

## **Research for Marketing Decisions**

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**Lecture - 05**

### **Step#1 Problem Definition Problem Audit, Interview with Experts, Qualitative Research**

When the problem audit is being conducted, you have to understand the, identify the symptom. Lets say you come from from wherever everywhere in India there are lot of sweet shops are there right ? And we have lot of friends every other not every other sweet seller would be our friend but one friend would be there and if he would say that the sales are very low, so you know that there is a chance that you can conduct you can actually practice the problem audit and some other things as well, so everywhere there is a situation. Now the first is you have to identify while in conversation with the decision maker you have to identify the symptom right ? How you will identify the symptom in conversation you ask the problem the decision maker that How can you say that your sales are low?

Do you have any data? How can you say that your customer satisfaction is low? One is he or she will, the decision maker or their team would come with a symptom and with a proof of it. Keep it with you. That is very important because the proof of a symptom has to be there.

The second is understanding the history of the problem. What has led to this situation? In 2003, McDonald's was facing low sales. And it was facing low sales not only in 2003, from several previous quarters as well. So, when the problem audit was conducted and the history of the problem was told that decision maker said that our sales are getting lower and lower and it started with when our competitors like Wendy's, Burger King, they introduced new

products. And it became more severe when they launched aggressive promotional campaigns. This is the history of the problem. So you understood there is some symptoms. Sales are getting low.

Get the data. Okay. Sales are low. Confirm. The history of the problem which means what led them to identify the problem.

This is the history. They are again pointing fingers to competitors. They are introducing new products. Aggressive marketing campaigns. Whereas our

Another add-in information was that McDonald's at that time their campaign did not do well. So this was understanding the history of the problem. So one is you identify the symptom, confirm the symptom, understand the history of the problem. The next one is understand alternative courses of action available to decision maker. What does it mean?

It means asking them that, Immediately if you have to do something to improve your sales, what would you do? So they would list you few things. Let's say in understanding history of the problem they said, what is the problem? The competitors are introducing new products, new sandwiches, new burgers and so on.

With let's say more veggies, less veggies, this and that. So one course of action would be we also introduce new sandwiches and try to beat them in taste. That is one alternative course of action. Another course of action would be, we spend more on promotions or we also do aggressive discounting or to give a good beat up competition to what our competitors are doing.

So identify the alternative courses of action. What it is doing to you is, it is helping you let know that the manager is thinking that these are the problems. Manager is thinking that the problem is because the competitors have introduced and we have not. Because the competitor has done aggressive promotions and we are not doing well. Manager is thinking these are the probable causes.

Write down. The next one is identify the criteria used to select. You ask okay. One of the courses of action that you have said is you will introduce new products, new sandwiches with more veggies. How would you consider yourself as doing well?

Assume that you take this course of action. How would you consider your this initiative as a success? They would say either based upon the more profits or more market share.

The market share and profits, they cannot go many times hand in hand. Sometimes they go, sometimes they not.

Because market share can be gained by reducing prices, by giving more discounts. Then profits will go down, right? So you have to identify what is the criteria they are going to use to measure the success of a chosen solution. That will, because at the end of this market research, the solution you are going to give them will be evaluated on such performance indicators. Which means when you are going to give them findings, those should be actionable to impact such outcomes.

The next one is understand potential actions that are likely to be suggested based upon research findings. Which means give them scenarios that if this comes out to be research finding, What is the potential action that the company your company is going to take ? Many a times why this is important is because many a times or let me not say many a times again many a times sometimes they are very very you know abstract words right ? You do you agree ? So when you when you when you start looking at the matrimony then you would say the Occasional smoker. Occasional drinker.

Now occasional is a very abstract word. Right? It is occasional for him. Occasional means. Twice a week.

Or occasional means. Once a fortnight. Drinker. Once a fortnight. But let's say the girl side.

