

Example of coke defining a problem incorrectly



Introduction

Market research is an evaluation system which helps organisations to enter or expand in a market. It provides the data in a market which can be used in research for solution of a particular and specific problem.

It is also used to introduce new ideas and innovation in different product lines which helps in predicting the outcome of the change and gives a chance to improve strategies in order to get better and desired results.

Thus market research links the consumer, customer and public directly to the organisation and provides information which can be used to identify problems that can be fixed, and opportunities that can be availed, predicting the significant shifts that an organisation may experience based on the data of the research.

Classification of Market Research

Market research is divided into three different types:

Exploratory Research:

Exploratory Research is used to collect preliminary data to clarify the nature of a marketing problem before designing a more extensive research project. It follows a format that is less structured and more flexible. This approach works well when the marketer doesn't have an understanding of the topic or the topic is new and it is hard to pinpoint the research direction. For instance, a marketer has heard news reports about a new Internet technology that is helping competitors but the marketer is not familiar with the technology and needs to do research, to discover and learn more about

the technology in-order to take advantage from it. Such a research is an exploratory research, conducted to clarify and define the nature of a problem, formulating it more precisely, gathering explanation and insight and eliminate impractical ideas (if there are any).

Exploratory research can be performed using a literature search, surveying certain people about their experiences, focus groups, and case studies. Case studies can include contrasting situations or benchmarking against an organization known for its excellence.

Descriptive Research:

As the name suggests, descriptive research is concerned with describing marketing mix characteristics. It can be used to explain a particular issue or problem. The focus of descriptive research is to provide an accurate description for something that is occurring. For example, what age group is buying a particular brand; a product's market share within a certain industry, how many competitors a company faces, and so on. This type of research is by far the most popular form of market research. It is used extensively when the research purpose is to explain, monitor and test hypotheses, and can also be used to a lesser extent to help make predictions and for discovery (Although causal research is basically used for future predictions and to test the cause and effect relationship of variables and exploratory research is used for discovery). Rudyard Kipling said " I keep six honest serving men, (they taught me all I knew), their names are what, and why, and when, and how, and where, and who." Descriptive research defines these six aspects which allow researchers the opportunity to make any required changes and examine before the costly process of data collection begins.

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The principal difference between exploratory and descriptive research is that, in the case of the latter, specific research questions have been formulated before the research is undertaken. When descriptive research is conducted the researcher must already know a great deal about the research problem, perhaps because of a prior exploratory study, and is in a position to clearly define what to measure and how to measure.

Causal Research:

Causal or predictive research is used to test the cause and effect relationships. Using causal research allows researchers to answer “ What if” or “ Why” types of questions. To conduct causal research, the researcher designs an experiment that controls or holds constant, all of a product’s marketing elements except one. The one variable is changed, and the effect is then measured.

In marketing, causal research is used for many types of research including testing marketing scenarios. For example, does a price reduction increase sales? What effect does a sales promotion have on sales volume? If there is a change in advertising approach, will the customer attitude shift significantly towards the product? Etc. It usually follows exploratory and descriptive research and therefore the researchers are quite knowledgeable about the subject.

If researchers understand the causes of the effects observed, then the ability to predict and control such events is increased. Therefore, to be effective, the design of causal research is highly structured and controlled so that other factors do not affect those being studied. Thus effective Causal

research can play a vital role in planning future strategies and forecasting responses of different variables leading to desirable results and betterment of the product and organisation.

Market Research Process

The process of market research is a step by step guide through which the researcher define and assess the problems and value of the research by constructing a research method and specifying various data collection and measurement techniques and then analysing that data to conclude results taking into account the factors and variables affecting the behaviour of the customers and consumers in a market.

Let's dig out the insight of each step and highlight their purpose and value.

Define Research Problem

There is a famous quote of American Engineer Charles F. Kettering “ A problem well stated is a problem half solved.” (1876-1958). Defining a problem sounds simple but it is the first crucial step while conducting a marketing research. As Albert Einstein (1879-1955) said “ The formulation of a problem is often more essential than its solution.” Rickards (1988) suggests that “ a useful way in which to approach problem definition is the technique-goal orientation. Essentially the method employs identifying needs, obstacles and constraints in the research for an adequate definition of the problem.”

