

Defining the Market Research Problem

The first step in the market research process is defining the problem. Some textbooks even suggest that this is the most difficult stage. When you first hear this statement, it sounds strange – how can the firm not know its own problem?

Well, hopefully this activity will help clarify that situation. The following firm is looking to undertake some market research, but they first need to define the research problem – can you help them?

Excerpts from the Manager's Meeting

- Mitchell: I think we all know why we're here. Our last advertising campaign, which cost over \$5m, has not had any real impact on our sales levels. We need to find out what went wrong and fast!
- Lyn: Well to do that we will need to conduct some market research; I'll brief the research agency straight after this meeting.
- Caitlin: But what are they going to research? This situation could have been caused by a number of factors. For instance, it could have been the media buy, or the ads themselves, or the fact that we just used television ads without any other support.
- Garrett: Maybe it wasn't the ads at all. It could have been more aggressive competitor activities over the past few months.
- James: Or maybe it was something that we did. Did we change our pricing during the period? Did we reduce sales promotions because the money was going into heavy advertising instead?
- Wilson: I'll have to check those details, but it's a possibility. If we did reduce our sales promotions, then maybe we don't have a problem at all. Perhaps our advertising has increased the value of the brand and we are now selling the same as before without the need to offer discounts and incentives.
- Mitchell: OK, there are a number of possibilities. Let's start by making a list of all of the possibilities. Then we'll review the list and identify the most likely problem areas for further research.

Student Discussion Questions

1. What are the possible problem areas that the firm should be investigating?
2. Given your list in Q1, what are the most likely problem areas?
3. How would you define the market research problem for this firm?
4. After completing this exercise, do you think is generally easy or difficult to define the market research problem?
5. What would be the implications of defining a market research problem incorrectly?