

Purpose of Business Research

Businesses use research to set themselves apart from their competition in various ways. It can provide valuable information on consumer buying habits, for example, giving data on attitudes to products and brands. Research is especially important for people who want to launch a startup, as it helps them assess if an idea can support a new business.

1. Using Research to Evaluate Startup Viability

Market research allows entrepreneurs to base the viability of their business ideas on facts instead of enthusiasm. People can get excited about starting a business that focuses on their interests, but research helps determine if there is a big enough market to support a prospective business and make it profitable. Reports done by the U.S. Federal Trade Commission and other government agencies, trade associations and market research firms can help entrepreneurs spot market trends and determine who might buy their products and services.

2. Using Research to Estimate Costs

Businesses, especially new ones, often cost more than their owners anticipate. Nonetheless, research is needed to estimate at least a year's worth of business expenses to create a budget. You won't be able to set the correct prices for your products and services or turn a profit if you don't know how much it costs to run your business. Your research should include things such as the cost of insurance, business licenses and product packaging.

3. Using Research to Set Prices

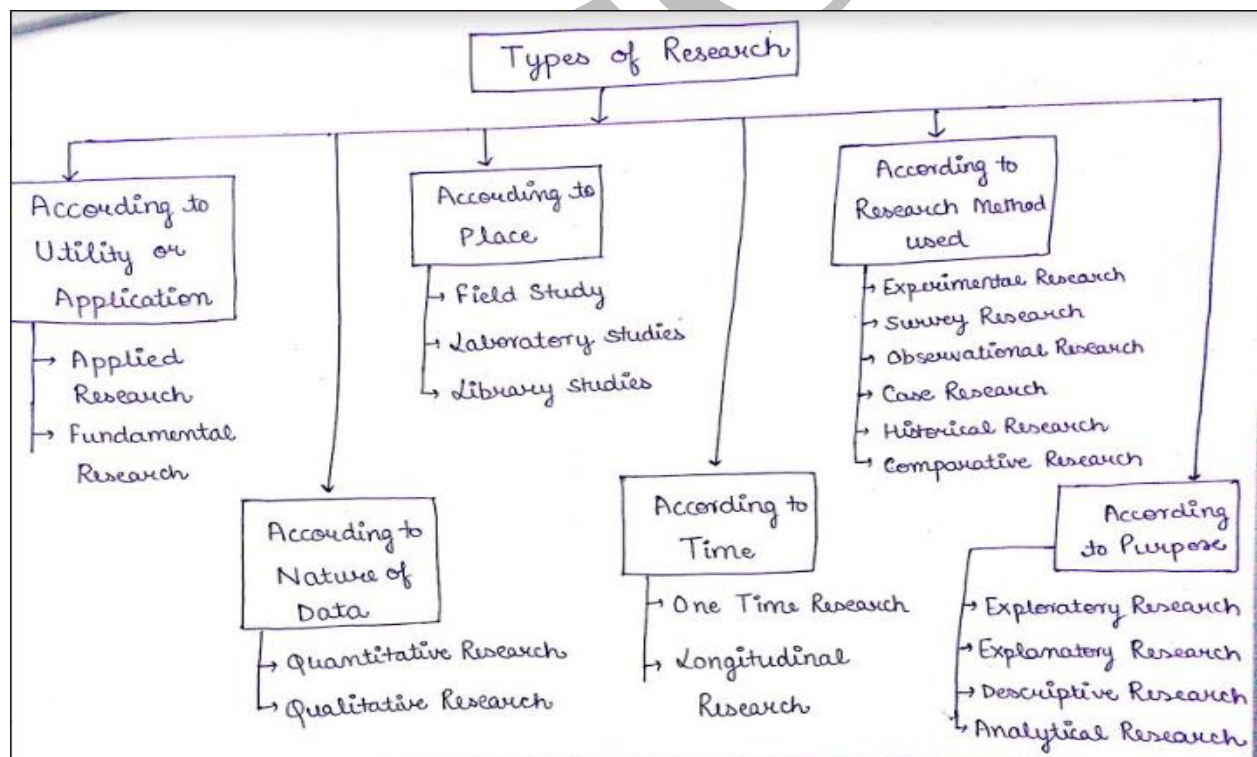
Research helps businesses get a handle on pricing and prevents them from pushing themselves out of the market by setting prices too high. Some of this research includes tracking competitors' prices. That not only involves examining how much competitors charge for products and services, but it also includes noting the features or extras they offer. You might be selling a product that costs more than similar items. However, if customers can do more with your product compared with others, that might constitute a selling point that justifies not lowering your price.

