

# **Business research**

## **Lecture 1**

### **Introduction to Business Research**

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# Agenda

- The meaning and nature of research
- Define the purpose of research
- Assess the different types of research
- Various research approaches
- Scientific Research VS Business Research
- Generalize the Process of research
- Understand the significance of research in business decision-making

# Introduction to Research

What is research?

Research is the **process of finding solutions to a problem** after analysis of the situational factors.



## MEANING AND DEFINITION OF RESEARCH

- How many customers do I can handle daily?
- Which groceries combination is more popular?
- What time does the customers hit to maximum at store?
- What is the average money a customer spends on a purchase?

# MEANING AND DEFINITION OF RESEARCH

- **Research involves** a well-developed plan, a systematic approach to developing new theories of finding solutions to various problems.
- **Redman and Mory defined** research as ‘a systematized effort to gain new knowledge
- **Zina O' Leary** defined research as a 'creative and strategic thinking process that involves constantly assessing, reassessing and making decisions about the best possible means for obtaining trustworthy information, carrying out appropriate analysis and solutions.
- **Clifford Woody** defined research as 'a method for the discovery of truth which is really a method of critical thinking

## Research involves

- A clear definition of the problem
- Formulation of hypothesis
- Collection and analysis of data
- Relating the findings to existing theories and earlier formulated hypothesis.

## **OBJECTIVES OF RESEARCH**

- To Explore
- To Describe
- To Diagnose
- To Establish Causal Relationship
- To identify and find solutions to the problems
- To help making decisions
- To develop new concepts
- To find alternate strategies

## CHARACTERISTICS OF RESEARCH

1. Research is directed toward the solution of a problem.
2. Research is purposive i.e. it deals with a well-defined significant problem.
3. Research is based upon observable experience or empirical evidences.
4. A research gathers new knowledge and brings to the unexplored and unexplained phenomenon.
5. Research involves collection of primary data from first hand sources or involves use of existing data for a new purpose.
6. Research activities are carefully detailed and clearly outlined through a research design.
7. Research emphasizes the development of generalizations, principles, or theories that will be helpful in predicting future occurrences.
8. Research requires a degree of expertise and skill. A research worker is expected to be knowledgeable about carrying out a research.
9. Research strives to be objective and logical, validate the procedures employed the data collected and the conclusions reached.
10. Every process, term and tool used in the research should be carefully documented and reported.
11. The research should target towards the discovery of general principles or theories.



# Scientific Research VS Business Research

## What is business research?

- Research provides the needed information that **guides managers to make informed decisions** to successfully deal with problems.
- The information provided could be the **result of a careful analysis of data gathered** firsthand or of data that are already available (in the company).

## Why is it important for managers to know about research?

- Solve problems
- Decision making tool
- Competition
- Risk
- Investment



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The Affordable Electric Vehicle for the Masses



INTRODUCING THE  
**MODEL S**

STARTING AT  
**\$35,000**



**smart**  
open your mind.

**Early birds,**  
stuff worms.  
Get 12 months free insurance  
before March 31st instead.

How about a car that goes 58.9 miles on £3.40?  
How about a car that's half as much to tax?  
Heck, how about we pay the first year's insurance for you?  
Well, how about it early birds?  
Come join in our way of thinking.

▼ **join in**



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Smart - a brand of Smartcar plc.  
The year's 2008 insurance is available on selected used (100,000 miles or less) and private registered drivers (1 January 2008 and 31 March 2008, subject to underwriting terms and conditions) used. Free insurance is available to private retail purchasers aged 17 to 70, including Northern Ireland, used. Free insurance is underwritten by 10 Insurance Limited, a member of the General Insurance Standards Council.  
Warranty shown is 40000 miles/3 years (whichever is first) and consumption is 40.0 (l/100 miles) urban 47.0 (l/100 miles) extra-urban 35.0 (l/100 miles) combined 35.0 (l/100 miles) cycle. Figures are for Smartcar plc. Smartcar plc is a member of the Smartcar Group. Smartcar plc is a member of the Smartcar Group. Smartcar plc is a member of the Smartcar Group.

# What do you see in these pictures?

## Marketing...

- is not ADVERTISING
- is not SELLING
- is not PROMOTION

- These ads are selling the product, but the Smart Car is the result of marketing from the ground up.



