

UNIT 1: INTRODUCTION TO MARKET RESEARCH

1. WHAT IS MARKET RESEARCH?

Market research is the systematic gathering, recording, and analysis of data about customers, competitors, and the market. It involves collecting information about target markets and customers to help businesses make informed decisions.

Key Components:

- Systematic Process: Follows structured methodologies
- Data Collection: Gathering relevant information
- Analysis: Converting data into actionable insights
- Decision Support: Providing information for business decisions

Formal Definition

Market research is the function that links consumers, customers, and the public to the marketer through information used to identify and define marketing opportunities and problems, generate, refine, and evaluate marketing actions, monitor marketing performance, and improve understanding of marketing as a process.

2. WHY IS MARKET RESEARCH ESSENTIAL?

1. Reducing Business Risk

- a. Minimizes uncertainty in decision-making
- b. Provides data-driven insights rather than intuition-based decisions
- c. Helps avoid costly mistakes

2. Understanding Customer Behavior

- a. Identifies customer needs, preferences, and buying patterns
- b. Tracks changes in consumer behavior over time
- c. Segments markets effectively

3. Competitive Intelligence

- a. Monitors competitor activities and strategies
- b. Identifies market gaps and opportunities
- c. Benchmarks against industry standards

4. Market Dynamics

- a. Tracks market trends and changes
- b. Identifies emerging opportunities and threats

- c. Monitors economic and social factors affecting the market

5. Product Development

- a. Tests new product concepts before launch
- b. Evaluates product performance post-launch
- c. Identifies areas for product improvement

3. FUNCTIONS OF MARKET RESEARCH

Descriptive Function

- Purpose: Describes market characteristics and phenomena
- Activities: Market size estimation, demographic analysis, usage patterns

Example:

1. Market Sizing Studies:

- Smartphone Market: "The global smartphone market is valued at \$484 billion in 2024, with Samsung holding 23% market share, Apple 19%, and Xiaomi 12%."
- Coffee Shop Industry: "The Indian coffee shop market has 3,500 outlets across tier-1 cities, with Café Coffee Day operating 1,200 stores and Starbucks 350 stores."

2. Consumer Demographics:

- Netflix Subscribers: "70% of Netflix India subscribers are aged 18-35, 60% are male, 45% live in metropolitan cities, and average household income is ₹8-15 lakhs annually."
- Luxury Car Buyers: "Mercedes-Benz customers in India: 65% are business owners, 25% are senior executives, average age 42, 80% male, predominantly from Mumbai, Delhi, and Bangalore."

3. Usage Pattern Studies:

- Social Media Usage: "Indian teenagers spend average 3.2 hours daily on social media, with Instagram (45% time share), YouTube (30%), and WhatsApp (25%). Peak usage occurs between 7-9 PM."

- E-commerce Shopping: "Online grocery shoppers in Delhi place orders 2.3 times per week, average order value ₹850, 60% shop during weekends, 40% prefer same-day delivery."

4. Brand Awareness Studies:

- Fast Food Chains: "Unaided brand recall in fast food: McDonald's (78%), KFC (65%), Pizza Hut (52%), Domino's (48%), Burger King (23%)."
- Telecom Providers: "Brand recognition in rural India: Jio (94%), Airtel (89%), Vi (Vodafone Idea) (67%), BSNL (45%)."

5. Customer Satisfaction Metrics:

- Airline Industry: "IndiGo receives 8.2/10 customer satisfaction score, SpiceJet 7.1/10, Air India 6.8/10 based on punctuality, service quality, and value for money."
- Banking Sector: "HDFC Bank scores 85% in customer satisfaction index, followed by ICICI Bank (78%), SBI (65%), based on digital banking experience and branch service."

Diagnostic Function

- Purpose: Explains why certain market phenomena occur
- Activities: Analyzing cause-and-effect relationships

Example:

1. Sales Performance Analysis:

- Declining Sales Investigation: "Maggi noodles sales dropped 85% in 2015 due to food safety concerns (lead content controversy), negative media coverage, and government ban. Recovery occurred through reformulation, celebrity endorsements, and 'trust rebuilding' campaigns."
- Regional Variations: "Samsung Galaxy sales are 40% higher in South India compared to North India because: local language support, region-specific marketing campaigns, stronger retail presence, and price-sensitive positioning."

2. Customer Behavior Analysis:

- E-commerce Cart Abandonment: "78% cart abandonment in online fashion retail occurs due to: unexpected shipping charges (35%), complicated checkout process (25%), lack of preferred payment options (20%), and website security concerns (18%)."
- Restaurant Choice Factors: "Millennials choose restaurants based on: social media reviews (45%), online ratings (30%), Instagram-worthy ambiance (25%), rather than traditional factors like location or price."

