



ORIGINAL RESEARCH PAPER

Management

ROLE OF MARKET RESEARCH IN SCULPTING ENTREPRENEURSHIP

KEY WORDS: Small and medium business researches, Market Research, product testing, blind product test

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ABSTRACT

The objective of our paper is to highlight the importance of Market Research in building Entrepreneurship in this fast-paced globalised market. On one hand the world is witnessing growth in major sectors, thanks to the successful entrepreneurs and start-ups. On the other hand, there are several budding entrepreneurs who struggle to succeed in their endeavours. There are several entrepreneurs who even drop their ambitious journey in the midway and go back to their 9 to 5 job. When we deep dive in to data, one could understand that the major reason for the struggle or failure of an entrepreneur is mostly due to the incorrect decisions taken viz., wrong product to the market, selection of an inappropriate market, not focusing on right target audience, failure in communication, incorrect pricing strategy, etc... Either those entrepreneurs would not have deployed Market Research during their venturing in to business or the market research execution would have been wrong, resulting in misguidance. While there are numerous case studies for analysing the failures, we would like to highlight a few case studies in this paper which favoured the entrepreneurs and start-ups. A small finding from the market research could save billions to entrepreneurs. Hence, it is important for them to invest their time and resource in research both during pre-launch and post-launch of any product or service. These real-time case studies would justify the above statements. The case studies discoursed in this paper are the real-time projects handled by the researcher. The brand names are not revealed in any of the case studies, as the Research Scholar, in good faith, is not supposed to do so.

INTRODUCTION

“Halting Stayzilla operations in its current form, and looking to reboot it with a different business model.” – a shocking announcement in February 2017 made by Mr.YogendraVasupal, co-founder of Stayzilla. The road to end for any entrepreneur would be quite shocking, as they invest their time, intellect, sweat and tears. As per the NASSCOM statement the seed funding has come down by 53% and funding for start-upshas come down from \$2 Bn to \$1.8 Bnwhich was not the case in the last five years. Though we cannot correlate all the failures to market research, we strongly feel that the entrepreneurs who do research before every decision making does have a very little chance of getting failed. Following is a list of top reasons for the failure of start-ups. The top-most reason “No Market Need” at 42% must be an eye-opener to many entrepreneurs. While they spend most of their efforts in conceiving a unique idea, it is essential for them to check the need for the same in the market. Entrepreneurs should consider Market Research as a default investment for taking any business decision. It is worth the expense. As per a study conducted in Texas, 84% of the small business managers confirmed that the data inferred out of their market research projects in the past 3 years were worth the money spent. And 58% of the respondents said that they were able to incorporate the findings in their business decisions. For any business, the market planning process involves four stages, viz., situation analysis, strategy development, marketing program development and implementation. This is a process that never ends, and the cycle keeps going. During each stage of this process, market research contributes a lot by giving more clarity for decisions to be taken. The 4Ps of marketing research according to research methodology are Product research, Pricing research, Promotion research and Place research. Test marketing is a significant corporate strategy; however the Product testing must be ranked more than test marketing in case of new product launch. This paper would discuss 5 different case studies which are real-time product researches conducted during different period.

- a) Ready to Drink (RTD) Beverage
- b) Bajji Bonda Mix
- c) Anti Dandruff Shampoo
- d) Coated Snacks
- e) Informal Cricket Bat

METHODOLOGY

The methodology adapted for conducting all the above studies

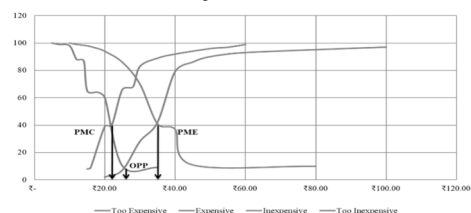
were “Blind Product Testing” A blind product test is a scientific test in which the respondents are not aware of the brand for which they are undertaking the test. The identity of the brand is completely concealed or removed, leaving no clue to the respondent. Normally the respondents rate the product attributes in a rating scale out of 5 or out of 10. For food products the rating is done by tasting whereas for other products the rating is done post its usage. For products that already have competition in the market, the respondents may be asked to compare a list of product attributes with the competition product. Whereas for the first-of-its-kind products, the blind test is done only by rating its attributes.