# What is Marketing research?

Marketing research is a process of collecting, analyzing and using information for marketing decision making.

Research is central to understanding effective customer satisfaction and customer relationship programs.





# Why is it needed?

- Each year millions of new products are launched:



# Purpose of Marketing research

to reduce the risk of making wrong decisions

Marketing research is carried out to:

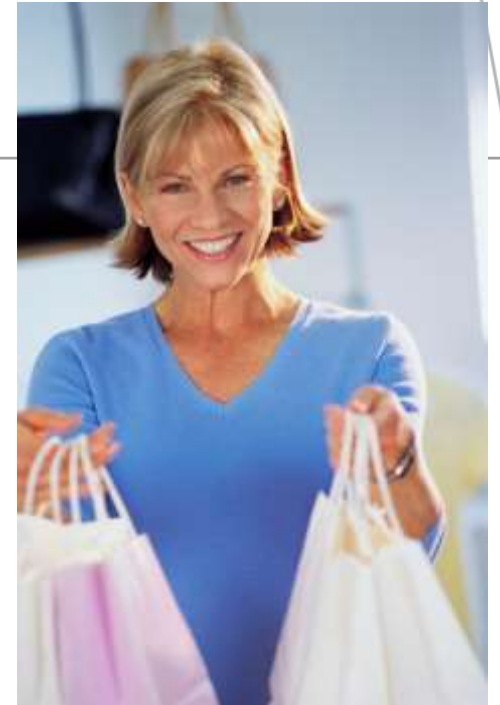
- Help firms make right marketing decisions
- Reduce risks.





Every business owner must ask the following questions to achieve effective marketing strategies:

- Who are my customers and potential customers?
- What kind of people are they?
- Where do they live?
- Can and will they buy?



- Am I offering the kinds of goods or services they want at the best place, at the best time and in the right amounts?
- Are my prices consistent with what buyers view as the product's value?
- Are my promotional programs working?
- What do customers think of my business?
- How does my business compare with my competitors?



## Starbucks's market research approach includes:

- Tracking cultural trends
- Monitoring social media
- Gathering customer feedback
- In-store product testing



**LEGO** conducted a study involving 3,500 girls and their mothers to understand the children's playing habits.

As a result of the market research study, LEGO launched a new toy line, "Friends" to encourage girls to play with LEGO toys.



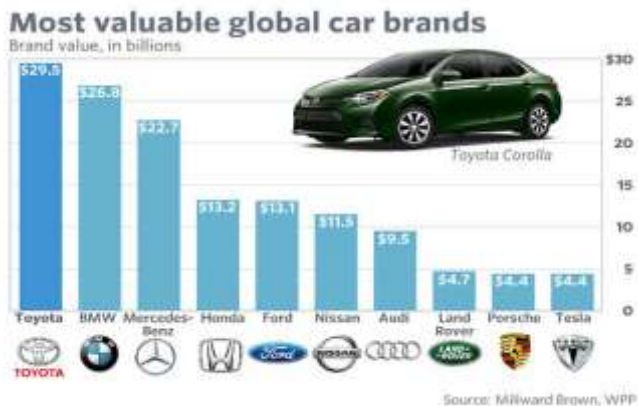
# Functions of business research

Descriptive, diagnostic and predictive.

The descriptive function of marketing research consists in collecting, analyzing and presenting facts, events and market processes.

It consists in the analysis and interpretation of data in order to notice correlations between cause and effect.

The predictive function of marketing research consists in foreseeing future events and market processes.



**AUTO MAKES WITH THE MOST FATAL CRASHES**  
3-Year U.S. Totals  
Autoleadsurance.org

*Sales volume?*

Rank	Make	Fatal Crashes
1	FORD	21,262
2	CHEVROLET	20,435
3	TOYOTA	12,918
4	HONDA	10,969
5	DODGE	7,983
6	NISSAN	7,956
7	GMC	4,533
8	JEEP	4,138
9	HYUNDAI	3,766
10	KIA	2,834



During 10 year

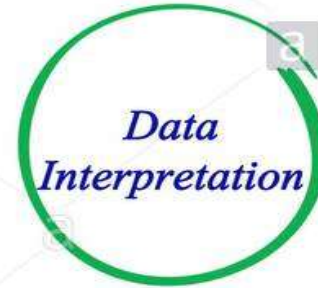
# Characteristics of Marketing Research

- Marketing research is systematic
- Marketing research is objective
- Marketing research is ethical

