

MARKET RESAERCH FEASIBILITY STUDY FOR PROSPECTING POTENTIAL MARKET SEGMENTS & GEOGRAPHIES

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ABSTRACT

When an entrepreneur gets an idea, or is approached with a business opportunity, the negative aspects are easily overlooked. The focus of a new business venture tends to be more on the positive aspects.

A feasibility study helps ensure that a more realistic approach is followed, looking at both the positive and negative aspects of the business venture.

A feasibility study can be used to as a tool to make the right decisions when defining a business. A wrong decision in this step can lead to failure. In this paper, several steps are involved in conducting a structured feasibility study to enable an organization to expand its domain into potential market segment and geographies. Few tools are used to implement strategic formulation of an approach that can be considered by an organization, for them to use to for expansion. Case studies help paint a vivid picture of the correct utilization of these tools.

Feasibility study will hence be shown to be an extremely important in understanding the market dynamics, and a proven requirement for any company looking to expand or sail into uncharted territories in the competitive globally existing market.

KEYWORDS: Process Standardization, Research Design, New Sector Prospecting, Strategic Implementation, Target Analysis.

I. INTRODUCTION

The purpose of a feasibility study can be to determine a business opportunity is practical, viable and possible. Decision making being a crucial part of a business, it needs to be conducted with the right approach. The design for research must be apt for the end-goal to be achieved. A well-designed feasibility study should provide a historical background of the business or project, a description of the product or service, accounting statements, details Of the operations and management, marketing research and policies, financial data, legal requirements and tax obligations. Generally, feasibility studies precede technical development and project implementation. A feasibility study evaluates the project's potential for success; therefore, perceived objectivity is an important factor in the credibility of the study for potential investors and lending institutions. It must therefore be conducted with an objective, unbiased approach to provide information upon which decisions can be based. This is one of the most important sections of the feasibility study as it examines the marketability of the product or services and convinces readers that there is a potential market for the product or services. If a significant market for the product or services cannot be established, then there is no project. Typically, market studies will assess the potential sales of the product, absorption and market capture rates and the project's timing. The feasibility study outputs the feasibility study report, a report detailing the evaluation criteria, the study findings, and the recommendations.

A. When Feasibility Study must be done?

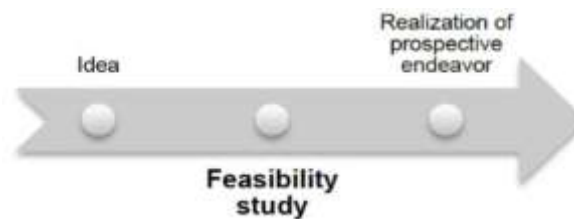


Fig-1: Appropriate time for Feasibility Study

B. Conceptual Elements of Feasibility Study:

- List of Resources and Assets
- Summary of Market Analysis and Market Concept
- Geographical Location and Environment
- Detailed explanation of Engineering & Technology
- List of Organization and Overhead costs
- Project Implementation Schedule
- Financial Analysis and Investment Assessment

II. PROBLEM GENESIS

It is difficult to measure the success rate of an organization trying to expand its domain, when it is still in the idea phase. This can be a problem for the executive management of the organization as well as for other stakeholders, like possible investors or venture capitalists. A feasibility study can be a solution to solve this problem, but the lack of proper guidelines to show what a feasibility study should entail as well as how to conduct a proper feasibility study does not make it a viable solution. Literature focuses on a lot of research on feasibility studies, but without any clear model that works and stands out from the rest. The lack of feasibility study guidelines and the high failure rate of domain expansions create an opportunity for a feasibility study framework for the organization.

A. Research Methodology:

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In this research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. This includes the detail understanding of feasibility study, difference between feasibility study, a pilot study and a business model.

The following steps are:

Step 1: Create a Scalable Platform.

Step 2: Establish the Right Organizational Principles.

Step 3: Engage your Organization's Employees.

Step 4: Build an Idea Management Tool.

Step 5: Focus on Targeted Innovation.