FINDINGS & RESULTS

CASE A : READY TO DRINK (RTD) BEVERAGE

A start-up in food segment had plans to enter in to RTD category. An ethnic food drink was developed with a few variants by the founders. A renowned food consultancy tested and certified the efficacy of the product. The product received good feedback within their organization and hence they went ahead for the trial production. A sample size of 100 was taken to test the product before going in for launch. All the variants of the product were tested amongst the TG. The product scored well in terms of taste, colour, aroma, density, etc. As the product belonged to ethnic food category and more positive feedback were received internally, the founders were planning to price the product at premium. Had this study not been done, they would have launched the product at a premium price. But the Price Sensivity Meter (PSM) had a different result for the founders. The respondents were able to receive the product concept matching the expectations of the founders. They rated the product high in almost all the attributes. But when it came to pricing, they felt Rs.28/- would be the optimum price point for the product as against the founders' proposition of Rs.40/-. The same was reiterated through a Focus Group Discussion also.

Diagram1 : Price Sensivity Meter (PSM)



PMC – Point of Marginal Cheapness
 PME – Point of Marginal Expensiveness
 OPP – Optimum Price Point

The result made the founders to defer the launch. They took enough time to redo the product and control the price to the optimum price point. Though they are not able to completely bring down the pricing to the expectation of the respondents, it was almost nearly matched to the expectation and was launched in the market. The feedback for the product has been phenomenal post launch.

CASE B: BAJJI BONDA MIX

Bajji& Bonda – A South-Indian snack made of gram flour. Normally a plantain slice is dipped in to the wet mix of gram flour and is deep fried to get the delicious Bajji. The powder form of the mix is available in packs and every leading masala brand in South India has launched this Bajji Bonda mix product. Being a new entrant in to the field, the entrepreneur decided to test the product comparing it with the market leader. The major consumption area was identified for the market leader and the test was planned in that location. A comparative blind product testing was conducted amongst 50 representative sample size. The product sample won in lot of attributes as given below,

Table1: Blind product testing comparison for food product (Respondents were asked to rate the product out of 5 [1 being poor; 5 being Excellent])

	Attributes	Brand 'X'	Sample Bajji/Bonda Mix
Before Cooking	Colour	4.46	4.45
	Solubility	4.30	4.58
	Homogeneity / Lump-free	4.35	4.65
After Cooking	Colour	4.45	4.31
	Porous or Plain Texture	4.37	4.45
	Aroma	4.36	4.16
	Crispness	4.38	4.33
	Saltiness	4.37	4.25
	Spiciness	4.46	3.91
	Overall Taste	4.53	4.38
	Oil Absorption	4.33	4.43
	Oil re-usable? (interaction)	4.60	4.46
	Cooking time	4.30	4.43
Thoroughly cooked inside?	4.38	4.38	
Overall score	4.41	4.30	

However, the sample did not perform well against Brand 'X' in terms of Saltiness and Spiciness which resulted in a dip in overall taste. The client took the feedback seriously and worked on improvising the product. An improvised version of the product was given for retesting it amongst the same set of respondents.

Table2: Sequential monadic sampling comparison for food product (Respondents were asked to rate the product out of 5 [1 being poor; 5 being Excellent])

Sequential Monadic Sampling			
	Attributes	Brand 'X'	Sample Bajji/Bonda Mix
Before Cooking	Colour	4.45	4.90
	Aroma	4.60	4.95
	Solubility	4.35	4.60
	Homogeneity / Lump-free	4.40	4.55
After Cooking	Colour	4.73	4.95
	Porous or Plain Texture	4.70	5.00
	Aroma	4.80	4.95
	Crispness	4.70	4.80
	Saltiness	4.85	5.00
	Spiciness	4.65	4.85
Overall Taste	4.60	4.80	

Oil Absorption	4.65	4.80
Oil re-usable? (interaction)	4.75	4.85
Cooking time	4.85	5.00
Thoroughly cooked inside?	4.90	4.95
Overall score	4.75	4.85

The sequential monadic test was conducted amongst the same set of respondents and a go ahead was given by the research team. The product scored over Brand 'X' in all attributes and hence it was launched with the same composition. The product is doing well in the market now.