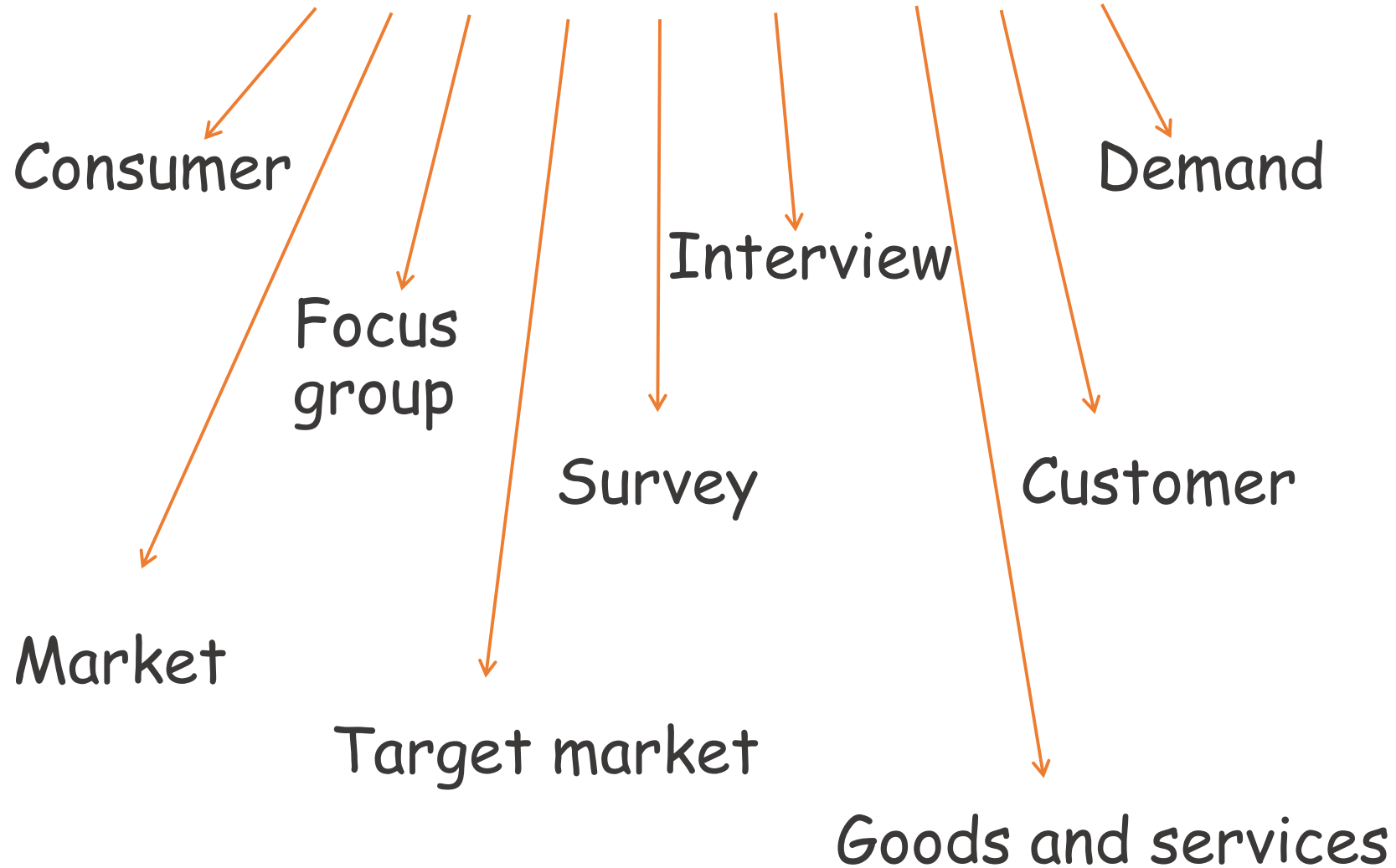




# *Marketing Research Process*



# Basic terms in Business research



# What is Market?

The group of potential buyers.

Potential consumers make up a market, which is:  
People with the Desire and with the Ability to  
Buy a specific product.



# What is Target Market?

A specific group of consumers at which a company aims its  
products and services.