A problem arises when there is a difference between actual outcome and expected outcome. The companies have to make a decision what they want to do if any problem rose due to any marketing turn. This decision is then

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redefined as a research problem and then a researcher takes necessary steps to look into it. The key is that a researcher must take all the potential symptoms in account, try to drill down the expected causes, narrow the upcoming parameters and then concluding on the actual problem making it the base of the whole research. Incorrectly defining a research problem results in setting wrong objectives which takes the entire marketing research into a different direction which will be an ultimate loss of time, money and energy.

Example of Coke defining a problem incorrectly

Many a marketing research effort is doomed from the start because the problem was improperly defined. Coke's ill-fated decision to change the formula of Coca-Cola in 1985 is a case in point: Pepsi had been creeping up on Coke in terms of market share over the years as well as running a successful promotional campaign called the "Pepsi Challenge," in which consumers were encouraged to do a blind taste test to see if they agreed that Pepsi was better. Coke spent four years researching "the problem." Indeed, people seemed to like the taste of Pepsi better in blind taste tests. Thus, the formula for Coke was changed. But the outcry among the public was so great that the new formula didn't last long, just a matter of months, before the old formula was reinstated. Some marketing experts believe Coke incorrectly defined the problem as "How can we beat Pepsi in taste tests?" instead of "How can we gain market share against Pepsi?"

This is an example of what an incorrect problem definition can do. It can change the whole research that may be of no use in the end, as it happened

with Coke. A changed market research and strategy yielded good results for Coke with the same original formula.

Set Objectives

After problem definition, the next step in a market research process is the establishment of objectives. A market research objective is a goal statement which describes very specific information needed to solve a problem.

Managers must combine this information with their own experience and other related information to make a proper decision.

The culmination of the problem definition process is a statement of the research objectives. These objectives are stated in terms of the precise information necessary to address the marketing research problem. Well-formulated objectives serve as a road map in pursuing the research project. They also serve as a standard that later will enable managers to evaluate the quality and value of the work by asking “ Were the objectives met?” and “ Do the recommendations flow logically from the objectives and the research findings?” (Reference)

Example of Ford Foundation

Several years ago, the Ford Foundation of the Performing Arts, located in Vail, Colorado, successfully completed a \$5 million fundraising drive for constructing an amphitheater to house performing arts events. The Foundation’s Amphitheater Design Team faced some difficult decisions. They were not sure which design features should be included in the structure to handle different types of events (theatrical productions, music concerts, dance productions, etc.). They could not decide if the structure should

accommodate indoor events, outdoor events, or a combination. They questioned the seating capacity and worried about ticket prices, parking requirements, availability of refreshments, and types of events most desired by local residents and visitors. The foundation then hired a marketing research consultant to assist in the gathering of data needed to address the team's questions and concerns. After several meetings with the design team, the researcher presented his research proposal which had three key research questions:

1. What type of performing arts programs would residents and guests most prefer to see offered in the Vail Valley area?
2. What prices should be charged for the various types of events?
3. What type of summer-evening performing arts programs would people prefer attending at an indoor versus outdoor facility? If outdoors, what type of protection should be provided to the audience and the performers?

These questions were then transformed into the following research objectives:

1. To determine how often people attended performance arts events in the past 12 months and what three types of events (dance productions, theatrical productions, music concerts, etc.) they would be most interested in attending while staying in Vail Valley.
2. To determine, by event type, the average price range a person would expect and would be willing to pay for an adult-reserved-seat ticket to the events presented in Vail Valley.

3. To determine the extent to which people would prefer to attend a specific type of event at an indoor or outdoor facility and what type of protection (snow, rain etc.) should be offered to the audience if the event was held at an outdoor facility.

This example shows how potential symptoms are covered keeping in mind the problems and then transformation of those problems in specific and measurable objectives which highlight the actions required to achieve the desired and optimum results. The calculated and accurate goals are then completed by performing the remaining steps of market research process.

Research Objective as Hypotheses: Often researchers state a research objective in the form of a hypothesis. A hypothesis is a conjectural statement about a relationship between two or more variables that can be tested with empirical data; it is considered to be plausible, given the available information. A good hypothesis will contain clear implications for testing stated relationships. For example, based on exploratory research, a researcher might hypothesize that a doubling of expenditures for billboards in cities of 300, 000 or more population will increase the sales of Starbucks summer drinks by 15 percent. Alternatively, a second hypothesis might be that spending £30, 000 for vehicle wraps in cities of 300, 000 or more will have no significant impact on the sales of Starbucks summer drinks.

