Chapter 2 Framing the Market Opportunity and Research

2.1 INTRODUCTION

This chapter proposes a framework for market-opportunity analysis and reviews some of the tools that can be used to frame the market opportunity. A lot of this spadework is actually repetitive. Depending on the degree and tolerance for risk and the burden of proof required by a particular organization, these analyses will be depended and refined as the company develops and launches market offering.

The last few years have seen an unprecedented launch rate of internet-related startup companies. For some, starting a risky new business will prove very rewarding, but in many cases, these businesses will not prosper. The failure rate of startup companies and product introductions is now higher than 80 percent.\(^{41}\)

The Internet represents a tremendous opportunity. For customers, it gives a much wider choice of products, services and prices from different suppliers and the means to select and purchase items more readily. For organizations marketing these products and services it gives the opportunity to expand into new markets, offer new services and compete on a more equal footing with larger businesses. For those working within these organizations it gives the opportunity to develop new skills and to use the Internet to improve the competitiveness of the company.

Framing the market opportunity and research is an essential tool for both entrepreneurs and senior managers who plan to launch business. While it does not guarantee a startup’s success. Thinking through the conditions that define opportunity attractiveness increases the likelihood of pursuing a solid idea. Not doing opportunity analysis, or doing it poorly, increases a venture’s chance of failure. Here are some questions that come into existence: Why does one want to go into online business; what are

\(^{41}\) Ms. Shivalee Kaushik, Research Head, ICMR (Indian Council for Market Research).
his/her goals; where will business compete; how will it succeed. But company clarifies its business models early in the business development process via indulging in some brainstorming as given in table 2.1. It identifies the customers it will serve and the competitors it will face. A company’s defined market-space may change as both the company and the market evolve, but a clear initial definition is necessary to develop the business model.

Table 2.1
Online Business Models

<table>
<thead>
<tr>
<th>Goal</th>
<th>Type of website</th>
<th>What to do</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make big bucks</td>
<td>Sales</td>
<td>Sell items or get lots of paying advertisers</td>
</tr>
<tr>
<td>Gain credibility &amp; attention</td>
<td>Marketing your work online</td>
<td>Put your CV and samples of your work</td>
</tr>
<tr>
<td>Turn an interest into a source of income</td>
<td>Hobby/special interest</td>
<td>Invite like-minded people to share your passion, participate in your site, and generate traffic so that you can gain advertisers or customers.</td>
</tr>
</tbody>
</table>


The research on planning generally shows a positive relationship between planning and business performance. Businesses that follow a well thought out plan generally outperform businesses with no plans or informal plans in every relevant category. Businesses that continue to update their plans throughout the life of the business enjoy significantly more success than businesses that don’t. Key reasons for framing up market opportunity
as per the survey conducted by IAMAI of a number of firms engaged in online marketing are shown in table 2.2 & diagram 2.1.

### Table 2.2

**Key Reasons for Framing up Market Opportunity**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Reasons</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Building confidence</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>Testing your ideas</td>
<td>8%</td>
</tr>
<tr>
<td>3</td>
<td>Showing how much money you need</td>
<td>11%</td>
</tr>
<tr>
<td>4</td>
<td>Providing planning experience</td>
<td>8%</td>
</tr>
<tr>
<td>5</td>
<td>Satisfying financiers’ concerns</td>
<td>14%</td>
</tr>
<tr>
<td>6</td>
<td>Presenting evidence of market orientation and focus</td>
<td>13%</td>
</tr>
<tr>
<td>7</td>
<td>Demonstrating customer acceptance</td>
<td>11%</td>
</tr>
<tr>
<td>8</td>
<td>Owning proprietary position (Patents or copyrights)</td>
<td>11%</td>
</tr>
<tr>
<td>9</td>
<td>Making believable forecasts</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: *Survey conducted by IAMAI, 2008.*
2.2 CHOOSING THE MARKET ARENA BY NAUKRI.COM

Framing the market opportunity is the choice of a game plan for how a company will compete in the marketplace. It includes explicit choices about which goals to pursue, which markets to compete in, how to compete in the markets, and how to measure success. This is the responsibility of the most senior managers in the company. The choices made can lead to outstanding successes in the market-place or failures.

