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# MARKETING RESEARCH

(Text with Cases)

*Suja R. Nair*



**Himalaya Publishing House**

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# Marketing Research

## (Text with Cases)

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**Suja R. Nair**

*B.A. (Hons.), M.B.A.*

*Strategic Marketing Consultant*

**EDUCE MICRO RESEARCH**

*Bengaluru,*

*suja.educe@rediffmail.com*

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<b>Branch Offices</b>	:
<b>New Delhi</b>	: "Pooja Apartments", 4-B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi - 110 002. Phone: 011-23270392, 23278631; Fax: 011-23256286
<b>Nagpur</b>	: Kundanlal Chandak Industrial Estate, Ghat Road, Nagpur - 440 018. Phone: 0712-2738731, 3296733; Telefax: 0712-2721216
<b>Bengaluru</b>	: No. 16/1 (Old 12/1), 1st Floor, Next to Hotel Highlands, Madhava Nagar, Race Course Road, Bengaluru - 560 001. Phone: 080-22286611, 22385461, 4113 8821, 22281541
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<b>Chennai</b>	: 8/2 Madley 2nd street, T. Nagar, Chennai - 600 017. Mobile: 09320490962
<b>Pune</b>	: First Floor, "Laksha" Apartment, No. 527, Mehunpura, Shaniwarpeth (Near Prabhat Theatre), Pune - 411 030. Phone: 020-24496323/24496333; Mobile: 09370579333
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<b>Guwahati</b>	: House No. 15, Behind Pragjyotish College, Near Sharma Printing Press, P.O. Bharalumukh, Guwahati - 781009, (Assam). Mobile: 09883055590, 08486355289, 7439040301
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## PREFACE

*Today every organization is striving to exist and grow in a world rife with multifaceted challenges. The biggest challenge before every marketer is to keep oneself constantly updated and explore on ways to gain insights on the target consumers' and the important marketplace elements. Success at the marketplace is greatly dependent on the extent to which the company is able to convert the huge information gathered into newer consumer insights which will help them to take better decisions and deliver valuable product and service offerings to their target market. In order to create value and build meaningful relationship with their targeted market, marketers need to constantly re-invent, innovate and communicate about their products and services to their customers. Living in the digital age with explosion of information technologies, marketers have access to huge amount of marketing information. This mammoth information is generated by having in place, an effective marketing research and information system.*

*Across the world, markets are going through turbulent changes on account of the recession generally affecting the demand-supply equations. So, it is really a testing period for marketers who have to identify ways on how to compete in the existing volatile, uncertain, complex, unpredictable and ambiguous marketing environment. In times of such uncertainty, a big challenge before the marketer is to transform the vast volume of information generated through marketing research activities carried out into meaningful and actionable marketing decisions. Thus, marketing research is a very important area which will help marketers not only to gain fresh consumer insights but also to use the information to create customer value and build strong relationships with them.*

*This revised second edition of 'Marketing Research' will take you all through to the fascinating field of modern marketing research in an interesting and practical way. This book is designed so as to enable the reader to easily grasp and learn the various concepts. Keeping in line with the broad topics covered in the previous edition, this revised edition takes into consideration certain new topics such as online / Internet marketing and Rural market research which are found to be very relevant today.*

*The book is divided into four parts. In the first part, a macro level view of what is marketing research, the importance of marketing information and marketing decision support system and the relevance of the various types of research designs are discussed.*

*The second and third parts takes one through a micro level view of the ways of collecting data, sampling details and methods of analyzing the data. The discussions in the relevant chapters with real and practical examples will help all those interested in marketing research to take effective decisions in the future either as managers or researchers.*

*In the final part (fourth) of the book, the steps involved in the research process and applications of marketing research are discussed. In the last two chapters along with examining the traditional applications of marketing research, the currently popular applications such as maintaining database, relationship marketing, brand equity measurement, customer satisfaction, total quality management, Internet marketing and rural market research are also addressed.*

### **Objectives and specific features of the book:**

*The main objectives and features associated with writing this text book on marketing research are:*

- *To reiterate the importance of gathering marketing information to succeed in the competitive world and how this can be used by an organization to take effective decisions.*
- *To familiarize all those interested in marketing research, be it today's students or tomorrow's managers/researchers with the various steps involved in the marketing research process. Such learning will enable them to appreciate the utility of research and take futuristic decisions in an efficient manner.*
- *Usage of simple and easy to understand language throughout the book.*
- *Adoption of a macro-micro level approach in the coverage of the various topics, concepts and discussions pertaining to the field of marketing research. This will help readers to gain an easy understanding of all that which goes into a practical oriented research process.*
- *Most of the important concepts and variables involved in marketing research are explained citing real and practical examples to facilitate the link with actual situations.*
- *Every chapter commences with a real case discussion relevant to the concepts to be discussed in the chapter.*
- *Under 'Chapter questions for discussion', practical oriented exercises are given to enable the reader to get a realistic feel of the picture/situation likely to occur while carrying out a study.*
- *Each chapter ends with a real case study from the industry and when efforts are made to seek answers to the questions provided, the reader will be able to develop good decision making skills.*

**Suja R. Nair**

## ACKNOWLEDGEMENTS

*I appreciate all the feedback and comments received from the students and readers of the first edition of this book which inspired in incorporating many ideas into this revised edition. I would like to acknowledge all those who have contributed and helped in the writing of this second edition of the book.*

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**Suja R. Nair**

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**Part-I: Introduction, Decision Support System and Research Design**

# 1

## AN INTRODUCTION TO MARKETING RESEARCH

**LEARNING OBJECTIVES:**

After going through the chapter you should be able to:

- ♦ define Marketing Research (MR).
- ♦ analyse the utility and scope of marketing research.
- ♦ examine the limitations of marketing research.
- ♦ give an outline of the history of marketing research.
- ♦ develop an understanding of the ethics involved in marketing research.

**STRUCTURE:**

- ♦ IMRB and Nielsen McKinsey's Research Studies
- ♦ Introduction
- ♦ Meaning and definition of marketing research
- ♦ Utility and scope of marketing research
- ♦ Limitations of marketing research
- ♦ Brief history of marketing research
- ♦ Ethics in marketing research
- ♦ Summary
- ♦ Chapter questions for discussion
- ♦ Suggested readings
- ♦ Case: 'OCM Suiting' – Aspiring to change its old world legacy

Interesting facts about Indian consumers' shopping habits are revealed by the following *two research studies*:

- (A) It was presumed that the opening of large format stores and hybrid supermarkets will inculcate a new pattern of shopping behaviour among consumers. It was felt that consumers will make supermarkets the preferred route of consumption when it comes to purchasing daily necessities. However, an *IMRB International study* revealed that the kirana stores dominate grocery purchases. The study highlighted that the average Indian consumer prefers to make everyday necessary purchases from the neighbourhood kirana or mom-and-pop stores. However, with the emergence of a faster and greater number of supermarkets in Southern India, people adapted to this style of buying faster than consumers across other markets. Apart from the manner in which one buys, the study also revealed that

**IMRB & Nielsen  
McKinsey's  
research studies**

different brands are consumed differently in different parts of the country. For instance, the study stated that *Britannia* was the top of the list of the favourite food brand in the South and East, with 32 per cent of the respondents voting for it. *Parle* was the strongest brand in the West, whereas, the two competed neck-to-neck in the North. Further, the *Amul* brand came in at a distant third position with 13 per cent.

- (B) A study was carried out by NM Incite, a Nielsen/McKinsey Company to analyse how social media conversations among Indians can affect online retailing and the buying behaviour of consumers. It was revealed that consumer conversations on social media are effective predictors of where the future lies. With e-commerce acquiring greater social media clout, the latter was soon being seen as an anchor which can trigger the onset of more social commerce across categories. The study indicated that deals on e-commerce site gets shared and re-tweeted on social media. This generated a lot of talk about these brands on social media. For instance, travel websites depend on the social media fans to further reach out to the online target consumers. Thus, the research study suggested how social network sites are extending into the e-commerce space in order to utilise the power of individual influence and micro networks. The study added that this global trend was visible in group buying sites like fashionandyou snapdeal, deals and you and trades which are attracting a new category of e-shoppers through the power of referral. Thus, the study indicates that there is scope for group buying among Indian consumers also.

## INTRODUCTION

The above two examples show how studies in the marketing area can play an important role in gathering information on issues related to taking different decisions. Marketing is a very essential function of every business organisation. In order to survive in the existing highly competitive environment, marketers need to have access to vital information on the changing consumer needs, competitors', moves etc. This can be taken care of by investing in Marketing Research which will not only provide the necessary information but also aid the decision making process.

The chapter had commenced with a brief explanation on how two research studies helped to analyse the market. Now we continue with defining and explaining the meaning of the term, Marketing Research. Then we will examine the utility and scope of marketing research. Thereafter, we will discuss the limitations associated with marketing research. The chapter concludes with a brief discussion on the history of marketing research and the ethics involved in marketing research in India.

## MEANING AND DEFINITION OF MARKETING RESEARCH

Before going into the definition of Marketing Research, let us briefly examine the meaning of the terms '*Research*' and '*Market Research*'. Simply stated '*Research*' refers to the process of collecting, documenting and analysing important, critical and relevant information pertaining to any problem or question. This means that the presence of a problem or query or question implies research is to be undertaken.

Thus, *Research* connotes a thorough, objective and systematic investigation of a subject or problem in order to uncover the relevant information. Here again, research can be said to be either "Pure" or "Applied" in nature. *Pure research* is sometimes referred to as "*Fundamental*"

or “*Basic research*” also. This research is done on an ongoing basis to increase its existing knowledge base in a particular area, not necessarily an immediate solution to an existing problem. For instance, this research method would be able to predict what Indian consumers may like to wear after, say ‘x’ number of years. Another example of basic research can be related to Prof. Arun Kumar’s (Economics Professor of Jawaharlal Nehru University) study on the Black Economy of India or the National Council of Applied Economic Research’s (NCAER) study on the super rich.

*Applied research* tries to use the existing information to solve a problem or provide the solution to gain a marketing edge over competitors. For instance, data base on existing credit card users can be used to work out inputs on additional benefits that can be extended to them. This can prove to be the starting point for the planning and development of the ‘add ons’ for credit card users.

As the cliché goes, ‘*knowledge is power*’. In India, the knowledge boom is a fallout of the post-liberalisation age. Indian marketers have realised that being information savvy and the need to get a better fix on the demand supply equations which drive the markets is very important to gain that cutting edge over competitors. This means that in marketing, the emphasis is going to be on applied research. Thus, a very useful definition of Marketing research is :

*Marketing Research is the systematic and objective search for and analysis of information relevant to the identification and solution of any problem in the field of marketing.*

(Burns & Bush, 2009)

Marketing Research is a systematic and objective search because careful planning starting with a clear and concise statement of the problem to be researched, to the objective - (scientific method of marketing) collecting and finally, analysing of information is to be carefully planned and worked out.

The term “Problem” is used in a broad context and need not indicate that something is wrong. It could be referred to as an eye opener and is an integral part of this information boom. The information unfolded can help them to keep tabs on all sorts of data (sometimes maybe unrelated products) to figure out how their consumers think and behave.

## UTILITY AND SCOPE OF MARKETING RESEARCH

Post liberalisation and with the integration of the Indian industry with the global economy, the customers have also become more aware, demanding and sophisticated. With the advent of e-commerce and the disappearance of trade barriers, marketing firms need to stretch themselves in order to reach out to customers.

Exposure to global competition has ensured that the Indian consumer has developed a greater awareness of international lifestyles and views resulting in a clash between Indian and foreign brands. Further, with the disappearance of trade barriers, customers no longer prefer local brands. She has learned to appreciate the ‘quality aspect’ of the brand more than the cost. This means organisations have to vigorously invest in marketing research and build brands that are acceptable to the Indian consumer. Thus, it can be seen that marketing research will continue to play an important role in the decision making process of a marketing manager.