Step 6: Manage the Backend of Innovation

B. Research Design:

The different types of research design into two different directions, empirical and non-empirical studies.

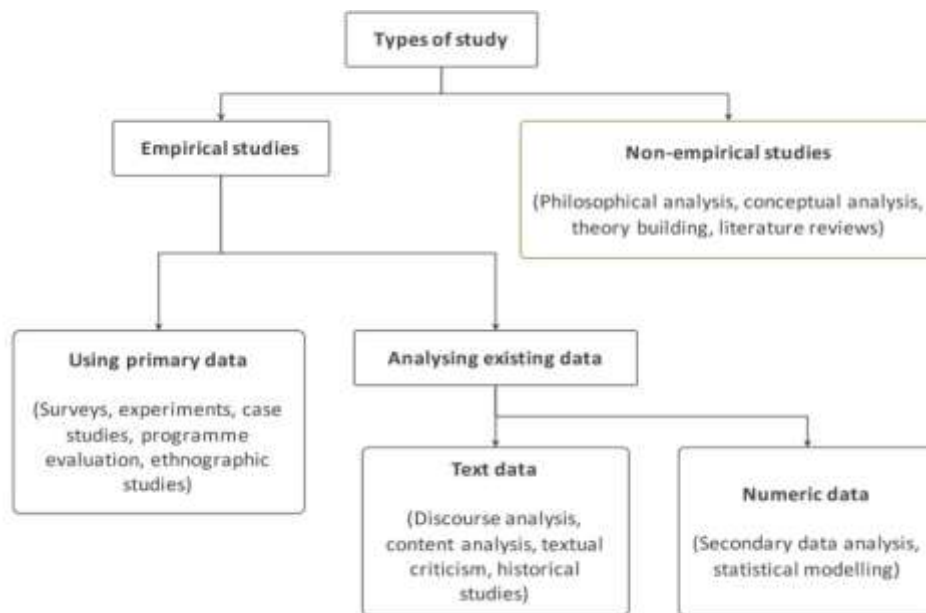


Fig-2: Types of Research Design

III. PROCESS STANDARDIZATION

Business process standards/standardization Combining the definitions of "business process" and "standard/standardization" and trying to find a concise definition of "business process standard/ standardization" in the literature is to a considerable degree more difficult than it was to define the terms "business process" and "standard" since suitable research results are very rare. Ungan (2006) for example points out that "despite its great attractiveness, academics' and practitioners' work on process standardization is conspicuously absent".

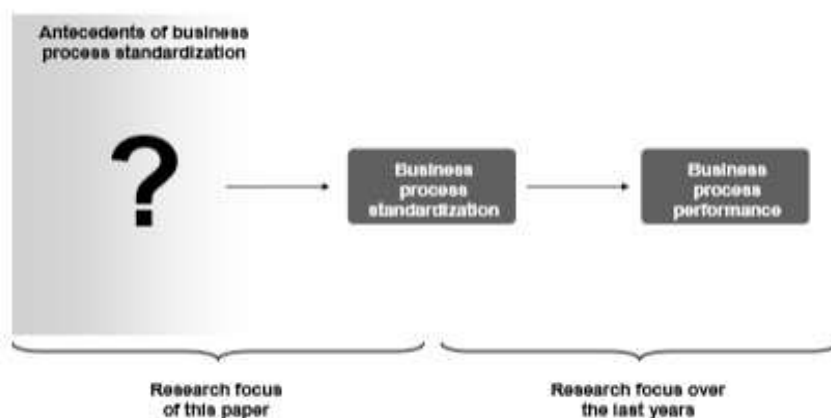


Fig-3: Identify the antecedents of business process

A. Pilot Study:

As a descriptive example for a business process standardization project it is observed a pharmaceutical company who standardized their worldwide staff recruitment in 140 countries by harmonizing all recruiting process variants with the recruiting reference process of the Swiss headquarters. Therefore, above all the person was interviewed in charge of the process-owning Human Resources Information Systems (HRIS) shared services department.

