

# Market Environment and Research

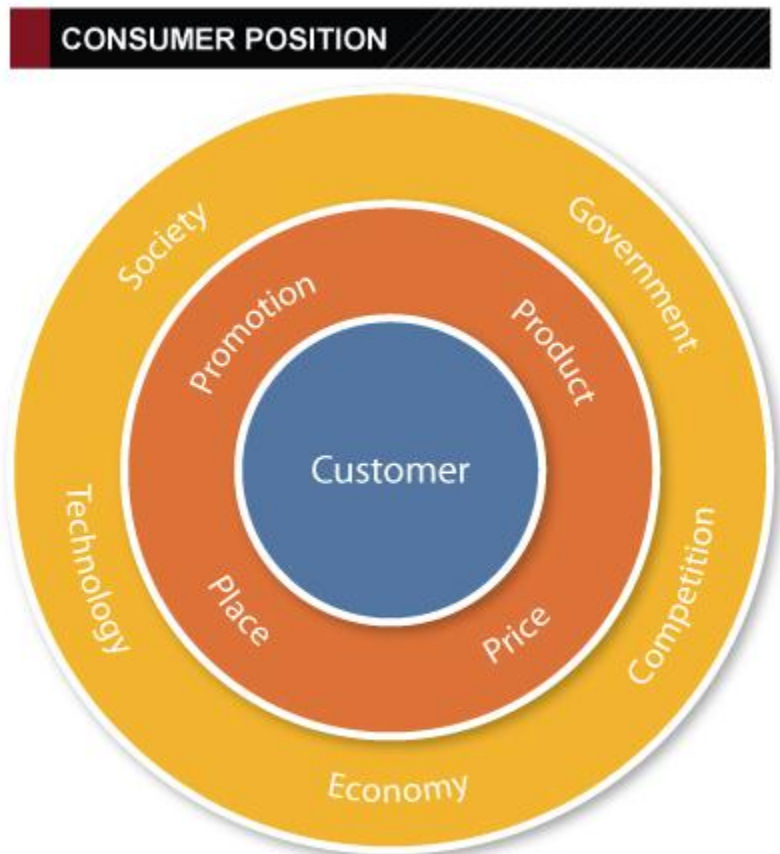
## Defining Marketing

Marketing is generally described as "the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers in a dynamic environment" (Pride & Ferrell, 2000). Examine the *Consumer Position* diagram. This is a classic diagram of the positioning of the consumer, elements of the marketing mix, and the marketing environment.

The *marketing mix* lies at the core of a marketing strategy. Understanding and tracking the marketing environment is a critical marketing function, focusing on the customer as the center of the organization's attention. The organization can, and usually does, adjust its products, pricing, promotion, and place (distribution) to meet consumer needs and to react to external forces.

Product, pricing, promotion, and place are commonly referred to as "the four Ps."

1. **Product:** The product variable deals with the development of products and services that address consumer needs and wants. This includes product names, brand decisions, warranties, and other services associated with the product.
2. **Place:** Products and services must be made available to consumers when and where they need them. Marketing decisions in this area include inventory levels, distribution methods, retail outlet decisions, and wholesaler agreements.
3. **Price:** Marketing decisions regarding the pricing of products and services include an evaluation of the value the consumer receives in exchange for money, discount promotions, and overall pricing objectives and positioning.
4. **Promotion:** Promotion includes sales activity, advertising, public relations, training materials, and other communication tools for the marketer.



Pride, W., & Ferrell, O. (2000). *Marketing: Concepts and strategies*. New York: Houghton/Mifflin.

**Panache:** Some consider panache to be the fifth "P." Panache is that creative element derived from a truly integrated marketing plan that really sets an idea apart. For example, the introduction of Legg's Panty Hose a number of years ago had such successful panache that it forever changed the way products of this kind are marketed. Legg's introduced new packaging (the egg container), new *place* (in grocery stores where women shopped every week, as opposed to department stores), new low *pricing*, and terrific *promotion*. Another innovative example is the Dell Computers direct-to-consumer model. The introduction of this distribution model also set a new standard that others have had to follow.