3. Brand Switching Analysis:

- Mobile Phone Switching: "Customers switch from Android to iPhone primarily due to: better privacy features (40%), seamless ecosystem integration (30%), status symbol appeal (20%), and superior camera quality (10%)."
- Soap Brand Loyalty: "Rural consumers remain loyal to traditional soap brands (Lifebuoy, Lux) because: trusted quality perception, family usage tradition, local availability, and effective word-of-mouth marketing."

4. Advertising Effectiveness:

- Campaign Performance: "Amul's topical advertising succeeds because: cultural relevance (40%), humor quotient (30%), timely response to current events (20%), consistent brand voice (10%)."
- Digital vs Traditional Media: "Young consumers respond better to influencer marketing than TV ads because: authenticity perception, relatable content, interactive engagement, and targeted messaging."

5. Competitive Analysis:

- Market Share Dynamics: "Jio captured 35% telecom market share through: aggressive pricing strategy (free calls/data), 4G-first approach, digital service integration, and extensive retail network expansion."

Predictive Function

- Purpose: Forecasts future market trends and behaviors
- Activities: Market forecasting, trend analysis, scenario planning

Example:

1. Sales and Demand Forecasting:

- **Seasonal Demand Prediction:** "Air conditioner sales in India will increase 25% in April-June 2025 based on: weather forecasts predicting above-normal temperatures, rising disposable income, and government energy efficiency subsidies."
- **New Product Launch:** "Electric scooter sales projected to reach 1 million units by 2026 based on: government EV policies, reducing battery costs, improving charging infrastructure, and changing urban mobility preferences."

2. Technology Adoption Forecasting:

- **5G Adoption:** "5G smartphone penetration in India predicted to reach 40% by 2026 based on: network rollout timeline, device price reduction trends, consumer upgrade cycles, and data consumption patterns."
- **Digital Payment Growth:** "UPI transactions expected to grow 35% annually, reaching 100 billion transactions by 2026, driven by merchant adoption, rural digitization, and government digital initiatives."

3. Consumer Behavior Trends:

- **Shopping Pattern Evolution:** "Online grocery shopping will account for 15% of total grocery sales by 2027, up from current 3%, driven by: post-pandemic behavior change, delivery infrastructure improvement, and younger demographic preferences."
- **Streaming Services Growth:** "OTT platform subscriptions in India projected to reach 80 million by 2025, with regional content driving 60% growth in tier-2/tier-3 cities."

4. Market Entry Predictions:

- **International Brand Success:** "Tesla's India launch success probability: 70% in premium segment (₹50L+ price range) but 30% in mass market, based on charging infrastructure readiness, government policies, and consumer adoption patterns."

- **Food Delivery Expansion:** "Cloud kitchen market expected to grow 300% in smaller cities by 2026, driven by reduced real estate costs, changing food consumption habits, and improved logistics."

5. Economic and Industry Forecasts:

- **Retail Industry:** "Indian retail market size predicted to reach \$1.7 trillion by 2026, with e-commerce comprising 25% share, driven by digital infrastructure, rising internet penetration, and changing consumer preferences."
- **Automobile Industry:** "Electric vehicle market share projected to reach 15% of total vehicle sales by 2027, driven by: government policies, charging infrastructure development, battery cost reduction, and environmental awareness."

6. Risk and Scenario Modeling:

- **Economic Impact Prediction:** "Economic slowdown scenarios: 20% probability of recession in 2025 would reduce FMCG growth to 2-3% (from current 8-10%), particularly affecting discretionary categories like premium personal care and processed foods."

Specific Functional Areas:

A. Marketing Mix Optimization

- Product Research: New product development, product testing, packaging studies
- Price Research: Price sensitivity analysis, competitive pricing studies
- Place Research: Distribution channel effectiveness, retail location studies
- Promotion Research: Advertising effectiveness, media planning, brand awareness studies

B. Strategic Planning Support

- Market opportunity assessment
- Market entry strategies
- Brand positioning research
- Customer satisfaction studies

4. MARKET RESEARCH INDUSTRY STRUCTURE

A. Client-Side Research

- In-house Research Departments: Large corporations with dedicated teams
- Advantages: Deep industry knowledge, cost-effective for regular research
- Challenges: Limited specialized expertise, resource constraints

Examples:

1. Technology Companies:

- **Google:** Has extensive internal research teams studying user behavior, ad effectiveness, and product development. Their UX research team conducts thousands of usability studies annually.
- **Microsoft:** Internal research teams focus on enterprise software usage, gaming behavior (Xbox), and productivity tool optimization.