The starting point for making these fundamental choices is the marketplace itself. Nobody can be successful unless his plan addresses fundamental needs in the market-place significantly better than the competition’s plan does. Consider an example of infoedge India Ltd (Naukri.com) online job-portals. There are well established competitors in this market-space. In addition, there are direct websites of the companies, local job consultants, vacancy advertisements in newspapers and others.

How will Naukri.com, for example, outperform competitors. Mr. Bikhchandani\textsuperscript{42} answers it depends upon a basic strategic decision made by the senior management team. This strategic decision is choosing a market arena, which covers taking competitive advantage, trying to be different, performing different set of activities and connected activities.

The first choice confronting Naukri.com is the market in which it will compete. In a sense, the company has already decided to compete in the market of job providers; thus its industry choice is largely determined. However, there remains a number of scope decisions related to how many services-such as interviewing the candidates on behalf of the client and providing training to them i.e. to offer in this arena (often called horizontal scope), promotional activities of their clients (often referred to as vertical markets) and geographic expansion into international markets.

\textsuperscript{42} Mr. Sanjeev Bikhchandani CEO Info Edge India Ltd.
The choice of the market arena is a function of both the internal capabilities of the firm and market-place opportunities. It is perhaps obvious that the firm should have capabilities, resources, assets, and skills related to the arena. However, a firm that lacks the necessary capabilities may observe a market opportunity that is so great (in terms of market’s size and growth rates) that opts to acquire this expertise in the open market or partner with other players who have the desired capabilities. This process is further enhanced as explained in diagram 2.2.

Diagram 2.2
Process for choosing Market Arena

Choosing Market Arena

Competitive Advantage

Different Ways

Identifying and Marking Tradeoffs

Interlocking Activities

**Competitive Advantage Of Naukri.Com**

Mr. Nigam\(^{43}\) stated the essence of competitive advantage is to locate a position in the chosen market arena that customers perceive as unique and valuable. The choice of this position is based on the firm’s belief that it can deliver a set of customer benefits significantly better than the

\(^{43}\) Mr. Shalabh Nigam, Sr. VP - Technology, Info Edge India Ltd.
competitors. Ultimately, however, the customer is the final judge of how well the firm delivers the benefits relative to its competitors.

In selection of the position, the firm has to make some decisions. Firstly, company should compete in markets where the customer perceives higher delivered value versus competition. Thus, if Naukri.com decides to contact directly to clients, it will be evaluated not only relative to other online players e.g. Jobsahead or monster but also existing brick-and-mortar players e.g. Local job consultants and News Papers. Secondly, naukri.com is very careful to conduct sufficient market research to identify features that customer value most. Thirdly, the firm must have a combination of resources, skills and assets that naukri.com knows exactly what online customers want; it is also relatively easy for competitors to mimic naukri’s offerings. As per the survey of a number of job seekers conducted by infoedge India ltd, the value of the services ranked by customers are shown in table 2.3 and diagram 2.3.

Table 2.3
Most Valuable Services

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Valuable Services</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Effective Sales Force</td>
<td>53%</td>
</tr>
<tr>
<td>2</td>
<td>Frequency of sales calls</td>
<td>61%</td>
</tr>
<tr>
<td>3</td>
<td>Product Innovations</td>
<td>67%</td>
</tr>
<tr>
<td>4</td>
<td>Advertisements</td>
<td>73%</td>
</tr>
<tr>
<td>5</td>
<td>Response</td>
<td>89%</td>
</tr>
</tbody>
</table>

Source: Based on a survey conducted by info-edge India ltd.
Different Ways of activities by Naukri.com

Mr. Nigam told a winning strategy is not about matching the competition on similar resources, skills, web design, or employees - it is about making explicit choices to either perform different activities or engage in similar activities but in different ways in order to serve the desired market. He further added that Naukri.com is performing the activities in different ways as providing links of the google to the job seekers, services like Preparing and forwarding Resume and job messenger service.

Identifying and Making Tradeoffs by Naukri.com

Porter states that strategy choices require trade-offs. That is, if naukri.com decides to target only large corporate customer, it would need to engage in a different set of activities (e.g. level of service support, advertising approach, and partnerships with certain corporate houses) than its current broad, mass market strategy requires. These trade-offs involve resource allocations that are difficult to change once established, and commit the firm to a particular course of action.