a) Company Background-

The company observed in our case operates in the pharmaceutical field and is in Switzerland. Today they are solely focused on healthcare after having completed the divestment of non-core nutrition businesses over the past few years. With innovative pharmaceuticals at the core, they are also a global market leader in consumer health products, generics and vaccines. The corporate healthcare research institute leads an international initiative to study dengue fever, tuberculosis and malaria. More than 100.000 employees in 140 countries worldwide produced rising profits over the last years.

b) Challenges in Staff Recruitment-

The increasing margins in profit and revenues led to a continuous growth of the company's size. As a result of this development the demand for new employees increased rapidly. Especially highly qualified professionals for research and development in pharmacy and biotechnology were sought after globally. Threatened by a worldwide shortage of skilled workers predominately due to the global demographical situation (Acharya and Mahanty, 2008, Frank et al., 2004, Thompson, 2007) the company in a clear need of very specific work profiles decided to launch a complete restructuring initiative of their worldwide corporate staff recruitment including the observed recruiting process standardization project.

Table-1: Differences between the situations in corporate staff recruitment at the beginning of and after the process standardization project.

Past corporate staff recruitment	Future corporate staff recruitment
<u>Employer Branding</u> : No specific image campaigns	<u>Employer Branding</u> : Unique global image campaigns for all countries
<u>Candidate Attraction</u> : Non target-oriented job posting in various on- and offline media	<u>Candidate Attraction</u> : Global agreement with one online job board; accessible candidate database for all business units worldwide
<u>Applicant Tracking</u> : Mainly individual solution and execution in all business units	<u>Applicant Tracking</u> : Integrated IT-architecture with predefined data and communication flow
<u>Pre-Selection</u> : System less hands-on method	<u>Pre-Selection</u> : Integrated e-assessment for all business units and candidate profiles
<u>Selection</u> : Individual handling, mainly interview	<u>Selection</u> : Face-to-face or videoconference interview with headquarters for every hired manager or executive
<u>Hire</u> : No special treatment for new employees	<u>Hire</u> : Special on-boarding programs in all countries

c) The Process Standardization Project-

To achieve the objectives of receiving more highly qualified applications, a decrease in time- and cost-per-hire as well as a global measurable reference process for a better reporting the pharmaceutical company started to standardize their corporate recruiting processes for all individual business units in 140 countries. This initiative was started in July 2007 under the leadership of the global Human Resources Information Systems (HRIS) shared services department. The recruiting process in Switzerland was taken as reference process (Kuester et al., 2006) for the standardization. Internal talent pools were formed into one global candidate database containing more than three million CVs. For the applicant tracking process within the company standard communication procedures between HR and the operating departments were established.

d) The Role of Top Management Support-

As important for the whole standardization initiative emerged the continuous top management support starting from project roll out till closing. The project was originally started by the top management. A group of HR and IT executives planned and initialized the idea of standardization for all corporate recruiting processes. Under the guidance of the specialized shared services department for Human Resources Information Systems (HRIS) the entire standardization project was carried out. This project group directly reported to the global staffing council (a committee of all continental chief information and chief staffing officers). This ensured a strong commitment and top management support for the entire execution of the process standardization project.

e) The role of the involvement of the HR, Business and IT-departments-

The standardization initiative very early on touched upon the cross-section function of HR and IT department as both departments were comparably affected by the process standardization. HR and IT executives together planned and operationally started the recruiting process standardization. Persons in charge of further operating departments were already involved in the planning phase and remained as part of the project group for the whole execution. The early involvement of all departments guaranteed a smooth and seamless standardization of activities and applications especially in complex sections and for complex interfaces. Furthermore, the related executives in all departments helped to foster necessary changes and to overcome hindering obstacles.

f) The role of the organizational governance/topology-

The centralized organizational topology represented a focal point for the standardization procedure. The foreign business units could very easily be integrated into the project as they acted with a low degree of autonomy and self-determination. In a first step the central recruiting process in the Swiss was as process and in step harmonized with recruiting in the foreign business units. Thereby, the already centralized corporate topology facilitated the diffusion of the Swiss recruiting process.

g) Case Summary-

Since the global process harmonization and standardization was brought on its way, the total number of highly qualified applicants and recommended candidates increased immediately. Primary evaluations revealed a significant decrease of time- and cost-per-hire. The findings also indicated that process standardization not only influences monetary and temporary determinants but also the overall process quality. It can be summarized that important drivers of process standardization derived from this case study are a continuous and unrestricted top management support, an early involvement of all departments affected and a centralized corporate topology.

