

## **Research for Marketing Decisions**

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**Lecture - 04**

### **Step#1 Problem Definition Discussion with Decision Maker**

Very good afternoon, to to the session today. What we covered in the last session ? If you remember we started with understanding what is marketing ? Then we started with understanding what is research combined to to understand what we are going to do throughout this course ? and types of marketing research, two types of marketing research sorry three types okay opportunity analysis if you say it is another type, okay, so two types of marketing research and then we discussed about the marketing research process right ? So today we are going to start with the marketing research process okay. So today we are going to start with the marketing research process and we are going to focus on only step number one and step number two Not everything and slowly slowly we will discuss all of them. So that first step is defining the problem. Second step is developing an approach to the problem.

These two we are going to discuss in detail and in rigor today. Problem definition is the first step and this is the most important step in the marketing research process. If the problem is not known or if the correct problem is not identified, the rest of the marketing research process is going to be wasted. right ? That's why problem definition step is very very important. Fifty percent of your marketing research is done if the problem is identified correctly, so problem definition becomes the most important step now here is an example which is given in your textbook about About alumni of a particular institute visiting the author of the book saying that I conducted a survey.

Can you help me analyze the results? And the researcher, the author of the book said that. That's all right. You have the survey. You have the data.

But what is the question you wanted to investigate for which you conducted a survey? He was taken aback. He was shocked. The alumni who visited the researcher, he was shocked because he floated a survey without thinking about for what problem he is floating the survey. So many a time you might do such mistake where you would float a questionnaire just to see all the things about your business that is not the right way. Any activity where you any activity of collecting data let's say through surveys, through focus groups, through interviews should be done for a particular

problem at hand whether that problem is very clearly defined or not that is a different question but whenever you are doing either a survey or anything else the survey, interviews, they are the methods to get data about a particular situation or problem at hand. so whenever you are doing a survey, whenever you are doing experiment, there has to be a problem at hand without defining what is the problem at hand don't go to method and start doing things. Sometimes you might want to collect everything about your business just to see what is going on that is also not a right approach even the Einstein has said that the formulation of the problem is often more essential than its solution. If you don't identify the right problem then everything is going to be waste the effort the energy the money will all be wasted. So, most of the time of your research should be spent on identifying the right problem at hand.

Which could take about 40 to 50 percent of your time for the research. Yeah. Generally, say like I have a firm and I want this to improve my performance or to enhance my I want a proper feedback from my customer. So, what's wrong in giving a generic question like how you feel or what do you want something new in it?

So, being generic is not wrong, right? So, what you are saying is what is the problem in going to a customer and asking them feedback about your... Any improvement. So, better... See... Feedback related to product, which aspect of the product, because as product would have 100 other things. If you want to focus on, let's say, some features that matter to customer, talk about them, not everything.

So the idea is that the problem should not be very much broad that you end up collecting everything and we will talk about it as we move on. And lot of other people also in industry, in academia, everybody say that problem identification, problem definition is the most important step. So, what comes under the step number one? Step number one, there are two parts to the problem definition. In marketing research process or in any research process there are two parts to the problem definition. One is defining the

management decision problem, which means designing the defining the business issue and then identifying the marketing research problem. So first step of problem definition has two parts one is

defining the management decision problem which means defining the business issue at hand the second one is defining the marketing research problem identifying and defining the marketing research problem. So why this problem definition becomes very important let's say there are examples there is a company that came to a researcher asked about that my competitor is cutting price and my sales are going down, what should be my response? What should be appropriate price? The researcher could conduct, define the problem as determine the price elasticity of demand or the changes in demand with respect to price for a particular product. Right?

Right? A competitor has cut the prices. Their sales are going up. Your sales are going down. You are worried.

You went to a researcher. At what price now I should sell my product? This is your management decision. This is my business issue. You went to a researcher.

Researcher could frame a marketing research problem by saying that determine the price at which the customer would buy more of us rather than competitors and stills out we will be profitable let us say. Now this is in that particular case this came to be a wrong problem definition because you went to a doctor saying that you are you are having headache, you are having fever, And you think it is because of you know let us say.

You ate some stale bread. Yesterday. And the fever would have come. Because of that. Now based upon your diagnosis.

If doctor gives you. Some antibiotic. Something for some medicine for stomach. Without verifying. And without.

