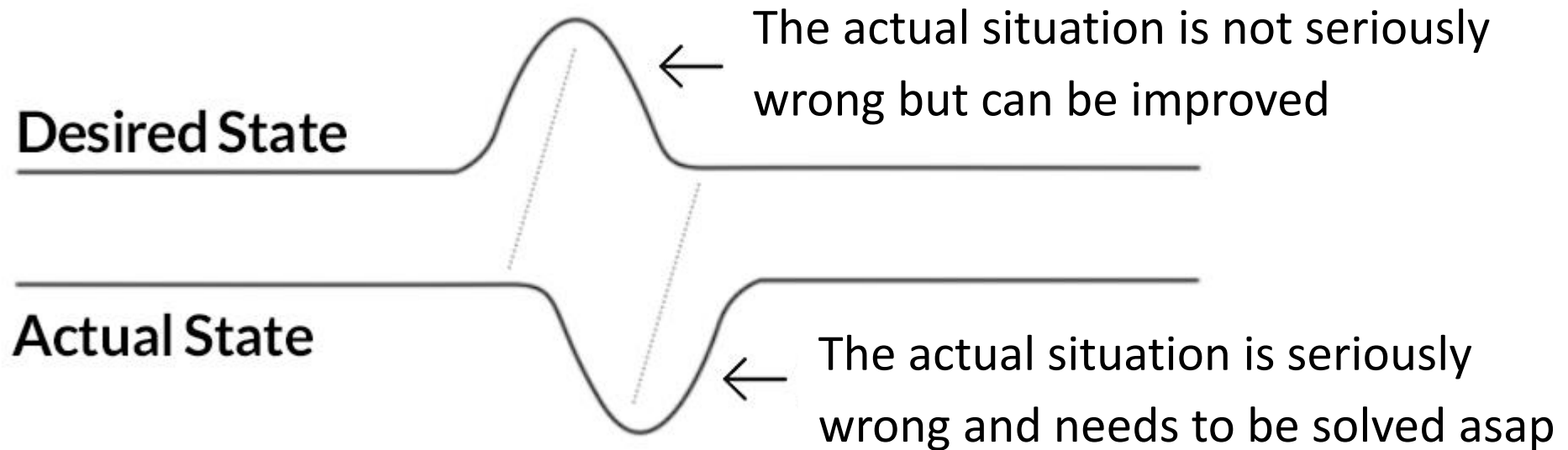


Agenda

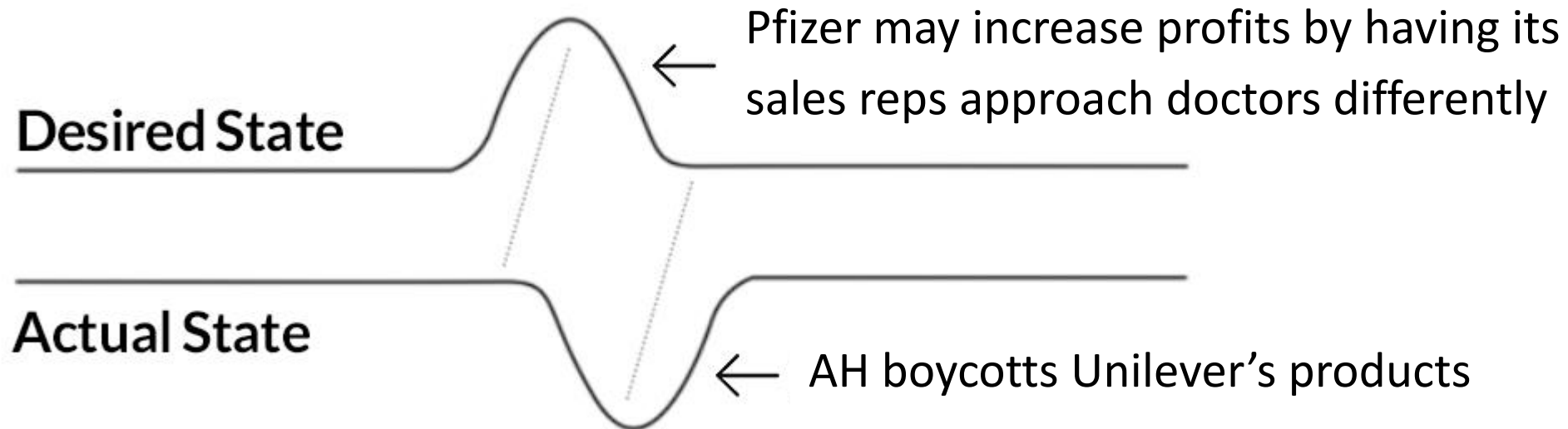
- When does a business problem occur?
- What makes a **good** business problem?
- Example

1. When does a business problem occur?

When does a business problem occur?



Examples



2. What makes a GOOD business problem?

What makes a good business problem?

- **Feasibility:**

Is it doable?

~~IMPOSSIBLE~~

- **Relevance:**

Is it worthwhile?

~~UNIMPORTANT~~



What makes a good business problem?

