

## **Should We Conduct Market Research (Test Marketing)?**

Below you will find an excerpt from a new product project team meeting, where the possibility of conducting market research (test marketing) is being discussed.

Your task here is to outline the reasons for and against of undertaking the study (as raised by participant in the meeting). As part of your review, please consider the validity of each participant's comments.

At the end of the discussion summary, there are questions for you to address to determine whether the test marketing research should be conducted.

### **Excerpts from the Project Team Meeting**

- Jane: OK team, we're getting near the end of the project, time to discuss the merits of a market test. Personally, I'm keen on a market test as the successful launch and fast adoption of our product is a key success factor.
- Bruce: I'm going to disagree. I'm a 'speed-to-market' sort of guy. Look it's a good product. It's got success written all over it. Let's just get it out there and the product will do the rest.
- Mike: Sure Bruce, it's a good product. But unless it's well promoted, widely available, and consumers clearly understand its benefits – it just won't sell well. A market test will give us valuable information so we can market it effectively.
- Harry: But do we really need that information? We're professional managers, we've all been through major product launches before. I'm sure that between us we can work out the best launch strategy without the need for extra information.
- Simon: Well, I'm not so sure Harry. I've said it before, and I'll keep saying it. This product is so critical – it's just too important – we must test it and get it right.
- Mary: To add to this discussion, I'm going to put my finance hat on. We're talking a big expense. This product already has a big investment to recover and adding another few hundred thousand plus is a big ask!
- Lyn: Personally, I think that undertaking more research sends a bad signal to the executive team that we're really not confident in the product's likely success.
- Darcy: That could be true. But I've heard rumors that a few of our competitors are in development of a similar product. We need to go now, or we'll possibly lose our "first-to-market" advantage. I think that the executive team would be very disappointed if a competitor beat us to the marketplace.
- Anna: I'm sure that some of you feel like I do. We've been working on this project for over two years, and it would be good to skip the research and just push the product out now. But we're professional. We're paid to make the right decisions. So, let's objectively weigh up the pros and cons and make the right decision for the firm.

### **Student Discussion Questions**

1. What are the arguments for conducting the market research?
2. Outline the concerns with undertaking this research study.
3. Given your responses to Q1 and Q2, what would you advise the firm to do in regard to conducting the study? Why?