44. Mr. Shalabh Nigam, Sr. VP - Technology, Info Edge India Ltd.
Interlocking activities of Naukri.com

The final strategic decision relates to how well the firm’s chosen activities fit together in supporting the aforementioned strategic decisions. While the notion of core competencies has taken hold in corporate life, Mr. Nigam states that company looks for activities that mutually reinforce one another to create a compelling value offering. For example, naukri.com operates for both job seekers and recruiters. The site offers job information and review about 35000 companies belonging to various trades as given in table 2.4

Table 2.4
Categories of Jobs offered by Naukri.com

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Categories of jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IT, Software Services, BPO/ KPO</td>
</tr>
<tr>
<td>2</td>
<td>Construction and Site Engineering</td>
</tr>
<tr>
<td>3</td>
<td>Retail, Sales</td>
</tr>
<tr>
<td>4</td>
<td>Insurance</td>
</tr>
<tr>
<td>5</td>
<td>Telecom</td>
</tr>
<tr>
<td>6</td>
<td>Oil, Energy, Power</td>
</tr>
<tr>
<td>7</td>
<td>Pharma, Biotech</td>
</tr>
<tr>
<td>8</td>
<td>Marketing, HR, Administrative</td>
</tr>
<tr>
<td>9</td>
<td>Media, Entertainment</td>
</tr>
<tr>
<td>10</td>
<td>Purchase, Supply Chain &amp; Manufacturing</td>
</tr>
<tr>
<td>11</td>
<td>Banking, Financial services</td>
</tr>
<tr>
<td>12</td>
<td>Automobiles</td>
</tr>
<tr>
<td>13</td>
<td>Government jobs</td>
</tr>
<tr>
<td>14</td>
<td>Architecture, Interior Design</td>
</tr>
<tr>
<td>15</td>
<td>Industrial Products</td>
</tr>
<tr>
<td>16</td>
<td>Overseas, International</td>
</tr>
<tr>
<td>17</td>
<td>Content, Journalism</td>
</tr>
</tbody>
</table>

Source: http://www.naukri.com/

46. Mr. Shalabh Nigam, Sr. VP-Technology, Info Edge India Ltd.
By featuring both jobs and candidates to companies naukri.com offers valuable interlocking activities. For the recruiters naukri.com not only offers candidates resume but also other services as to interview candidates on behalf of the company.

2.3 MARKET-OPPORTUNITY ANALYTIC FRAMEWORK

According to Mr. Sharma47 market-opportunity analysis consists of five main investigative stages and a final go or no goes decision. It is important to note that these stages are not necessarily sequential and, depending on the situation, a company could cut into this process at any point. In addition, this is an iterative process. For initial due diligence, an organization could go through each stage at a very high level and then, if the idea merits it, go back and refine the analysis. Often, companies put a time box around the analysis that is commensurate with the magnitude of the decision they would like to make. The Diagram 2.4 shows the considerations that firms should satisfy in order to frame market opportunity. When they are taken together, these six conditions constitute a sound market-opportunity analysis:

Diagram 2.4

Process of framing Marketing Opportunity

- Seed Opportunity
- Uncover an Opportunity nucleus
- Identify Target Customer
- Declare the company’s resource-based opportunity
- Access Opportunity Attractiveness
- Conduct a go or no-go assessment

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47. Mr. Vibhore Sharma, senior VP-Technology, Info Edge India Ltd.
Seed Opportunity by ICICI Bank

Opportunity identification and analysis is anchored in an existing or new value system, or the playing field. In the new economy, the starting point for opportunity identification often is someone who believes that a value system can be reinvented. In 1997, ICICI became the first Indian financial institution to go online. In late 90’s when word was experiencing the dotcom boom, Mr. Kamath was quick to sense the shift in customer demands. He went ahead with a plan to offer a multi-channel delivery system to its customers to seed an opportunity. Starting with just 5,000 online customers, ICICI today serves over 2.5 million people online.

Uncover Opportunity Nucleus by Air Deccan

Captain G.R.Gopinath, first one to launch e-ticketing, said the company defines an opportunity to increase customer satisfaction or create a highly valued customer experience. Various airline companies conducted surveys to uncover either unmet or underserved needs of the customers and to know what do customers do today that frustrates them, what aren’t they doing, consciously or unconsciously, that could bring benefits to solve all these problems of customers companies launched e-ticketing.

