



Marketing


4.2 – Marketing Research

SETTING THE SCENE

Nivea Pearl & Beauty launch based on market research results

The successful launch of a new deodorant product aimed at young women was aided by extensive market research. The market researchers used both existing data and newly gathered data. The existing data on consumer image of deodorant products and competitors' sales were out of date, so new research was very important if the company wanted to find out what today's women want in a deodorant product and what its key features should be.

Using these data, the company produced test products and tried these on small discussion groups of women. Women seemed to prefer the most beautifying and caring product and this was the one that went into production. One of the most important questions to answer was about price - what price would encourage the groups of women to switch brands? How many would buy it at different prices? A mid to high price was acceptable to the majority. But what was the image of the packaging and the advertisements - did they give the correct brand image? These were shown to the groups and their reactions and opinions were used to adapt both packaging and the advertisements. The product is now one of the best-selling deodorants to the target market - 18-30-year-old fashion-oriented women.



Points to think about:

- Why did Nivea use both existing and new market research data?
- Explain four uses of the data collected to Nivea.
- Was the use of market research the only factor that led to this product's success?




Aims

- Examine how appropriate the marketing objectives are in achieving the goals of an organisation
- Analyse the role of market research
- Evaluate primary methods of market research



Marketing Planning

The process of formulating appropriate strategies and preparing marketing activities to meet marketing objectives.

Effective marketing plans are based on clear awareness of market trends, competitor actions and consumer wants.



Marketing Objectives

The goals set for the marketing department to help the business achieve its overall aims. They form the basis for marketing strategies and should be SMART.

Examples?

The Role of Market Research

The process of collecting, recording and analysing data about customers, competitors and the market.

If a firm bases strategy on good market research, it will be able to

- Reduce risk associated with new product launches
- Predict and respond to future demand changes
- Explain patterns in sales and market trends
- Create products that customers will buy

Data Types

- Quantitative – numerical or statistical data that is easily measured and can be presented/analysed
- Qualitative – thoughts/feelings/opinions behind consumer buying behaviours.



Primary Sources

Original information collected 'first hand' by the organisation to meet specific needs.

Examples?



Aims

- Evaluate the various sources of secondary market research available to a business
- Conduct some secondary market research on the internet
- Evaluate different methods of sampling, for example, quota, random, stratified, cluster and snowballing.



Secondary Research

Collecting data 'second hand' from sources either within or outside the business.

Examples?



Task



ACTIVITY 25.4 RESEARCH ACTIVITY

Read the case study below and then answer the questions that follow.

What do you want to know about Malaysia?
If you are prepared to pay for it, the range of secondary market research data available for businesses operating in Malaysia is incredible. Four examples, from many thousands of reports available are:

- Clothing and footwear in Malaysia (Euromonitor)
- Pet food in Malaysia (Euromonitor)
- Gardening in Malaysia (Euromonitor)
- Malaysian desktop and notebook demand 2009-13 (OIC).

Research into a market for a product or service in your own country. Find out as much as you can about the size of the market, any segments that exist within it and the features of 'typical' consumers for this product.



Sampling

Groups of people taking part in a market research survey who are selected to be representative of the target market.

Generally, the larger the sample, the more confidence in the results. However, costs increase with larger samples.



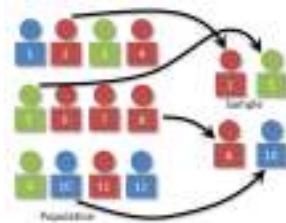
Random Sampling

- All members of the target population have an equal chance of being chosen
- E.g. computer generating a list and choosing at random
- Just asking the 'first 100' people who walk past in the street is biased as they may not be representative of everyone in their target market.



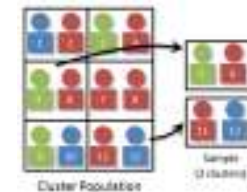
Stratified Sampling

- Recognises that a target group is made up of different sub-groups (strata)
- The sample will contain proportionate members of all of these strata
- E.g. in a target market of 100 people, there need to be equal numbers of males and females, each age range, income levels etc.



Cluster Sampling

- Taking a sample from one or two groups (age groups, geographical location etc.) to reduce costs.
- May not be fully representative, but random/stratified sampling can be used to improve representation
- E.g. a multinational research attitudes to its brand may only sample from the UK and Italy.