The utility and scope of marketing research can be examined by having a look at the reasons why organisations are required to carry out researches.

- (a) When organisations get evolved and start growing and expanding their markets, marketers need to keep *in touch with the final customers* who are far away from the manufacturer.
- (b) Organisations and marketing managers need to *have exact information on the target customers' unmet needs, deliver products and services effectively and carry out activities which will add to customer satisfaction and delight.*

Typically, organisations in the normal course of business, distribute their products through various channels of distribution and so have little direct contact with the final consumers. Hence, such organisations make use of marketing research to gather information and knowledge about their customers needs, attitudes, opinions (or feedback), preferences etc. There are many areas in marketing, where marketing managers require different kinds of information in order to be able to satisfy customers' wants as well as design suitable marketing programmes better than competitors. These areas include:

1. Gathering all relevant information related to the *target market*, i.e., identify the most suitable target market, its size, its demographic profiles, etc.
2. Collecting information with relevance to the *products or services*, i.e., how satisfied or dissatisfied are the target market with the existing *products and services*, the desired product features and attributes being sought by consumers and so on.
3. Gathering information related to the *price value* assumed by the target consumers. What are the consumers' opinion on the price of the existing products? Do they feel that they have received the value for the price paid for the product?, and so on.
4. To find out the most preferred *channel of distribution* by the target market. Are the customers satisfied with the existing channel of distribution? Will the organisation's pricing policy be in line to what the target market expects to pay for using the particular channel and so on.
5. Collect information on working out the various vehicles of *promotion* to be used by the organisation. Ascertain which promotional vehicle will appeal to the target market? When and where to use each promotional tool? and so on.

**(c) Marketing research during the organisation's administrative process:**

Marketing research can also help managers during the various phases of the administrative process. The main four phases of the administrative process where managers can make use of marketing research are:

**Phase 1: *Setting goals and establishing strategies:*** When managers are attempting to decide upon a new strategy to be pursued, then marketing research will help to generate the necessary information. For instance, changes in the media trends, such as more preference for interactions with customers signaled the emergence of an opportunity to many of the entertainment channels to be involved in interactive programme sessions with their target audience. This is seen in the reality programmes being telecast on the various T.V. entertainment channels. In the same way, (change in needs, wants and/or) unhappiness (or dissatisfactions) in certain market segments, etc., can indicate that a problem exists and needs to be solved.

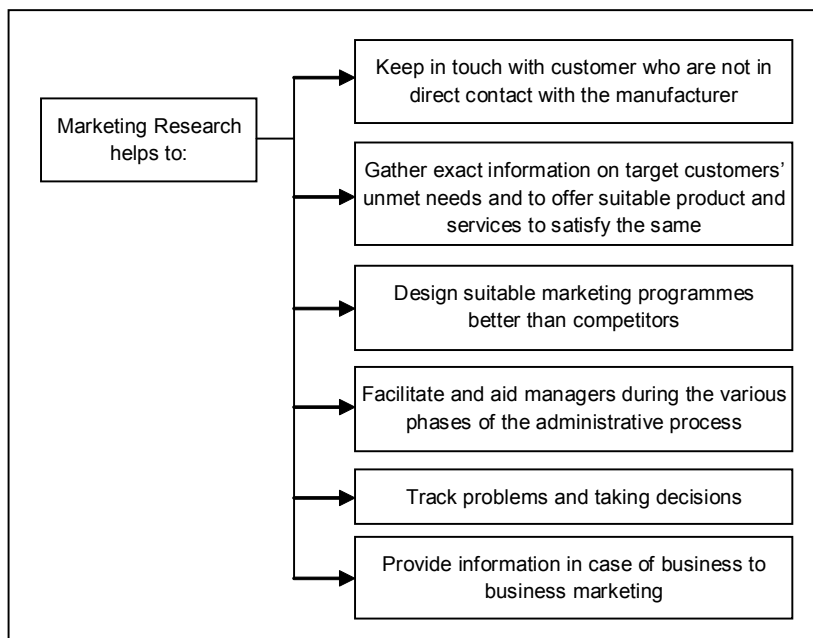
**Phase 2: *Developing a marketing plan:*** For developing marketing plans, managers make use of marketing research to identify key market segments. Marketing research can help managers to identify important product attributes and advertising considerations to be included in their marketing plans. It will help them to work out suitable marketing plans to tap an emerging market. For instance in e-commerce business, *Amazon* has established itself as the leader in online



retailing in the U.S and has been interested in entering a large emerging market like India. Research indicated that with broadband reaching only two to five per cent of Indians, the potential of online retailing is very large here. Having solid logistics network suitable in an emerging market like India is to be worked out. Since the target market is varied, amazon.com will have to decide on a marketing plan on how to provide technology assisted shopping experience to their customers in India.

**Phase 3: Put the plan into action:** When putting a marketing plan into action, the management will need to use marketing research to measure and analyse the effectiveness of the programme. For instance, before the launch of *Tata Nano*, Tata Motors had carried out a detailed marketing research, which identified the need of a new 'Ultra Low Cost' (ULC) car segment across many global countries (markets) and accordingly planned, developed and launched the Nano Car

**Phase 4: Evaluating the effectiveness of the plan:** The information received through marketing research can be used by managers to evaluate the effectiveness of the plan. These could include measuring: brand awareness, trial rates, repeat purchase traits, customer satisfaction etc.



**Figure 1.1: Utility of Marketing Research**

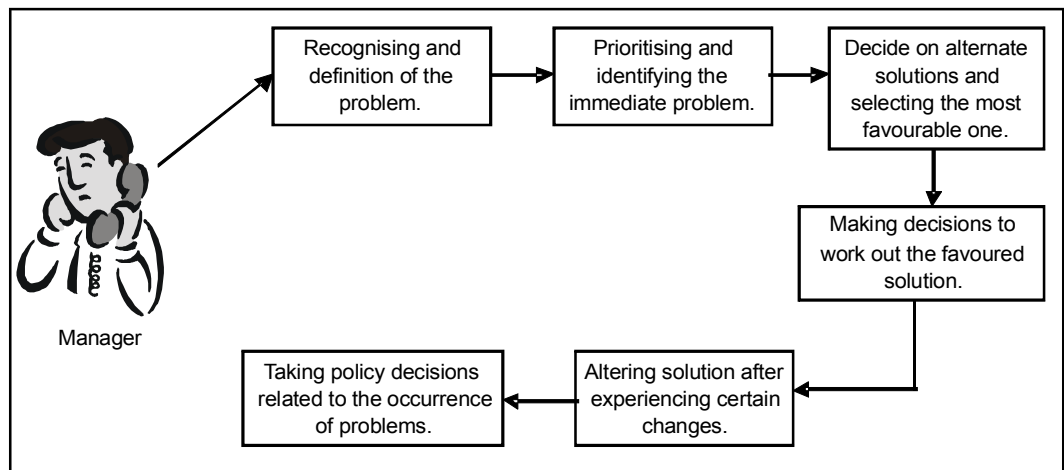
#### (d) Tracing problems and taking decisions

Long ago, a marketing director had said of research: "A blind man uses a white stick to avoid walking into large obstacles in his path and to define his passage around the world. Market research is the businessman's white stick. It prevents him from blundering sightlessly into large objects designed to do his company significant financial damage". (Robin JB, 1999)

The primary activity of a manager in an organisation is to bring about solutions by taking effective decisions. The usual process of decision making requires that the following types of decisions be taken.

From the figure 1.2 given below, it is seen that management decisions are evolved around the existing problem at that point of time. In case of a marketing manager, he/she will be required to take decisions related to marketing problems with the help of a market research study. Traditionally, market research has performed two important functions for managers. Firstly, reduce the level of uncertainty experienced

by the marketers by providing them intelligent statistics and information. Such information will help them to take rational decisions to monitor the sales and marketing decisions taken by them, and further decide whether any revision or rethinking needs to be done. Of course ultimately the successful story behind the well established brands can be credited to the development of a systematic market research programme, customised for the firm and integrated into the management planning system.



**Figure 1.2: Usual Management Decisions**

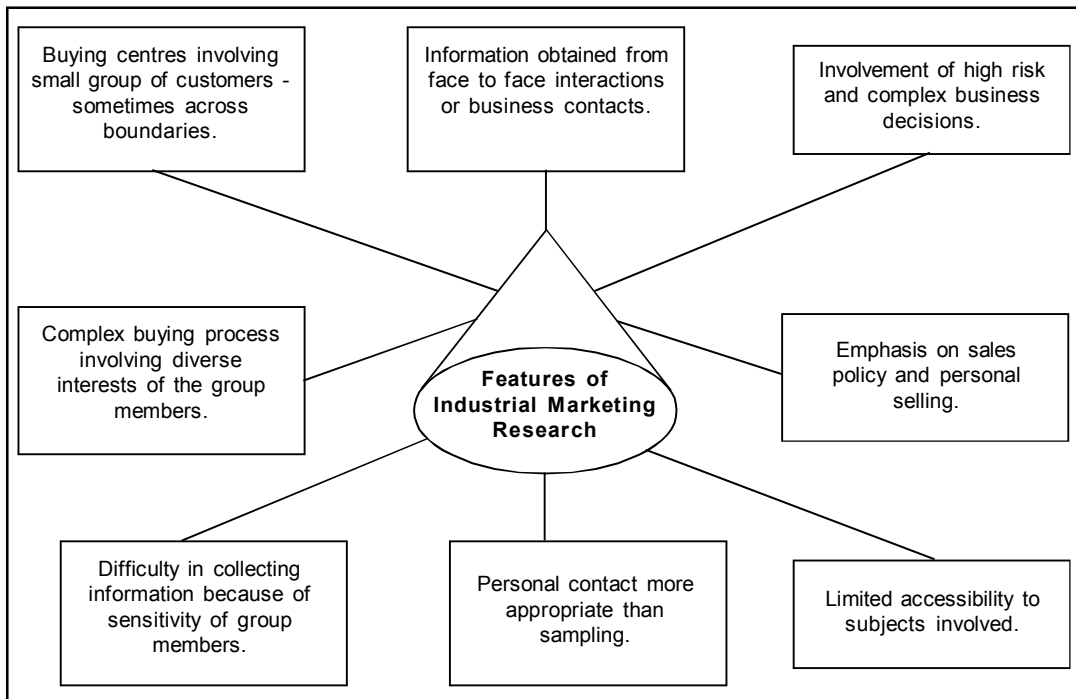
Thus, the marketing manager may identify problems related to product (brand), price (artificial/real), distribution (supply chain/packaging) or promotion (media/advertising) etc. Then he will have to prioritise and select the most pressing and immediate one for solving, based on the information available try to reach the best possible solution, if required modify this solution based on additional information obtained and lastly to establish policies which may prove to be handy in case of reoccurrence of the problem.

**(e) Provide information in case of business to business marketing**

Business to business marketing is very different from the marketing of consumer goods. Such “industrial” goods and services involved in business to business marketing are much more expensive and complex than consumer goods. Such goods are very often intended to serve different needs and purposes within the organisation. For instance, in the production department, when plants and machinery are purchased, the vendor will be required to tailor the product to the specific needs of the ‘business client’ and also provide a maintenance service contract on a long-term basis.

Usually teams of people provide inputs into the ‘buying centre’ and decision making will be a long procedure because it involves the interests of all those involved in the ‘buying centre’. Further, utilisation of organisational expertise will help in avoiding needless mistakes or omissions. Now with many industrial marketers venturing into global markets there is a greater need to gather information on a larger scale in order to analyse and identify consumer needs more precisely. They are also moving away from an almost exclusive personal contact with the customer to an indirect one by using other media such as telecommunication and computer networks.