They are thinking. Occasional. Once in six months. Occasional, sometimes

frequently all these are very very ambiguous we will come to that when we will start doing the survey. So what I wanted to tell here was you have to understand the potential actions and I was saying I should say sometimes what happens Why you want to understand the potential actions? Because the decision maker sometimes would not want to or would not implement or would not consider your findings even after you do a rigorous research. Sometimes it happens that they have some belief about their probable cause and if after doing the market research you your findings do not come do not align with what they think they would shut it off they would not consider it. If somebody if after doing all the work even after let's say being paid money all the money yours for your project when you give the finding somebody is not going to work on your findings you would not want to take up such a project right ? So this is understanding the potential actions whether they are going to work on those findings that is also becomes very

important. Then the next one is discuss the information and understanding potential actions another thing it would also tell you that

how methodically and how they are going to put your findings into execution, which will tell them which will tell you about the seriousness of them working on your findings. The next one is discuss the information that is needed to answer decision maker question that is also required because you would tell them that to do the market research we require this much time, this much money, this this internal information from companies data, existing data sources, we need to talk to these many people in your marketing team or in your customer service team or in your product packaging team or in your sales team or in your customer service team so you should be given access, beforehand, you should get access. You should make the decision maker agree to give access to all this. Because this would be required to get to the marketing research problem.

So in the each step, I have told that to understand the potential actions, we need to give the potential situations that can come out of. Right, right. I told you that you have to give them scenarios and see what kind of potential actions they could be doing based upon your scenario. So you'll get to know the seriousness of them. You would also get to know whether there is any personal agenda of the manager in it.

Sometimes managers agenda would not match with their organization agenda. Somebody might be doing because of let us say because the promotion is near and Or sometime they might be doing when the decision is not strategic, but the time and money is there to spend the end of the year budget they have to finish off. So you have to get to know the seriousness of this symptom by doing all that. Isn't it too early to decide what can be the potential?

That's what I am saying. You have to give them... It is not directly asking them what you are going to do, but give them scenarios to identify some information that they would not be able to directly tell you. Professor, is there a probability that the researcher can also come up with a wrong solution, after all the research? That probability I cannot give you, but what I can tell you, when we will do these four steps, the four steps, so we look at

the findings the convergence of the findings after the four steps, so we are not collecting data we are not doing only one way of you know getting to the problem, we are doing four things, in those four things we are also looking at multiple sources of data, so there is very less chance that after doing all these four steps you would get to a wrong probable cause it is possible that you might filter out one or two or three then you will have to

filter further But if you do these things the right way, sometimes you need not even say that the cause is the probable. You might confidently say that this is the cause. So it depends upon the skills of the researcher. The next one is understanding the corporate culture.

It is very simple. Sometimes the culture is that the the final decision on your findings will be driven by single dominant personality person in the organization. Sometimes there is a committee that decides on the findings, which is a more fair way of. Person dominant, it has happened in India with respect to app-based a

taxi company, app based cab company that they had conducted a research with a very prestigious market research company, and the founder of that company had certain idea about the probable cause but the findings were not aligning with that and then he did not you know take it forward he simply simply I would not say trashed it is a strong word but he did not consider the findings. So that could also happen when the culture is more person dominant rather than a committee dominant because you would know that there is likelihood that the findings you provide might not be implemented It happens generally in a person dominant decision committee. When the decision committee is not there, the person dominant decision. Then you have to understand the objectives of the decision maker.

Objectives of the decision maker, many a time there will be true objectives that the sales are low and we have to improve the sales. The new product, lets say, We want to know the acceptability of the new product. The new product that we are going to launch is not getting much much buzz or there are not many takers in the audience what to be done in the target market what should be done ? See the sometimes the objectives would be real, sometimes as I said they would not they would be hidden objectives so you have to clearly get decision maker to talk about what are the what are the real objectives of doing this particular research many times they will be true but get them to

to say something precise rather than very broad. Suppose you say why you are conducting this market research. The decision maker might answer that to improve the competitive position in the market. Now this is a very broad answer. Either get them to speak about

the indicate performance indicator, market share, profitability, customer satisfaction, what do you want to improve come to that. The last one is understand the resources and constraints that would align with I as I said time, effort, money. The access is already

discussed in discuss the information that is required here time, effort and money, how much time is there to conduct the market research, whether it has to be conducted across the nation in several cities or if the time is less there are certain representative cities are there that has a you know population representative of India. So, sometimes Patna is taken as one of the test city, Indore is taken as another city in the slightly northern part of India. So, likewise there are certain test cities are there which are chosen when the time is not enough when the time is there then many cities could be chosen for all this research projects. Now this is the problem audit.

