

Example of essay on importance of market research

[Business](#), [Company](#)



Introduction

Market research is regarded as a vital component of business strategy in terms of conceptualizing ideas that will allow the company to identify key areas such as trends, segments and behavior. However, research encompasses a broad spectrum of practices that determines its relationship to the business decision making process particularly in marketing mix adjustment when planning to penetrate a foreign market. Research is divided into two categories, marketing research and market research; they represent two sides of the same coin because both serve the same purpose. Both categories provide formal analysis of access, products and services recognition of classes and quantitative demand. However, the only thing that separates the two is the addition of recognition of activities derived from analyzing distribution, supply and promotion in marketing research. In general, market research is more focused on the external business perspectives while marketing research entails internal perspectives. There are several factors that need to be considered in order to see if the new product to be introduced would adhere to the expectations of the new market consumers. Therefore, market research is paramount in determining the factors that affect the market preferences and incorporate those factors in formulating marketing mix strategies.

Discussion

Determining the importance of market research in adjusting the marketing mix when entering a foreign market would need a definition of each area. Understanding market research its practices, roles and general guidelines

would allow the company to create an efficient study of the target market before any adjustments can be made in the marketing mix. On the other hand, marketing mix and its components should also be thoroughly understood before integrating the conclusions obtained from market research. That way companies would be able to infuse the two areas together before executing plans particularly when targeting an uncharted segment of the foreign market. The main function of market research is to find the link between customer, consumer and the buying public in general through the use of obtained information. Market research also encompasses a systematic approach to data collection, design, analysis and data reporting that were found to be relevant to the market situation that the company is facing (Resor, 2008).

The relevant findings from the market research help the companies to make informed decisions instead of trusting their decisions solely from hunches and gut feeling. Market research allow decision makers to choose better markets, develop better offerings and efficiently execute better marketing plan according to Resor (2008). The process of market research involves the use of information about the competitors, company and consumers. Upon obtaining data from the three segments, the market researcher would then be able to choose between the two types of research. Primary research should be conducted first, must deliver both qualitative and quantitative analysis of the market situation. Another type of research, which is referred to as secondary is the analysis of prior research on the subject obtained from syndicated or government data sources. Either way is adequate enough to use in analyzing market situations that would deliver information, which

would be helpful for the company to either pursue or abandon their marketing plan.

The fact that market research determines the exact situation of a particular market, the findings of the market study is essential in modeling a marketing mix that suits the market being analyzed. For example, a burger chain in Australia is planning to put up stores in the Middle East. However, the burger company is adamant about the plan because of the market demographics and cultural orientation of the consumers in the target location. The Middle East is generally a Muslim country and their religious doctrines exclude pork in their menu. Therefore, in order for the burger company in Australia to persuade the Muslim market to buy their burgers is for them to emphasize the phrase “ 100% beef patties” in their marketing campaigns. This is because Muslims eat beef meat and most of the younger generations of Muslims are also embracing the culture from which hamburger has originated.

The use of phrases to emphasize the characteristic of the product being offered in advertising and marketing campaigns fall under one of the four P's in marketing mix, which is promotion. Assuming that the burger company in Australia is not using the phrase “ 100% beef” in their product campaigns is that their local market is not concerned about the type of meat in their burger patties, but only particular to the price and taste. However, in a foreign market emphasizing the characteristic of the product apart from introducing a competitive price would mean getting attention from the new consumers. The reason that the burger company changed their usual marketing mix in terms of promotion is because their market research about

the consumers in the Middle East determines that Muslim people highly rejects pork in their diet due to cultural and religious belief. Therefore, to eliminate doubts about the product the Australian company needs to change their marketing mix and make it suitable for the new market.

Market research has played an important role in the process because the exemplified company changed their promotional segment to align with the market demographics. In addition, the findings of the market research determine the direction on how the marketing mix should be created. This idea contributes to the relevance of market research in adjusting the marketing mix when entering a foreign market. The four P's or otherwise, price, place, promotion and place makes up the first layer of the marketing mix. They can be supplemented by 4C's (customer needs, cost to user, convenience and communication), 4O's (Objects, objectives, organization and operations) and 4A's (acceptability, affordability, accessibility and awareness). These segments and sub-areas are intertwined with the acronym AIDA or attention, interest, desire and action, which are detrimental for a marketing manager in order to persuade the customers to buy the product (Farrall and Lindsley, 2008).

All of these areas are affected by the outcome of the conducted market research and marketing mix is susceptible to changes depending on the findings obtained by the market research. The best example of a company that constantly recreates their marketing mix in relation to their market research is McDonald's. The world's largest fast food chain is also one of the most recognized brands in the world. McDonald's international franchises allowed them to expand operations in major cities around the world. The

Western company and product thrived in the international market because of their concise analysis of the different market segments and customer demographics in various countries. According to McDonald's (2008), their market research gave them accurate information about the needs of their target market, which in return allowed them to create well thought out marketing mix and results to more satisfied customers and continuous business growth (McDonald's. 2008).

