

Role of market research in business

In most decisions we make as individual consumers or running a total or a part of a business, it is fair to say that market research plays a major role. Today, we have the luxury of using research tools that were only dreamt of 15 years ago. The internet affords us the opportunity to research and compare before we buy cars, appliances, furniture, computers or any number of other major purchase items that we must live with for several years after purchase. The same is true for business decisions.

In his *Marketing Management*, 7th Edition, Philip Kotler defines market research as “the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company.”

Successful market research results in making a decision. The decision could be one of several options for a business manager. These include:

- To enter a new market.

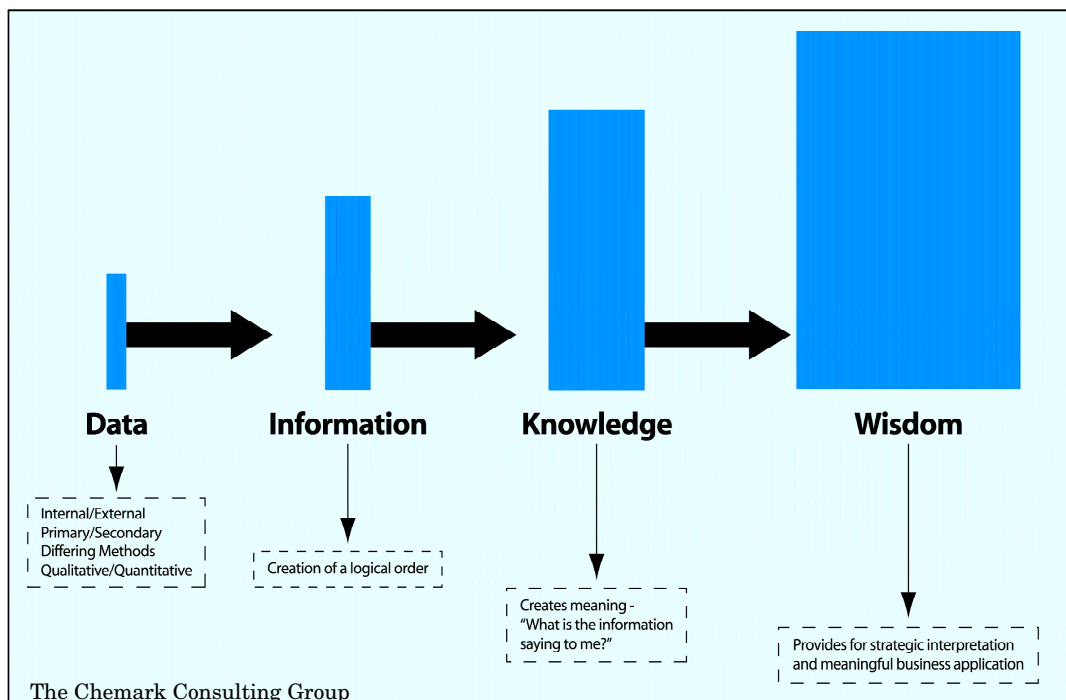
- To abandon a product line.
- To move an existing product line into an adjacent market.
- To create a new product for an old or new market.
- To divest the business or product line.
- To acquire an existing company, business or product line.

These are very important decisions that in many cases can change the company to a great extent. These decisions are made based heavily on market research.

The market research task can be segmented into four independent functions, all equally important as they depend on each preceding function to fulfill their destiny as depicted in the figure below.

The first function in market research is completely understanding the problem (or deliverable) and research objectives; the second function is to develop the research plan; the third function is to collect the information

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or data. Logic would say that if we are going downstream, and make both critical tactical and strategic decisions based on data gathering, it must, therefore, be the most important step in the process of market research and business planning. Logic would also lead one to assume that such data must be extremely accurate. In other words, nothing can happen until data is gathered and nothing should occur until solid and accurate data is captured.

Important data is gathered from several sources. These include:

- Internal customer and target customer intelligence.
- External, through captive and outside consultants.
- Using secondary plus primary sources.
- Employing both qualitative interpretation and quantitative data.

Once it is assured that all possible avenues have been used to secure pertinent and accurate data, the researcher can move to the next most important step—the development of information.

The information step is extremely critical and it is where the data is massaged into a logical order. Quantitative data can be placed into charts, graphs and tables and narrative can be built around these data, discussing the current situation and important trends.

The next step is to translate the information logic into knowledge. Knowledge as defined in *Webster's* 11th Edition is “the fact or condition of knowing something with familiarity gained through experience or association.” Translating *Webster's* definition into our use of knowledge, we would say that the conversion of information into answering the question, “what is the information saying to me as it relates to my business?”

The ultimate goal in the process of market research is achieving wisdom that will launch your business into a successful orbit. *Webster's* defines a wise man as “a man of unusual learning, judgment or insight.” Therefore, when considering the achievement of

wisdom by an organization managed by men/women, the definition demands of the business that it first develop an accurate and timely database; a well organized Information design; an ability to understand what the information

is saying to it—knowledge; and the wisdom to use this knowledge to provide strategic interpretation in the planning process. **CW**

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