4. Using Research to Analyze Competitors

Businesses also can size up their competitors with consumer research. Examine competitors' blogs, social networking sites and websites. Take note of any comments that consumers post on your competitors' sites, paying close attention to negative and positive responses about products and services. Consider how your business can outshine competitors based on those customer comments. Visiting competitors' stores is another way to research the competition. Examine the store layout, then note whether it's easy to find products and whether the store feels cramped or cluttered. Also note the mix of products, and determine how your product inventory compares with your competitors' inventory.

Types of Research

In the broadest sense, the definition of research includes any gathering of data, information and facts for the advancement of knowledge. Research can be classified as:



1. According to Utility or Application

- Applied Research, also known as decisional or action research uses existing knowledge as an aid to the solution of some given problem or set of problems.
- Fundamental Research frequently called basic or pure research, seeks to extend the boundaries of knowledge in a given area with no necessary immediate application to existing problems.

2. According to the Nature of Data

- **Quantitative Research:** Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity.
- **Qualitative Research:** It is concerned with qualitative phenomenon i.e. phenomena relating to or involving quality or kind. This type of research aims at discovering underlying motives and desires, using in depth interviews for the purpose. Other techniques of such research are word association test, sentence completion test, story completion tests and similar other projective techniques. Attitude or opinion research i.e., research designed to find out how people feel or what they think about a particular subject or institution is also qualitative research.

3. According to the Place where it is carried out

Depending upon the place where the research is carried out, research can be classified into:

- Field studies or field experiments
- Laboratory studies or Laboratory experiments
- Library studies or documentary research

4. According to the Research Methods used

Depending upon the research methods used for the investigation, it can be classified as:

- Survey research

- Observation research
- Case research
- Experimental research
- Historical research
- Comparative research

5. According to the Time Frame

Depending upon the time period adopted for the study, it can be:

- One time or single time period Research: e.g. diagnostic studies
- Longitudinal Research: e.g. industrial development during the five year plans in India

6. According to Purpose of the study

- **Exploratory Research:** Exploratory research is defined as a research used to investigate a problem which is not clearly defined. It is conducted to have a better understanding of the existing problem, but will not provide conclusive results. For such a research, a researcher starts with a general idea and uses this research as a medium to identify issues that can be the focus for future research.

Types of Exploratory Research

There are two methods such as primary and secondary to conduct exploratory research. There are various methods under these categories to conduct exploratory research. The data collected by conducting this research can be qualitative or quantitative. Followings are the frequently used research designs.

1) Primary Research Method

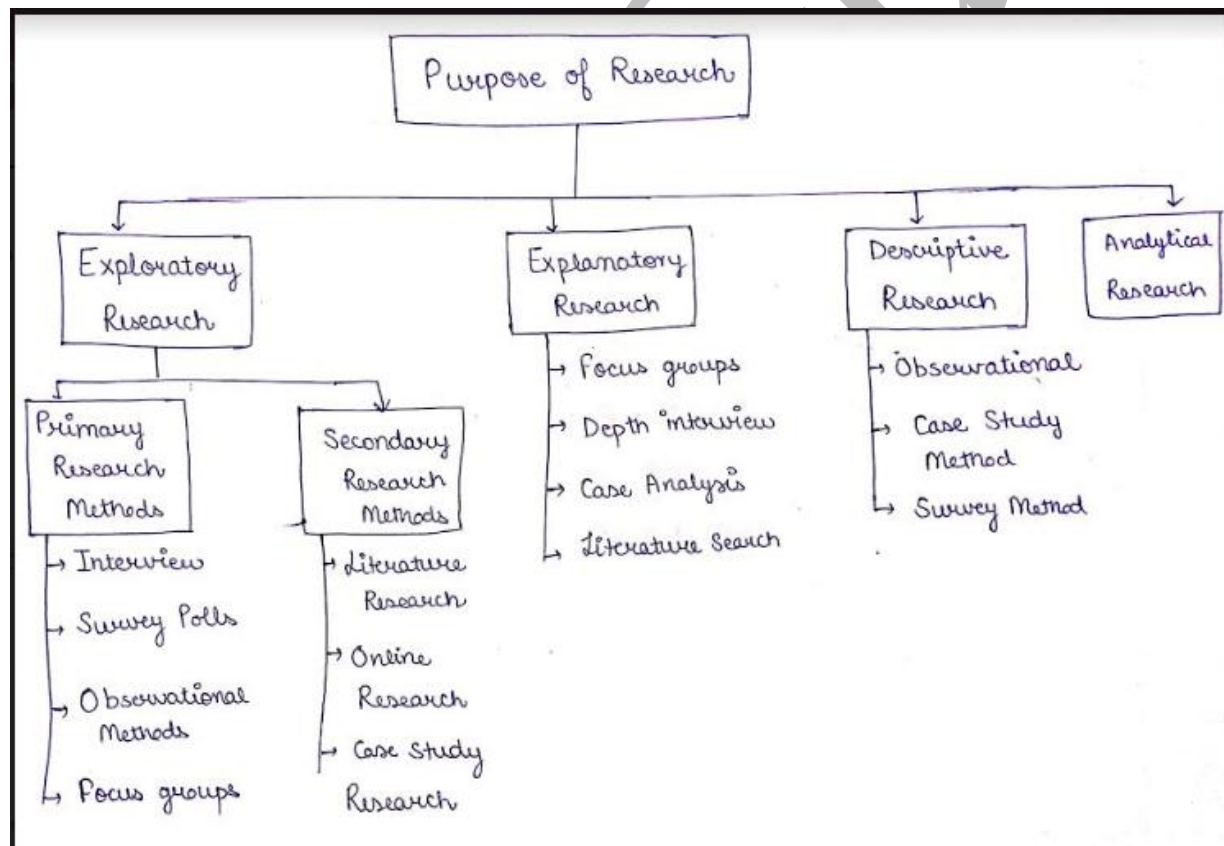
In this research, information is directly gathered from the subject. The information can be collected from a group or an individual. A researcher can either use a third party to conduct