You know investigating. The further. things about the person that would be a wrong way of you know investigation that will be wrong way of problem definition and solution so what is the doctor doing if you said I ate stale bread because of that I think I have certain issues little bit stomach ache is also there and the doctor could define the problem as that The stomach, it must be the stomach pain. This reason is because of the stomach pain and the fever and everything is because of the stale bread.

So there must be some issue with the stomach. Let me give the medicine. Now what is happening in this case? Doctor is believing the diagnosis or given by the patient. Likewise in this case, in the case of market research what happened?

The manager is saying my competitor is cutting price and our sales are going down. What should be the appropriate price? Who knows that the problem is with price or with anything else? When research was Initial bit of research for problem definition was conducted.

It was identified that in that product category all the products are undifferentiated. They are no different from each other in terms of feature benefits. Customer do not differentiate A product from B product with anything. Only they differ by the price. So which means you are not known for anything.

Every product in that product category is same. Right? So, then you would go after doing something else for your product, increasing the benefit that your customer want so that you need not fight on the price war. Do you get it? One can fall under the trap of wrong problem if you directly believe the manager.

Because manager, every manager would give you certain certain indicators of what could be the problem and they would many times be external facing that my competitor is doing this, my competitor is doing that, they have done the they have spent more on promotions, my product is good but they have spent more on promotions they have aggressive pricing and so on they would not look at they would not tell about what they might be doing wrong. Have you seen a mother saying that my child is wrong? That doesn't happen, right? He must have been provoked by somebody.

That is what happens. So in the problem definition, and many times we also do that, you know, if we are facing some symptoms, irritation, frustration and so on, we would say, some friend would ask, we would say, This did not go well today. He did not speak to me in the right way. The light went or the shower went off when I was taking bath and so on.

There would be hundreds other but The real problem could have been something else. So the idea is in the problem definition step, the investigation has to be very rigorous and we will see what has to be done. But in the problem definition step, there are two steps Sub-steps, One is defining the management decision problem and identifying and defining the marketing research problem.

Now what is the difference between both of them? Management decision problem is focused on the business issue that the manager or the company is facing. Management decision is focused on symptoms. Marketing research problem is focused on the probable cause. If you get the management problem, it is focused on symptoms manager comes to you what should be done to increase by sales ? They are going down, what should be done to increase the market share ? What should be done to increase the profitability ? What should be done to increase the customer retention ? what should be done to increase the customer satisfaction ?

Which is going down. That is how the manager would define their business issue. In between when I am presenting all these slides, some of the content I have taken from Dr. Michael Hyman who has been teaching market research from a long time. So some statements or graphics that is the source. So it becomes important to mention all that.

Now, management problem focused on symptoms. Patient focused on symptoms. I am not able to sleep. I am not able to smile. See.

So, this is a symptom. So market risk, marketing manager, brand manager, they will go whenever there is a condition situation to the market researcher focusing on the symptoms. And action oriented, what should be done to increase the sales? Let's do this, this, this, this. What should be done?

Action oriented. Whereas researcher is more data oriented, analytics, analytical. Marketing research problem is focused on probable causes that is why problem definition step has two sub steps. One is defining the management decision problem and identifying and defining the marketing research problem, management decision problem is focused on symptoms that is very easy to define. What is more or most difficult in defining the right marketing research problem. So, one more distinction this diagram just to show the difference between management decision problem and marketing research problem is manager.

If you see the decision maker who is the manager? He will be focusing on the symptoms. So he will come to the market researcher marketing doctor with the symptoms, it is the job of the researcher to identify the correct probable cause, not this one this one it is the job of market researcher to identify the probable cause which will complete the problem identification, then problem solving research where the confirmation and solution to that problem will be given. Confirmation of the probable cause and solution to that probable

cause will be given. So, there is a problem definition process which would help us move from management decision problem to marketing research problem.

And this is the problem definition process which has certain tasks. What are the tasks? If there is a theft in your house, police will come, will interview you, will ask the neighbours, will ask the nearby shops, will look at the camera, CCTV, secondary data. Likewise, the researcher, when manager comes with a problem that this is the business issue, my sales are going down, we have four tasks here to move from management decision problem to marketing research problem. Similar to that situation of theft in house, right?

One is Manager comes to you with the problem or with the symptom to be right. Manager comes to you with the symptom. My customers are writing very negative about me on social media. What to do?

That is also a management decision problem. My customer satisfaction ratings are going down from the past one year. What should be done? Customer retention is poor. All this, these are symptoms.