Given the competitive nature of virtually every market these days, the successful marketing plan must truly be an integrated one; one in which each element supports the message being communicated by the other. For example, it is difficult to charge a high price for a product and then channel it through non-exclusive distribution that will ultimately diminish its value in the customer's mind. For this reason, Mont Blanc pens, priced at about \$100, are sold in few retail outlets. Coca-Cola, on the other hand, attempts to make its product available in practically every corner of the Earth, in some form or another (vending, grocery, convenience, restaurants, and so forth.). The Coca-Cola company is not as concerned about price as Mont Blanc is.

### **Conducting Market Research**

Market research is defined as the process of systematically and objectively gathering information to aid in making marketing (and other) decisions. The process includes specifying which information is required, designing the method of collection, managing collection, analyzing the data, and effectively communicating the findings and their implications. Numerous tools are available for each business to make the marketing research process simple and easy. For example, registration cards, customer mailing lists, Web sites, and e-mail newsletters can all help an organization stay connected to its customer base.

All organizations practice the market research process; some are just more formal about it than others. The owner of a small sole proprietorship may pay close attention to what his or her customers are saying every day and use that to make adjustments in how business is done. A consumer-products giant like Proctor and Gamble may spend millions to identify new products or new markets that will allow it to maintain sales growth and, in some instances, market dominance. Proctor and Gamble has a number of entries in the clothing detergent market and is always looking for ways to improve that position.

There are two types of market research: secondary data research and primary data research. *Secondary data* are data that you can locate in previous studies or other published sources, while *primary data* include interviews, mail surveys, phone surveys, and focus groups (discussion groups of between 10 and 12 participants, each led by a moderator). Marketers typically prefer having the opportunity to communicate directly with customers through primary research.

Each of these two methodologies has its advantages and disadvantages. Telephone interviews, focus groups, mall interviews, mail surveys, and Internet surveys can all provide the necessary information for research. The key to any successful research effort will be to choose the method that best and most cost-effectively meets the research objectives.

Telephone interviews are fast and inexpensive. The biggest problem researchers face is customer willingness to answer calls and participate in the survey for a few minutes. Most consumers have become very skeptical about this process, suspecting that we are trying to be

sold something over the telephone. This kind of survey works well with simple questions and answers that provide the customers' perspective in a clear and concise manner.

Focus groups, on the other hand, provide a lot of leeway in probing into customers' mindsets and attitudes. In this setting, customers will interact with each other as well as the moderator, uncovering thoughts and beliefs in the discussions. Focus groups are expensive to set up, and it can be difficult to get the right consumer mix, but they provide very valuable insights.

In-depth interviews also provide excellent insight into the issues being addressed. These are also difficult to set up. Mall-intercept interviews generate a lot of data that can, in turn, be comprehensive, yet tough to interpret. For certain market segments, the target market may be impossible to reach with this kind of method. Trade shows are often used to reach specific populations (such as physicians) and will even entice them with a gift of some kind. With the right kind of survey, the information provided might well be worth the cost of a small gift.

Mail and Internet surveys are fast and easy. The marketer, however, loses control over who responds. For homogeneous groups, such as a student population or members of an association, these are excellent tools that provide timely information. For large groups, the expectation lies in the response rate of the group being polled; only a small percentage will take the time to complete the survey. If the number meets what is needed for statistical validity, the sample can be of enormous value.

Internet surveys have the advantage of being very fast and easy for the consumer to execute. This format is expected to represent the future of market research, with the marketers' primary effort focused on getting the respondent to the survey site. The data provided then becomes instantly accessible and easy to collate.

### **Reference**

Pride, W., & Ferrell, O. (2000). *Marketing: Concepts and strategies*. New York, NY: Houghton/Mifflin.