

A Pre-reading 1: Discussion

Think of some reasons why a company might decide to do market research.

B Pre-reading 2: Topic-matching

The paragraph headings in the text are missing. Read the text and add the correct heading from the list below.

- a. Exploiting new market opportunities
- b. Improving return on investment
- c. Forecasting
- d. Reducing the level of risk
- e. Understanding the market

Reasons for doing marketing research

1. _____

In a hypercompetitive environment, organizations need to have a clear understanding of the dynamics of the market(s) in which they currently operate. This understanding needs to encompass:

- ◇ current customers
- ◇ current competitors
- ◇ potential customers
- ◇ potential competitors
- ◇ the impact of macro environmental forces

It is only through understanding, or at least attempting to understand, such diverse groups that an organization can be both proactive and reactive to changing circumstances.

2. _____

Marketing research provides a systematic approach to the creation of information that will improve forecasting potential. For instance, there is little value in a company producing millions of a particular toy if the market research suggests it will only sell a few thousand. Of course, the situation may change, especially if word of mouth builds the profile and it becomes a major success within the marketplace. However, if the initial marketing research indicates a lower market penetration, it would be unwise for the company to produce large volumes. The product will simply be stockpiled in a warehouse, depreciating in value while incurring warehousing costs.

3. _____

Companies should continually seek to improve their bottom-line performance. In other words, they need to use their resources both efficiently and effectively. Of course, that does not mean operating 'on the edge', with the absolute minimum of (for instance) human capital. That is a potentially high-risk scenario. However, companies should evaluate ways of improving return on investment. This is particularly the case where substantial funds have been invested in research and development to create the product (or service) in the first instance.

4. _____

Marketing research is not only about here and now problems. As we have already noted, it can be used for forecasting market demand. Moreover, it can be used to discover potential product and service gaps within the market.

5. _____

The development and subsequent introduction of new products and services can present significant financial and business risks to companies. Many companies have introduced new products only to find that they are poorly received in the marketplace and no amount of marketing spend will reverse their fortunes. In some cases, the company faces bankruptcy as a result. Marketing research might provide information on whether the product either has a market at all, or needs minor adjustments to meet market needs.

From *Foundations of Marketing* by Jonathan Groucutt, pp. 67-68
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C Comprehension check

Here are some expressions used in the text. Match each one to the correct paraphrase: A or B.

- In a hypercompetitive environment ...* [section 1, line 1]
A. in a situation where an organization has a few very big and powerful competitors
B. in a situation where an organization faces a lot of competition
- the impact of macro environmental forces* [section 1, line 9]
A. the way in which external factors (e.g. population change, government regulation, the state of the economy) affect a market
B. the way in which the natural environment (e.g. climate change, floods, earthquakes) affects a market
- ... if word of mouth builds the profile and it becomes a major success ...* [section 2, line 6-7]
A. if the product becomes better known and succeeds because people are talking about it a lot.
B. if the product becomes better known and succeeds because it is explained to people face-to-face (e.g. through product presentations and visits by sales representatives)
- Of course, that does not mean operating 'on the edge', with the absolute minimum of ... capital.* [section 3, lines 3-5]
A. that does not mean reducing resources to the point that the company has no more capital
B. that does not mean reducing resources to the lowest possible level, so that it becomes dangerous for the company
- ... no amount of marketing spend will reverse their fortunes.* [section 5, lines 5-6]
A. However much they spend on marketing, it won't cause sales to recover.
B. The company's overall results won't be negatively affected by the amount they spend on marketing.

D Vocabulary 1: Word-building

Here are some definitions of words that are used in the first three sections of the text (in the order they appear). Find the word or phrase in the text that matches each definition.

Example: the way in which things behave, affect and react to each other within a group: [dynamics](#)

- to include: *to* _____
- different: _____
- A _____ organization anticipates changes.
- not sensible: _____
- quantities/amounts (of a product): _____
- decreasing in value over time: _____
- in a way that produces the result that was intended: _____
- a situation that might happen in the future (but hasn't happened yet): _____
- to consider something and decide how useful it is: *to* _____
- a large amount of: _____

E Vocabulary 2: Collocation

Match the first parts of the phrases (1-7) with the last parts (a-g). Then match each complete phrase with the correct definition (A-G). The first one is done for you. The expressions are all used in the text but first try to answer this without looking, then check your answers in the text

Example: market → penetration → the extent to which a product has entered the market (1-c-F)

- | | | |
|------------------------|----------------|--|
| 1. market | a. spend | A. current challenges and difficulties |
| 2. bottom-line | b. capital | B. a company's profitability |
| 3. human | c. penetration | C. a company's staff/personnel |
| 4. high-risk | d. performance | D. the amount of money spent on marketing |
| 5. here and now | e. gaps | E. a possible dangerous situation in the future |
| 6. product and service | f. problems | F. the extent to which a product has entered the market |
| 7. marketing | g. scenario | G. parts of the market where a demand is not being met |

F Discussion

1. The text gives five possible reasons for doing market research. Which do you think is (a) the most important reason and (b) the least important reason? Why? Can you think of any other reasons?
2. The text looks at positive reasons for doing marketing research. Can you think of any reasons why a company might decide not to do it?

G Webquest

Find some examples on the internet of new products that did not succeed. Do you think the failure was caused by a lack of research or some other reason?

A Pre-listening

You are going to listen to a conversation about market research between Tim, a business studies student who is working as an intern in the marketing department of a large chocolate manufacturing company, and Carla, the marketing manager.

Before you listen, think about how a company might organize its market research. What different stages do you think it would need to go through? Now listen and check if any of your ideas are mentioned.