I think it would not take as much as time to actually really conduct the problem audit than what I would have taken, than what I had taken to actually explain it to you each step by step. But I hope that these things should be kept in mind when you are in conversation with the decision maker. You have to understand all these things in a more conversational mode rather than more interview mode. In conversations people speak very freely. They could give you all that information.

In interviews you might not get all this information from the decision maker and getting the access to decision maker is very very important. The next step is interview with experts. Once you do the problem audit you have certain probable causes. So one set of filtered points are there.

These are the probable causes that are coming from problem audit. Next one is interview with experts. There are experts who are knowledgeable about particular industries. So reach out. So identify those experts.

In US it is easy to identify those experts than in India but now in India also information about people and what they do, in what industry they are you know being considered as a thought leader that information is more and more like coming on LinkedIn and other channels media channels. So identify the experts for that particular industry or product category. and approach them to discuss the symptom. The market researcher will go to the experts talk about the situation and get to know what they think of the probable causes.

When some technology companies when they release the product they do that such kind of conversation with lead users of a technology. The users who first get to use that technology and who are eager to use that technology, who love that kind of technology. Innovators are such kind of customers, the first set that would buy the anything related to technology that comes first in the market.

So the idea is do interview with experts or in case of technology it could be lead user interviews. These experts would have more knowledge than you and more knowledge about the industry than anybody else in that particular industry. They would give you some ideas about the probable causes. For example, in case of Diet Coke in 2009, the sales were down and distributors started cutting the Diet Coke. They did not, because the sales were getting low and the researcher went to experts, industry experts who said that Diet Cherry Coke, the problem was

could be the image. Cherry coke is being sold to young audience and it has a young image. Now, diet cherry coke has an image of an old-fashioned, has an old-fashioned image and that is why it is not getting sold. So this is one of the probable cause that came. Then in the problem solution solving research, the cause was confirmed and solution was provided.

Then they had more edgy graphics and more youngsters in those promotions. They changed the image of Diet Cherry Coke because of which the sales went up again. So that is how interview with experts become important. And market research has one key skill is one has to be a people loving person. There are people loving person, number loving person.

One has to be both. You cannot escape. You cannot extract all this information if you do not have the skill to get in conversation with people. So, after that there is secondary data analysis. Now, what is secondary data analysis?

What is primary data versus secondary data? Primary data is the raw data which we collect personally and secondary data is which we collect from other sources. Like books, published journals and... Okay. Anybody else? It is correct, yes.

The primary data is the data which we collect for the problem at hand, which we collect personally, first hand, which did not exist before the problem, before we define the problem. Census data is there. whether we have a marketing problem today or tomorrow sensors that is that become secondary data, but some problem marketing problem that we face today we define the problem and collect go out and collect data surveys, interview that become the primary data, the secondary data analysis that data that existed before the problem exists now where is the secondary data for restaurants you go to zomato whichever restaurant is facing problem look at their reviews you will get the secondary data do the do the secondary data analysis, thematic analysis you will get to know what are the probable causes which we will be doing in session 4, so that is another way you

will get the probable causes the last one is qualitative research which is which again there are several methods qualitative research where the data will be in the form of paragraphs, sentences, words, imaginations, stories, videos.