Identify Target Customer by Bharatmatrimony.com

Choosing and identifying priority customers’ leads to a preliminary understanding of the firm’s target segments. Who are these customers; and what makes them attractive to pursue; what experiences do they seek; What would the company need to offer them? What barriers would the company need to overcome to get these customers to participate in an

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48. CEO, ICICI Bank Ltd.
50. CEO Air Deccan Airlines
offering. According to Mr. Sadagopan⁵¹ the company developed an initial sketch of these customers to both shape the business concept and estimate the size of the opportunity. This knowledge was essential as the company determines the nature and size of its offer.

**Declare the company’s Resource-Based Opportunity by Naukri.com**

Mr. Oberoi⁵² told examining the distinct capabilities the company would bring to the offering-through its own resources and those of potential partners-helps to gauge the degree of alignment between the opportunity and the company’s capabilities. A company must bring a set of distinct resources to win in the market. Without them, the company will not have the advantages it needs to generate cash flow.

**Assess Opportunity Attractiveness by Naukri.com**

Mr. Bikhchandani⁵³ feels to assess opportunity attractiveness; the company must assess the market’s financial, technological, and competitive situations. Financial attractiveness focuses on segment size, growth rates, profitability and other company specific performance criteria. Technological assessment, a sort of reality check, ensures that the business’s dream can be realized without being needlessly constrained by rapidly changing technologies or made obsolete by leapfrog technologies on the horizon. The company must also check both underserved customer needs and the strength of prospective competition.

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⁵¹ Mr. Sarathy Sadagopan, spokes-person Bharatmatrimony.com
⁵² Mr. Hitesh Oberoi, Director, Info Edge India Ltd.
⁵³ Mr. Sanjeev Bikhchandani, MD, Info Edge India Ltd.
**Conducts go or no go Assessment by Bharatmatrimony.com**

According to Mr. Sadagopan\(^{54}\) action standards are established before assessing an opportunity and applied broadly, thus creating a set of objective and universal metrics. Many organizations have a well established set of go or no go decision tools and enabling processes. This phase presents the business case for why an opportunity is or is not worth pursuing.

**Market-opportunity Analysis in the New Economy**

Mr. Khare\(^{55}\) said before exploring market opportunity analysis in depth for the new economy; consider whether it should differ from an analysis in more traditional sectors. Some professionals and analysts believe that opportunity analysis in the market space requires a different approach, as follows:-

1. **Competition occurs across industry boundaries rather than within industry boundaries at carwale.com**

Web-enabled business models can operate across traditional industry boundaries because they lack the constraints of physical product manufacturing or service delivery. Consequently, these businesses can more accurately match value creation from the customer’s perspective. For example, customers on carwale.com can conduct one stop car shopping. Customers can compare and purchase new or used vehicles and extended warranties. They can further finance, insure the car and purchase the accessories.

2. **Competitive Developments and Responses are Occurring at an unprecedented speed at naukri.com v/s monster.com**

\(^{54}\) Mr. Sarathy Sadagopan, spokes-person Bharatmatrimony.com

\(^{55}\) Mr. Vivek Khare, Senior VP, Jeevansaathi.com
Advances in technology and the adoption of creative business models are occurring rapidly. Due to the competition between two sites each of them introduces a new or unique kind of service as earliest possible. Market opportunity assessments must be continually refreshed by keeping abreast of important trends or discontinuous events that could redefine opportunity attractiveness.

3. **Competition occurs Between Alliances of companies Rather than between Individual Companies at Indianmba.com**

Many technology based products rely heavily on complementary products. For example, Web business relies on browser technology; browsers depend on operating systems, PCs, and modern technologies. Furthermore, the networked nature of the Web means that several companies can easily ally to create a seamless offer. Companies can often find themselves in co-opetition with each other i.e. they are both competitors and collaborators. For example, www.indianmba.com a community site for MBA colleges and students both competes and allies with several education sites, including www.coolavenues.com, www.upgov.nic.in, and www.goidirectory.nic.in. Each site exists in two ways, as a unique offering and also as a part of the learning network, an integrated educational offering.

4. **Consumer Behavior at Indyarocks.com**

As far as online marketing is concerned in India it is still at the age of infant thus it is easier to influence and change consumer behavior. This means that businesses must analyze customer needs, define products that meet those needs, and implement defendable strategies. In offline marketing, competition is frequently fought over a well defined set of consumer behavior patterns. But in the modern economy which is supported by Internet, companies introduce products leading to new behavior and new customer requirements. The challenge is listening
closely enough to today’s customers to develop insights about opportunities without being busy simply meeting defined needs. To state the obvious, customers don’t know what they don’t know. The company’s task is to define new experience based on insights into how customers are acting today and why.