(Reference)

Assess the Value of the Research

Coming on to the next phase, this is about assessing the value of the marketing research. This is not an easy activity to complete with certainty,

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because a number of factors and considerations come into play. By forecasting future marketing behaviours and predicting the impact of the research outcome, “ Best guess” answers have to be made to the following types of question: (1) “ Can the information be collected at all?” (2) “ Can the information tell the decision maker something that she or he didn’t already know?” (3) “ Will the information provide significant insights?” (4) “ What benefits will be delivered from this information?” (5) “ Will that information be beneficial enough to conduct the marketing research, keeping in mind the overall cost of the research?” In most cases, information research should be conducted only when the expected value of the information to be obtained exceeds the cost of doing the research.

Construct a Research Proposal

The main focus of this step is to construct such a research proposal which is most appropriate for the given set of objectives. It is basically the “ plan of attack”, the master plan of methods and procedures, which are used to collect and analyse the data needed by the decision maker. The researcher must consider the type of data, the design techniques, the sampling methodology and procedures, the schedule, and the budget. Although every research problem is unique, but most research objectives can be met by using one of three research types i. e. Exploratory, Descriptive and Causal, which are already discussed in the start.

5. Specify Data Collection Method

After the construction of research proposal, next comes the methods and type of data that needs to be collected for the research. There are two types of data that can be gathered:

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Secondary data: Secondary data are historical data structures of variables previously collected and assembled for some research problem other than the problem at hand. Sources for these types of data structures can be found inside a company, Government e. g. Central Statistical Office, Chamber of Commerce, trade associations, at public libraries and universities, on World Wide Web (WWW) sites, or purchased from a firm specializing in providing secondary information.

Primary data: primary data represent “ first-hand” raw data and structures that have yet to receive any type of meaningful interpretation. Sources of primary data tend to be the output of conducting some type of exploratory, descriptive, or causal research project that employs surveys, experiments, and/or observation as techniques of collecting the needed data. Primary data are raw data and structures of variables that have been specifically collected and assembled to address the problem at hand.

There are two main techniques of Primary data collection:

Observation technique: Researchers can watch/observe people to judge their behaviour to collect the data. This includes a shopper’s sex, his or her approximate age, whether the person seemed hurried, moderately hurried, or unhurried and whether or not he or she read the label on products, used coupons, and so forth.

Surveys: It is the most widely used and common data collection technique. Surveys are popular because they can be easily administered to large numbers of people fairly quickly. In a survey, researchers can ask people about their activities and it consists of clear and unambiguous questions

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which are easy to answer and provide data based on how people think and feel.

Secondary data can usually be gathered faster and at less cost than primary data structures. Mostly, examination of available Secondary data is a pre-requisite to the collection of Primary data because gathering Primary data is a time consuming and expensive process. Researchers proceed to Primary data only when the Secondary data sources have been exhausted, outdated, yield marginal results or do not fit the researcher's information needs. It may be limited in-terms of relevance, recency and accuracy.

6. Specify Techniques of Measurement

There are a lot of techniques through which data can be measured.

Researchers mainly use the following methods to measure the data:

Questionnaire: It is a list of carefully structured questions chosen to find out what specifically targeted participants do, think or feel e. g. customer satisfaction surveys. It gives access to wide sample of data but has a low response rate as it is difficult to get people to participate and complete the questionnaire and it is hard to write while dealing with a big sample.

Moreover, it is very time consuming as-well.

Interviews: Selected participants are asked questions to find out what they do, think or feel and their opinions and choices are then measured. There are four main techniques of interviewing:

Personal face-to-face interviews

Telephone interviews

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Postal/mail surveys

Web/e-mail surveys

Focus Groups or Discussion Groups: It is used to gather and measure the opinions of a group of people involved in a common situation e. g.

investigation of family buying habits, employees reaction to a new profit sharing scheme. It is extremely useful for a preliminary investigation.

Listening to other people encourages participants to air their own views in a relaxed and informal manner. But, it requires skill to analyse, interpret and measure the data.