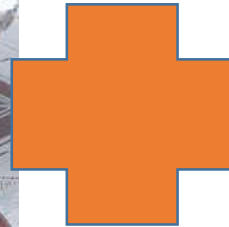
for





# What is Demand?

Wants



Buying Power



Demand

## Who is Consumer?

The person who uses the product.

## Who is Customer?

The person who purchases the product.

## What is "goods"?

The products which are tangible items that satisfies human wants and needs.

## What is "services"?

The products which are intangible items that satisfies human wants and needs

## What is survey?



A survey is an indirect measuring method whose point is to provide answers in accordance with instructions contained in a questionnaire.

## What is focus group?



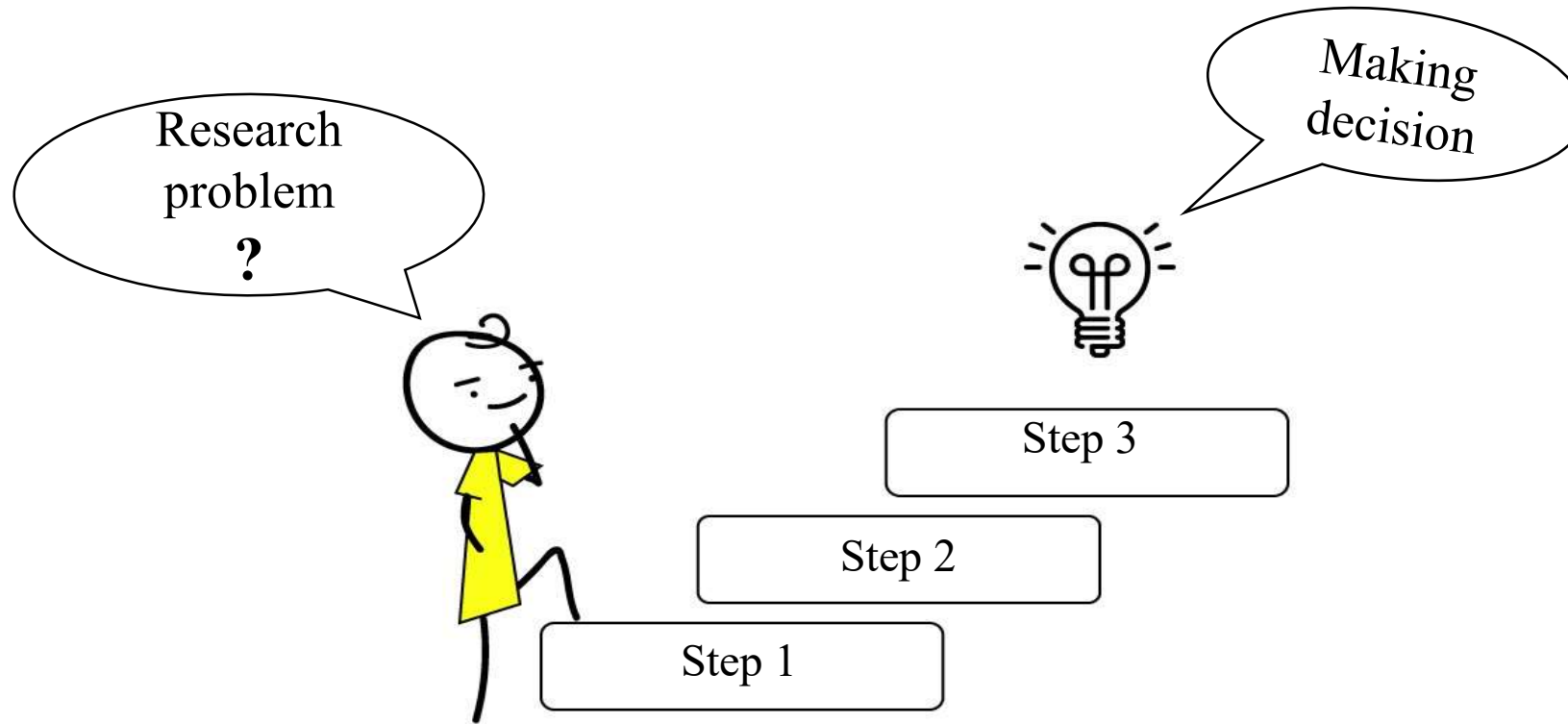
A focus group is a market research method that provide a deep feedback regarding a product, service, concept, or marketing campaign.