It will be apt to note that there is a lot of demarcation between the different individuals involved in the buying process, complexity of the various issues, risks involved, etc., when making a comparison between industrial marketing and consumer marketing. Certain typical features of industrial marketing research are shown in Figure 1.3.



**Figure 1.3: Features of Industrial Marketing Research**

There are also various factors influencing industrial buying decisions which strongly differs from those that influence the individual consumer's decisions. However, information needs and research are still very crucial and thus the need to carry out research systematically in both the types of marketing.

## LIMITATIONS OF MARKETING RESEARCH

Inspite of the many advantages there are also certain limitations of marketing research. These limitations are briefly discussed below:

### 1. *May not be an answer to all problems*

Marketing research cannot provide solutions to all business problems. Marketing research will help the marketers to the extent of providing accurate information by making use of samples and various statistical tools. To obtain optimum results, the user of the information should see to it that errors due to statistical tools are eliminated to arrive at exact results.

### 2. *May be difficult to arrive at suitable solutions when faced with too complex market problems*

When faced with complex problems, the researcher may have to use a lot of time, money and techniques to arrive at the answers. The result findings will be accurate only if the researcher has the appropriate training to carry out the research.

### 3. *Marketing research, though uses various techniques of science, is not an exact science, so the conclusions drawn are often not accurate.*

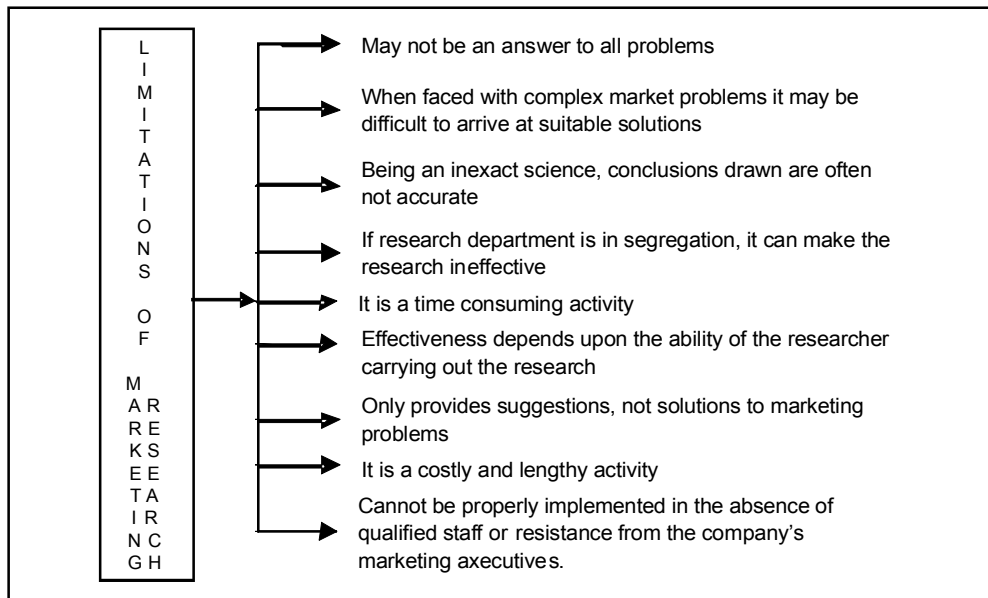
Further, the research is carried out on consumers, suppliers, vendors, etc., who may not be able to correctly express their attitudes, beliefs, perception, motivation etc. So, the results or conclusions arrived at may not be very accurate. This is because it is concerned with the study of human behaviour, which is always very difficult to predict.

### 4. *Often, in business organisations, there is not much interaction between the marketing research department and the main research executives. So, when the research department is in segregation, it can make research ineffective.*

5. Due to paucity of time and wanting of quick results, researchers *carry out research via telephones or mobiles, which may not always be a true representative sample* since not everyone has a mobile phone. Apart from the limitation on penetration, such mobile phone methods can lack depth due to the inability of the researcher to obtain detailed information from the respondents. Further, there could also be inconsistencies which usually emerges when data is self-reported (as in case of mobile phones).
6. *Effectiveness of the marketing research will to a great extent depend upon the ability of the researcher carrying out the study.* It can be effectively and profitably carried out by persons who have sound knowledge of statistical tools, data processing and operational research etc. However, often such competent and expert personnel are not easily available.
7. *Marketing research only provides suggestions not ready-made solutions to marketing problems.* It is a tool which will help marketing managers to take decisions. The effectiveness of marketing research will depend upon the experience, judgemental ability and skill of the marketing decision maker.
8. *Marketing research can only predict possible future tendencies and so the conclusions may not be hundred per cent dependable.* Marketing research only helps to make an estimate about possible future situations. So the conclusions from the study arrived at may not be complete, perfect or accurate as it is based on predictions of future situations, which is again uncertain. The guidance offered can also work out to be outdated at the time of taking current marketing decisions.
9. *Marketing research is a costly, time consuming and lengthy activity.* Marketing research is costly since it requires engaging the services of experts in the fields of Economics, Management, Statistics, Computer, etc., who have the necessary expertise, knowledge, maturity and skill. The organisation needs to invest in advance training and pay for engaging the services of such experts. The marketing research also needs to be carried out in the form of various steps which have to be completed in an orderly manner over a long period of time. By the time the research findings are available, it may prove to be old and outdated in case of current marketing problems.
10. *Non availability of qualified staff and resistance by marketing executives.* Research is to be carried out by professional researchers with suitable qualification, training and experience who may not be easily available. There could also be resistance from marketing researchers if they feel that the findings of the research are more academic in character and lack practical utility. This, they may feel will not be useful in taking policy decisions. So, a lot of care needs to be exercised to ensure that conflicts between researchers and executives do not arise, otherwise, it may act as a limitation to the marketing research activity.

Figure 1.4 gives in brief, the various limitations of marketing research.

Simply put, marketing research facilitates by providing information to aid the decision making process (Tull D.S. and Hawkins D.I., 1990). But it must be remembered that marketing research by itself does not help to arrive at marketing decisions. Further, by carrying out marketing research it is not a guarantee that the organisation or manufacturer will be successful in marketing its products and services. However, if researchers carry out the research in a systematic, analytical and objective manner, the above mentioned limitations can be dealt with. Such marketing researchers can also reduce the uncertainty in the decision making process, as well as increase the magnitude and probability of success. Nevertheless, the marketer will have to take into consideration the following factors before taking the decision to carry out the research: (a) relevance of the study (b) type and nature of information sought, (c) time availability (d) available resource and (e) the cost benefit analysis.



**Figure 1.4: Limitations of Marketing Research**

## BRIEF HISTORY OF MARKETING RESEARCH

Successful marketers will always try to seek information and identify newer ways to create, communicate and deliver value to their target markets. Good information can be obtained through marketing research. A brief history on marketing research will throw light on how marketing research has evolved over time.

The beginning of marketing research as an organised business activity began between 1910 and 1920. It is said that in 1911 when *Charles Collidge Parlin* was appointed as the Manager of the Commercial Research Division of the Advertising Department of the Curtis Publishing Company, began the establishment of organised marketing research. Till then, informal marketing research had been the practice. Way back in 1380, Johann Fugger took off to Augsburg from native Swabian village of Graben so as to gather information on the international textile industry. In this international role, he exchanged detailed letters on trade conditions and finances in the areas where their branches were located. In 1720 period there was great demand for information, from various industrial houses, on how to base their marketing decisions. During this period, *David Defoe's* publications gave information on the inventories of the business and economic resources of England and Scotland. There was a good demand for this as it helped business community to take many business decisions. As an impact of the industrial revaluation, there was a sudden increase in demand for information to take various marketing decisions. However, as mentioned above, marketing research as an organised business activity began between 1910 and 1920.

Seeing the success of Charles Parlin, made many industrial firms and advertising media establish research divisions and later on, venture into publishing research books.

- ◆ In 1915, Dr. Paul H. Nystrom, was appointed by the United States Rubber Company to manage their newly established Department of Commercial Research.
- ◆ In 1917, Dr. Louis D.H. Weld of the Yale University was hired by the Swift and Company to become a manager of their Commercial Research Department.
- ◆ In 1919, the first major book on commercial research, '*Commercial Research : An Outline of Working Principles*' was published by Professor C.S. Duncan of the University of Chicago.

- ♦ In 1921, the first research book to gain wide readership '*Market Analysis*', by Percival White was released. This book went on to publish several editions.
- ♦ There was a growing interest in the subject of marketing research on the college campuses and in 1937, *Market Research and Analysis* by Lyndon O. Brown became one of the popular textbooks during that period.
- ♦ After 1940, many research textbooks were published and there was a rapid increase in the number of business schools offering research courses.

After World War II, there seemed to be a dramatic rise in interest in the area of marketing research. By 1948, there were more than two hundred marketing research organisations functioning in the United States and over the next few decades the estimated spend on marketing research activities has only kept on increasing tremendously.

### Methods Used in Marketing Research

During the period 1910 to 1920, major advances were made in the field of marketing research methodology. Major improvements in the questionnaire design and question construction took place with questionnaires or surveys becoming a popular method of data collection. In the 1930s, modern approaches to probability sampling started gaining acceptance.

From the 1950s to the early 1960s, in the Western countries, large scale digital computers usage for commercial purpose was seen as an methodological innovation, especially in the areas of quantitative marketing research. The methodological innovations continued at a fairly steady pace. Further, from 1990s onwards, there have been many technological advances in the field of computer usage which has continued to have major impacts on many aspects of the marketing research activities.

Now, marketing research is recognised as a specialised function and is being used by marketing specialists to gather information which will help to identify and define marketing opportunities, evaluate marketing actions, implement the data collection process, analyse the results and help to take suitable decisions based on the research findings.

### Market Research in India

Till the 1990s, Market Research was not given much importance and used to be carried out as a routine activity and not on a challenging basis. There were a few market research organisations (or agencies) such as Operations Research Group (ORG) which used to carry out information based projects mainly for FMCG Products. For instance, the organisation will commission market research to know which brand of soaps were selling in the market and why customers were buying a particular brand of soap and so on. Business decisions were rarely dependent upon the market research findings. The market research agencies were only needed to fill in the '*information gaps*' of the marketing team.

However in the post economic liberalisation scenario, real changes in market research usage started taking place with the large scale entry of many MNCs (Multinational Companies) to India.

MNCs started using market research for making better business and other strategy planning decisions. This led to many Indian organisations realising the importance of market research and using it. Increased usage of market research also resulted in a rise of client expectations. Willingness of organisations to pay more for commissioning market research has resulted in a big growth for the Indian market research Industry.

Today, with intense competition at the market place, apart from MNCs and large organisations, even mid-sized companies and family run establishments are commissioning

market research studies. Every organisation has become aware of the value and utility of market research. The growth of the Indian market research industry during the last 20 years has been very substantial. There are market research agencies and consulting firms which provide help to the many Indian and international companies operating in India for market betterment and improvement. These include IMRB International, Delphi Research Services, ORG-MARG, MRUC, NFO, Nielsen India etc. The broad areas of marketing research which are carried out by the market research agencies include: Spanning B2B (Business to Business) and industrial research, social research, media research, brand research, corporate and employee research, channel and retail research, product and packaging research, pricing research and business specialised consumer research. With the global recession not affecting the Indian market much, it is being assumed the positive buying behaviour displayed by our consumers will continue in the future. So, hopefully marketing research industry's services will continue to be hired by the companies operating here too.