CASE C: ANTI-DANDRUFF SHAMPOO

A leading personal care brand in India planned to launch its new shampoo variant, Anti Dandruff shampoo. Though they have got a say in personal care segment, they are not a known brand in the shampoo category. They wanted to test their product amongst 30 anti-dandruff shampoo users. Different brand users were recruited for the survey which included two market leaders. Below is the attribute wise comparison rating for the sample product against Brand 'X'.

Table 3: Blind product testing comparison for personal care product (Respondents were asked to rate the product out of 5 [1 being poor; 5 being Excellent])

Attributes	Brand 'X'	Sample Product
Appearance/Colour	4.3	4.5
Scent/Aroma	4.3	4.3
Density	4.3	4.2
Cleansing action	4.7	4.1
Ease of Rinsing	4.6	4.6
Lather Formation	4.2	4.6
Treating Dryness	4.1	4.2
Treating Itchiness	4.2	4.0
Treating Dandruff	4.5	4.5
Treating Hair Damage/ Split ends	4.6	4.5
Treating Hair fall	4.3	4.1
Product Quality	4.2	4.2
Average of all attributes	4.3	4.3
Overall Rating	4.3	4.2

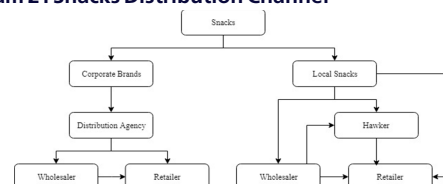
The blind sample scored almost equal rating when compared to the market leaders. The most liked attributes were clearly mentioned by the respondents whereas the disliked factors were not many. Hence the shampoo was recommended for launch. Despite being a market leader in the personal care segment, the brand owner was keen to conduct the dipstick study before the launch. This helped them in offering quality product matching their existing personal care products.

CASE D :COATED SNACKS

A leading fried gram manufacturer in India, with their persistent efforts developed a snack using fried gram. The first-of-its-kind snack was initially tested internally. After having got overwhelming response inside their factory, the product was planned for launch. The blind product samples were taken directly to the trade for feedback. The retailers were all praise for the new product and gave a good response. The products were also taken to Shandy market as part of the survey. (A Shandy is a traditional market place where the buyers and sellers meet on a day of every week).

The following distribution channel seemed to be prevailing in the snacks market. This was ascertained during the trade interviews.

Diagram 2 : Snacks Distribution Channel



The promoter wanted to launch the product in the unbranded segment catering to retailers and Shandy. But as per the study, the product was perceived as a class product which needs to be branded and promoted. While the promoter wanted to attract the local snacks distribution channel, the product did not support the same. Hence, the promoter stopped the launch of the product. In future, he has planned to launch the product in the branded space. This case is a perfect example for a study that saved a lot of money for an entrepreneur. A few thousands in to the study saved this entrepreneur, millions.

CASE E :INFORMAL CRICKET BAT

A leading informal cricket brand planned to launch a tennis ball cricket bat. The brand owner wanted to test the performance of the bat before ordering in bulk with his supplier. A set of 3 sample bats were brought from the supplier. The 3 bats were sent to 3 different cities. The blind samples were given to the informal cricket players and were asked to play for an over. After having played, the players gave ratings out of 5 for different attributes. There was only marginal difference with respect to height and weight of the bat. But when compared with the Power shot and Contact of the bat with the ball, the sample bat scored only average as against the respondents' bat.

Table 4 : Count of ratings by 75 respondents for the sports product (Respondents were asked to rate the product out of 5 [1 being poor; 5 being Excellent])

RATINGS FOR POWER SHOT & CONTACT					
Bat	Rating				
	1	2	3	4	5
Respondents' Bat			11	42	22
Blind sample		2	21	28	24

The test was conducted amongst 75 players across 3 cities. With the overall poor feedback on the power of the bat, the management decided not to order the bat with the vendor. The management changed the vendor for the order. This small study saved the management a lot.

CONCLUSION

We feel that the importance of Market Research for Entrepreneurs has been communicated precisely using relevant case studies in this paper. It is not just small or big, every decision counts for a business. Conducting at least a dipstick study before taking a business decision would be the wise choice. The SME entrepreneurs and Start-ups, with their limited resources are suggested to take market research more seriously. Recalling the case-study of the RTD beverage, the price sensitivity meter gave the promoter the right direction for the launch. Hence for any launch, it is essential to conduct a market study and devise the launch strategy based on the findings.

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