Area	Result
Reduced time	<u>Positive</u> : Reduced time-to-hire, approximately 20 days for each candidate applying; extra time for all recruiters to intensify both boarding and candidate relationship management
Reduced costs	<u>Positive</u> : Lowering overall costs-per-hire by more than 25%, more space for investments in employer image campaigns and retention measures.
Improved quality	<u>Positive</u> : Immediate increase of highly qualified applicants, improved matching efficiency between vacant job profiles and candidates.
Increased flexibility	<u>Positive</u> : Global changes can be effectuated easily; innovations can be adopted in shorter time.

Table-2: Improvements resulting from business process standardization

IV. TARGET MARKET ANALYSIS

A. Market Penetration:

Market penetration is both a measure and a strategy. A business will utilize a market penetration strategy to attempt to penetrate in an existing market. A marketing strategy is viewed by many authors as the most critical framework that helps the organization know where it should concentrate its infinite resources in order to accrue the most benefits and maintain a significant competitive advantage (Baker, 2008). There are a variety of definitions of marketing strategies offered by different authors. These different definitions reflect how these authors have different perspectives on the subject matter. According to Orville and Walker (2008), a marketing strategy is simply a plan that the company uses to achieve its marketing goals by focusing on a market segment. There are various marketing strategies that companies can adopt. The Ansoff Product Market Growth Matrix was developed by Igor Ansoff to help companies to grow by using new and existing products in new or otherwise existing markets (Ansoff, 1957). The matrix developed by Ansoff has four main strategies that the company can choose from. These strategies include marketing penetration, product development, market development and diversification.



Fig-4: Ansoff Matrix

B. Customer Segmentation:

Dipanjan, Satish, and Goutam defined market segmentation as the process to divide consumers into similar or homogeneous groups sharing one or more characteristics such as shopping habits, lifestyle, taste, and food preferences. According to McCarty and Hastak, these characteristics, such as demographics, age, nationality, gender, geographic, such country or city, behavioral such as interests and spending habits, and firmographic such as organization size and industry are relevant to marketing. Traditional approaches to customer segmentation mainly focused on who consumers are, and segments are based on one characteristic such as demographic, geographic, behavioral or firmographic attributes.

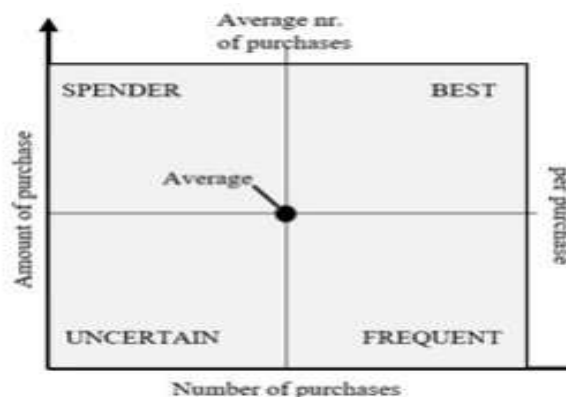


Fig-5: The Customer Value Matrix

Base Description	Objectives/Benefits
Behavioral; Product attitudes, customer relationship related features	The goal is to identify behavioral variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status & attitude.
Demographic; Identifiable population features	The goal is to have a precise customer purchase profile and focuses on measurable criteria of consumers and their households.
Geographic; Location-related features	The goal is to have a precise customer purchase profile and focuses on measurable criteria of consumers and their households.

