

How market research can help grow your business

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In today's increasingly competitive marketplace, market research might just give you the necessary edge to outperform your competitors and improve your bottom line.

It doesn't matter if you are running a small, medium or large enterprise, the benefits of market research are similar: getting to know your existing customers, improving customer loyalty and identifying more business opportunities with existing customers or new markets.

Market research need not cost a fortune, it can be affordable and may be undertaken in-house by existing staff.

Market research involves the systematic and objective collection and analysis of information about a particular target market for the purpose of assisting management in decision making related to particular business problems (Malhotra & Peterson 2007). Market research can assist you in positioning your products better in the customer's mind's eye, better personalise your marketing communications through label design, point-of-purchase displays, webpage design, emails and newsletters so that you reach your target audience in a way that they can personally relate to your business and be inspired to continue doing business with you.

Conducting market research is an ongoing activity that needs to be built into the business whether you are doing it yourself or hiring someone to do it for you. By following the simple steps presented in this article, some time management and a little training, any business should be able to undertake their own market research and improve their bottom line.

Identify what is to be researched

The first step in undertaking market research is to define the business issue. Do you want to increase the bottom line, introduce a new label or brand, or are

sales slowing? What precisely do you want to investigate, what is the management decision that requires answers? One of the first things to do while defining the business issue is to make an assessment of whether this problem/opportunity has been already researched.

Research conducted by someone else for another purpose is called secondary research and can be a good start.

Secondary data may be readily available for use such as statistical information from the Australian Wine & Brandy Corporation (AWBC), the Winemakers' Federation of Australia (WFA), the Australian Bureau of Statistics (ABS) and the Grape and Wine Research Development Corporation (GWRDC). Further information may be obtained from government authorities, trade journals, academic journals, books, magazines, newspapers, the internet or your own customer database. Various state and federal government departments and industry associations routinely collect economic data and commission research which may be relevant to your business. Much of this information is available for a small fee or free to access using a desktop computer with internet access. Often businesses face certain issues for which prior research has already been undertaken and for which solutions already exist. An unnecessary waste of resources can be avoided by simply conducting a search on the web using search engines such as Google or Yahoo.

Along with conducting secondary research you may also want to discuss the issue at hand with industry experts and the relevant government departments. This process of initial consultation will help you assess the extent of information required to address the business issue (opportunity or problem), the extent to which a problem is real, and also to precisely define your business issue. Once you have consulted a number of sources and ascertained that further information is required, you need to clearly articulate (define) the business

issue. Generally, this is done in the form of an overriding research question (business issue or management decision that needs addressing). This is an important step because the overriding research question (objective) is what guides the market research process.

Develop a research plan

Once the business issue has been defined (and parameters been placed around what is being researched), the next step is to develop a plan, which is a framework or blueprint for actually undertaking the research project. This plan includes details of how the whole project is going to be executed in order to provide answers to the business issue. The research plan includes every step necessary, including what information you want to know, how you are going to collect that information, who are you going to approach to collect that information, how is the information going to be analysed, how long will the research take and how much will it cost?

Data collection

If you have decided to conduct the research yourself this is going to require you to undertake data collection. Data collection involves collecting the required information for the purposes of analysis in order to address the business issue. This is called primary data as information is collected primarily to address your business issue. Information (data) can be collected at the cellar door, via your website or through personal interviews either face to face, by telephone, the internet or through mail surveys including email. A critical element of the data collection process is to minimise data collection errors and this can be done through proper design of the questions, selecting the right sample and having staff trained in data collection.

Data analysis

When you have collected all the necessary information as identified in your research

plan, the next step is to organise this data so that it is ready for analysis. This involves transcribing and coding the information, editing and checking it for accuracy and inputting the information into a format compatible with the method of analysis. Data cleaning is a crucial step to ensure that there are not errors either in the transcribing/coding stage or at the collection stage. Once entered into the proper format (you can use Excel, Access, Word or specialised statistical software), the researcher can analyse the data to answer the research problem at hand.

Draw conclusions from your findings

The final stage of the research process involves drawing conclusions from the results of the analysis. Ideally, the researcher should document the research process, even if it was you that conducted the research, and highlight the main findings in a written document, which can be kept as a permanent record and referred to during the management decision making process. Remember, the purpose of drawing conclusions from the findings is to make recommendations that address the business issue identified in step one.

Recommendations based on good quality research enables managers to make more effective decisions and find better solutions to grow their business than without the research. Making decisions without research may at times work; however, it is unlikely to be a sustainable business practice and it is risky and costly. If you want to be sustainable over the long-term then build market research into your business and reap the rewards.

References:

Malhotra, N. K. & Peterson, M. (2007) *Basic Marketing Research: A Decision-Making Approach*, Upper Saddle River, New Jersey, Pearson Prentice Hall.

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Using market research

A case analysis of Queensland wine consumers

An industry issue is developing customer awareness for wines produced in Queensland. Most wineries are boutique, crushing less than 500 tonnes and face difficulties selling the wine beyond the cellar door. Before developing strategies to attract-manage and retain the customer it is important to know more about the Queensland wine consumer so we developed four basic research questions.

- 1 How does wine stack up to other alcoholic beverages?
- 2 Where is bottled wine consumed?
- 3 How much money are people willing to pay for a bottle of wine?
- 4 What are the main reasons for choosing a bottle of wine?

To address the four research questions a convenience sample (18+) were asked to participate in a wine survey, and returned were 347 usable surveys. Most of the participants were from Southern Queensland, Far North Queensland, Northern NSW and the ACT. Females (59%; n=204) outweighed the males (41%; n=143) and most of the participants were generation Y aged between 18 and 28 years (n=189; 55%; generation X aged 29-47 years n=99; 29%; baby boomers aged 48 to 78 years n=54; 16%). Participants were asked if they had visited a winery in Queensland and purchased a bottle of wine and 73% indicated that they had.

Addressing research question one, we measured alcohol consumption by occasions and not by glass, and we found that as the

number of occasions per week increased, people were more likely to drink wine than RTDs, beer or spirits. However, when the occasion was once a week or less people were more likely to drink beer or RTDs; and for two occasions per week people were more likely to drink spirits and for three or more occasions per week people were more likely to drink wine.

Addressing research question two we asked consumers if they bought bottled wine and where they were consuming their wine. We found that most people preferred to drink their wine at home (46%) or at a restaurant (36%) and fewer liked to drink wine in a club (10%) or pub (8%).

Addressing research question four we wanted to know how much people were prepared to pay for a bottle of wine and did perceptions vary based on the place where they bought the wine. The results indicate that people expected to pay a cheaper price for a bottle of wine at a bottle shop: somewhere between \$5 and \$40; whereas at a restaurant people expected to pay somewhere between \$15 and \$60 for a bottle of wine. The results were similar for a bottle of wine bought at a winery or through a wine club: people were willing to pay an average of \$23.50 a bottle (price ranged from \$10-\$80).

The final research question dealt with why people buy wine and we found that the top five reasons for choosing a bottle of wine were (1) previous experience with the wine, (2) the flavour and the aroma of the wine, (3) price, (4) opinion from friends, and (5) the wine style or grape variety of the wine.