## ETHICS IN MARKETING RESEARCH

For most people, the terms 'ethics' refer to rules that distinguish between what is right and what is wrong. However, the dictionary meaning of 'Ethics' conveys that *there are certain norms or principles of conduct concerning right and wrong and how people should behave*. Ethics are not laws but certain norms of conduct which people should adhere to and repercussions could arise if one selects unacceptable behaviour over the acceptable one. When research is to be carried out, the researcher's have responsibilities towards their profession, clients and the respondents. So it is necessary that certain high ethical standards (or principles or values) are framed to ensure that both the function and information are not brought into a state of bad reputation.

The *Marketing Research Associations (MRA)* had established a code of Marketing Research Standards so that MRA members carry out the research in a honest way using scientific, statistical and proven methods and in an ethical manner too. This will also instill confidence in the public that the research is done in a professional and fair manner. Simply put, the code of marketing research standards 2007, puts responsibility on the researcher to carry out the research as per the prescribed code of conduct, respect the general public and its rights.

There are three groups involved in the process when conducting marketing research : The sponsor, the researcher and the participant. There are certain rights related to privacy, motivation, quality and safety which are provided to each group during and after the research.

### The Sponsor's or Research Client's Ethics

The more common ethical issues concerning the sponsor are related to:

#### *Requesting for bid to obtain free advice and methodology*

- (a) At times, the client may have preference for one research supplier over another probably due to having developed a good working relationship, quality of research staff, ability to meet deadlines etc. But it is unethical on the part of the sponsor to predetermine which supplier will receive a contract and at the same time also invite proposals from other suppliers to satisfy corporate requirements, which require more than one bid. It is unethical to make organisation's which have no opportunity to win a contract, waste their time, money and efforts to make a bid.
- (b) At times, sponsor clients who are looking out for bargain prices to carry out the research will solicit detailed proposals including the sample questionnaire and the

complete methodology from a number of suppliers. Thereafter, the sponsor may make use of the best of these information, frame a questionnaire and directly enter into a contract with field service providers to collect the necessary data. Or the sponsor (or client) may approach the cheapest supplier with their own proposal, which has been arrived at by making use of the best of the ideas from the other proposals. In this way the client will try to get the supplier to conduct a more elaborate study at lower prices.

#### *Making false promises*

In order to lower their research costs for the current project, the sponsor or client will try to extract a lower price (or bid) from an unsuspecting researcher with a false promise of future researches, which in reality is not likely to occur or may not take place.

#### *Requesting proposals without receiving authorization to do*

There can be instances where the client representative has sought proposals without being authorized with proper funds to do so or implement them. The following instances will illustrate this (a) A client will invite proposals from suppliers and then approach the management to see if he can get necessary funds to carry them out. (b) There is a clash of ideas between the client representative and the management on the necessity of marketing research in a given area, the research supplier not being aware of this put's forward the proposal (which meets the client representative's requirement) but the management rejects it out of hand (c) Sometimes researchers face situations where their efforts are misused by certain people (employees) to serve the latter's organisational goals (say, to postpone a delicate decision or avoid some responsibility or to give respectability to a decision already made).

#### *Misuse of information*

The client firm should not misuse information gathered for purposes other than it is to serve. A very common form of misuse is related to do comparative advertisements of product performance claims based on tests carried out with data that does not hold statistically much significance. Researchers, sometimes find themselves in situations involving requests from sales or other personnel within the organisation, for access to the personal information of respondents or the results of the study. Such requests may be for unethical reasons say to generate sales leads or for making sales calls. These actions are clearly indicative of abusing the respondents rights, who may 'in turn' refuse to cooperate during future studies too.

### **Research Suppliers' Ethics**

The more common unethical issues related to the research suppliers are:

**Low ball pricing:** Low ball pricing means quoting an unethically low price to secure a firm's business offer and then after accepting, using reasons and means to raise the price substantially. For instance, say after committing to carry out the research at a quoted price, later on, informing the sponsor or firm that the respondents', fees for participation is going to be charged on an 'extra amount' basis. The researcher should stick to the contract price unless mentioned in the contract itself.

**Allowing subjectivity and making an improper execution of the research:** The research suppliers are supposed to carry out the marketing research projects in an objective manner ensuring that utmost care is taken so as to avoid personal biases or go for biased sampling, misusing statistics or ignoring relevant data, so as to create a research design to support the predetermined objectives and in reality not conveying the right picture.



*Violating Client Confidentiality:* Disclosing personal or business information about the client gathered from the research carried to a third party, is said to be unethical and in violation of the client's confidentiality.

*Abusing Respondents:* Abusing of respondents is quite often the most frequent and a controversial problem that arises as a part of the ethical concerns. Any respondent who participates in a research project has the right to privacy, right to safety, right to know the true purpose of the research, right to the research results and the right to decide on which questions to answer. Any form of violation of the above mentioned right of the respondent can be considered to be unethical and his (or her) abuse.

### **Field Service Provider's Ethics**

#### *Using professional respondents*

Usually, field service providers are supposed to maintain a database and profile of persons willing to participate in qualitative discussion projects. Since it is easier to use these group respondents, the field service providers may utilise the existing database. If need be only they must use professional respondents, otherwise it will be unethical.

## **SUMMARY**

Marketing Research can be defined as the systematic and objective research for and analysis of information relevant to the identification and solution of any problem in the field of marketing. Along with liberalisation of the economy and with exposure to global competition, it is seen that the Indian consumer cannot be taken for granted. The educated mobile, tech savvy, drawing huge salary and well travelled customer of today has learned to appreciate the 'quality aspect' of the product (or service) brand and may not think twice before switching brands if she is unhappy with the existing one. This is where marketing management have found the marketing research tool to be useful. The scope of this field is also very wide and can be used to carry out research studies to: keep in touch with the final customer needs, design suitable marketing programmes, provide help to managers during the various phases of the administrative process, track various problems and take decisions and provide information on Business to Business marketing requirements.

The limitations of marketing research were discussed. These included: may not be an answer to all problems, difficulty associated when seeking complex problem solutions, is an in-exact science, so conclusions may not be accurate, time consuming and costly activity, depends upon the ability of the researchers and so on

The chapter concludes with a brief discussion on the history of Marketing Research. It was seen how this field has grown from when it began as an organised business activity between 1910 and 1920 and today how it has grown such that it is recognised as a specialised function and used to take major marketing decisions. In India especially, after the economic reforms were implemented there is seen a trend among organisations both domestic as well as MNCs displaying a willingness to spend more on understanding the target market and then take marketing decisions accordingly.

## CHAPTER QUESTIONS FOR DISCUSSION

1. Define marketing research
2. Explain how marketing research will be useful to an organisation offering marketing services to customers. You may use any example to justify your answer.
3. Assume that a mid-sized real estate housing developer is thinking of constructing a group of luxury apartments for higher middle income families, on the outskirts of Mumbai. He wants to target and sell each apartment to a particular community say apartment 'A' to the 'Kulkarnis' 'B' to 'Deshpande', apartment 'C' to 'Joshi' and so on. As a sales executive, you have been asked to carry out a market survey to understand the feasibility of such a project. Briefly explain, how you will carry out the survey?
4. Briefly discuss the limitations of Marketing research.
5. A local fast food outlet manager is planning to open another eating outlet in a commercial area in your city, assume. As a part of your college assignment project, you have been asked to gather all information through a survey, regarding the feasibility of setting up the second outlet. Explain how you would carry out the survey.

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## **CASE: 'OCM SUITING' – ASPIRING TO CHANGE ITS OLD WORLD LEGACY**

### **The Beginning of the Journey**

OCM during its inception in 1924, started as a manufacturer of hand knotted carpets and was called Oriented Carpet Manufacturers for many years, before it came to be known as OCM. Today, OCM has come a long way to become one of the largest worsted suiting producer, the first one to implement a customised textile ERP solution.

OCM was started by a group of British Merchants from the East India Company and since then the ownership has changed thrice. The first time was when the S.K. Birla Group (India's oldest business family) acquired OCM with the intention of manufacturing suiting materials. Under the Birlas, the original brand name shrunk to its acronym OCM and emerged as a textile behemoth, with an annual production capacity of 8.4 million metres. But losses continued to be heavy. Subsequently, W.L Ross, the US based private equity fund management company acquired the loss making OCM from the S.K. Birla Group for \$37 million in 2007. When the WL Ross & Co bought the ailing OCM, fresh funds were used to first repay the company's marketing debts. Analysts were of the opinion that though OCM was sick financially, it had created a huge brand value as a tweed suitings producer. Realising this, the new management Ross & Co. also made a big investment of ₹ 75 million in OCM towards re-building OCM's brand image in the Indian Market.

OCM as an established brand is particularly known for its range of tweeds, jacketing and fancies. A vertically integrated plant mill with an annual capacity of 8.4 million metres, it has a product range from fine pure wool suitings to polyester wool and various wool blended combinations with silk, cashmere, mohair, camel hair, etc.

A change in ownership, the subsequent image change and an additional fund of ₹ 120 million for buying new machines, resulted in a 9 percent rise in OCM's market during Financial Year 08(FY08)

### **The Visible Changes**

The changes had a positive impact and helped OCM to earn a net profit of about ₹ 3 million in 2008/2009 after many consecutive years of loss making. The company also enhanced its product portfolio with fabrics, shawls, jackets' etc. and making the bollywood actor Saif Ali Khan its brand ambassador. OCM also announced the launch of its winter collection for the first time conveying its intent to become more than a seasonal player. Simultaneously, OCM with its communication initiative with Saif as the brand ambassador hopes to attract customers and help them to associate with the brand's heritage, nostalgically bringing back OCM old jingle "Oh ..... see him." Brand analysts feel that OCM is sticking to the old and popular jingle because it will help in brand positioning and enable consumers to make a quick association.

### **Future Plans**

The ₹ 150 crore turnover worsted textile brand has embarked upon a new process of re-branding and re-engineering. This brand is doing a makeover and stepping out in a new purple avatar. The CEO, OCM Suiting, S.K. Singhal stated "With the changing market dynamics and an emerging youthful India, the brand has decided to strengthen its customer base."

It was felt that though the brand enjoyed considerable trust and quality association among its specific consumer targets, along with widespread dealer goodwill, with not much investment made on the brand for a long period of time has diluted its ability to provide the customer of today with a rich brand experience.

A survey was carried out by the company across eight cities to assess the brand equity and understand where the brand is imprinted in the minds of its target consumers, when compared to its key competitors. The findings indicated:

- ◆ Consumers in small town India are very brand conscious.
- ◆ Brand endorsements by celebrities without building the brand did not find favour among the customers.

Some time ago OCM had tried to rely on Saif Ali Khan (Celebrity) as the brand ambassador to re-kindle its fortunes, but without much success. However, in the new brand image building exercise, a new purple logo has been unfurled and the communication campaign reveals how the OCM man stands apart amid scenes from everyday life in small town India. According to the creative agency (Euro – RSCG India). “The new logo derives its form from the way the fabric uncurls from what is usually referred to as ‘thaan’”. The colour purple is modern and would help to stand out in a crowded India market place filled with ‘reds and blues’.

### Questions for Discussion

1. What additional information needs to be collected by OCM from brand conscious small town consumers so that its name gets imprinted in the minds of its target market?
2. Do you agree with the OCM’s creative agency that OCM’s purple logo is trendy and able to stand out among the reds and blues in the crowded market place? Justify your answers.