Table-3: Market Segmentation Bases

V. SWOT ANALYSIS

A. Environmental Analysis:

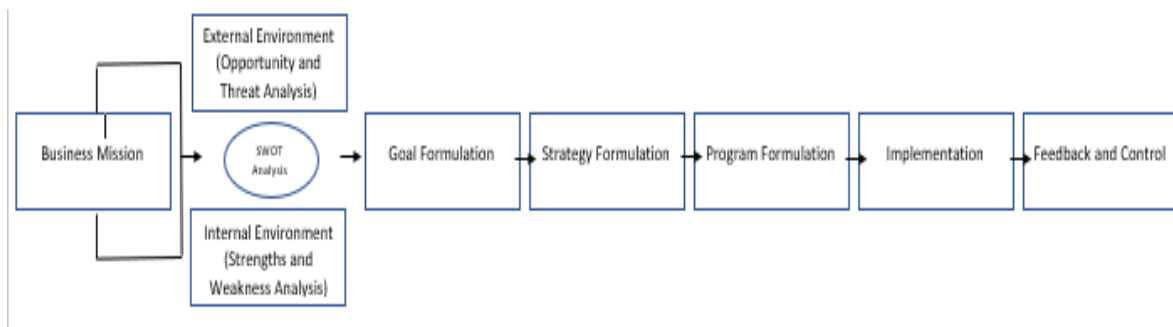


Fig-6: Business Unit Analysis

B. External Environmental Analysis:

A marketing opportunity is an area of buyer need and interest in which there is a high probability that a company can profitably satisfy that need. There are three sources of market opportunities. The first is to supply something that is in short supply. This requires little marketing talent, as the need is obvious. The second is to supply an existing product or service in a new or superior way. There are several ways to uncover possible product or service improvements: by asking consumers for their suggestions (problem detection method); by asking consumers to imagine an ideal version of the product or service (ideal method); and by asking consumers to chart their steps in acquiring, using, and disposing of a product (consumption chain method). The third source often leads to a totally new product or service.

To evaluate opportunities, companies can use Market Opportunity Analysis (MOA) to determine the attractiveness and probability of success:

- Can the benefits involved in the opportunity be articulated convincingly to a defined target marker?
- Can the target markers be located and reached with cost-effective media and trade channels?
- Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits?
- Can the company deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed the company's required threshold for investment?
- An environmental threat is a challenge posed by an unfavorable trend or development that would lead, in the absence of defensive marketing action, to seriousness and probability of occurrence.



