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The Significance of Market Research in the Business Decision

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Abstract:

Now the day's economy becoming more and more competitive with each passing day and the marketplace has increased many folds in recent years. However, the market is affected due to continuous changes in the external environment. The decision-maker finds itself difficult to decide in today's changing complex environment. Having appropriate knowledge about the concerns and preferences of their customers and the strategies of competitors has become essential for any business to succeed in the market. Research is one that provides aid to businesses in solving various operational and planning problems. Market research is required almost for every type of business to get success. This study focuses on the need and significance of market research in business decisions and discusses market research and the success and failure of corporate businesses.

Introduction:

Business plays an extremely vital role in the development of the economy. It has been progressed from the self-sufficiency stage of a modern technological stage. Every business organization undertakes activities in a distinctive environment, as it cannot exist in isolation. The business environment is becoming extremely complex, dynamic, uncertain and challenging due to rapid technological changes, increasing competition, dynamic market structure and changing customers' preferences, etc. Decision-making and problem-solving in this uncertain environment require knowledge of all of the environment. Market research helps to get accurate and thorough information about existing customers, competitors, market place and the effectiveness of the marketing program. There are many different reasons that companies use market research and these reasons may change with the company's objective. Before launching a new product, a company uses market research to establish the needs of the customers. When a company starts actual selling, it can use market research to find out how to generate hype about a new product. Once products improve their performance in the market the final step is for the company to use further research to determine where to take the product in the future and research gives a sense of direction to the company whether or not they are on the right path. Companies have made it so far by using market research to further their consumerism. it can be used at all stages in the product life cycle (Cupman,2015). Market research is an effective tool to assist the business to make planning and decision. It is crucial for a business startup and useful for established businesses to increase profitability. If the business does not properly understand the market and customers through the market research well established corporate businesses also fail to sell their products in the market and suffer a huge loss. It needs to do careful research.

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What is Research and Market Research:

Research can be defined as the search for knowledge, or as any systematic investigation, with an open mind, to establish novel facts, usually using a scientific method. It is done through the three steps to make the question, collect data to answer the question and present an answer to the question. “Research is a process of steps used to collect and analyze information to increase our understanding of a topic or issue” (Creswell, 2008). it is important to work in any area of study to assemble a body of substantive knowledge and finding for properly sharing them. So that it is called a process to discover new knowledge. research can either be fundamental (basic or pure) or applied (or action) in nature. Applied research also is known as decisional research, it aims at finding a solution for an immediate problem or set of problems faced by the business organization (Chintagunta et al., 2009). In the complex and changing market situation business faces more challenges, to understand the market and customer there is a need to do research. This work is done through market research.

Market research is concerned with market trends, market players (i.e., direct and indirect competition), and target market attributes customers want and need. It is one of the most significant elements used in maintaining competitiveness over competitors. It includes social and opinion research. It is related with systematic gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in the market to target customer and about the past, present and potential customers for the product or services with the help of statistical and analytical methods and techniques of the applied science to gain insight or support decision-making and to know the what that group of customer and market actual need (ICC/ESOMAR, 2008). It is very important in large scale production because the volume of production hinges on the continuity demand from customers.

Market research provides appropriate data to help solve marketing challenges that a business will most likely face. A strategy like market segmentation (process of dividing market of potential customers into groups or segment on their different characteristic), price discrimination (charges customers different prices for the same product or services), market penetration (to increase market share, how much product or service is being used by customers compared to the total estimated market for that product or service) and product differentiation (the process of distinguishing a product or service from competitors, to make it more attractive to a particular target market) are impossible to develop without market research (Nevo, 2001). It is a continuous process i.e., research is always kept continued for the stability of the business. It can be done by the company itself or take help from third party organizations which are experts in this area.

Need and importance of market research:

Market research technique has evolved in the 20th century due to the explosion of population and to large scale production to sale in the market, this is a result of industrialization in the 19th century in Europe. In the earlier decade, there was less gap between the initial manufacture and the ultimate customer and few competitors were present in the huge market. Manufacture knew his customer's demand and habit because they were very close. The business organization focuses on large scale production to fulfill their customer's demand at a low price and also try to cut the competition from the market. Today, customers and competitors are spread across the world. Commercial success is not more dependent on technological superiority but a better understanding of customer’s needs and using this information to guide decision making.