2. Consumer Goods:

- **Procter & Gamble:** Maintains one of the largest corporate research divisions, with dedicated teams for each product category (laundry, beauty, health).
- **Unilever:** Internal research teams conduct global consumer studies across 190 countries for brands like Dove, Ben & Jerry's, and Lipton.

3. Automotive Industry:

- **Toyota:** Internal research teams study driving behavior, safety preferences, and environmental attitudes to inform vehicle design.
- **Ford:** Has dedicated consumer insights teams that study mobility trends and autonomous vehicle acceptance.

4. Retail:

- **Walmart:** Massive internal analytics teams analyzing customer shopping patterns, seasonal trends, and supply chain optimization.
- **Target:** Internal research division famous for predictive analytics (predicting customer life events like pregnancy).

5. Financial Services:

- **JPMorgan Chase:** Internal research teams studying customer financial behavior, digital banking adoption, and investment preferences.
- **American Express:** Dedicated insights teams analyzing spending patterns and travel behavior.

B. Agency-Side Research

1. Full-Service Agencies: Complete research solutions from design to reporting

- **Nielsen:** Global leader providing retail measurement, consumer behavior analysis, and media monitoring services. Clients include major retailers, CPG companies, and media companies.
- **Ipsos:** International research agency serving clients across automotive (BMW, Ford), technology (Apple, Samsung), and FMCG sectors.
- **Kantar:** Provides insights for brands like Coca-Cola, McDonald's, and Google across brand tracking, advertising effectiveness, and market entry studies.

2. Specialized Agencies: Focus on specific methodologies or industries

- **Quirks & Company:** Specializes in qualitative research and focus group facilities across the US.
- **Synovate (now part of Ipsos):** Specialized in automotive research, providing insights for major car manufacturers.
- **GfK:** Focuses on consumer panel data and point-of-sale tracking for retail and technology clients.
- **Mintel:** Specializes in market intelligence reports across food & drink, beauty, and retail sectors.

3. Syndicated Research: Pre-designed studies sold to multiple clients

- **comScore:** Provides digital analytics and audience measurement data sold to multiple media and advertising clients.
- **J.D. Power:** Conducts standardized customer satisfaction studies in automotive, financial services, and technology industries.

- **Euromonitor International:** Publishes market research reports on consumer goods, travel, and digital commerce sold to multiple subscribers.

5. QUANTITATIVE AND QUALITATIVE RESEARCH

Quantitative Research

Quantitative research involves collecting numerical data that can be measured and analyzed statistically to identify patterns, test hypotheses, and make predictions.

Key Characteristics:

- Large sample sizes (typically 100+ respondents)
- Structured data collection methods
- Statistical analysis and hypothesis testing
- Objective and measurable results
- Can be generalized to larger populations

Methods and Examples:

1. Online Surveys:

- *Example:* Coca-Cola surveying 5,000 consumers about taste preferences for a new flavor
- *Tools:* SurveyMonkey, Qualtrics, Google Forms

2. Telephone Surveys:

- *Example:* Political polling during elections to predict voting behavior

3. Face-to-face Surveys:

- *Example:* Mall intercept surveys for immediate product feedback

4. Experiments/A/B Testing:

- *Example:* Netflix testing different homepage layouts to see which generates more clicks
- *Example:* Amazon testing different product page designs to optimize conversion rates

5. Secondary Data Analysis:

- *Example:* Analyzing retail scanner data to understand purchasing patterns
- *Example:* Using census data to identify target market demographics

When to Use: When you need to quantify attitudes, behaviors, or market size; when statistical significance is important; when results need to be projected to larger populations.

Qualitative Research

Qualitative research explores underlying motivations, attitudes, and behaviors through non-numerical data collection methods.

Key Characteristics:

- Small sample sizes (typically 6-20 participants)
- Unstructured or semi-structured data collection
- Rich, detailed insights into consumer psychology
- Subjective interpretation of results
- Provides context and understanding of "why"

Methods and Examples:

1. Focus Groups:

- *Example:* Apple conducting focus groups to understand emotional reactions to new iPhone designs
- *Example:* McDonald's testing new menu items with 8-12 participants discussing taste, packaging, and pricing

2. In-depth Interviews (IDIs):

- *Example:* Luxury car manufacturers interviewing high-net-worth individuals about their car buying journey
- *Example:* Healthcare companies interviewing doctors about their treatment decision-making process

3. Ethnographic Research:

- *Example:* Procter & Gamble researchers spending time in consumers' homes to observe how they use cleaning products
- *Example:* Starbucks observing customer behavior in coffee shops to improve store layout

4. Online Communities:

- *Example:* LEGO maintaining online communities where adult fans discuss new product ideas

5. Mystery Shopping:

- *Example:* Retail chains using mystery shoppers to evaluate customer service quality

When to Use: When exploring new concepts, understanding complex behaviors, testing creative concepts, or when you need deep insights into consumer motivations.

