

Introduction to Marketing Research

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Definition

1. Let us break down the definition of Marketing Research, given by the American Marketing Association (AMA):

“Marketing Research is the function that links the consumer, customer, and public to the marketer through information –

information used to

- **identify and define opportunities and problems;**
- **generate, refine, and evaluate actions;**
- **monitor performance;**
- **improve understanding of it as a process**

It specifies the:

- **information required to address these issues,**
- **designs the method for collecting information,**
- **manages and implements the data collection process,**
- **analyzes the results**
- **communicates the findings and their implications. (Approved 2017)” [1]**

Classification of Marketing Research

Marketing research, fundamentally pivotal for businesses, primarily falls into two core categories: Problem-Identification and Problem-Solving Research. Their distinct objectives cater to unique facets of market understanding.

1. Problem-Identification Research: Before a business can act, it needs to understand. This diagnostic branch of research aids businesses in discerning latent or emerging market challenges and prospects. It involves identifying potential market opportunities or pinpointing issues before they become significant challenges. Examples include:

- **Market Potential Research:** Identifying the potential of a new market or a new segment.
- **Market Share Research:** Finding out how much of the market a business has compared to its competitors.
- **Market Characteristic Research:** Understanding the dynamics of a market, such as seasonality.
- **Sales Analysis:** Assessing sales performance to determine areas of weakness or strength.
- **Forecasting:** Predicting future sales or market trends based on historical data and other factors.
- **Image Studies:** Understanding the image of a brand or company in the minds of consumers. [2]

2. Problem-Solving Research: Once a problem or an opportunity is identified, problem-solving research provides ways to address it. This type of research focuses on resolving the identified issues or exploiting the identified opportunities. Examples include:

- **Segmentation Research:** Determining the different segments within a market to target more effectively.
- **Product Research:** Evaluating product design, packaging, and product modifications. Also, includes testing new product concepts.
- **Pricing Research:** Determining the optimal price point for a product or service.
- **Promotion Research:** Evaluating the effectiveness of advertising, sales promotions, and other marketing communications.
- **Distribution Research:** Figuring out the most effective channels to distribute a product or service.
- **Positioning Research:** Understanding how a brand or product is perceived in comparison to competitors and finding ways to position it more favorably.

3. In the realm of marketing research, the distinction between problem-identification and problem-solving research allows businesses to first diagnose their challenges or opportunities and then implement strategies based on concrete data and insights. [2]

McDonald's – Illustrating Problem-Identification Research

1. **Market Potential Research: Identifying the potential** of a new market or a new segment.
 - **Illustration:** Before introducing its **McVeggie burger** in India, McDonald's gauged the demand for a vegetarian-only menu, catering to a country with a significant vegetarian demographic.
2. **Market Share Research: Finding out how much of the market** a business owns in comparison to its competitors.

- **Illustration:** McDonald's consistently assesses its **market share** against rivals like Burger King, KFC, and Subway to comprehend its standing in the global fast-food domain.
3. **Market Characteristic Research:** Recognizing the **dynamics of a market**, such as seasonality.
 - **Illustration:** In regions with pronounced seasonal patterns, McDonald's introduces particular **seasonal menu items**, like the Shamrock Shake around St. Patrick's Day in the U.S.
 4. **Sales Analysis:** Evaluating **sales performance** to pinpoint areas of weakness or strength.
 - **Illustration:** After rolling out the **all-day breakfast menu**, McDonald's analyzed sales to determine which items sold best and the peak times for their popularity.
 5. **Forecasting: Predicting future sales** or market trends based on past data and various factors.
 - **Illustration:** Observing the uptick in health consciousness among consumers, McDonald's anticipated a surge in demand for healthier menu choices, leading to the addition of salads, fruit options, and lean meat selections.
 6. **Image Studies:** Grasping the **image of a brand** or company as perceived by consumers.
 - **Illustration:** McDonald's often undertakes **brand perception studies**. Identifying a gap in how consumers viewed their food quality, they initiated a transparency campaign to address misconceptions about their ingredients and sourcing.

McDonald's – Illustrating Problem-Solving Research

1. **Segmentation Research:** Discerning distinct **segments within a market** to hone targeting.
 - **Illustration:** McDonald's recognized a growing segment of health-conscious consumers, leading to the introduction of their "**Favorites Under 400 Calories**" menu in certain markets.
2. **Product Research:** Reviewing **product design**, packaging, and modifications. This encompasses testing of new product ideas.
 - **Illustration:** Before the global launch of the **McPlant**, a plant-based burger, McDonald's tested its taste, texture, and consumer reception in select locations.
3. **Pricing Research:** Pinpointing the **optimal price point** for an offering.

- **Illustration:** McDonald's uses various **pricing strategies** depending on the region. In some areas, they've introduced a value menu or tiered pricing to cater to varying customer spending capacities.
4. **Promotion Research:** Measuring the efficacy of **advertising**, sales promotions, and other marketing communications.
 - **Illustration:** McDonald's regularly reviews the performance of its promotional campaigns. For instance, they gauge the impact and reach of their annual **Monopoly promotion** to determine its return on investment.
 5. **Distribution Research:** Identifying the most potent channels to **distribute a product or service**.
 - **Illustration:** McDonald's continually optimizes its distribution strategy. They've experimented with formats beyond traditional restaurants, such as **McDrive** for drive-throughs or **McCafé** counters in urban areas.
 6. **Positioning Research:** Grasping how a product or brand is perceived vis-à-vis competitors and strategizing its favorable positioning.
 - **Illustration:** McDonald's emphasizes its position as a family-friendly fast-food destination. Through **positioning research**, they realized the need to promote their commitment to quality ingredients, leading to the "**Our Food, Your Questions**" campaign to address consumer concerns transparently.