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As the market gets increasingly focused, now and again turns out to be progressively significant to not only see but even envision customers prerequisites. The accomplishment of a business is genuinely relying upon distinguishing expressed customers' needs and fulfilling them superior to the competitors. Past few decades market research demand has grown with growth in the quantum and sophistication of competition on the one hand, and the consumers' ability, with rising incomes, to use choice criteria other than the lowest price on the other hand. Market research is not merely done in 'large company activity' but is increasingly being seen as an essential tool for corporate survival.

As business sectors, advance and rivalry strengthens, market research will be required like never before for effective and speedy decision-making to reduce the cost of wrong decisions, reduce time to market when getting there ahead of the competition is critical for survival and growth and find ways of keeping the customer (Easwaran and Sing, 2006). This will help to marketer, entrepreneurs, and businessmen to understand the customer's needs and expectations, competitor's strategy and market trends.

The Market Research Process and Type:

The research process is done through a series of actions or steps necessary to effectively carry out research and the desired sequencing of these steps (Kothari, 2004). Creswell (1994) indicates that the market research process consists of six numbers of closely related steps 1. Define the Objective and Problem 2. Determine Research Design 3. Design and Prepare Research Instrument 4. Data Collection 5. Analyze Data 6. Visualize Data and Communicate Results.

Market Research Types:

Market research activity can be classified in three groups as follows.

A) By Source		
1	Primary Research	Collection of data specifically for the problem to understand and solve
2	Secondary Research	Based on data previously collected for purpose other than the research in hand. It collects from published articles, Reports, government stats. etc.
B) By Methodology		
1	Qualitative Research	The purpose of this research is to plumb the profundities and scope of purchaser mentalities and convictions, not to gauge rate, undertaking or conjecture amount (Barabba & Gerald, 1991). Key Points are: Type of question: Probing, Sample Size: Small, Information per respondent: High, Type of analysis: Subjective, interpretative, Area Probed: Attitudes, feelings, Motivations etc.
2	Quantitative Research	This research tries to extend aftereffects of a quantitative market survey to the entire marketplace. Key Points are: Type of question: Simple, Sample Size: Large, Information per respondent: Low, Type of analysis: objective, Statistical, Area Probed: Choices, Frequency, Demographics etc.
C) By Objective		
1	Descriptive Research	Describe an element of an ideas precisely. e.g. How large is market? who is the target market? How will market develop?
2	Exploratory Research	Primary data is required to develop an idea further. e.g. outline concept, gather insights, formulate hypothesis.

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3	Causal Research	Test a cause and effect relationship between variables. e.g. Price elasticity done through experiment.

Market Research and Story of success and failure of corporate business:

The market research gives bits of knowledge into the business, market, customers' behavior, and trends and contenders to enable the manager to make intelligent decisions. To make decisions managers know the research activities. British Market Research Association gives the ten most common market research activities 1. market measurement 2. New product development/concept testing 3. Advertisement or brand awareness monitoring/tracing 4. customer satisfaction 5. Usages and attitude study 6. Media research and evaluation 7. Advertising developing and pre-testing 8. Social surveys for central/local government 9. Brand/corporate reputation 10. Omnibus studies. To run a successful company, it needs a viable product that fills a spot among target customers. Market research ensures that company have a viable product and the negligible gap among target customer and also tells a way to sell the product, providing insight into customers opinion and motivation and facilitate to grasp the competitor's completely different strategies.

The success story of corporate business:

Apple has a high reputation in the technology market. This is not because they are the most innovative. Instead, it is because they use market research to find out what customers want from the devices; then they figure out how to make those wants a reality. Their "Apple Customer Pulse" research group is a key example. These are online surveys because of this they can accumulate and break down the information quicker. This market research is more appealing to those that participate and the company. These surveys have prompted various structures and changes in the item according to customer needs. (http://appleinsider.com).