B Comprehension

Here are the different stages of the marketing research process mentioned in the conversation. Listen and put them in the correct order. Then read through the transcript and check your answers.

- Decide which research techniques to use.
- Decide what we need to find out about and why.
- Carry out the research.
- Write a research brief.
- Write and circulate a research report.
- Decide whether market research is possible and necessary.
- Collect and analyze the data.

C Communication focus

Carla is explaining the process of marketing research to Tim. She uses a lot of different expressions to **structure** her explanation and explain why her company does things in a particular way.

Look at the list of structuring expressions (1-8) and match them to the list of functions (a-h) which describe why she is using them.

Then listen to the dialogue again and notice how Carla uses these expressions in the conversation.

- I think we said we'd talk about marketing research today.
 - We'll look at questionnaires later.
 - But first, let's go back a few stages.
 - The best way to think about marketing research is to see it as a process with different stages, a bit like manufacturing a bar of chocolate.
 - If you think about it, all research takes time and costs money.
 - And even when we need to do some new research that isn't available yet, sometimes it's better if we pay a market research company to do the research for us.
 - For some kinds of research this is much easier and cheaper than trying to do it ourselves.
 - There's no point asking customers about things we aren't interested in.
- arguing that one action is preferable to another
 - making a comparison/analogy
 - promising to return to a topic later
 - asking someone to consider a statement (and to agree with you)
 - suggesting that something could be a better idea, even though it might not be obvious straight away
 - rejecting a possible action
 - referring to a previously agreed topic
 - moving back to an earlier stage in a process

D Discussion

1. Are you familiar with any of the primary research techniques mentioned (questionnaires, focus groups, in-depth interviews)? What do you know about them? Have you been interviewed or surveyed or have you carried out research on others?

If you aren't familiar with these techniques, use the internet to find out more about them.

2. What do you think are the advantages and disadvantages of the different kinds of research mentioned in the dialogue? Again, use the internet to help you.

E Project

Think of a new product or service you would like to launch. Then follow some of the stages described in the dialogue:

1. Decide what information you need to find out from market research and why.
2. Decide which research techniques are best for your kind of product or service.
3. Write your questionnaire or interview script.
4. Carry out your research with other members of your class.
5. Analyze your research and present your findings.

Tim, a business studies student, who is working as an intern in the marketing department of a large chocolate manufacturing company, is talking to Carla, the marketing manager, about market research.

Carla: So, Tim. I think we said we'd talk about market research today. Do you have any personal experience of market research?

Tim: Well, I sometimes get asked to fill in a questionnaire when I visit a website. And I got sent a customer satisfaction questionnaire by email when I bought a new computer.

Carla: Yes, questionnaires are a very useful research tool, but there are lots of others. We'll look at questionnaires later. But first, let's go back a few stages. The best way to think about market research is to see it as a process with different stages, a bit like manufacturing a bar of chocolate. The questionnaire comes quite late in the process, but before that we have to go through a number of different stages. What do you think the first stage is?

Tim: Well, I suppose it's ... sorry, I'm not sure.

Carla: Well, if you think about it, all research takes time and costs money. So before we begin, the first thing we need to do is to decide whether we really need to do the research, or whether we actually *can* do it.

Tim: Sorry, I'm not sure I understand. Surely you always have to research a new product.

Carla: Not necessarily. Sometimes there just isn't time to do research. Do you remember last summer started very early and it was really hot? We had to launch our new product range of non-melting chocolate bars straight away. We couldn't afford to wait to research the product, or our competitors would have had the whole market to themselves.

Tim: Yes, I see.

Carla: Also, sometimes the information we need might already be available. For instance, in our field, there is a lot of published market research on chocolate purchasing, analyzing different countries and market sectors. We can simply buy these reports from market research companies. And even when we need to do some new research that isn't available yet, sometimes it's better if we pay a market research company to do the research for us. For some kinds of research this is much easier and cheaper than trying to do it ourselves.

Tim: OK, I understand now. And assuming you do want to do some research, then you decide what you need to find out from the research?

Carla: Yes, that's right. There's no point asking customers about things we aren't interested in, so we need to decide exactly what we need to find out and why we need to find it out. And once we've done that, we write a research brief, which we present to the market research team. This contains the background (why we're doing the research), what we're testing or asking about, and how we will use the information to help out marketing. What do you think comes next?

Tim: You decide how to do the research – what research techniques to use?

Carla: Yes, that's right. There are all sorts of different techniques. You mentioned emailed questionnaires and web questionnaires earlier, Tim. These are becoming much more common than personal interview questionnaires, telephone questionnaires and postal questionnaires sent through the mail. Apart from questionnaires, we can also set up focus groups of customers (or potential customers) for our products. This is usually a group of six to eight people with someone from our department who leads the conversation: we usually call this person a 'moderator'. Or we sometimes do an in-depth interview with just one customer. Or we can actually go to supermarkets and observe customers' behaviour. How long do they spend in the confectionery department? Which brands of chocolate do they look at, and which do they ignore? That sort of thing.

Tim: So if I see someone hanging round the confectionery aisle in my supermarket making notes, it might be someone from this marketing department.

Carla: Maybe! Anyway, all of those techniques – questionnaires, interviews and focus groups – are what we call primary research: the research we do ourselves within the department. But there is also secondary research. For example, we can also get lots of other information from inside the company: previous research reports, sales figures, feedback from sales reps, and so on. And there is also the external information from market research companies that I mentioned earlier.

Tim: So once you've decided on what techniques to use, you do the research.

Carla: Correct. And after we've completed the research, we collect all the data and then we analyze it. Then, finally, we put all this information together into a research report. We use this research report within the marketing department, and we also circulate it to other people in the company.