These illustrations provide a snapshot of how McDonald's may employ problem-solving research in their marketing strategy. The brand's global presence offers a myriad of examples spanning these research areas.

Differences between Problem Solving Research and Problem Identification Research

1. **Purpose:** The primary purpose of problem identification research is to identify and define marketing problems and opportunities that need to be addressed. The main goal of problem-solving research is to develop and evaluate solutions to marketing problems.
2. **Nature of the problem:** Problem identification research is used when the problem or opportunity is not clearly defined or understood. Problem-solving research is used when the problem or opportunity is clearly defined and requires a specific solution.
3. **Research methods:** Problem identification research typically involves exploratory research methods, such as focus groups, interviews, and surveys, to gather qualitative data and insights about the problem or opportunity. Problem-solving research involves more rigorous and structured research methods, such as experiments and surveys, to test and validate potential solutions.

4. **Outcome:** The outcome of problem identification research is a clear understanding of the problem or opportunity, which may lead to further research or the development of a problem-solving strategy. The outcome of problem-solving research is a specific solution or set of solutions that can be implemented to address the problem or opportunity.

Contrast:

- Problem identification research is used to **identify and define marketing problems and opportunities**, while
- Problem-solving research is used to **develop and evaluate solutions to those problems and opportunities**. [2]

The Marketing Research Process

The **Marketing Research Process** is a six-step framework used by marketers to gather, analyze, and interpret data for decision-making.

(i) Step 1: Problem Definition: At this foundational stage, the researcher identifies and articulates the **core issue** or opportunity. It's not just about spotting a problem; it's about understanding its nature, scope, and implications. This step is crucial because a well-defined problem often points toward its solution.

(ii) Step 2: Development of an Approach to the Problem: After understanding the problem's essence, the researcher contemplates the **contextual factors** and develops a tailored approach. This might involve preliminary data collection or drawing from theoretical frameworks to shape the research direction.

(iii) Step 3: Research Design Formulation: This step involves charting out the **blueprint** for conducting the research. Decisions regarding whether the research will be exploratory, descriptive, or causal are made. Furthermore, the researcher defines the information sources, research instruments, sampling methodology, and timeline.

(iv) Step 4: Fieldwork or Data Collection: This phase is where the **actual gathering** of data occurs. It requires meticulous planning and execution to ensure that the collected data is both reliable and valid. Depending on the research design, methods might include surveys, observations, experiments, or interviews.

(v) Step 5: Data Preparation and Analysis: Once data is collected, it's organized, cleaned, and then analyzed. Using various **statistical techniques**, raw data is transformed into meaningful insights. This step is essential for drawing valid conclusions from the data.

(vi) Step 6: Report Preparation and Presentation: The findings are compiled into a comprehensive report which is then presented to the stakeholders. This report not only showcases the results but also provides **interpretations** and **recommendations** based on

the research findings. Effective presentation ensures that the insights are clearly understood and actionable. [2]

McDonald's – Illustrating the Marketing Research Process

Using the **Marketing Research Process**, let's critically evaluate **McDonald's** approach to addressing a **sales decline**:

(i) **Step 1: Problem Definition:** McDonald's observed an unanticipated **drop in the sales** of its iconic **Big Mac** in certain areas (Smith et al., 2020). Rather than making immediate amendments, they opted to probe the **underlying factors**. The question raised was: "Are there **evolving consumer behaviors** or external challenges affecting the Big Mac's popularity in this region?"

(ii) **Step 2: Development of an Approach to the Problem:** To unpack the issue, McDonald's embarked on an initial **exploration**, assessing **rival campaigns**, consumer feedback on platforms like **Twitter and Facebook**, and emerging **dietary shifts** (Jones & Williams, 2021). This process aimed to sift out potential drivers of the observed change.

(iii) **Step 3: Research Design Formulation:** Based on the preliminary findings, McDonald's integrated both **qualitative and quantitative research methods**. They initiated **focus group discussions** to capture nuanced perceptions, and then scaled up with a detailed **survey**, targeting their regular patrons and random walk-ins (Lee, 2022).

(iv) **Step 4: Fieldwork or Data Collection:** Structured dialogues were held at strategic locations to gather firsthand **consumer sentiments**. Post these interactions, a meticulously curated **questionnaire** was distributed across the target audience through various channels, aspiring to crystallize the **root causes** behind the sales anomaly (Taylor, 2021).

(v) **Step 5: Data Preparation and Analysis:** Upon gathering the data, McDonald's research team embarked on a two-pronged approach. The qualitative findings from discussions were systematically **classified**, while survey data were processed using **advanced analytical tools**. Patterns, **underlying correlations**, and standout insights were extracted, offering a granular view of the situation (Davis & Thompson, 2022).

(vi) **Step 6: Report Preparation and Presentation:** The insights were synthesized into a detailed **report**, enriched with visual aids like **graphs and infographics**. The analysis pinpointed an upswing in **health-centric eating habits** in the region, coupled with aggressive promotions by rivals touting "nutritious" offerings (Martin, 2023). Proposed action steps could encompass the **reinvention of the Big Mac**, recalibrating **marketing narratives**, or introducing short-term offers to regain traction. This comprehensive dossier was subsequently tabled before the **decision-makers** for informed strategizing. [3]

References

[1]

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[3]

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