Now, the market researcher will conduct four activities. What are these activities? Discussion with decision maker, interview with experts in that particular product category or industry, secondary data analysis, CCTV camera, right? Here it will not be CCTV camera, but we will come to that what could be secondary data analysis here. and qualitative research interviews focus groups observations and all that. After these tasks are done by the researcher the environmental context of the problem the situation will be analyzed.

Now this is not the same situation analysis in marketing no this is just for this case the the background, history and everything about the symptom history, where it is coming from everything is understood that is what is the environmental context of the problem and then, the step one will begin begin where management decision problem you can formally write down You could write down initially itself when the manager came running to you. But at this point of time, when you have conducted all the tasks, you'll be able to translate the management decision problem to marketing research problem. Then we will come to step number 2. So we will see what all is there in the step number 1.

Okay so the step number 1 once the manager comes to you or if you are part of the internal market research team in a company like P&G, HUL, big FMCGs then the

manager of a product category would come running to you and tell you that there is some symptom they would say there is some problem you know there is some problem but they are telling about symptoms so the research would begin once they tell you the symptom. The first process is discussion with the decision maker, the one who is having most information and who is having most at stake and who is going to take a decision about this particular situation is the decision maker. So you have to reach out to the decision maker. Sometimes it becomes very difficult to get access to the decision maker.

Certain team members of the decision maker would actually take the problem to the market researcher and then getting access to decision maker becomes a problem. So, one has to get the access to decision maker and then conduct a problem audit. Problem audit, you know, fancy word. It is simple that that the one manager who is facing problem, that is what is problem audit.

Very easy to understand. Now what has to be done in problem audit, it starts with certain steps, these are the steps not exactly written in the language of the steps but it is written that first you will when you are in conversation with the decision-maker you will get to know the symptom, there has to be a symptom for which the manager is coming, running to you. Identify the symptom. Don't consider that as a problem.

So what do I mean? Let's look at some examples. Sometimes symptoms can be confusing. That is why we are considering these examples that you see. An organization, let's consider the first example.

A 20 year old neighborhood swimming association in a major city. It was facing some symptoms the symptom was membership has been declining for years. The decision maker is saying the membership is declining for years, and new water park with wave pool and water slides moved into town a few years ago. So what would happen if the market researcher assumed this to be the probable cause he or she would define the marketing research problem as neighborhood residents prefer the more expensive water park and have a negative image of the swimming pool. But when the problem audit and other three activities were conducted, the probable cause was identified as this.

There are demographic changes. Children in this 20-year-old neighborhood, they have grown up. Older residents no longer swim. That is the probable cause, not the one that the researcher would have focused on believing the words of the decision maker. Likewise, the second one, a manufacturer of palm-sized computer with wireless internet access

goes to market research researcher says sales are low and distributors complain prices are too high, so if you have not completed this market research course or even if you have completed but not paid attention there is a good likelihood that you might define the marketing research problem focused on prices and then what would happen investigate business users to learn how much prices need to be reduced this will become the focus of marketing research further. whereas when you conduct the four steps problem audit interview with experts secondary data qualitative research the true problem was sales management distributors, they do not have adequate product knowledge to communicate product value that's why people are not buying. So market researcher has to be very, very sharp because manager many a times would not take the responsibility for what has been going wrong from their end. The fingers will be pointed externally. So you have to be cautious in picking up the right and the wrong problems.

Another example you can read on your own microbrewery. Sales are low. Consumers prefer the taste of competitors brand. Again... So how do you find out the marketing is simply based on the symptoms? Simply based upon the symptoms, how do you identify the marketing research problem?

For example, there is not enough data to say that, I mean, from what is given, it's not enough to say that the residents prefer the more expensive. Right, right. Have you heard of something like Akashvani? Not that. On the funnier side, I was filling up this space telling you that a good market researcher would conduct the four steps.

Problem audit, secondary data analysis, qualitative research and expert interviews to get to this problem. So those four steps we are going to discuss. Right ? Definitely from symptoms one cannot identify the problem but you would know that this is a symptom and then when the decision maker is telling you about the history of the problem, you would know what all he considers the causes and you should take that with a pinch of salt. If there can be something bitter than or sour than salt, you take it with that because you have to be very very cautious by looking at those causes that the decision maker is telling you. Because as I said, if a child creates lot of trouble, you ask mother. Mother would say everybody else is not mingling well with him.

He is good. That is why what you do then, you go to the house and observe what child is doing. What is his, how he has been brought up and all this thing. Then you would get to know where is the problem. That is what is here qualitative research of which one of the part is



observation. So, continuing with the problem audit