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# MARKETING RESEARCH

(Text with Cases)

*Suja R. Nair*



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# Marketing Research

## (Text with Cases)

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**Suja R. Nair**

*B.A. (Hons.), M.B.A.*

*Strategic Marketing Consultant*

**EDUCE MICRO RESEARCH**

*Bengaluru,*

*suja.educe@rediffmail.com*

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<b>Nagpur</b>	: Kundanlal Chandak Industrial Estate, Ghat Road, Nagpur - 440 018. Phone: 0712-2738731, 3296733; Telefax: 0712-2721216
<b>Bengaluru</b>	: No. 16/1 (Old 12/1), 1st Floor, Next to Hotel Highlands, Madhava Nagar, Race Course Road, Bengaluru - 560 001. Phone: 080-22286611, 22385461, 4113 8821, 22281541
<b>Hyderabad</b>	: No. 3-4-184, Lingampally, Besides Raghavendra Swamy Matham, Kachiguda, Hyderabad - 500 027. Phone: 040-27560041, 27550139
<b>Chennai</b>	: 8/2 Madley 2nd street, T. Nagar, Chennai - 600 017. Mobile: 09320490962
<b>Pune</b>	: First Floor, "Laksha" Apartment, No. 527, Mehunpura, Shaniwarpeth (Near Prabhat Theatre), Pune - 411 030. Phone: 020-24496323/24496333; Mobile: 09370579333
<b>Lucknow</b>	: House No 731, Shekhupura Colony, Near B.D. Convent School, Aliganj, Lucknow - 226 022. Phone: 0522-4012353; Mobile: 09307501549
<b>Ahmedabad</b>	: 114, "SHAIL", 1st Floor, Opp. Madhu Sudan House, C.G. Road, Navrang Pura, Ahmedabad - 380 009. Phone: 079-26560126; Mobile: 09377088847
<b>Ernakulam</b>	: 39/176 (New No: 60/251) 1st Floor, Karikkamuri Road, Ernakulam, Kochi - 682011. Phone: 0484-2378012, 2378016; Mobile: 09387122121
<b>Bhubaneswar</b>	: 5 Station Square, Bhubaneswar - 751 001 (Odisha). Phone: 0674-2532129, Mobile: 09338746007
<b>Indore</b>	: Kesardeep Avenue Extension, 73, Narayan Bagh, Flat No. 302, IIIrd Floor, Near Humpty Dumpty School, Indore - 452 007 (M.P.). Mobile: 09303399304
<b>Kolkata</b>	: 108/4, Beliaghata Main Road, Near ID Hospital, Opp. SBI Bank, Kolkata - 700 010, Phone: 033-32449649, Mobile: 7439040301
<b>Guwahati</b>	: House No. 15, Behind Pragjyotish College, Near Sharma Printing Press, P.O. Bharalumukh, Guwahati - 781009, (Assam). Mobile: 09883055590, 08486355289, 7439040301
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## PREFACE

*Today every organization is striving to exist and grow in a world rife with multifaceted challenges. The biggest challenge before every marketer is to keep oneself constantly updated and explore on ways to gain insights on the target consumers' and the important marketplace elements. Success at the marketplace is greatly dependent on the extent to which the company is able to convert the huge information gathered into newer consumer insights which will help them to take better decisions and deliver valuable product and service offerings to their target market. In order to create value and build meaningful relationship with their targeted market, marketers need to constantly re-invent, innovate and communicate about their products and services to their customers. Living in the digital age with explosion of information technologies, marketers have access to huge amount of marketing information. This mammoth information is generated by having in place, an effective marketing research and information system.*

*Across the world, markets are going through turbulent changes on account of the recession generally affecting the demand-supply equations. So, it is really a testing period for marketers who have to identify ways on how to compete in the existing volatile, uncertain, complex, unpredictable and ambiguous marketing environment. In times of such uncertainty, a big challenge before the marketer is to transform the vast volume of information generated through marketing research activities carried out into meaningful and actionable marketing decisions. Thus, marketing research is a very important area which will help marketers not only to gain fresh consumer insights but also to use the information to create customer value and build strong relationships with them.*

*This revised second edition of 'Marketing Research' will take you all through to the fascinating field of modern marketing research in an interesting and practical way. This book is designed so as to enable the reader to easily grasp and learn the various concepts. Keeping in line with the broad topics covered in the previous edition, this revised edition takes into consideration certain new topics such as online / Internet marketing and Rural market research which are found to be very relevant today.*

*The book is divided into four parts. In the first part, a macro level view of what is marketing research, the importance of marketing information and marketing decision support system and the relevance of the various types of research designs are discussed.*

*The second and third parts takes one through a micro level view of the ways of collecting data, sampling details and methods of analyzing the data. The discussions in the relevant chapters with real and practical examples will help all those interested in marketing research to take effective decisions in the future either as managers or researchers.*

*In the final part (fourth) of the book, the steps involved in the research process and applications of marketing research are discussed. In the last two chapters along with examining the traditional applications of marketing research, the currently popular applications such as maintaining database, relationship marketing, brand equity measurement, customer satisfaction, total quality management, Internet marketing and rural market research are also addressed.*



### **Objectives and specific features of the book:**

*The main objectives and features associated with writing this text book on marketing research are:*

- *To reiterate the importance of gathering marketing information to succeed in the competitive world and how this can be used by an organization to take effective decisions.*
- *To familiarize all those interested in marketing research, be it today's students or tomorrow's managers/researchers with the various steps involved in the marketing research process. Such learning will enable them to appreciate the utility of research and take futuristic decisions in an efficient manner.*
- *Usage of simple and easy to understand language throughout the book.*
- *Adoption of a macro-micro level approach in the coverage of the various topics, concepts and discussions pertaining to the field of marketing research. This will help readers to gain an easy understanding of all that which goes into a practical oriented research process.*
- *Most of the important concepts and variables involved in marketing research are explained citing real and practical examples to facilitate the link with actual situations.*
- *Every chapter commences with a real case discussion relevant to the concepts to be discussed in the chapter.*
- *Under 'Chapter questions for discussion', practical oriented exercises are given to enable the reader to get a realistic feel of the picture/situation likely to occur while carrying out a study.*
- *Each chapter ends with a real case study from the industry and when efforts are made to seek answers to the questions provided, the reader will be able to develop good decision making skills.*

**Suja R. Nair**

## ACKNOWLEDGEMENTS

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**Suja R. Nair**

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**Part-I: Introduction, Decision Support System and Research Design**

# 1 AN INTRODUCTION TO MARKETING RESEARCH

**LEARNING OBJECTIVES:**

After going through the chapter you should be able to:

- ♦ define Marketing Research (MR).
- ♦ analyse the utility and scope of marketing research.
- ♦ examine the limitations of marketing research.
- ♦ give an outline of the history of marketing research.
- ♦ develop an understanding of the ethics involved in marketing research.

**STRUCTURE:**

- ♦ IMRB and Nielsen McKinsey's Research Studies
- ♦ Introduction
- ♦ Meaning and definition of marketing research
- ♦ Utility and scope of marketing research
- ♦ Limitations of marketing research
- ♦ Brief history of marketing research
- ♦ Ethics in marketing research
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- ♦ Case: 'OCM Suiting' – Aspiring to change its old world legacy

Interesting facts about Indian consumers' shopping habits are revealed by the following *two research studies*:

- (A) It was presumed that the opening of large format stores and hybrid supermarkets will inculcate a new pattern of shopping behaviour among consumers. It was felt that consumers will make supermarkets the preferred route of consumption when it comes to purchasing daily necessities. However, an *IMRB International study* revealed that the kirana stores dominate grocery purchases. The study highlighted that the average Indian consumer prefers to make everyday necessary purchases from the neighbourhood kirana or mom-and-pop stores. However, with the emergence of a faster and greater number of supermarkets in Southern India, people adapted to this style of buying faster than consumers across other markets. Apart from the manner in which one buys, the study also revealed that

**IMRB & Nielsen  
McKinsey's  
research studies**

different brands are consumed differently in different parts of the country. For instance, the study stated that *Britannia* was the top of the list of the favourite food brand in the South and East, with 32 per cent of the respondents voting for it. *Parle* was the strongest brand in the West, whereas, the two competed neck-to-neck in the North. Further, the *Amul* brand came in at a distant third position with 13 per cent.

- (B) A study was carried out by NM Incite, a Nielsen/McKinsey Company to analyse how social media conversations among Indians can affect online retailing and the buying behaviour of consumers. It was revealed that consumer conversations on social media are effective predictors of where the future lies. With e-commerce acquiring greater social media clout, the latter was soon being seen as an anchor which can trigger the onset of more social commerce across categories. The study indicated that deals on e-commerce site gets shared and re-tweeted on social media. This generated a lot of talk about these brands on social media. For instance, travel websites depend on the social media fans to further reach out to the online target consumers. Thus, the research study suggested how social network sites are extending into the e-commerce space in order to utilise the power of individual influence and micro networks. The study added that this global trend was visible in group buying sites like fashionandyou snapdeal, deals and you and trades which are attracting a new category of e-shoppers through the power of referral. Thus, the study indicates that there is scope for group buying among Indian consumers also.

## INTRODUCTION

The above two examples show how studies in the marketing area can play an important role in gathering information on issues related to taking different decisions. Marketing is a very essential function of every business organisation. In order to survive in the existing highly competitive environment, marketers need to have access to vital information on the changing consumer needs, competitors', moves etc. This can be taken care of by investing in Marketing Research which will not only provide the necessary information but also aid the decision making process.

The chapter had commenced with a brief explanation on how two research studies helped to analyse the market. Now we continue with defining and explaining the meaning of the term, Marketing Research. Then we will examine the utility and scope of marketing research. Thereafter, we will discuss the limitations associated with marketing research. The chapter concludes with a brief discussion on the history of marketing research and the ethics involved in marketing research in India.

## MEANING AND DEFINITION OF MARKETING RESEARCH

Before going into the definition of Marketing Research, let us briefly examine the meaning of the terms '*Research*' and '*Market Research*'. Simply stated '*Research*' refers to the process of collecting, documenting and analysing important, critical and relevant information pertaining to any problem or question. This means that the presence of a problem or query or question implies research is to be undertaken.

Thus, *Research* connotes a thorough, objective and systematic investigation of a subject or problem in order to uncover the relevant information. Here again, research can be said to be either "Pure" or "Applied" in nature. *Pure research* is sometimes referred to as "*Fundamental*"

or “*Basic research*” also. This research is done on an ongoing basis to increase its existing knowledge base in a particular area, not necessarily an immediate solution to an existing problem. For instance, this research method would be able to predict what Indian consumers may like to wear after, say ‘x’ number of years. Another example of basic research can be related to Prof. Arun Kumar’s (Economics Professor of Jawaharlal Nehru University) study on the Black Economy of India or the National Council of Applied Economic Research’s (NCAER) study on the super rich.

*Applied research* tries to use the existing information to solve a problem or provide the solution to gain a marketing edge over competitors. For instance, data base on existing credit card users can be used to work out inputs on additional benefits that can be extended to them. This can prove to be the starting point for the planning and development of the ‘add ons’ for credit card users.

As the cliché goes, ‘*knowledge is power*’. In India, the knowledge boom is a fallout of the post-liberalisation age. Indian marketers have realised that being information savvy and the need to get a better fix on the demand supply equations which drive the markets is very important to gain that cutting edge over competitors. This means that in marketing, the emphasis is going to be on applied research. Thus, a very useful definition of Marketing research is :

*Marketing Research is the systematic and objective search for and analysis of information relevant to the identification and solution of any problem in the field of marketing.*

(Burns & Bush, 2009)

Marketing Research is a systematic and objective search because careful planning starting with a clear and concise statement of the problem to be researched, to the objective - (scientific method of marketing) collecting and finally, analysing of information is to be carefully planned and worked out.

The term “Problem” is used in a broad context and need not indicate that something is wrong. It could be referred to as an eye opener and is an integral part of this information boom. The information unfolded can help them to keep tabs on all sorts of data (sometimes maybe unrelated products) to figure out how their consumers think and behave.