FEASIBILITY

- ☐ Is the problem demarcated?
- ☐ Can the problem be expressed in variables?
- ☐ Are you able to gather the required data?
 - ☐ Existing data
 - ☐ New data

Example of an infeasible business problem (1)

ABN Amro would like to know how it can increase its profitability.

- Problem is too big: there's zillions of ways to improve profits
- Which variables? New products? Environmental investments? ...

X Is the problem demarcated?

X Can the problem be expressed in variables?

X Are you able to gather the required data?

☐ Existing data

☐ New data

Example of an infeasible business problem (2)

**Pfizer would like to know whether soft-selling new drugs to doctors
works better than hard-selling**

‘Better’ in terms of which variable?

Prescriptions? Sales? Market share? Profits? ...

- ☒ Is the problem demarcated?
- ☒ Can the problem be expressed in variables?
- ☐ Are you able to gather the required data?
 - ☐ Existing data
 - ☐ New data

Example of an infeasible business problem (3)

Philips would like to know whether running price promotions on its products can reduce the profitability of its competitors' new products.

No profit information available on products of competitors

- ☒ Is the problem demarcated?
- ☒ Can the problem be expressed in variables?
- ☒ Are you able to gather the required data?
 - ☒ Existing data
 - ☒ New data

Examples of feasible business problems

- Pfizer would like to know whether soft-selling new drugs to doctors leads to more **prescriptions** than hard-selling
- Philips would like to know whether running price promotions on its products can reduce the **sales** of its competitors' new products.

or

- Philips would like to know whether running price promotions on its products can increase the **profitability of its own products**.

What makes a good business problem?

RELEVANCE

- **Managerial** relevance

Who benefits from having the problem solved?



- **Academic** relevance?

Has the problem not already been solved in prior research?





Managerial relevance

Who benefits from having the problem solved?

- ☐ Managers (brand managers, supply chain managers, accountants, ...)
 - ☐ of one company
 - ☐ of one industry
 - ☐ of multiple industries
- ☐ End users (consumers, investors, tax payers,)
- ☐ Public policy makers (government, EU, ...)



Academic relevance

- ☐ Completely new topic
 - No research available at all, although the topic is important
- ☐ New context
 - Prior research is available but not in the same context
- ☐ Integrate scattered research
 - E.g., different studies have focused on different IVs / moderators; consequently, their relative importance is not clear
- ☐ Reconcile contradictory research
 - Solve the contradictions through introducing one or more moderators



Example

Big food is in big trouble

America's Venerable Food Brands Are Struggling

For over a century global brands such as Kellogg's cereal and Campbell's soup filled pantries of American households that wanted safe, affordable and convenient food. Yet, they are losing their grip on consumers. They are struggling with competition, squeezed at the high end by consumers looking for fresher foods and at the low-price end by the growing role of store brands. The 25 biggest food and beverage companies have been losing market share around the world, suggesting they're not moving the goods that consumers want.

Business problem

Brand manufacturers would like to know how they can stop losing market share to fresh foods and to store brands.

The 'how ...' is too broad and ambiguous:

Marketing mix? Production of store brands? Acquisitions?

Feasibility:



Problem demarcated?



Expressable in variables?



Able to gather the required data?

Business problem

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to fresh foods and to store brands.

Problem is still too big:

Two different phenomena – Fresh foods and store brands

Feasibility:



Problem demarcated?



Expressable in variables?



Able to gather the required data?

Business problem: Alternatives

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to fresh foods.

or

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to store brands.

Variables:

- Market share (ms) of fresh foods
- Market share of store brands
- Marketing mix (price, promotions, advertising, ..)

Feasibility:

- ☒ Problem demarcated?
- ☒ Expressable in variables?
- ☐ Able to gather the required data?

Business problem

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to fresh foods.

or

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to store brands.

Access to existing data:

AC Nielsen, GfK, Euromonitor, ...

Feasibility:

- ☒ Problem demarcated?
- ☒ Expressable in variables?
- ☒ Able to gather the required data?

Business problem

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to store brands.

Managerial relevance:

- ☐ Helps managers
 - ☐ One company
 - ☒ One industry
 - ☐ Multiple industries
- ☐ Helps end users
- ☐ Helps public policy makers

Food and beverage industry

Managerial relevance

Brand managers from packaged food/beverages:

Understand which marketing mix elements are most effective to halt store brand growth

Store-brand managers from packaged food/beverages:

Understand how to increase store-brand market share

Business problem

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to store brands.

Academic relevance:

- ☐ Completely new topic
- ☐ New context
- ☒ Literature is scattered
- ☐ Literature is contradictory

*National Brands Versus Private Labels:
An Empirical Study of Competition, Advertising and Collusion*

Let Your Banner Wave? Antecedents and Performance Implications of Retailers' Private-Label Branding Strategies

What Makes Consumers Willing to Pay a Price Premium for National Brands over Private Labels?

Role of Retailer Positioning and Product Category on the Relationship Between Store Brand Consumption and Store Loyalty

Business problem

Brand manufacturers would like to know how they can use their marketing mix to stop losing market share to fresh foods.

Academic relevance:

- ☐ Completely new topic
- ☒ New context
- ☐ Literature is scattered
- ☐ Literature is contradictory

