

1 Marketing research, its role, use and importance in marketing management

Rapid changes in the market caused by diversification and globalization have brought a dramatic rise in competition. The battle for customers has never been so intense. This resulted in more sophisticated offers and a wide range of high quality products and services provided to customers. On the other hand, changes in consumers' behaviour and demand can be observed, as well. Customers have a lot of experience. They expect more than good products. They expect high quality of services and good value for money. In this sense, satisfying customers' needs has never been so difficult. Companies thus need to know how customers perceive their products and services, what they considered important and what factors guide and influence their behaviour in order to provide superior value for their customers. Understanding of customer attitudes can be beneficial for companies in many ways simply because customer attitudes guide their behaviour. For companies is important not only to know what their customers want but also to know how they choose their products, how they make their decisions and what factors influence their behaviour. With the rising number of opportunities for products, it is becoming extremely important for companies to know how customers view competing companies and how they choose the products. A better understanding of customers' choice process, their patronage habits, perceptions and preferences for various products and services can help companies to develop their strategies and successfully position themselves in the market. Under such conditions, it is very difficult to make good marketing decisions. Good, up-to-date and detailed information is very important in strategic marketing planning process and day-to-day operations of companies. Obtaining reliable data requires rather systematic investigation into markets and customers' needs. This is the role of marketing research.

1.1 Definition of marketing research

Research is a way of collecting accurate and reliable information related to a selected topic or problem. It is a way of obtaining answers to stated questions. According to Grinnell (1993, p. 4 quoted in Kumar, 2011, p. 7), „the word *research* is composed of two syllables, *re* and *search*. The dictionary defines the former as a prefix meaning again, anew or over again, and the latter as a verb meaning to examine closely and carefully, to test and try, or to probe.

Together they form a noun describing a careful, systematic, patient study and investigation in some field of knowledge, undertaken to establish facts or principles. ... the research is a structured inquiry that utilises acceptable scientific methodology to solve problems and creates new knowledge that is generally applicable“. Kerlinger (1986, p. 10 quoted in Kumar, 2011, p.8) states that „scientific research is a systematic, controlled empirical and critical investigation of propositions about the presumed relationships about various phenomena. Research is primarily committed to establish systematic, reliable and valid knowledge about the social world (Bulmer, 1977, p. 5 quoted in Kumar, 2011, p. 8).

The term *marketing research* is sometime confused and used as a synonym for *market research*. No surprise, both market and marketing research is about the collection, and evaluation of data related to a specific problem. Market research gather data about the market, whereas marketing research gathers data covers enquiries related to broad spectrum of marketing activities such as product development, customer needs, methods of selling, distribution, promotion, communication and sales services. **Marketing research is the systematic gathering, recording and analysing of data about problems relating to the marketing of goods and services** (American Marketing Association quoted by Chisnall, 1992, p. 6). **Market research is the means used by those who provide goods and services to keep themselves in touch with the needs and wants of those who buy and use those goods and services** (Chisnall, 1992, p. 6).

Based on the definitions stated above, marketing research:

- Provides information that help marketing managers to recognize a react to marketing opportunities and threats
- Includes planning, specification, data collection and analysis that is used in decision-making process of marketing managers
- Brings information to managers (Firenbourgh, 1997; Zbořil, 1998).

1.2 Role and importance of marketing research for marketing management

A company in order to succeed and satisfy customer needs and wants successfully has to:

- **Know the environment in which it operates. It has to know the market(s) where it sells its products, its customers and their needs, and competitors**
- **Assess its own strengths and weaknesses, its own resources in order to set up the real and realistic objectives.**

It all depends on good knowledge of the business environment and good quality of information (Příbová et al. 1996) For this reason marketing research is an important part of strategic marketing planning and management process which is shown in Figure 1.1.