## UTILITY AND SCOPE OF MARKETING RESEARCH

Post liberalisation and with the integration of the Indian industry with the global economy, the customers have also become more aware, demanding and sophisticated. With the advent of e-commerce and the disappearance of trade barriers, marketing firms need to stretch themselves in order to reach out to customers.

Exposure to global competition has ensured that the Indian consumer has developed a greater awareness of international lifestyles and views resulting in a clash between Indian and foreign brands. Further, with the disappearance of trade barriers, customers no longer prefer local brands. She has learned to appreciate the ‘quality aspect’ of the brand more than the cost. This means organisations have to vigorously invest in marketing research and build brands that are acceptable to the Indian consumer. Thus, it can be seen that marketing research will continue to play an important role in the decision making process of a marketing manager.

The utility and scope of marketing research can be examined by having a look at the reasons why organisations are required to carry out researches.

- (a) When organisations get evolved and start growing and expanding their markets, marketers need to keep *in touch with the final customers* who are far away from the manufacturer.
- (b) Organisations and marketing managers need to *have exact information on the target customers' unmet needs, deliver products and services effectively and carry out activities which will add to customer satisfaction and delight.*

Typically, organisations in the normal course of business, distribute their products through various channels of distribution and so have little direct contact with the final consumers. Hence, such organisations make use of marketing research to gather information and knowledge about their customers needs, attitudes, opinions (or feedback), preferences etc. There are many areas in marketing, where marketing managers require different kinds of information in order to be able to satisfy customers' wants as well as design suitable marketing programmes better than competitors. These areas include:

1. Gathering all relevant information related to the *target market*, i.e., identify the most suitable target market, its size, its demographic profiles, etc.
2. Collecting information with relevance to the *products or services*, i.e., how satisfied or dissatisfied are the target market with the existing *products and services*, the desired product features and attributes being sought by consumers and so on.
3. Gathering information related to the *price value* assumed by the target consumers. What are the consumers' opinion on the price of the existing products? Do they feel that they have received the value for the price paid for the product?, and so on.
4. To find out the most preferred *channel of distribution* by the target market. Are the customers satisfied with the existing channel of distribution? Will the organisation's pricing policy be in line to what the target market expects to pay for using the particular channel and so on.
5. Collect information on working out the various vehicles of *promotion* to be used by the organisation. Ascertain which promotional vehicle will appeal to the target market? When and where to use each promotional tool? and so on.

**(c) Marketing research during the organisation's administrative process:**

Marketing research can also help managers during the various phases of the administrative process. The main four phases of the administrative process where managers can make use of marketing research are:

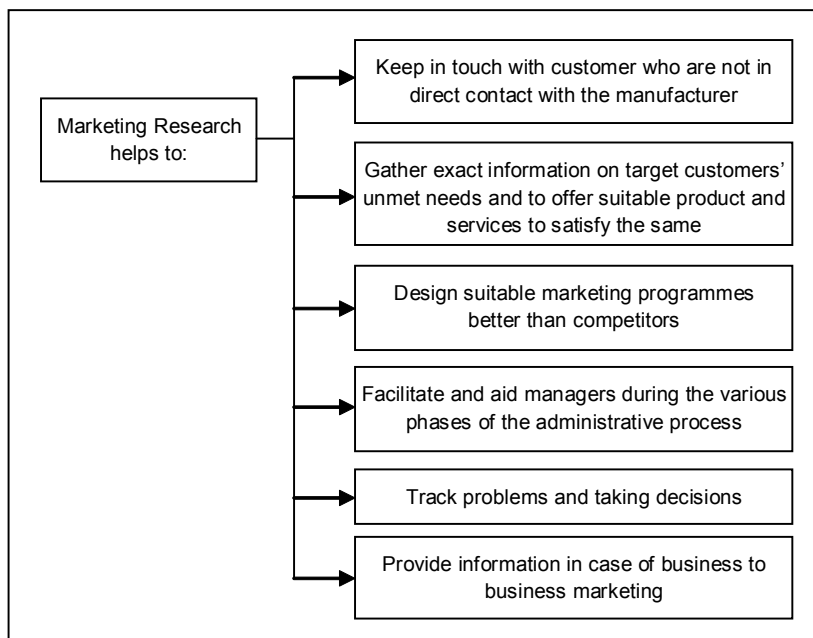
**Phase 1: *Setting goals and establishing strategies:*** When managers are attempting to decide upon a new strategy to be pursued, then marketing research will help to generate the necessary information. For instance, changes in the media trends, such as more preference for interactions with customers signaled the emergence of an opportunity to many of the entertainment channels to be involved in interactive programme sessions with their target audience. This is seen in the reality programmes being telecast on the various T.V. entertainment channels. In the same way, (change in needs, wants and/or) unhappiness (or dissatisfactions) in certain market segments, etc., can indicate that a problem exists and needs to be solved.

**Phase 2: *Developing a marketing plan:*** For developing marketing plans, managers make use of marketing research to identify key market segments. Marketing research can help managers to identify important product attributes and advertising considerations to be included in their marketing plans. It will help them to work out suitable marketing plans to tap an emerging market. For instance in e-commerce business, *Amazon* has established itself as the leader in online

retailing in the U.S and has been interested in entering a large emerging market like India. Research indicated that with broadband reaching only two to five per cent of Indians, the potential of online retailing is very large here. Having solid logistics network suitable in an emerging market like India is to be worked out. Since the target market is varied, amazon.com will have to decide on a marketing plan on how to provide technology assisted shopping experience to their customers in India.

**Phase 3: Put the plan into action:** When putting a marketing plan into action, the management will need to use marketing research to measure and analyse the effectiveness of the programme. For instance, before the launch of *Tata Nano*, Tata Motors had carried out a detailed marketing research, which identified the need of a new 'Ultra Low Cost' (ULC) car segment across many global countries (markets) and accordingly planned, developed and launched the Nano Car

**Phase 4: Evaluating the effectiveness of the plan:** The information received through marketing research can be used by managers to evaluate the effectiveness of the plan. These could include measuring: brand awareness, trial rates, repeat purchase traits, customer satisfaction etc.



**Figure 1.1: Utility of Marketing Research**

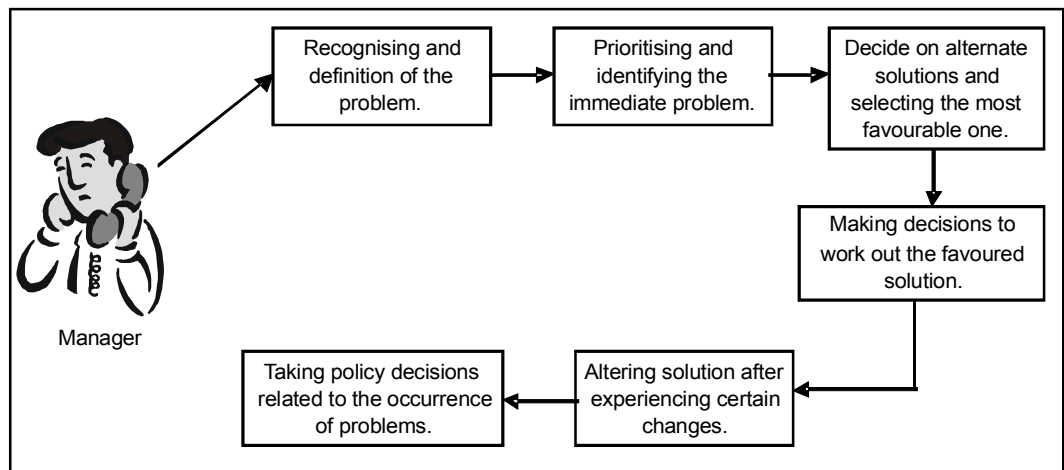
#### (d) Tracing problems and taking decisions

Long ago, a marketing director had said of research: "A blind man uses a white stick to avoid walking into large obstacles in his path and to define his passage around the world. Market research is the businessman's white stick. It prevents him from blundering sightlessly into large objects designed to do his company significant financial damage". (Robin JB, 1999)

The primary activity of a manager in an organisation is to bring about solutions by taking effective decisions. The usual process of decision making requires that the following types of decisions be taken.

From the figure 1.2 given below, it is seen that management decisions are evolved around the existing problem at that point of time. In case of a marketing manager, he/she will be required to take decisions related to marketing problems with the help of a market research study. Traditionally, market research has performed two important functions for managers. Firstly, reduce the level of uncertainty experienced

by the marketers by providing them intelligent statistics and information. Such information will help them to take rational decisions to monitor the sales and marketing decisions taken by them, and further decide whether any revision or rethinking needs to be done. Of course ultimately the successful story behind the well established brands can be credited to the development of a systematic market research programme, customised for the firm and integrated into the management planning system.



**Figure 1.2: Usual Management Decisions**

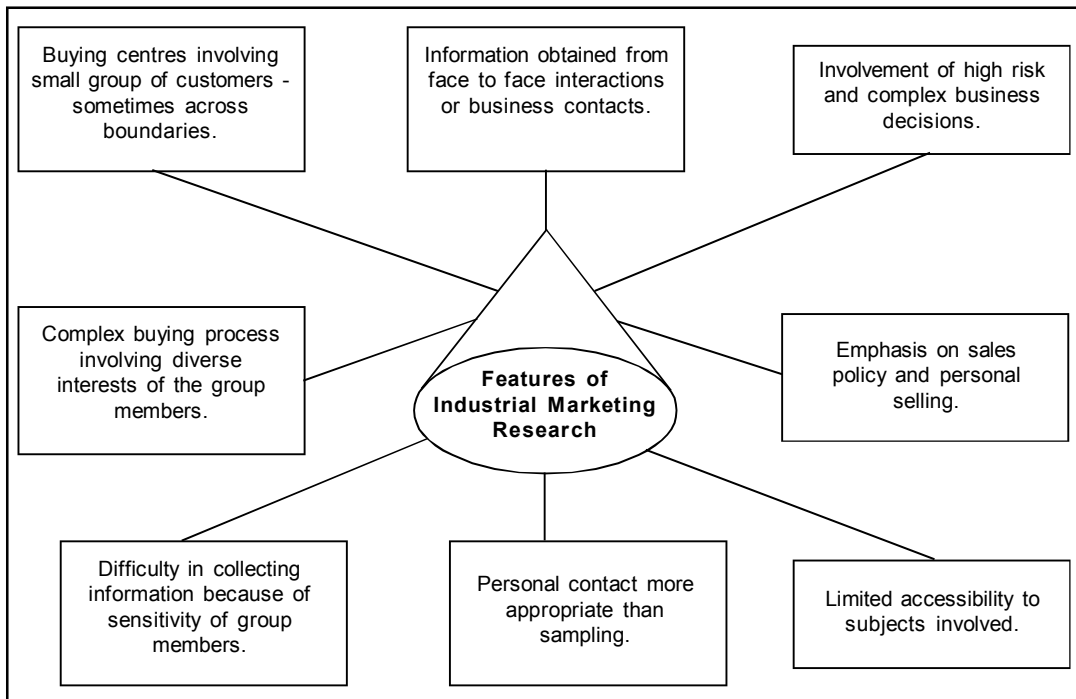
Thus, the marketing manager may identify problems related to product (brand), price (artificial/real), distribution (supply chain/packaging) or promotion (media/advertising) etc. Then he will have to prioritise and select the most pressing and immediate one for solving, based on the information available try to reach the best possible solution, if required modify this solution based on additional information obtained and lastly to establish policies which may prove to be handy in case of reoccurrence of the problem.

**(e) Provide information in case of business to business marketing**

Business to business marketing is very different from the marketing of consumer goods. Such “industrial” goods and services involved in business to business marketing are much more expensive and complex than consumer goods. Such goods are very often intended to serve different needs and purposes within the organisation. For instance, in the production department, when plants and machinery are purchased, the vendor will be required to tailor the product to the specific needs of the ‘business client’ and also provide a maintenance service contract on a long-term basis.

