

## MARKETING RESEARCH: PATHWAY TO OPTIMAL MARKET ORIENTED PRODUCTS

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### Abstract

*The development of new products is vital to the growth and success of any manufacturing firm. The decision concerning product design, development and management of new products is highly crucial when one considers the rate of failure of many new products introduced locally and globally. This paper examines the role of marketing research as pathway to developing optimal market oriented products. The objectives of this paper among others are to (i) Establish whether the use of marketing research has effect on new product adoption process by consumers (ii) Find out if there is any relationship between the use of marketing research and the development of consumer oriented products and (iii) proffer policy recommendations which company executives will find useful if faithfully implemented. The paper adopts survey research with two hypotheses stated in null form. Data obtained from the questionnaires distributed were analyzed and these were tested with the aid of Regression and correlation test statistics based on the nature of the set hypotheses. Findings show that marketing research has significant effect on new products been easily adopted by consumers. Findings also revealed that there is a significant relationship between the use of marketing research and the development of consumers oriented products by the organisation. The study makes useful policy recommendations which companies will find beneficial if faithfully implemented.*

**Keywords:** Marketing, research, development, optimal, consumer oriented, products

### Introduction

Today, consumers are becoming increasingly knowledgeable about product and services existing in the market. This increase in knowledge means that consumers assert their right in the purchase and consumption of goods and services and their buying behavior is becoming more dynamic, sophisticated and complex. Competition at the local, national and international levels is becoming keen, as the whole world has turned to a global market. Business enterprises are not only competing among themselves to supply the goods and services that consumers need, but they also compete to secure the consumers limited disposable income. Companies that thought they were dominant in local market now wake-up to see competing quality products coming from foreign companies. Information is therefore important to compete effectively.

Management of companies should try as much as possible to understand what influences or what determines the buying decision, who makes the actual purchase, who informs others about the existence of the product who influences the purchase decision and who ultimately uses the product. To remain in business there is much pressure today on companies' management to expand their market domain either by penetration or development of new market. Another option is the development of a new market domain their by penetration or development of a new market. Another option is the development of a new product to replace the existing ones, or through diversification and extension of the product line itself through well

articulated research methods. This means that organizations survival cannot be strictly separated from the company's research and development policy. The application of marketing research is gaining ground in the Nigerian companies. There are keen competitions today among many Nigerian companies and also from the influx of finished goods from outside the shores of the country. New products which are the result of marketing research are finding their ways into the Nigerian markets.

Adeleke, (2003) sees marketing research as the objective and systematic collection, recording, analysis, interpretation and reporting of information of existing or potential market behaviours. This description is more embracing as it emphasizes a two-way communication between the producers and the consumers of a product or service. This means that marketing research tends to identify the right product demanded in the market, the right people, the right place and the right way to distribute the desired product that is being demanded at the right time.(Ibidunni, 2011)

### Research problem

The long-term health of many organizations is tied to the ability to innovate i.e. to provide existing and new customers with a stream of new product in the face of changing market dynamics and competition. A typical example is Procter and Gamble that uses innovation as a sustainable competitive advantage over her competitors.

Under modern condition of competition, it is becoming increasingly hazardous not to innovate. The firm that does not maintain programme of managed innovations will quickly find itself behind competition. Although innovation is important, it is very risky and costly. Booz, Allen and Hamilton as cited in estimates that almost half of the resources spent on new products are allocated to product that are never successful in the market in the study of 122 industrial product innovation, Cooper reports that for every 100 products that are fully developed, only 60 become a commercial success. The Nigerian food and Beverages industries, soft drinks and alcoholic drinks have not been an exception. There were cases of new products that were introduced by some of these companies that are still struggling to find their feet in the ever competitive Nigerian markets. For example, "satzenbrau" beer introduced by Guinness family and the "Crush" orange drink introduced by Nigerian Breweries. Both products are still struggling to find their feet in the Nigerian market. There are still good reasons to believe that successful new product development will even be harder in the future. These factors include shortage of new product ideas, influx of foreign products from abroad, capital shortages, increased interests and exchange rate, increased governmental restriction on the content of new products and lack of Marketing Research facilities in the country, to mention but a few.

The objectives of this paper amongst others are to (i) Establish whether the use of Marketing Research has effect on new product adoption process by consumers. (ii) find out if there is any relationship between the use of Marketing Research and the development of consumer oriented product. (11) Proffer policy recommendations those captains of industries, industrialist, will find useful if faithfully implemented

### Literature review

The development of new products is vital to the growth and prosperity of any manufacturing firm. However, researches have shown that new products are high risk endeavours according to "Booz Allen and Hamilton as cited by Green and Tull (2008)". Approximately 46% of the resources devoted to product development and commercialization go to unsuccessful product and about 35% of products launched fail commercially. Thus the decision concerning the design, development and management of new product projects are highly crucial considering the high rate of failure of new products introduced locally and globally.