6. TECHNOLOGY IN MARKET RESEARCH

1. Online Survey Platforms

- **Advanced Features:** Real-time data collection, skip logic, multimedia integration
- **Examples:**
 - *Qualtrics:* Used by universities for academic research and corporations for employee engagement surveys
 - *SurveyMonkey:* Popular for small business customer satisfaction surveys
 - *Google Forms:* Free tool used for quick polls and feedback collection

2. Social Media Monitoring and Analytics

- **Sentiment Analysis:** AI-powered tools analyzing social media conversations
- **Examples:**
 - *Brandwatch:* Coca-Cola monitoring brand mentions across social platforms to track campaign effectiveness
 - *Hootsuite Insights:* Restaurants tracking customer reviews and complaints in real-time
 - *Sprout Social:* Fashion brands analyzing trending topics and influencer conversations

3. Big Data Analytics

- **Applications:** Processing massive datasets to identify patterns and trends
- **Examples:**
 - *Walmart:* Analyzing transaction data from millions of customers to optimize inventory and pricing
 - *Spotify:* Using listening data to create personalized playlists and recommend new music

- o *Uber*: Analyzing ride patterns to predict demand and optimize driver allocation

4. Mobile Research Applications

- **Features:** GPS tracking, photo capture, real-time surveys
- **Examples:**
 - o *dscout*: Participants documenting their shopping journey through photos and videos
 - o *Kantar Marketplace*: Mobile diaries tracking daily product usage
 - o *Nielsen Mobile Panel*: Tracking app usage and media consumption on smartphones

5. Artificial Intelligence and Machine Learning

- **Natural Language Processing (NLP):** Analyzing open-ended survey responses
- **Examples:**
 - o *IBM Watson*: Analyzing customer service transcripts to identify common complaints
 - o *Lexalytics*: Processing thousands of product reviews to extract key themes
 - o *MonkeyLearn*: Automatically categorizing customer feedback emails

6. Virtual and Augmented Reality

- **Applications:** Immersive product testing and shopping experience simulation
- **Examples:**
 - o *IKEA Place App*: Customers virtually placing furniture in their homes before purchase
 - o *L'Oréal Virtual Try-On*: Testing makeup products through AR technology
 - o *Walmart VR Training*: Testing customer reactions to store layouts in virtual environments

7. Blockchain for Data Security

- **Applications:** Ensuring data privacy and participant authentication
- **Examples:**

- o *Research rewards programs*: Secure, transparent compensation for survey participants
- o *Data verification*: Ensuring authenticity of research responses

8. Internet of Things (IoT) Data Collection

- **Applications**: Passive data collection from connected devices
- **Examples**:
 - o *Smart TVs*: Collecting viewing behavior data for media companies
 - o *Fitness trackers*: Providing health and activity data for wellness product development
 - o *Smart home devices*: Understanding usage patterns for home appliance manufacturers

7. MANAGER-RESEARCHER RELATIONSHIP

Key Stakeholders in Market Research

1. The Manager (Client)

- **Role**: Defines business problems and information needs
- **Responsibilities**: Provides context, sets budget and timeline, acts on findings
- **Challenges**: May lack research expertise, time constraints

2. The Researcher

- **Role**: Translates business problems into research questions
- **Responsibilities**: Designs methodology, conducts research, provides insights
- **Challenges**: May lack business context, methodological limitations

Common Challenges and Solutions

Challenge	Impact	Solution
Unrealistic Expectations	Poor research design	Education about research limitations
Budget Constraints	Compromised methodology	Phased research approach
Time Pressure	Rushed analysis	Prioritize key research questions
Conflicting Priorities	Unfocused research	Clear objective setting

Best Practices for Collaboration

1. Early Involvement: Include researchers in strategic discussions
2. Mutual Respect: Acknowledge each other's expertise
3. Transparency: Share constraints and limitations openly
4. Action Orientation: Focus on actionable insights
5. Follow-up: Track implementation of recommendations