# Business research process

1. Define the Problem
2. Develop Your Research Plan
3. Collect Relevant Data and Information
4. Analyze Data
5. Report Findings



Developing a **process of business research** is tied to determining stages of specific tasks and a timetable of their performance.



A Research problem is a question that a researcher wants to answer or a problem that a researcher wants to solve

# Step 1: Define the Problem



This is the most important of the 5 steps  
If the problem is incorrectly defined, all  
else is wasted effort.

## Establish Objectives

Research objectives, when achieved, provide the information necessary to solve the research problem. Research objectives state what the researchers must do.

## Step 2: Research plan

### STRUCTURE OF A RESEARCH PLAN

1. Introduction
2. Background
3. Research problem and objectives of the research
4. Population and sampling
5. Data gathering and research method(s)
6. Questionnaire and questions
7. Budget and timetable
8. Risks



## Step 3: Collect Relevant Data and Information





## Step 4: Analyze Data

- Data analysis involves entering data into computer files, inspecting data for errors, and running tabulations and various statistical tests.



## Step 5: Prepare and Present the Final Research Report

**Marketing research report:** a factual message that transmits research results, vital recommendations, conclusions, and other important information to the client, who in turn bases his or her decision making on the content of the report



# The Marketing Research Process

## 1. Identify the problem

- Problem to solve
- Project objectives
- Research questions

## 2. Develop the research plan

- Information needed
- Research & analysis methods
- Responsible parties

## 3. Conduct research

- Secondary data review
- Primary data collection
- Suitable methods & techniques

## 4. Analyze and report findings

- Data formatting & analysis
- Interpretation of results
- Report & recommendations

## 5. Take action

- Thought and planning
- Evaluation of options
- Course adjustment & execution

# MARKET RESEARCH PROCESS

## Define the research problem



Comments

- ▶ identify and clarify information needs
- ▶ define research problem and questions
- ▶ specify research objectives
- ▶ confirm information value

- Decide on
  - ▶ budget
  - ▶ data sources
  - ▶ research approaches
  - ▶ sampling plan
  - ▶ contact methods
  - ▶ methods of data analysis

- ▶ collect data according to the plan or
- ▶ employ an external firm

- Analyze data
  - ▶ statistically or
  - ▶ subjectively and infer answers and implications

- ▶ Formulate conclusions and implications from data analysis
- ▶ prepare finalized research report

Comments

If a problem is vaguely defined, the results can have little bearing on the key issues

The plan needs to be decided upfront but flexible enough to incorporate changes or iterations

This phase is the most costly and the most liable to error

Type of data analysis depends on type of research

Overall conclusions to be presented rather than overwhelming statistical methodologies



# Step 1: Define Business Problems and Opportunities

## Opportunity

- You are trying to launch a new product or service.

## Problem

- Awareness of your company and its products or services is low.

## Problem

- The market is familiar with your company, but still is not doing business with you.

## Problem

- Your company has a poor image and reputation.

## Problem

- Your goods and services are not reaching the buying public in a timely manner.

# Step 2: Set Objectives, Budget and Timetables



# Step 3: Select Research Types, Methods and Techniques

Two types of research are available:

- Primary research is original information gathered for a specific purpose.
- Secondary research is information that already exists somewhere.



# Step 4: Design Research Instruments

The most common research instrument is the questionnaire. Keep these tips in mind when designing your market research questionnaire.

- Keep it simple. Include instructions for answering all questions
- Begin the survey with general questions and move toward more specific questions.
- Design a questionnaire that is graphically pleasing and easy to read.



# Step 5: Collect Data



- To obtain clear, unbiased, and reliable results, collect the data under the direction of experienced researchers.
- Before beginning data collection, You must train, educate and supervise your research staff.
  - Untrained staff conducting primary research will lead to interviewer bias.

# Step 6: Organize and Analyze the Data

Once data has been collected, it needs to be cleaned.

- Cleaning research data involves editing, coding and tabulating results.
  - Start with a simply designed research instrument or questionnaire.



# Step 7: Present and Use Market Research Findings

Once marketing information is collected and analyzed, present it in an organized manner to the decision makers of the business.

- You may want to report your findings in the market analysis section of your business plan.
- You may want to familiarize your sales and marketing departments with the data or conduct a companywide informational training seminar using the information.