So that is qualitative research. P&G does it very well. They send the cameramen's, video cameramen's to their customer's home. They stay there for 4 days, 5 days. The condition is any

you know they would not record anything that has not to be recorded right ? So they stay there for four days five days, they observe what people are using, how they are using, what are their you know needs even the small activities like doing brush also Because they would know some people, you know, hold it in a very weird way. I hold my brush in a very weird way. Anyways. So you get to know if that, let's say there is a pattern among the target customers.

They identified for working woman, working woman, P&G identified that In morning they do not, they are in huge hurry because they have to send their kids to home, to the school. They have to prepare the breakfast for their husband and they have to get ready for their job as well. So they don't have time to wear makeup and to dress up very well. But they want to look at their best when they want to leave to the office.

So they brought a product which a multi-functional product which had a foundation, which has a moisturizer and one more thing that I don't remember. It is a very popular product. I think some of you would be knowing that. So they got to know that there is such a product required just by looking at how much hurry a working woman, married working woman is into in the morning. But she wants to look at her best.

So she has to do several things before she reaches work and look at her best. So they identified that particular product and they launched that particular product. Likewise the best form of qualitative research is observation. You observe people using the product that you have symptom about. Go to their homes.

See them using that in real life. That will give you important insights. Sir, question me, sir. If they know that we are being watched upon, so won't that affect their behavior?

See, initial few, let's say, hours, maximum one to two hours, they will be little watchful. Then one cannot sustain that level of, you know, watchfulness throughout. And they would be told that what is the aim of this particular thing. But you also have a choice of doing the observation in supermarkets without letting anybody know that you are



watching somebody. But don't do it that explicitly that somebody comes and then there becomes a problem.

Now another, there are very good examples of qualitative research. As I said, it is very important to go to the customer's home or at the site of the use, real site of the use of the product to identify the problem rather than asking them in interviews. So, Surf launched the Surf Super Concentrate in Japan. Super concentrate which the particles when the machine moves washing machine moves it dissolves and it provides very much whiteness so they called it super concentrate in Japan and and it was made available in sachets and it had a good fragrance also now Japanese people they liked good fragrance that is why they put fragrance in that and small sachets because they like to use it in convenient packages.

So there was some reason that they launched it in small sachets and with the fragrance by looking at the Japanese their consumption how they would like to use the product. They did some test, market test they did and they identified that the test marketing that they would have a good market share in the first year. In the test market we will come to in the fifth session only the test market just like I said Indore or but in Japan they would have selected some city and launch the product there to see what how much the sales would be. The sales in that test market were good, showing good numbers. Then they actually finally launched it and the sales were very very low.

It was a flop product. And then the researchers went on site to see what is the problem. They found that the Japanese people, they use low agitating machines. So their super concentrate remained concentrated. It did not dissolve.

The second thing is they dry their clothes like how we dry put it outside all fragrance gone in the air. So research not done correctly, you did not observe them using your product in the real scenario and that backfired, that is why it is very important to There are lot of examples like that a company wanted to provide to see whether their employees would like apple, eating apple during the lunch time. They did a survey and the responses were very very impressive. They thought okay lot of people are there wanting to eat apple during the lunch time. They ordered every afternoon during the lunch time apples were there on the table.

Kept very nicely, nobody ate those apples. The problem was where the apples were kept there the small small outlets or shops were there of KFC and this and that all the tasty stuff and when after half a day work you know, your energy is already taken up, in half a

day work, you are gone Or let us say if you are in city like Bangalore, you reach with such a, you know, after moving through such a crowded traffic and then you are gone. By the time you are in lunch, when we are sucked off of our energy, our energy is very low, we would actually look for tasty things rather than healthy.

So, everybody was eating all that. What was the problem? Research done wrong. It would have been field tested whether people would eat apples. So likewise qualitative research not all qualitative research so the interviews, focus groups they are they are all you know conversation based, whereas observation is one where you can actually go to the real site and observe and identify the probable causes, now after you conduct all these four steps after we conduct all these four steps, the probable causes will be there.

From the four steps, they will converge, identify the overlaps. Some probable cause which has a good frequency would be the one for which using which you will define the marketing research problem.