For instance Indyarocks.com started to enable users to develop social network, gradually a new use of indyarocks emerged – to send free sms simply by registering mobile number and fun zone to play online games. Recently it has added a new feature of market information on different aspects. These developments are taking place because company is defining new experiences based on activities of the customers.

2.4 MARKETING MAPPING AND TARGET CUSTOMERS

After deciding where a company is likely to play in the value system, how customers go through the decision making process and what are the potential areas of value creation; it focuses on the specific customers whom the company plans to serve. This allows a company to assess opportunity attractiveness at a high level and to focus on crafting an offering that will appeal to target customer.

According to Mr. Bedi in analyzing the outcome of the customer decision process, companies are likely to identify subsets of customers with very different patterns of behavior, underlying needs, and drivers of behavior. Once the different segments have been identified, the company must determine the segments it will target in order to further refine the type of opportunity the company will seek to capture.

Deciding on which markets to target is a key strategic consideration for Internet marketing strategy in the same way it is key to marketing strategy. In an Internet context, organizations need to target those customer groupings with the highest propensity to access, choose and buy

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56. Harveen Bedi, VP, Quadrangle.
online. Target marketing strategy involves the four stages shown in diagram 2.5.

**Diagram 2.5**

**Stages in Target Marketing Strategy Development**

1) **Segmentation**:

Segmentation involves understanding the groupings of customers in the target market in order to understand their needs and potential as a revenue source so as to develop a strategy to satisfy these segments while maximizing revenue.

According to Mr. Bandyopadhyay\(^{57}\), in an Internet marketing planning context, market segments are analyzed to assess: Their current market size or value, future projections of size and the organization’s current and future market share within the segment, competitor market shares within segment, needs of each segment, in particular, unmet needs and organization and competitor offers and proposition for each segment across all aspects of the buying process.

2) **Target marketing**:

\(^{57}\) Mr. Subrata Bandopadhyay, Research Manager, ICMR (Indian Council for Market Research)
Targeting means selection of segments that are most attractive in terms of growth and profitability. These may be similar or different compared with groups’ targeted offline. As per the survey conducted by e-stats India of a number for firms engaged in online marketing, following are the basis of customer segments that are targeted online. As show in diagram 2.6 and table 2.5

**Diagram 2.6**

**Basis of Segmentation**

*The most profitable customers* 29%
*Larger companies (B2B)* 5%
*Smaller companies (B2B)* 16%
*Customers that are difficult to reach using other media* 15%
*Customers that are brand-loyal* 17%
*Customers that are not brand-loyal* 18%

**Table 2.5**

**Basis of Segmentation**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Basis of Segmentation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The most profitable customers</td>
<td>29%</td>
</tr>
<tr>
<td>2</td>
<td>Larger companies (B2B)</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>Smaller companies (B2B)</td>
<td>16%</td>
</tr>
<tr>
<td>4</td>
<td>Customers that are difficult to reach using other media</td>
<td>15%</td>
</tr>
<tr>
<td>5</td>
<td>Customers that are brand-loyal</td>
<td>17%</td>
</tr>
<tr>
<td>6</td>
<td>Customers that are not brand-loyal</td>
<td>18%</td>
</tr>
</tbody>
</table>

*Source: As per the survey conducted by e-stats India*
Such groupings can be targeted online by using navigation options to different content groupings such that visitors self-identify. This is the approach used as the main basis for navigation on the ICICI Bank website and has potential for subsidiary navigation on other sites such as ICICI Prudential Life Insurance or ICICI Lombard General Insurance. ICICI Bank targets by geography and then tailors the types of consumers or businesses according to country, the Global site having the most options. Other alternatives are to set up separate sites for different audiences.

3) Positioning:

Ms. Singh\textsuperscript{58} suggested that in an online context, companies can position their products relative to competitors’ offerings according to four main variables: product quality, service quality, price and fulfillment time. Strategies should review the extent to which increase in product and service quality can be balanced against variations in price and fulfillment time.