Quota Sampling

- Agreeing how many people in which groups and sub-groups to survey, then meeting that exact quota
- Can be biased and unrepresentative
- E.g. 300 males and 200 females between 45-60.



Snowball Sampling

- Where the first respondent refers a friend, who refers another friend and so on.
- Very cheap and requires less effort, however it is likely to lead to a biased sample because the group may share lifestyle and opinions.



4.2 Marketing Planning

Segmentation, Targeting and Positioning



Aims

- Analyse the usefulness of market segmentation and consumer profiles
- Identify possible target markets and apply an appropriate marketing mix to the target market(s)
- Construct a position map from given information.
- Discuss how organizations can differentiate themselves and their products from competitors.



Segmentation



Identifying different segments or groups with similar characteristics within a market, then targeting differentiated products at them.

Segmenting the market

Involves identifying different consumer groups that share similar characteristics

Demographic	Psychographic	Geographic
Social class/income Gender Age Race/ethnicity Marital status Language Religion	Values/opinions Culture Status Hobbies/interests	Location Climate

Examples



Yoghurt for 'real men'

Apple Yoghurt advertisement text: "As a man's world, this new yogurt is for the guys who like to eat yogurt. It's not just a yogurt, it's a yogurt that's made for the guys who like to eat yogurt. It's not just a yogurt, it's a yogurt that's made for the guys who like to eat yogurt." (Note: The text in the image is partially obscured and repetitive).



Advert on Oxford Street shown only to women

An interactive advertising in a London bus stop aims to show a 40-second advertisement only to women. The screen shows the advert when a woman is standing in the screen to show whether it's shown to a woman. It guages 90% of the time.



Targeting

Instead of trying to sell one product to the whole market (*mass marketing*) firms either sell one product to a specific market segment (*niche marketing*) or sell a range of different products to a range of target segments.



Examples



Examples – what's the difference?



Evaluating Segmentation



Helps target customer → meets needs
 Helps compete with larger comp.
 Different segments reduce/spread risk.
 Saves advertising spending

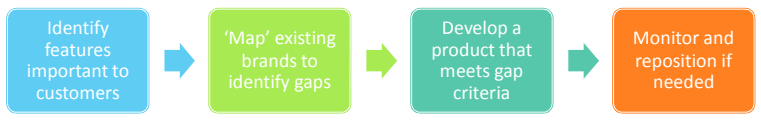


Niche - increasing risk.
 Limit market growth + share
 Take time + money on research.



Positioning

Before targeting a niche market or segment, firms should analyse consumers' perceptions of existing brands.



*Quality
Price
Aesthetics*

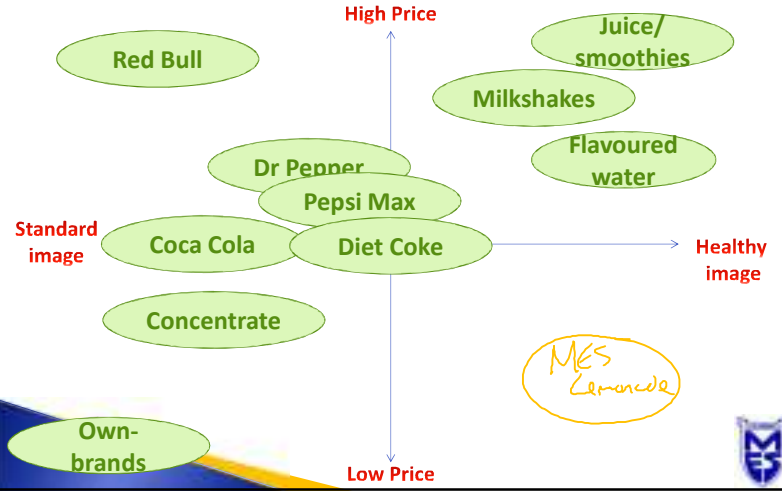


Market mapping

Plots customer perceptions of brands using variables such as price and quality to identify market gaps.



Market mapping – soft drinks



Aims and further reading

- Analyse the usefulness of market segmentation and consumer profiles... 420-423
- Identify possible target markets and (apply an appropriate marketing mix to the target market(s))... 423-425
- Construct a position map from given information... 425-428
- Discuss how organizations can differentiate themselves and their products from competitors... 428