MacDonald's has the largest fast-food chain in the world. To keep this trend, they conduct ongoing market research. They have narrowed their focus onto which product is well received? Which price is affordable and willing to pay? Which restaurants are most visited? Which TV Program, newspaper, and advertisement view and read? After analyzing this question data, they were able to determine whether the pool of their target customers is growing or not. Through market research, they have launched a campaign to prove that their meat is real. They changed their menu to include healthier alternatives, such as apple slices (www.mcdonalds.co.uk). Another successful business example is on social networking YouTube, Instagram, Twitter, etc.

Failure of Corporate Business:

Some of the greatest brands in the world have made missteps because they did not know their markets well enough. Kodak is an example of a company that was so focused on its current product and margin but fail to see the world market change. Their revenue topped out at 16 billion dollars in 1996 and dropped to 6.2 billion dollars by 2011. When Marks and Spencer's (M&S) announced their profit before tax turned down by 88% to 25.1 million euros from 216 million euros in the same period a year ago. In response to this, they immediately made a fast and furious safe-keeping decision to close 30 stores and open 120 simply food stores (www.theguardian.com). In such uncertain times, M&S will have completed market research to comprehend what their customers think and believe and offer precisely what they love about the organization.

When Coca Cola Company withdraws old coke in April 1985 and launches New Coke within the market. By 1985, Coca Cola had been losing market share to diet soft drinks and non-cola beverages for several years. The competitor Pepsi-Cola takes advantage of this situation and running's ads which effect of this 14 % sale increased over the same month the previous year, the largest sales growth in the company's history. Coca-Cola Company carried out new product research they took Two Lakhs 'Blind taste test' and the Coca-Cola recipe was reformulated. They spend 4 million dollars on market research. After conducting research company found that change was negative and consumers were more upset about the withdrawal of the old formula than the taste of the new one. In July 1985 the Company reintroduces Old Coke that is within three months, resulting in a significant sales boost.

It is very difficult for many companies, especially those that have not conducted proper market research to launch a new product inaccurate time. For example, the Microsoft company designed Zune to be his competitor to the iPod. The product offered little in the way of differentiation and targeted a very narrow market. After losing hundreds of millions in the investment they discontinued the product in 2011. Amazon's Fire Phone was another me-too product that propelled with entrenched iPhone and android gadgets contenders. They had no critical bit of leeway over its accomplished rivals and came furnished with lackluster features. They lost 83 Million dollars on inventory and expenditure on R&D, Sales, and marketing. Had this company done higher market research? they may have used this merchandise to draw in the market at a higher or lower valuation and have spectrums instead of run head-on into a rushing train.

The biggest corporate giant's major product fails in the market because of its innovative product not match with the customer's desire. Their market research plans are mistaken and spend millions of dollars on it. For instance, Crystal Pepsi and Tab Clear, IBM-PCir, Rocky Mountain Sparkling Water, MacDonald-Arch Deluxe Burger, Coalgate Frozen Entrees, Wow! Chips, Apple Newton, Ford Edsel, etc.

Conclusion:

Market Research has innumerable significance in the business to make due in the worldwide market as long as possible. Market and customers' needs and preferences are changing faster than ever before so companies must prioritize market research to keep place and satisfy customers. Understanding customers' and potential customers' needs through market research are one of the best ways to obtain a sustainable competitive advantage. Regardless of how well a product is performing today in the market, it will before long become obsolete if you don't advance with your customer base. The most successful businesses are twice as liable to perform market research as base entertainers. Be that as it may, market research is not foolproof. It does not give a clear answer and impressive bits of knowledge. The market research analyst required experience to interpret the data systematically and visualize future opportunities. Several businesses that did not do their due diligence still released products that failed once they went to market. They tumbled because the businesses did not do enough research or did not look at the appropriate metrics when assessing their target market and customers. Effective market research should be ongoing, and the best businesses coordinate new data into their strategies all the time and change their product according to market needs.

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