7. Select the Sample

After carefully selecting data collection and measurement methods, a researcher selects a sample. A sample is a random selection of a subgroup, from the overall membership pool of a defined target population. So the results from a selected sample are generalizable and reliable. Researchers must ensure that the sample is a representative of the population; otherwise it will result in a flawed research. Such a flaw is also known as sampling error.

Size of a sample has a big impact on sampling error. Accurate results are mostly yielded by large samples. Large sample gives more data which provides more details resulting in close approximate outcome as of the whole population. However, large sample means bigger cost.

8. Data Collection

Researchers must choose between two types of data collection methods i. e. Qualitative and Quantitative.

Qualitative Research method: It is “ designed to provide researchers with the perspective of target audience members through immersion in a culture or situation and direct interaction with the people under study.” (Anon)

Qualitative methods focus on collecting detailed amounts of data from relatively small samples (i. e. face-to-face interviews, one to one, paired, triangle or group discussions/focus groups) by questioning or observing what people do and say. These methods require the use of researchers well trained in interpersonal communication, observation, and interpretation. The data are normally collected using open-ended (which needs elaboration) or non-structured questioning formats that allow for either depth probing of hidden attitudes, feelings, or behaviour patterns or human/mechanical observation techniques for current behaviours or events. While the data can be collected in short periods of time, they are difficult to analyze and transform into generalized inferences about the larger defined target group.

Quantitative Research method: Quantitative research methods place heavy emphasis on using formalized, standard, structured questioning practices where the response options have been predetermined by the researcher. These questions tend to be administered to significantly large numbers of respondents. Quantitative methods are directly related to Descriptive and Causal types of research projects where the objectives or goals are either to make more accurate predictions about relationships between market factors

and behaviors or to verify (or validate) the existence of relationships.

Quantitative researchers are well trained in construct development, scale measurements, questionnaire designs, sampling, and statistical data analyses. Some well known methods of Quantitative research are questionnaires in Home & in Street, Telephone, Omnibus, Mystery Shopper, Observational, Hall tests and panels/audits.

Lastly, before data collection begins, the surveyors and observers need to be trained to look for the same things, ask questions the same way, and so forth. If they are using rankings or rating scales, they need to be “ on the same page,” so to speak, as to what constitutes a high ranking or a low ranking. As an analogy, you have probably had some teachers grade your college papers harder than others. The goal of training is to avoid a wide disparity between how different observers and interviewers record the data.

9. Analysis of Results

In this step, the researcher begins the process of turning raw data into data structures that can be used in generating meaningful and useful bits of information for the decision maker.

Data Cleaning: After the collection of all data, the process of data cleaning starts. In data cleaning, all the data that has been duplicated or entered incorrectly is removed by using programs like Predictive Analysis Software (PASW). They also help to calculate the basic results of the research.

The information generated by programs is then used to draw conclusions by using a variety of data analysis techniques through which a researcher can create new, complex data structures by combining two or more variables

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into indexes, ratios, constructs, and so on. Analysis procedures can vary widely in sophistication and complexity, from simple frequency distributions (percentages) to sample statistics measures (e. g., mode, median, mean, range, standard deviation, and standard error) to multivariate data analysis techniques. Different analysis procedures will allow the researcher to (1) statistically test for significant differences between two sample statistics and associations among several variables, (2) test hypothesized interdependence between two or more variables, (3) evaluate data quality, and (4) build and test complex models of cause-effect relationships.

12. Present in a Final Report

The last phase of the Market Research Process focuses on reporting the research findings, newly created information and communication of recommendations and conclusions to management. The overall objective is to develop a report that is useful to a non-research-oriented person.

This is a key step in the process because a marketing researcher who wants project conclusions acted on must convince the manager that the results are credible and justified by the data collected. The researcher usually will be required to present both written and oral reports on a project. The nature of the audience must be kept in mind when these reports are being prepared and presented. The oral report should begin with a clear statement of the research objectives, followed by an outline of the methodology. A summary of major findings should come next. The report should end with a presentation of conclusions and recommendations for management. In today's fast-paced world of marketing research, long, elaborately written

reports are virtually a thing of the past. Decision makers today typically want only a copy of the PowerPoint presentation.

Conclusion

Marketing research by itself does not arrive at marketing decisions, nor does it guarantee that the organization will be successful in marketing its products. However, when conducted in a systematic, analytical, and objective manner, marketing research can reduce the uncertainty in the decision-making process and increase the probability and magnitude of success.