Usually teams of people provide inputs into the ‘buying centre’ and decision making will be a long procedure because it involves the interests of all those involved in the ‘buying centre’. Further, utilisation of organisational expertise will help in avoiding needless mistakes or omissions. Now with many industrial marketers venturing into global markets there is a greater need to gather information on a larger scale in order to analyse and identify consumer needs more precisely. They are also moving away from an almost exclusive personal contact with the customer to an indirect one by using other media such as telecommunication and computer networks.

It will be apt to note that there is a lot of demarcation between the different individuals involved in the buying process, complexity of the various issues, risks involved, etc., when making a comparison between industrial marketing and consumer marketing. Certain typical features of industrial marketing research are shown in Figure 1.3.



**Figure 1.3: Features of Industrial Marketing Research**

There are also various factors influencing industrial buying decisions which strongly differs from those that influence the individual consumer's decisions. However, information needs and research are still very crucial and thus the need to carry out research systematically in both the types of marketing.

## LIMITATIONS OF MARKETING RESEARCH

In spite of the many advantages there are also certain limitations of marketing research. These limitations are briefly discussed below:

### 1. *May not be an answer to all problems*

Marketing research cannot provide solutions to all business problems. Marketing research will help the marketers to the extent of providing accurate information by making use of samples and various statistical tools. To obtain optimum results, the user of the information should see to it that errors due to statistical tools are eliminated to arrive at exact results.

### 2. *May be difficult to arrive at suitable solutions when faced with too complex market problems*

When faced with complex problems, the researcher may have to use a lot of time, money and techniques to arrive at the answers. The result findings will be accurate only if the researcher has the appropriate training to carry out the research.

### 3. *Marketing research, though uses various techniques of science, is not an exact science, so the conclusions drawn are often not accurate.*

Further, the research is carried out on consumers, suppliers, vendors, etc., who may not be able to correctly express their attitudes, beliefs, perception, motivation etc. So, the results or conclusions arrived at may not be very accurate. This is because it is concerned with the study of human behaviour, which is always very difficult to predict.

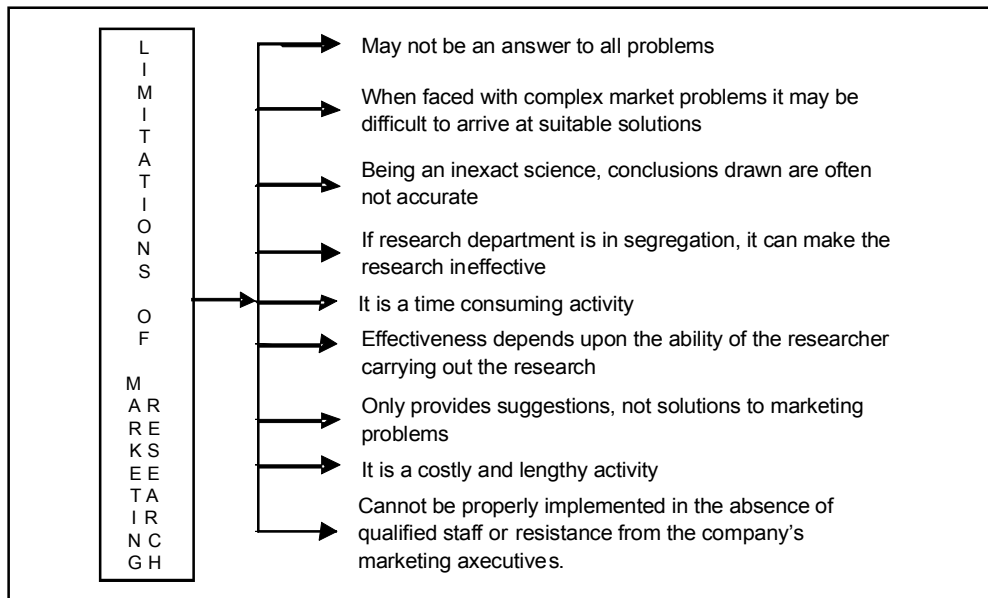
### 4. *Often, in business organisations, there is not much interaction between the marketing research department and the main research executives. So, when the research department is in segregation, it can make research ineffective.*

5. Due to paucity of time and wanting of quick results, researchers *carry out research via telephones or mobiles, which may not always be a true representative sample* since not everyone has a mobile phone. Apart from the limitation on penetration, such mobile phone methods can lack depth due to the inability of the researcher to obtain detailed information from the respondents. Further, there could also be inconsistencies which usually emerges when data is self-reported (as in case of mobile phones).
6. *Effectiveness of the marketing research will to a great extent depend upon the ability of the researcher carrying out the study.* It can be effectively and profitably carried out by persons who have sound knowledge of statistical tools, data processing and operational research etc. However, often such competent and expert personnel are not easily available.
7. *Marketing research only provides suggestions not ready-made solutions to marketing problems.* It is a tool which will help marketing managers to take decisions. The effectiveness of marketing research will depend upon the experience, judgemental ability and skill of the marketing decision maker.
8. *Marketing research can only predict possible future tendencies and so the conclusions may not be hundred per cent dependable.* Marketing research only helps to make an estimate about possible future situations. So the conclusions from the study arrived at may not be complete, perfect or accurate as it is based on predictions of future situations, which is again uncertain. The guidance offered can also work out to be outdated at the time of taking current marketing decisions.
9. *Marketing research is a costly, time consuming and lengthy activity.* Marketing research is costly since it requires engaging the services of experts in the fields of Economics, Management, Statistics, Computer, etc., who have the necessary expertise, knowledge, maturity and skill. The organisation needs to invest in advance training and pay for engaging the services of such experts. The marketing research also needs to be carried out in the form of various steps which have to be completed in an orderly manner over a long period of time. By the time the research findings are available, it may prove to be old and outdated in case of current marketing problems.
10. *Non availability of qualified staff and resistance by marketing executives.* Research is to be carried out by professional researchers with suitable qualification, training and experience who may not be easily available. There could also be resistance from marketing researchers if they feel that the findings of the research are more academic in character and lack practical utility. This, they may feel will not be useful in taking policy decisions. So, a lot of care needs to be exercised to ensure that conflicts between researchers and executives do not arise, otherwise, it may act as a limitation to the marketing research activity.

Figure 1.4 gives in brief, the various limitations of marketing research.

Simply put, marketing research facilitates by providing information to aid the decision making process (Tull D.S. and Hawkins D.I., 1990). But it must be remembered that marketing research by itself does not help to arrive at marketing decisions. Further, by carrying out marketing research it is not a guarantee that the organisation or manufacturer will be successful in marketing its products and services. However, if researchers carry out the research in a systematic, analytical and objective manner, the above mentioned limitations can be dealt with. Such marketing researchers can also reduce the uncertainty in the decision making process, as well as increase the magnitude and probability of success. Nevertheless, the marketer will have to take into consideration the following factors before taking the decision to carry out the research: (a) relevance of the study (b) type and nature of information sought, (c) time availability (d) available resource and (e) the cost benefit analysis.





**Figure 1.4: Limitations of Marketing Research**

## BRIEF HISTORY OF MARKETING RESEARCH

Successful marketers will always try to seek information and identify newer ways to create, communicate and deliver value to their target markets. Good information can be obtained through marketing research. A brief history on marketing research will throw light on how marketing research has evolved over time.

The beginning of marketing research as an organised business activity began between 1910 and 1920. It is said that in 1911 when *Charles Collidge Parlin* was appointed as the Manager of the Commercial Research Division of the Advertising Department of the Curtis Publishing Company, began the establishment of organised marketing research. Till then, informal marketing research had been the practice. Way back in 1380, Johann Fugger took off to Augsburg from native Swabian village of Graben so as to gather information on the international textile industry. In this international role, he exchanged detailed letters on trade conditions and finances in the areas where their branches were located. In 1720 period there was great demand for information, from various industrial houses, on how to base their marketing decisions. During this period, *David Defoe's* publications gave information on the inventories of the business and economic resources of England and Scotland. There was a good demand for this as it helped business community to take many business decisions. As an impact of the industrial revaluation, there was a sudden increase in demand for information to take various marketing decisions. However, as mentioned above, marketing research as an organised business activity began between 1910 and 1920.

Seeing the success of Charles Parlin, made many industrial firms and advertising media establish research divisions and later on, venture into publishing research books.

- ◆ In 1915, Dr. Paul H. Nystrom, was appointed by the United States Rubber Company to manage their newly established Department of Commercial Research.
- ◆ In 1917, Dr. Louis D.H. Weld of the Yale University was hired by the Swift and Company to become a manager of their Commercial Research Department.
- ◆ In 1919, the first major book on commercial research, '*Commercial Research : An Outline of Working Principles*' was published by Professor C.S. Duncan of the University of Chicago.

- ♦ In 1921, the first research book to gain wide readership '*Market Analysis*', by Percival White was released. This book went on to publish several editions.
- ♦ There was a growing interest in the subject of marketing research on the college campuses and in 1937, *Market Research and Analysis* by Lyndon O. Brown became one of the popular textbooks during that period.
- ♦ After 1940, many research textbooks were published and there was a rapid increase in the number of business schools offering research courses.

After World War II, there seemed to be a dramatic rise in interest in the area of marketing research. By 1948, there were more than two hundred marketing research organisations functioning in the United States and over the next few decades the estimated spend on marketing research activities has only kept on increasing tremendously.

### Methods Used in Marketing Research

During the period 1910 to 1920, major advances were made in the field of marketing research methodology. Major improvements in the questionnaire design and question construction took place with questionnaires or surveys becoming a popular method of data collection. In the 1930s, modern approaches to probability sampling started gaining acceptance.

From the 1950s to the early 1960s, in the Western countries, large scale digital computers usage for commercial purpose was seen as an methodological innovation, especially in the areas of quantitative marketing research. The methodological innovations continued at a fairly steady pace. Further, from 1990s onwards, there have been many technological advances in the field of computer usage which has continued to have major impacts on many aspects of the marketing research activities.

Now, marketing research is recognised as a specialised function and is being used by marketing specialists to gather information which will help to identify and define marketing opportunities, evaluate marketing actions, implement the data collection process, analyse the results and help to take suitable decisions based on the research findings.

### Market Research in India

Till the 1990s, Market Research was not given much importance and used to be carried out as a routine activity and not on a challenging basis. There were a few market research organisations (or agencies) such as Operations Research Group (ORG) which used to carry out information based projects mainly for FMCG Products. For instance, the organisation will commission market research to know which brand of soaps were selling in the market and why customers were buying a particular brand of soap and so on. Business decisions were rarely dependent upon the market research findings. The market research agencies were only needed to fill in the '*information gaps*' of the marketing team.

However in the post economic liberalisation scenario, real changes in market research usage started taking place with the large scale entry of many MNCs (Multinational Companies) to India.

MNCs started using market research for making better business and other strategy planning decisions. This led to many Indian organisations realising the importance of market research and using it. Increased usage of market research also resulted in a rise of client expectations. Willingness of organisations to pay more for commissioning market research has resulted in a big growth for the Indian market research Industry.

Today, with intense competition at the market place, apart from MNCs and large organisations, even mid-sized companies and family run establishments are commissioning

market research studies. Every organisation has become aware of the value and utility of market research. The growth of the Indian market research industry during the last 20 years has been very substantial. There are market research agencies and consulting firms which provide help to the many Indian and international companies operating in India for market betterment and improvement. These include IMRB International, Delphi Research Services, ORG-MARG, MRUC, NFO, Nielsen India etc. The broad areas of marketing research which are carried out by the market research agencies include: Spanning B2B (Business to Business) and industrial research, social research, media research, brand research, corporate and employee research, channel and retail research, product and packaging research, pricing research and business specialised consumer research. With the global recession not affecting the Indian market much, it is being assumed the positive buying behaviour displayed by our consumers will continue in the future. So, hopefully marketing research industry's services will continue to be hired by the companies operating here too.