Export companies also use market research before entering a foreign market. For example, a garment factory in the Philippines consigns with an international fashion label in the United States to manufacture their clothing line. After the factory have assessed business and be ready for export, they must first understand the market they are planning to enter and develop primary and secondary research. Factors such as income levels, size and company growth rate, access to technology and infrastructure must be taken into consideration. Competitor exporters from another country must also be analyzed of their capacity, price offering, size and infrastructure. The factory in the Philippines should consider other exporters in China for example because manufacturers in China have larger infrastructures. Therefore, they are more capable of bigger production capacity, which would allow them to offer the fashion label a lower price quote for manufacturing the clothes line for the label. However, the factory in the Philippines could still gain advantage by carefully studying the export manufacturing market and develop marketing mix with better promotion such as " guaranteed highest quality standards".

The factory could also compromise with other cost-effective measures if they

cannot afford to match the quoted price of the exporter in China. Other strategies would include shouldering portions of the shipping cost and time-penalty guarantee for delayed shipments. Integrating these approaches in the marketing mix of the export company would give them greater or at least an equal advantage over their competitors. Most of the time, high-end fashion labels prefer quality over quantity. Therefore, the manufacturer in the Philippines could gain a higher advantage over the Chinese manufacturer considering that the factory in the Philippines have leveraged on quality produced garments with agreement clauses pertaining to cost of shipping and late penalties instead of a lower price quote. These ideas could come up because of a thorough analysis of the findings of the market research, thus highlighting its importance.

The examples of McDonalds and the scenario with a garment factory in the Philippines greatly relate to another actual company Kraft Foods. Kraft is a word renowned brand of cheese and various spreads. Vegemite for example is a product of Kraft Foods Australia, a spread made from concentrated yeast extract. The product is only available in selected countries, but the fact that the company itself has already positioned itself in the world scale market. Therefore, they have a good advantage of introducing Vegemite to other foreign markets such as South Africa and Demark. This is because of several reasons such as the product may lack the taste appeal and sounds very unconventional to the unfamiliar consumers. In this situation Kraft is facing a dilemma whether the Vegemite would actually generate profits when introduced in other markets. It is apparent that the food paste has been around for quite some time and already an established food icon in Australia,

but the same success cannot be assumed by the company in the foreign market.

Despite the strong efforts of Kraft Foods to advertise Vegemite as packed with vitamins and a good substitute for vegetarians (Vegemite. com. au, 2011), it is still getting little attention in the international scene. In addition, Vegemite has also leveraged on obtaining certifications such as Kosher and HALAL to show that the product was able to meet the requirements of consumers in the Muslim and Jewish communities. However, having too much vitamins was the reason that the government of Denmark ban Vegemite on the grounds that having too much vitamins in the food would pose more health risk than beneficial (News. com. au, 2011). In South Africa, there is already an existing product like Vegemite called Marmite. Therefore, introducing the product to the South African market would mean challenging an already established brand in the country. The dilemmas like stiff competition and strict government policies on health would greatly affect the outcome of Kraft Food's efforts to introduce Vegemite in the aforementioned countries.

Recommendations

The described problems can be overcome by Vegemite by following a thorough analysis of the market conditions and road blocks that hinder the company in successfully launching the products in Denmark and South Africa. In Denmark for example, the product has already been introduced in the market. However, the Australian favorite received a negative attention from the public because of the issue about the allegedly excessive vitamin

content and additives of the product. This situation can be countered by Vegemite by conducting health related surveys on the people that already tried the product. They can also submit a clinical/laboratory test of Vegemite and match the results to the vitamin intake standards set by the health authorities in Denmark to prove that the product's vitamin contents are just right for the needs of consumers in that country. Market research about the different food products sold in Denmark of their vitamin contents would be helpful in countering the arguments against Vegemite that too much vitamins would be a health risk. The results of the findings from the research can be used by Kraft Foods to plead their case to the health authorities in Denmark and allow Vegemite to be back in the grocery shelves in the country. When the company obtained an approval, it would be much easier for Vegemite to penetrate the market the approval as a promotional material in marketing the product.

In South Africa, Kraft Foods would be able to successfully launch the product because there is already an existing market for it. The only thing that Kraft Foods would need to be worried about is the competition with another brand Marmite. The importance of market research is vital for the company to create a strong competition in the market. Research using the social media to get response from the people would allow the company to measure the ratio of South Africa's population that is willing to try and buy the products. Kraft Foods Australia could also research for the number of Australians in South Africa that would also contribute in increasing Vegemite market in the country. Analyzing the price behavior of the competing product would allow the company to experiment with the retail pricing of Vegemite if to be

introduced in South Africa. The data obtained from the conducted market research is imperative for the company, knowing what the prospective consumer wants and adhere to those requirements by implementing marketing mix fashioned from the market research findings (Morebusiness.com, 2011). Therefore, market research is vital in adjusting the marketing mix to meet the requirement of the foreign markets.

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