4) Planning:

It starts from the evaluation of available resources. It includes deployment of resources, according to the marketing mix of online marketing, to achieve the plan. According to Mr. Bandyopadhyay\textsuperscript{59} planning also covers the restructuring of the available resources which is based on environmental conditions.

2.5 MARKETING RESEARCH

Marketing research is the study of the requirements of distinct markets, the acceptability of products and services, and the methods of

\textsuperscript{58}. Ms. Deepali Singh, VP, Firstnaukri.com
\textsuperscript{59}. Mr. Subrata Bandyopadhyay, Research Manager, ICMR (Indian council for Market Research)
developing new markets. It is a systematic and objective process used to collect, organize, maintain, analyze and present information about a specific market in order to identify and define marketing opportunities and problems. According to Ms. Kaushik, marketing research connects marketers with their customers, consumers, & the public as shown in diagram 2.7

**Diagram 2.7**

**Marketing Research**

Marketing research helps companies to understand and meet consumer wants and needs by providing constructive information about the quality and usefulness of their products and services. Companies rely on marketing research to determine if consumers will accept new products or services as it is less expensive to conduct marketing research than to introduce a product or service that can fail. A failed product is costly not

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60. Ms. Shivalee Kaushik, Research Head, ICMR (Indian Council for Market Research).
only to a company but also to consumers, as the company likely will charge more for other products in an attempt to recover its losses.

Ms Kaushik further added marketing research belongs at the forefront of the activity chain (marketing research, product development, design and testing) for new products and services. It comes first because it is the tool that gathers relevant data about particular markets. Marketing research employs surveys, tests, and statistical studies to analyze consumer trends and forecast the size of a market favorable to the profitable sale of products or services. If marketing research indicates that market conditions are not favorable, the rest of the activity chain becomes moot.

**Objectives of Marketing Research**

Marketing research has evolved by incorporating the social sciences including psychology, sociology, and economics. Using the social sciences, marketing researchers can better understand consumers’ behavioral patterns and their wants, desires, and general motivations. Marketing research is not a crystal ball that can predict future sales or human actions, but an aid in identifying trends and developing a marketing strategy that capitalizes on those trends. The use of statistical analysis based on mathematical models has enabled marketing researchers to more reliably determine trends in consumers’ desires for products, and the increasing use of computer generated simulations based on these mathematical models has greatly increased the integrity of marketing research. However, the process is still evolving.

Marketing research attempts to perform three basic tasks:

- **Description**
- **Diagnosis**
- **Prediction**

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Descriptive research gathers and presents facts; diagnostic research attempts to explain data; and predictive research uses either descriptive or diagnostic research to predict the result of a planned action. Regardless of the task, all marketing research has the objective of obtaining data that allow companies to make better informed decisions as shown in diagram 2.8.

**Diagram 2.8**

**Benefits of Marketing Research**

1. Improve the quality of decision making
2. Guide communications with current and potential customers
3. Identify potential opportunities in the marketplace
4. Minimize business risk by uncovering prospective problems
5. Create benchmarks and track progress
6. Evaluate overall success
7. Many more

*Source: Beri, Marketing Research*
Most Common Uses Of Marketing Research

On the basis of survey conducted by IAMAI after studying a number of marketing companies the most common uses of marketing research for different purposes are shown in table 2.6 and diagram 2.9.

Table 2.6
Purpose of Marketing Research

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Various Purposes</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Who are my customers</td>
<td>64%</td>
</tr>
<tr>
<td>2</td>
<td>When do they purchase</td>
<td>48%</td>
</tr>
<tr>
<td>3</td>
<td>What do they like</td>
<td>68%</td>
</tr>
<tr>
<td>4</td>
<td>Who are my competitors</td>
<td>80%</td>
</tr>
<tr>
<td>5</td>
<td>What are the growth trends</td>
<td>44%</td>
</tr>
<tr>
<td>6</td>
<td>What is the price elasticity</td>
<td>68%</td>
</tr>
<tr>
<td>7</td>
<td>How to segment the market</td>
<td>36%</td>
</tr>
</tbody>
</table>


Changes in Marketing Research Technique

Until recently, marketing research was perceived as an expensive, labor intensive, and time consuming process. Consequently, companies did not always use it as a marketing tool. However, the internet is
changing this perception. Online marketing research, when applicable is faster, less expensive, and less difficult than its offline counterpart is. It allows both online and offline businesses to quickly harvest precise data about specific markets. According to Ms Kaushik⁶² online marketing research is important for online businesses as shown in diagram 2.10