Fig-6: Opportunity Matrix

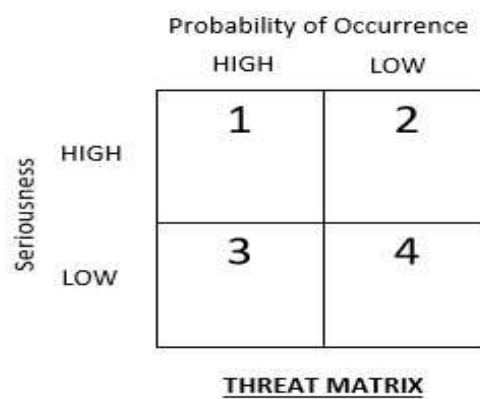


Fig-7: Threat Matrix

C. Internal Environmental

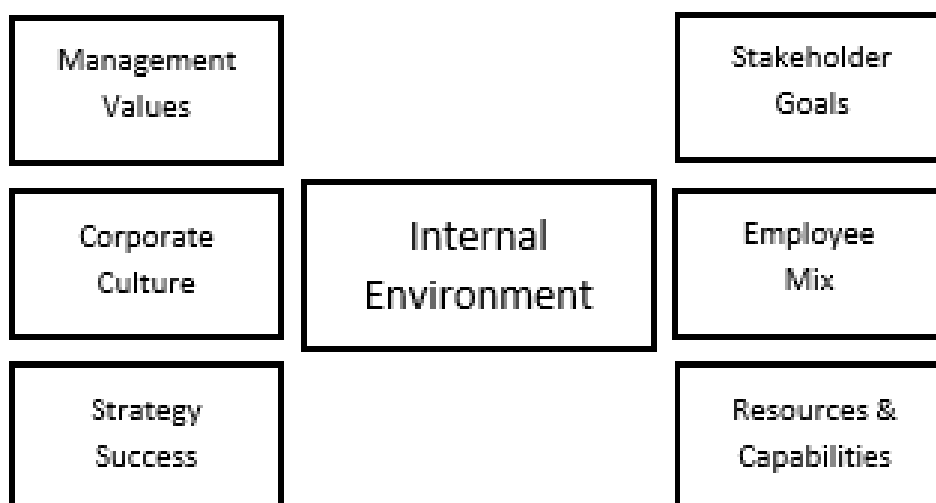


Fig-8: Elements of Internal Environment

VI. CREATION OF A BUSINESS MODEL

A. Components of an Integrated Business Model:

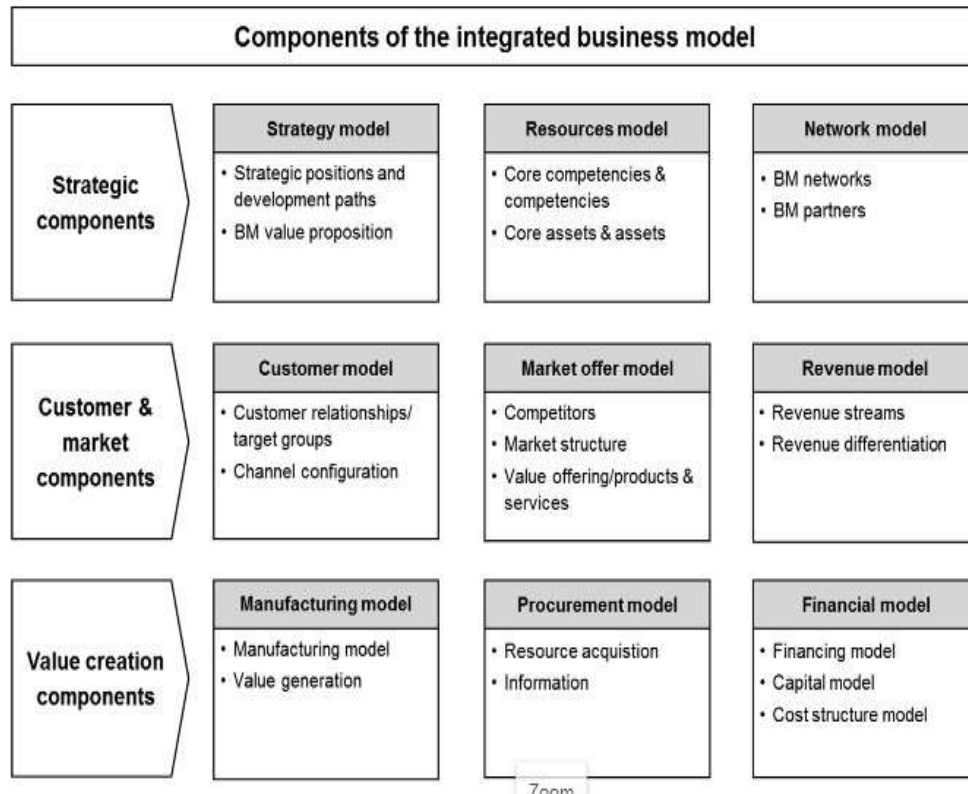


Fig-9: Components of a Business Model

B. Business Model View-

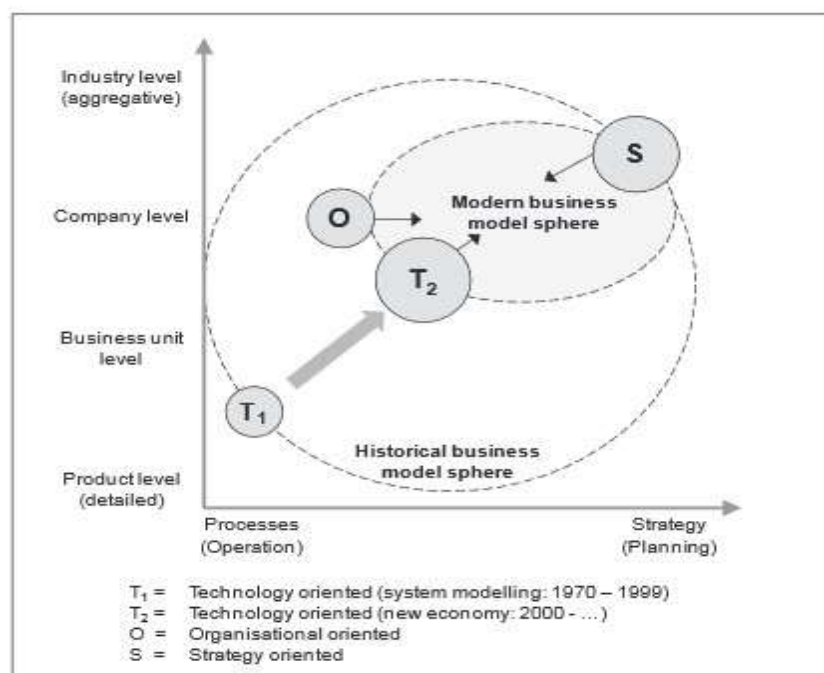


Fig-10: Business Model View

C. Important areas of research on Business Models:

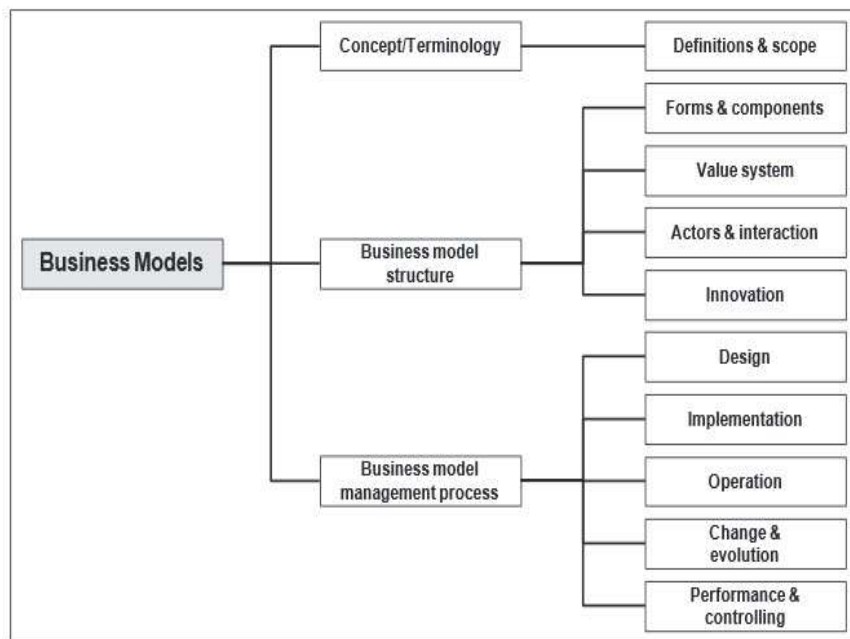


Fig-11: Important areas of research on Business Models

D. Q&A Map for Creation of Revenue Model:



Fig-12: Revenue Model

VII. CONCLUSION

In the initial stages of this paper, the importance of a structured feasibility study to an organization, for it to expand its domain into potential market segments and geographies, was observed. Analysis of the research methodology to be adopted for deriving the study is also done.

After making use of the various tools and performing the strategic analysis, in a sequential manner, a conclusion is drawn that, the feasibility study framework for any organization is an important stepping stone towards developing a better understanding of itself, the market dynamics and in what direction the organization needs to go in order to benefit to the maximum potential.

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