## ETHICS IN MARKETING RESEARCH

For most people, the terms 'ethics' refer to rules that distinguish between what is right and what is wrong. However, the dictionary meaning of 'Ethics' conveys that *there are certain norms or principles of conduct concerning right and wrong and how people should behave*. Ethics are not laws but certain norms of conduct which people should adhere to and repercussions could arise if one selects unacceptable behaviour over the acceptable one. When research is to be carried out, the researcher's have responsibilities towards their profession, clients and the respondents. So it is necessary that certain high ethical standards (or principles or values) are framed to ensure that both the function and information are not brought into a state of bad reputation.

The *Marketing Research Associations (MRA)* had established a code of Marketing Research Standards so that MRA members carry out the research in a honest way using scientific, statistical and proven methods and in an ethical manner too. This will also instill confidence in the public that the research is done in a professional and fair manner. Simply put, the code of marketing research standards 2007, puts responsibility on the researcher to carry out the research as per the prescribed code of conduct, respect the general public and its rights.

There are three groups involved in the process when conducting marketing research : The sponsor, the researcher and the participant. There are certain rights related to privacy, motivation, quality and safety which are provided to each group during and after the research.

### The Sponsor's or Research Client's Ethics

The more common ethical issues concerning the sponsor are related to:

#### *Requesting for bid to obtain free advice and methodology*

- (a) At times, the client may have preference for one research supplier over another probably due to having developed a good working relationship, quality of research staff, ability to meet deadlines etc. But it is unethical on the part of the sponsor to predetermine which supplier will receive a contract and at the same time also invite proposals from other suppliers to satisfy corporate requirements, which require more than one bid. It is unethical to make organisation's which have no opportunity to win a contract, waste their time, money and efforts to make a bid.
- (b) At times, sponsor clients who are looking out for bargain prices to carry out the research will solicit detailed proposals including the sample questionnaire and the

complete methodology from a number of suppliers. Thereafter, the sponsor may make use of the best of these information, frame a questionnaire and directly enter into a contract with field service providers to collect the necessary data. Or the sponsor (or client) may approach the cheapest supplier with their own proposal, which has been arrived at by making use of the best of the ideas from the other proposals. In this way the client will try to get the supplier to conduct a more elaborate study at lower prices.

#### *Making false promises*

In order to lower their research costs for the current project, the sponsor or client will try to extract a lower price (or bid) from an unsuspecting researcher with a false promise of future researches, which in reality is not likely to occur or may not take place.

#### *Requesting proposals without receiving authorization to do*

There can be instances where the client representative has sought proposals without being authorized with proper funds to do so or implement them. The following instances will illustrate this (a) A client will invite proposals from suppliers and then approach the management to see if he can get necessary funds to carry them out. (b) There is a clash of ideas between the client representative and the management on the necessity of marketing research in a given area, the research supplier not being aware of this put's forward the proposal (which meets the client representative's requirement) but the management rejects it out of hand (c) Sometimes researchers face situations where their efforts are misused by certain people (employees) to serve the latter's organisational goals (say, to postpone a delicate decision or avoid some responsibility or to give respectability to a decision already made).

#### *Misuse of information*

The client firm should not misuse information gathered for purposes other than it is to serve. A very common form of misuse is related to do comparative advertisements of product performance claims based on tests carried out with data that does not hold statistically much significance. Researchers, sometimes find themselves in situations involving requests from sales or other personnel within the organisation, for access to the personal information of respondents or the results of the study. Such requests may be for unethical reasons say to generate sales leads or for making sales calls. These actions are clearly indicative of abusing the respondents rights, who may 'in turn' refuse to cooperate during future studies too.

### **Research Suppliers' Ethics**

The more common unethical issues related to the research suppliers are:

**Low ball pricing:** Low ball pricing means quoting an unethically low price to secure a firm's business offer and then after accepting, using reasons and means to raise the price substantially. For instance, say after committing to carry out the research at a quoted price, later on, informing the sponsor or firm that the respondents', fees for participation is going to be charged on an 'extra amount' basis. The researcher should stick to the contract price unless mentioned in the contract itself.

**Allowing subjectivity and making an improper execution of the research:** The research suppliers are supposed to carry out the marketing research projects in an objective manner ensuring that utmost care is taken so as to avoid personal biases or go for biased sampling, misusing statistics or ignoring relevant data, so as to create a research design to support the predetermined objectives and in reality not conveying the right picture.

*Violating Client Confidentiality:* Disclosing personal or business information about the client gathered from the research carried to a third party, is said to be unethical and in violation of the client's confidentiality.

*Abusing Respondents:* Abusing of respondents is quite often the most frequent and a controversial problem that arises as a part of the ethical concerns. Any respondent who participates in a research project has the right to privacy, right to safety, right to know the true purpose of the research, right to the research results and the right to decide on which questions to answer. Any form of violation of the above mentioned right of the respondent can be considered to be unethical and his (or her) abuse.

### **Field Service Provider's Ethics**

#### *Using professional respondents*

Usually, field service providers are supposed to maintain a database and profile of persons willing to participate in qualitative discussion projects. Since it is easier to use these group respondents, the field service providers may utilise the existing database. If need be only they must use professional respondents, otherwise it will be unethical.

## **SUMMARY**

Marketing Research can be defined as the systematic and objective research for and analysis of information relevant to the identification and solution of any problem in the field of marketing. Along with liberalisation of the economy and with exposure to global competition, it is seen that the Indian consumer cannot be taken for granted. The educated mobile, tech savvy, drawing huge salary and well travelled customer of today has learned to appreciate the 'quality aspect' of the product (or service) brand and may not think twice before switching brands if she is unhappy with the existing one. This is where marketing management have found the marketing research tool to be useful. The scope of this field is also very wide and can be used to carry out research studies to: keep in touch with the final customer needs, design suitable marketing programmes, provide help to managers during the various phases of the administrative process, track various problems and take decisions and provide information on Business to Business marketing requirements.

The limitations of marketing research were discussed. These included: may not be an answer to all problems, difficulty associated when seeking complex problem solutions, is an in-exact science, so conclusions may not be accurate, time consuming and costly activity, depends upon the ability of the researchers and so on

The chapter concludes with a brief discussion on the history of Marketing Research. It was seen how this field has grown from when it began as an organised business activity between 1910 and 1920 and today how it has grown such that it is recognised as a specialised function and used to take major marketing decisions. In India especially, after the economic reforms were implemented there is seen a trend among organisations both domestic as well as MNCs displaying a willingness to spend more on understanding the target market and then take marketing decisions accordingly.

## CHAPTER QUESTIONS FOR DISCUSSION

1. Define marketing research
2. Explain how marketing research will be useful to an organisation offering marketing services to customers. You may use any example to justify your answer.
3. Assume that a mid-sized real estate housing developer is thinking of constructing a group of luxury apartments for higher middle income families, on the outskirts of Mumbai. He wants to target and sell each apartment to a particular community say apartment 'A' to the 'Kulkarnis' 'B' to 'Deshpande', apartment 'C' to 'Joshi' and so on. As a sales executive, you have been asked to carry out a market survey to understand the feasibility of such a project. Briefly explain, how you will carry out the survey?
4. Briefly discuss the limitations of Marketing research.
5. A local fast food outlet manager is planning to open another eating outlet in a commercial area in your city, assume. As a part of your college assignment project, you have been asked to gather all information through a survey, regarding the feasibility of setting up the second outlet. Explain how you would carry out the survey.

## SUGGESTED READING

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## **CASE: 'OCM SUITING' – ASPIRING TO CHANGE ITS OLD WORLD LEGACY**

### **The Beginning of the Journey**

OCM during its inception in 1924, started as a manufacturer of hand knotted carpets and was called Oriented Carpet Manufacturers for many years, before it came to be known as OCM. Today, OCM has come a long way to become one of the largest worsted suiting producer, the first one to implement a customised textile ERP solution.

OCM was started by a group of British Merchants from the East India Company and since then the ownership has changed thrice. The first time was when the S.K. Birla Group (India's oldest business family) acquired OCM with the intention of manufacturing suiting materials. Under the Birlas, the original brand name shrunk to its acronym OCM and emerged as a textile behemoth, with an annual production capacity of 8.4 million metres. But losses continued to be heavy. Subsequently, W.L Ross, the US based private equity fund management company acquired the loss making OCM from the S.K. Birla Group for \$37 million in 2007. When the WL Ross & Co bought the ailing OCM, fresh funds were used to first repay the company's marketing debts. Analysts were of the opinion that though OCM was sick financially, it had created a huge brand value as a tweed suitings producer. Realising this, the new management Ross & Co. also made a big investment of ₹ 75 million in OCM towards re-building OCM's brand image in the Indian Market.

OCM as an established brand is particularly known for its range of tweeds, jacketing and fancies. A vertically integrated plant mill with an annual capacity of 8.4 million metres, it has a product range from fine pure wool suitings to polyester wool and various wool blended combinations with silk, cashmere, mohair, camel hair, etc.

A change in ownership, the subsequent image change and an additional fund of ₹ 120 million for buying new machines, resulted in a 9 percent rise in OCM's market during Financial Year 08(FY08)

### **The Visible Changes**

The changes had a positive impact and helped OCM to earn a net profit of about ₹ 3 million in 2008/2009 after many consecutive years of loss making. The company also enhanced its product portfolio with fabrics, shawls, jackets' etc. and making the bollywood actor Saif Ali Khan its brand ambassador. OCM also announced the launch of its winter collection for the first time conveying its intent to become more than a seasonal player. Simultaneously, OCM with its communication initiative with Saif as the brand ambassador hopes to attract customers and help them to associate with the brand's heritage, nostalgically bringing back OCM old jingle "Oh ..... see him." Brand analysts feel that OCM is sticking to the old and popular jingle because it will help in brand positioning and enable consumers to make a quick association.

### **Future Plans**

The ₹ 150 crore turnover worsted textile brand has embarked upon a new process of re-branding and re-engineering. This brand is doing a makeover and stepping out in a new purple avatar. The CEO, OCM Suiting, S.K. Singhal stated "With the changing market dynamics and an emerging youthful India, the brand has decided to strengthen its customer base."

It was felt that though the brand enjoyed considerable trust and quality association among its specific consumer targets, along with widespread dealer goodwill, with not much investment made on the brand for a long period of time has diluted its ability to provide the customer of today with a rich brand experience.

A survey was carried out by the company across eight cities to assess the brand equity and understand where the brand is imprinted in the minds of its target consumers, when compared to its key competitors. The findings indicated:

- ◆ Consumers in small town India are very brand conscious.
- ◆ Brand endorsements by celebrities without building the brand did not find favour among the customers.

Some time ago OCM had tried to rely on Saif Ali Khan (Celebrity) as the brand ambassador to re-kindle its fortunes, but without much success. However, in the new brand image building exercise, a new purple logo has been unfurled and the communication campaign reveals how the OCM man stands apart amid scenes from everyday life in small town India. According to the creative agency (Euro – RSCG India). “The new logo derives its form from the way the fabric uncurls from what is usually referred to as ‘thaan’”. The colour purple is modern and would help to stand out in a crowded India market place filled with ‘reds and blues’.

### Questions for Discussion

1. What additional information needs to be collected by OCM from brand conscious small town consumers so that its name gets imprinted in the minds of its target market?
2. Do you agree with the OCM’s creative agency that OCM’s purple logo is trendy and able to stand out among the reds and blues in the crowded market place? Justify your answers.

### Source:

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