**Diagram 2.10**

**Benefits of Internet Marketing Research**

- Quickly gain crucial market intelligence
- Take advantage of first mover status
- Stay afloat in a fast paced environment
- Reduce market research costs
- Many more

**Online Marketing Research Data Collection Techniques**

Mr. Hassan⁶³ said a researcher can select any method from a number of online methods. Each and every method has its own advantages and disadvantages and are more or less appropriate depending on the objective and nature of the study. He further described the most popular online marketing research tools as shown in diagram 2.11.

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⁶² Ms. Shivalee Kaushik, Research Head, ICMR (Indian Council for Market Research).
⁶³ Mr. Nusrat Hassan, M.D. GNN Research Group
Diagram 2.11

Online Marketing Research Data-Collection Methods

Online Data Collection Methods

Primary

Questionnaires

Group discussions

Click data

Secondary

Search engines

News groups

Directories

Online Primary Marketing Research

Mr. Hassan⁶⁴ told until a few years ago, a high quality primary marketing research study took considerable time, effort and money to complete. An average study would take at least three months, and often much longer, from start to finish. But the rapid growth of internet, has created opportunities for researchers capable to reach millions of individuals at the click of mouse. Marketing researchers widely believe that the impact of the Internet on marketing research is comparable to the impact that the high penetration rate of telephones had on telecommunication in the late 1950s. Already a large number of marketing research firms and corporations take advantage of the new data collection

⁶⁴ Mr. Nusrat Hassan, M.D. GNN Research Group
method. For example Indiatimes.com features a daily opinion poll on its webpage, examining current political and social debates.

Ms Chhetri\(^{65}\) added, however the role of the Internet in marketing research have been seen from last few years. The key challenges of this new medium are quality and acceptance. Quality is of critical importance as researchers strive to collect quality Internet data. Acceptance is similarly important, as only time will tell whether clients are willing to embrace the Internet as a reliable alternative to traditional marketing research methods. The research tools for Web-based marketing research loosely fit into three categories: questionnaires discussion groups and click data.

1. **Questionnaires** tend to be more useful for qualitative research where the researcher is trying to determine the “who” (made a decision) and the “what” (did he or she decide).

2. **Discussion groups** are more suited for qualitative research that answers the “why” (a decision was made) and the “how” (was the decision made).

3. **Click data** is most appropriate for situations where the researcher does not want to interfere with behavioral patterns.

1. **Questionnaires** : Questionnaires are a collection of graphical user interfaces (GUI). Depending on the researcher’s goal and preferences, one interface might work better than another. There are no fixed rules on which interface works best. Once the researcher has identified the type of online questionnaires to be used, the questionnaires must be programmed using any programming language, and then posted on a secure Internet website. Researchers steer traffic to the website and encourage Internet users to participate in the survey by using banner ads on selected websites, direct e-mail invitations, and telephone and mail invitations. Listed below are some questionnairie interfaces as shown in diagram 2.12.

\(^{65}\) Ms. Namita Chhetri President ICMR (Indian council for Market Research)
**Flat-file instruments**

Flat file instruments (FFIs) are Web based interfaces consisting of a simple and limited questionnaires, that is posted on a secure web page in a non interactive format on regular basis like Indiatimes.com. FFI is the best suited for situations where researchers want to frequently poll the market at a low cost.

**Interactive instruments**

They are almost same as an FFI except they have interactive capabilities, which means a researcher can use responses to past questions to pose future questions. For instance most of the mock online tests selects the level of difficulty of future questions based on the responses of previous questions. Interactive questionnaires are complex to design and implement, and thus are recommended only for experienced users and when interactive capability is important.

**Diagram 2.12**

Types of questionnaires
E-mail integrated questionnaires

E-mail has a number of uses for conducting Web-based surveys. First, instead of posting a questionnaire on a webpage, e-mail can be used to distribute questionnaires to participants. E-mail also can be sent to invite people to participate in a survey and provide them with a link and password, if necessary, to the site that contains the questionnaire. Finally, e-mails can be used for reminder messages to those who have not completed a survey, or as a thank you message to those who have.