research for him or he can himself conduct the research. The purpose of conducting this research is to collect information about the problem which requires in-depth analysis.

1-a) Interviews

You can collect in-depth information on the subject using the in-person interview technique. This research will provide you qualitative data. If you can get an interview with a person who is an expert in that subject can help you to gather a lot of useful data.

Usually, open-ended questions are asked in interviews and interviews can be conducted in-person as well as on the telephone. For example, you interview a loyal customer of your company to know about their experience with your company.



1-b) Surveys/Polls

This method is used to collect data from a predefined group of participants. Data collected from this method is quantitative in nature. A variety of polls and survey can be conducted to explore

trends, opinions of people. Surveys can be conducted both online as well as offline. With the advancement of technology, it has become easy to conduct a survey.

You can use audience worldwide to respond to your survey. In this way, you can get opinions of a diverse audience. In addition to this, you can collect get in real time. Response rate can be increased by providing rewards to respondents. For example, a survey can be conducted about the price range of mobile phones that most people usually buy within.

1-c) Observational method

In this type of exploratory research, the researcher does not make direct contact with the subject. There are two types of observational study.

- ❖ The subject is aware that he is being observed.
- ❖ The Subject has no idea about the research.

There is a high chance that you will get fair data by opting the second method. However, it can be difficult to conduct. This research can provide both types of data qualitative or quantitative. For example, an ice-cream company wants to know which size of ice-cream people usually prefer when they buy ice-cream.

1-d) Focus Group

This method is very frequently used by a market researcher to find out the answers to their questions. To conduct this study, a group of people is chosen and they are asked to express their views on the subject of the study.

However, you should make sure the people that you are choosing for the discussion have the same background and sort for similar experiences. For example, a focus group can help you to get insights on what people usually think about before buying mobile phones.

2) Secondary Research method

Secondary research uses the existing resources on the subject under study. To conduct this research you conduct information from resources like newspapers, books, articles, magazines, and case studies etc.

2-a) Literature Research

This type of research is most inexpensive exploratory research. You can make the use of the abundance of information available in libraries, online sources (such as discussion forum, websites, and blogs), and Government and commercial databases.

You can get information from resources like newspapers, articles, documents from the government, published statistics, annual reports, specific topic related articles etc. however, you can't rely on information gathered from all types of resources blindly.

Documents from government agencies can be valid but they can cost you some amount of money. You can also get useful data from educational institutes. For example, a company conducts exploratory research using literature before introducing a new product in the market. This research will help them to understand the trends in the current market.

2-b) Online Research

This type of research is the fastest and easiest way to collect data. You can conduct this research at the comfort of your home or office on your laptop or mobile phone. There is an abundance of data available online. A user can download it and use it whenever he wants to.

However, one should make sure the authenticity and genuineness of the online sources before using its information in your study. For example, you can easily find out the leading features preferred by people while buying a camera. You can simply enter a query in a search engine and can get thousands of links to websites which provide similar information.