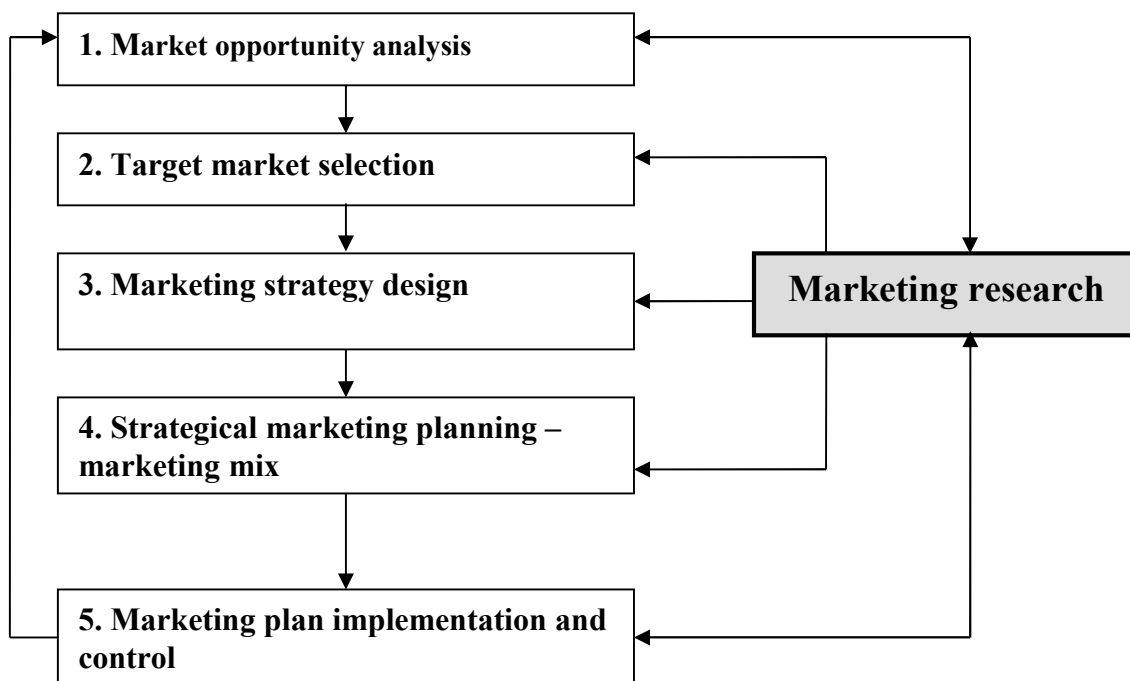


Figure 1.1 Marketing research and strategic marketing management process

Source: Příbová et al. 1996, p. 12

Activities associated with strategic marketing management process are as follows:

- Analytical activities focused on market information gathering searching for gaps and market opportunities



- Planning activities focused on marketing strategy planning and implementation
- Controlling activities focused on control of marketing operations and objectives fulfilment.

All activities have a high demand on information and often require marketing research. Marketing research plays an important role not only in analytical activities of marketing management process, but also in its planning and control.

Marketing research fulfils two basic functions in management and decision-making process:

- It provides information for management and decision-making process
- It lowers the risk and information uncertainty in management and decision-making process (steps 1-4 in Figure 1.1)
- It monitors and controls marketing activities, and allows making decisions about flexible adjustments to changing market conditions (step 5 in Figure 1.1).

The information for marketing decisions can be classified as:

- Strategic needed for strategic decisions
- Tactical used for tactical decisions
- data bank that provides background knowledge about e.g. competitors' activities, customers, market trends, etc. (Chisnall, 1992, p. 13).

1.3 Main divisions of marketing research

The area of marketing decision is wide and covers various aspects related to market and marketing activities. Marketing research can focus on the following areas:

- **Market in general** – the research brings basic information about the market, its size, structure and environmental variables such as the demographic structure of the population, economic conditions, competitors' activities, market segments, market trends and demand.
- **Customer research** bring information about customers/consumers, their attitudes, opinions, behaviour and motivation for shopping of products and services. It studies the social, economic and psychological factors that influence purchase decisions, shopping preferences and intentions. The research uses variety of techniques and methods from sociology, psychology, anthropology and other disciplines.

- **Competitors' research** focuses on information about competitors, their market share, product quality and prices, advertising and communication with customers. It should be noticed that it is difficult to obtain certain information about competitors and their behaviour. For this reason, the right and appropriate approach and methods should be selected considering ethical aspects, as well.
- **Product research** – gathers information about a product, its characteristics, quality, packaging, brand and price, and it may collect it in comparison to the competitive products. This research is very important in the process of a new product development, product innovation, product testing and product launching to the market. The research can be used to specify the position of a product in the market, to explore a product perception or to identify the key attributes of the product to its customers.
- **Price research** brings information needed to make decisions about the pricing of goods and services. The information can be used for testing price sensitivity, analysis of competitive prices or to set up the price policy and prices in terms of an effective position of the product relative to competitors.
- **Advertising research** – can focus on:
 - *Advertising campaign research* bringing information needed to design and prepare the advertising campaign or to measure its efficiency.
 - *Media research* covering information about media viewer ratings and their use/segmentation by target population. Information is used to select the most suitable media for advertising campaign.
- **Image research** – its purpose is to find a picture (perception) that customers have about a product, brand, logo or a company in their minds. The research uses methods and techniques of psychology.
- **Sales research** involves investigation of the selling activities comparing the company sales with the overall trend in the market and attention given to the company's segments or geographical regions. The information is used to plan sales or to improve its efficiency.
- **Promotion research** obtains information used for testing and evaluating the effectiveness of various methods used in promoting products or services. The information is used to select the most suitable and effective methods of promoting products (Chisnall, 1992; Příbová et al. 1996; Firenbourgh, 1977).

- **Industrial research** is the research that focuses on companies, their buying behaviour and decision-making process.

Summary

Marketing research helps decision making by providing managers with specific information for strategic and tactical planning. It is concerned with exploring market characteristics, market potential, market demand, market share analysis, new product development and product testing, analysis of competitive products, price studies, advertising and promotion effectiveness as well as customer research investigating customers' shopping behaviour and perception. The area of conducting marketing research is wide.

References:

1. BULMER, M. 1997. *Sociological Research Methods: An Introduction*. London: Macmillan
2. CHISNALL, P. M. 1992. *Marketing Research*. McGraw-Hill Book Company (UK) Ltd. 4th ed. 1992. ISBN 07-084010-5.
3. GRINNELL, R. Jr. 1993. *Social Work Research and Evaluation*, 4th ed. Itasca, IL: F. E. Peacock.
4. FIRENBOURGH, G. 1997. *Analysing Repeated Surveys*, Newbury Park, CA: Sage, 1997. ISBN 0-8039-7398-5.
5. KERLINGER, F. N. 1986. *Foundations of Behavioral Research*, 3rd ed. New York: Holt, Rinehart and Winston.
6. KUMAR, R. 2011. *Research Methodology: A step-by-step guide for beginners*. 3rd ed. SAGE Publications. ISBN 978-1-74920-300-5.
7. PŘIBOVÁ, M. et al. 1996. *Marketingový výzkum v praxi*, Grada Publishing, Praha. ISBN 80-7169-299-9.
8. ZBOŘIL, K. 1998. *Marketingový výzkum. Metodologie a aplikace*. Praha: Vysoká škola ekonomická v Praze. ISBN 80-7079-394-5.