2. **Group discussions**: Group discussion come in many variations. They range from a more open forum, such as chat rooms, to closely monitored sessions, such as focus groups. Group discussions can serve as a secondary research tool if the discussion is monitored by an observing party, or as a primary research tool if a number of questions are posed and participants responses highlighted.

Online chat groups or rooms allow individuals to interact using types messages. This may or may not include a session moderator like Yahoo messengers’ chat rooms. Yahoo messenger chats about a number of topics, and users can select which discussion they want to join. Chat rooms create interactivity among participants. Chat rooms are not sufficiently formal and can not provide high quality research data. Unless researchers are simply interested in getting an idea of what the market might think about a topic, they should avoid chat rooms.

The internet also provides an excellent foundation for conducting online focus groups. Usually consisting of six to nine participants, online focus groups are held in a virtual facility to which only selected participants can access via their personal computers and an access code. Online focus groups lasts from one to two hours and usually are monitored to keep the group focused. Thus the researcher has more control over the quality of the data obtained from focus groups.
Compared to their offline counterparts, online focus groups represent a substantial cost saving as participants can log in from almost anywhere in the world without travel and lodging expenses. Moreover, participants receive compensation only for the time they spend in the focus group, not for travel time. Due to the reduced time requirements, scheduling an online focus group is also easier.

3. Click data: Click data research is a new, yet increasingly prominent data collection tool. It can be described as collecting data by tracking an internet user’s moves through a website or even through the world wide web. Click data are the online equivalent of observational data. In most cases, the Internet user is unaware of any tracking. This makes click-data research highly controversial as privacy groups and consumers alike are concerned about privacy issues.

Click data are targeted at obtaining information about an individual’s preferences. According to Mr. Sharma\textsuperscript{66} there are number of different methods exist to collect click data such as user tracking and site tracking. Through site-tracking records following information can be collected:

- Names of visiting host computers, countries from which users are visiting,
- internet protocol addresses of visitors, traffic volume by hour, search engines that were use or the referring webpage, average load time, type of operating system used by the visitor, total hits per visitor by day or month

The advantages of click data can be summarized in two words: Cheap and easy. A researcher must carefully review whether click data will work for a specific research task.

\textsuperscript{66}. Mr. Vibhore Sharma, senior VP-Technology, Info Edge India Ltd.
Online Secondary Marketing Research

The Internet is a treasure chest of secondary marketing research. With more than 55 million webpages already online, this virtual library is growing at the rate of 12000 pages per day.  It is becoming common place for researchers to explore the Internet for existing data before visiting the library.

There are three places to conduct secondary Internet marketing research: the world wide web (usually with the aid of search engines), newsgroups, and directories. Newsgroups are like chat rooms, but they are not in real time. The largest newsgroup are international, with hundreds of participants and more than ten thousands of regular readers. Finally, there are a number of directories available on the Internet that researchers can access.

Search Engines

Search engines are essential for any type of research as they provide fast and thorough world-wide searches on a multitude to topics. If data exist, a search engine will likely find it.

Some of the more popular search engines include:


One cannot receive free, high quality data with a simple inquiry on a search engine, as few companies whose business is selling data charges for

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the same. However, many market research companies have a corporate webpage, and search engines can be a good starting point for checking on the availability of published reports. The problem of search engine is, information overflow. There is a tremendous amount of information, and the researcher cannot control the quality of the information, much of which is contradictory.

**Newsgroups**

Newsgroups, another category for secondary marketing research, is also known as Internet group discussion. It is a message board. Discussions start when someone posts a question or comment on a site and other members reply. Still others reply to the replies, and so the discussion forms a chain of related postings.

Newsgroups are not a recent phenomenon and were around long before the Internet became popular. There are thousands of newsgroups on a broad range of topics. Newsgroups postings represent the opinion, experience, and ideas of millions of people worldwide. The primary advantage of newsgroup is it represents a free, nonfiltered discussion about a particular topic, and can serve as both a secondary and a primary research tool. For secondary research, newsgroups provide a valuable source of data by a number of participants. For primary research, a researcher can use newsgroups to collect information on particular issues.

**Directories:** The Internet is also host to a large number of directories. The topics covered are diverse, and access to most of these directories is free. Popular in this category are the online equivalents of yellow and white pages. The availability is not limited to any specific area or country, but includes many countries. Directories are becoming increasingly accurate and can provide an excellent starting point for a researcher examining a directory related issue.