2-c) Case Study Research

Using this research, a researcher can find out information on the problem by studying the existing cases that have gone through a similar problem as yours.

This method is useful and critical especially in the world of business. but it is important for a researcher to analyze all variables of the existing case to use in his research. This method is preferred by health organizations and social science sectors to conduct research. For example, Doctors using the cases performed by a successful doctor to improve their own practice.

The above was all the information about Exploratory research. Hope the article helps you in conducting any exploratory research that you have to.

Advantages of Exploratory research

- ❖ The researcher has a lot of flexibility and can adapt to changes as the research progresses.
- ❖ It is usually low cost.
- ❖ It helps lay the foundation of a research, which can lead to further research.
- ❖ It enables the researcher understand at an early stage, if the topic is worth investing the time and resources and if it is worth pursuing.
- ❖ It can assist other researchers to find out possible causes for the problem, which can be further studied in detail to find out, which of them is the most likely cause for the problem.

Disadvantages of Exploratory research

- ❖ Even though it can point you in the right direction towards what is the answer, it is usually inconclusive.
- ❖ The main disadvantage of exploratory research is that they provide qualitative data. Interpretation of such information can be judgmental and biased.
- ❖ Most of the times, exploratory research involves a smaller sample, hence the results cannot be accurately interpreted for a generalized population.
- ❖ Many a times, if the data is being collected through secondary research, then there is a chance of that data being old and is not updated.

- **Explanatory Research:** Explanatory research goes beyond description and attempts to explain the reasons for the phenomenon that the descriptive research only observed. The research would use theories or at least hypothesis to account for the forces that caused a certain phenomenon to occur.

Methods of explanatory research

1. Focus Groups:

It is a method of the advanced level; here you have to gather from 8 up to 12 people who have to know at least some information about it. In the best variant, they will know as much as you do, it will increase the level of results very much.

2. Depth Interview:

But the very good start is, to begin with, one speech with one well-educated person who knows a lot about your topic. It can be anyone – professional or specialist from your work, and so on, no matter whom, but matters his level of competency. Depth interviews are used widely for getting information and experience from people with some information connected with the concrete topic which you are discovering. Really, anyone with the information you need is a good candidate for this interview.

3. Case Analysis:

Researchers can understand and solve the problem more effectively by researching similar cases or other groups who had a similar case. This analysis will help to understand the situation better, and to avoid the appearance of problem again.

4. Literature Search:

One of the easiest and the fastest way is a search of the literature. Also, this is one of the cheapest ways to get needed information, hypothesis. Just look around, there is so much information available on the Internet and in libraries.

This search can include journals, newspapers, scientific literature and lots more. By the way – the Internet is still the best way to get needed information without even going out of the house. Believe that this article is useful and you found what you have been looking for here.

Advantages of Exploratory Research

The key benefits of exploratory research design are:

- ❖ **Increased Understanding:** The main objective of exploratory research is to improve a researcher's knowledge of a topic. It shouldn't be employed to draw definite conclusions, because of its lack of statistical strength, however it can help an investigator begin to determine why and how things happen.
- ❖ **Concept Testing:** A typical basis for performing exploratory work is to check concepts before they are put in the marketplace, usually a very costly Endeavour.
- ❖ **Assistance to Researchers:** It assists market researchers to find potential causes to the signs or symptoms conveyed by decision makers. Researchers may carry out research to build up a list of possible causes to the problem. Additional more extensive study may then verify which possibility or possibilities are most the likely causes.
- ❖ **Flexibility of Data Sources:** Exploratory studies use secondary sources for example published literature. Other resources utilized in exploratory studies include informal discussions, formal structured interviews, pilot studies or case studies. These may well include consumers, colleagues, patients or customers.
- ❖ **It can help to find out possible ways to achieve decision maker's goals:** For instance, assume a marketing manager is provided with a goal to boost product sales by 50 percent in the next couple of years. Selecting strategy might initially require creating a list of available strategies before evaluating which stood the best chance of success. Creating a set of realistic strategy options might first require exploratory study. Then, once created, a bigger more formal study could estimate which was most likely to achieve the sales goal.
- ❖ **Better Conclusions:** It can be extremely beneficial in guiding future research techniques. A better knowledge of a topic helps hone subsequent research questions and will significantly

raise the effectiveness of a study's findings. It is also very helpful in figuring out the best approach to achieve a researcher's objectives.

- ❖ **Over time it can assist decision makers and research workers cut costs:** In spite of its expense, most often employed techniques cost considerably less than large scale formal research like surveys or experiments. Thus, if exploratory work aids researchers address the correct questions and avoid mistakes in the conduct of these larger research projects, then they merit their expenditure.
- ❖ **Strategic Planning:** Exploratory design in some circumstances can save a lot of time and money by flagging dead ends early.

Disadvantages of Exploratory Research

- ❖ Coincidences in events may be perceived as cause-and-effect relationships. For example, Punxatawney Phil was able to forecast the duration of winter for five consecutive years, nevertheless, it is just a rodent without intellect and forecasting powers, i.e. it was a coincidence.
 - ❖ It can be difficult to reach appropriate conclusions on the basis of causal research findings. This is due to the impact of a wide range of factors and variables in social environment. In other words, while casualty can be inferred, it cannot be proved with a high level of certainty.
 - ❖ In certain cases, while correlation between two variables can be effectively established; identifying which variable is a cause and which one is the impact can be a difficult task to accomplish.
- **Descriptive Research** includes surveys and fact-finding enquiries of different kinds. It tries to discover answers to the questions who, what, when and sometimes how. Here the researcher attempts to describe or define a subject, often by creating a profile of a group of problems, people, or events. The major purpose of descriptive research is description of the state of affairs as it exists at present.

Types of Descriptive Research Methods

1. Observational Method

With the observational method (sometimes referred to as field observation) animal and human behavior is closely observed. There are two main categories of the observational method — naturalistic observation and laboratory observation.

The biggest advantage of the naturalistic method of research is that researchers view participants in their natural environments. This leads to greater ecological validity than laboratory observation, proponents say.

Ecological validity refers to the extent to which research can be used in real-life situations.

Proponents of laboratory observation often suggest that due to more control in the laboratory, the results found when using laboratory observation are more meaningful than those obtained with naturalistic observation.

Laboratory observations are usually less time-consuming and cheaper than naturalistic observations. Of course, both naturalistic and laboratory observation are important in regard to the advancement of scientific knowledge.

2. Case Study Method

Case study research involves an in-depth study of an individual or group of individuals. Case studies often lead to testable hypotheses and allow us to study rare phenomena. Case studies should not be used to determine cause and effect, and they have limited use for making accurate predictions.

There are two serious problems with case studies — expectancy effects and atypical individuals. Expectancy effects include the experimenter's underlying biases that might affect the actions taken while conducting research. These biases can lead to misrepresenting participants' descriptions. Describing atypical individuals may lead to poor generalizations and detract from external validity.

3. Survey Method

In survey method research, participants answer questions administered through interviews or questionnaires. After participants answer the questions, researchers describe the responses given. In order for the survey to be both reliable and valid it is important that the questions are constructed properly. Questions should be written so they are clear and easy to comprehend.

Advantages of Descriptive Research

Some of the major advantages of descriptive research are:

- ❖ **Data collection:** Descriptive research can be conducted by using specific methods like observational method, case study method and survey method. Between these 3, all major methods of data collection are covered which provides a lot of information. This can be used for future research or even developing hypothesis of your research object.
- ❖ **Varied:** Since the data collected is both qualitative and quantitative, it gives a holistic understanding of a research topic. This causes data that was not planned to be collected gets tracked and the data is varied, diverse and thorough.
- ❖ **Natural environment:** Descriptive research allows for the research to be conducted in the natural environment of the respondent and this ensures that high-quality and honest data is collected.
- ❖ **Quick to conduct and cheap:** As the sample size is generally large in descriptive research, the data collection is quick to conduct and is cheap.
- ❖ **Forms basis for decision-making:** As the data collected in descriptive research represents a larger population and is robust, it is easy to make decisions on the basis of the statistical analysis of that data.

Disadvantages of Descriptive Research

Some of the major disadvantages of descriptive research are:

- ❖ **Confidentiality:** Respondents aren't always truthful if questions are too personal or they feel that they are being "watched". This may negate the validity of the data.

- ❖ **Halo effect:** If the research observer has a potential bias towards the research topic or some respondents in the research, the observations then maybe considered as invalid or untrue.
- ❖ **Sample isn't representative:** Due to the randomness of the sample, it is very tough to validate that the sample is an accurate representation of the whole population.
- ❖ **No scope to learn cause:** Since descriptive research only focuses on the “what” of an objective or phenomenon, it does not delve into the “why or how” and that is a limitation in learning specific causes.
- **Analytical Research:** The researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material. These are generally postmortem studies.