New products planning and development process involves idea generation, which could be from company's research and development department. This is followed by the evaluation of the product ideas, designing, production testing and marketing of the products. Thus the main task of product planners is to identify specific customer's

needs, usually through marketing research and aligning the company's resources and capability with the changing market demand. Researches over the years have shown the importance of marketing research in new product development and also in the adoption of existing ones. According to Adeleke (2003), in a study of 114 companies failure cases, identified particularly weak activities in the new product process, notably marketing research and marketing studies. Many of these failures could be described as a better mousetrap no one wanted, ("a product conceived and developed in the absence of market information and with no clearly identified market need"). A popular failure type was the Abacha Colour TV which was introduced during the reign late General Abacha in Nigeria ,(Nigerian former Head of State). As marketing research is important in product development, so also is in new product adoption process.

Consumer adoption process is the process by which individual consumers come to accept new products or brands. It is a five step process that begins with the awareness of a new product's existence, followed by interest in it, evaluation of it, a trial of it and it final adoption or rejection. The length of the adoption process could be shortened by supplying the customers' information about the product. This obtained through marketing research.

Organization must see customers and clients as the vital key to organizational success. Organizations should measure performance against customers'/clients' standards and not standards determined by the company's quality engineers. Nigeria firms that do not practice these might have internal tensions, such as loss of faith by the organizations' Senior staff on each other, and low morale. Ibidunni (2006) sees marketing research as the systematic collection or gathering, recording, analyzing and interpretation of data about problems relating to distribution and sales of goods and services.

Asika and Osuagwu (1997) described marketing research as the study of all the problems relating to the transfer of goods and services from producer to consumer with the aim of producing practical answers consistent with accepted theoretical principles. Kotler (2006) further views marketing research as a systematic process of analysis, model building and fact findings for the purpose of improved decision making and control in the marketing of goods and services. It is important here to note that marketing research as been used in some literature to represent market research. According to Baker 1960, by market research is concerned with measurement and analysis of market, whereas marketing research is concerned with all those factors which impinge upon the marketing of goods and services, and so include the study of advertising,

distribution channels, competitive products and marketing policies and the whole field of consumers behaviour.

The eight most common research activities\, in order of importance are: 1. Determination of market characteristics. 2. Development of market potentials. 3. Market share analysis 4. Sales analysis. 5. Competitive product studies. 6. New products potential. 7. Short term forecasting and 8. Study trend.

### **Research development**

In today's competitive business environment, the ability of a company to generate new product ideas that result in successfully commercialized products tells a great deal about the viability of the product. According to Hite and Hester (2001) study shows that research and development department is the source of more new products idea than any other.

In a survey, Booz, Allen and Hamilton as cited by Green and Tull (2008) found that 88% of new product ideas came from within the companies themselves, out of these , R&D contributed 60%. Realizing the importance of the above, most companies are investing heavily now in their research and development department. In the food and beverage industry in Nigeria, Nestle foods plc, Unilever plc, and Procter Gamble company, among others, have position has singled themselves as being able to introduce successful products. This competitive advantage is as a result of their well developed R&D department and highly trained research personnel.

When considering R&D as regards to product development, care must be taken to know the kind of research to invest to generate ideas for product development. Fundamental research is done for the sake of contributing to knowledge. Applied research involves locating, classifying and interpreting fundamental research so that the knowledge gained from the fundamental research can be used when problem arises. Developmental research is done to generate new product ideas as well as adjust and find new users for present product.

As Research and development unit is important in product development, researchers have called for a synergy between the R&D and marketing personnel as these two depend on each other for the creation of new product innovations. (Osugwu 2002).

Lake (2009) advocated that R&D and marketing managers should jointly work together to help avoid disharmonies in the following ways: (i). they should make all their personnel aware that R&D/marketing interface problems naturally occur. (ii) Managers should be specially careful to give equal credit and public

### **Hypotheses testing**

Hypothesis 1

praise to their R&D and marketing personnel in order to eliminate jealousies that might form a basis for ever disharmony. (iii) Managers should use terms of R&D and marketing employees at every opportunity. This will help avoid the natural impression that R&D and marketing are two separate organizational entities.

Today, many companies are of the opinion that with marketing research, most marketing objective can be achieved. Marketing research is therefore seen as systematic and objective, conceptualization of a marketing problem, and the collection, analysis, interpretation, and reporting of relevant data and information for marketing decision making and problem solving. In the words of Hair, bush and Ortinau, (2008) marketing research is fundamentally about the acquisition and analysis of information required for the making of marketing decisions. The two basic areas in which the information is sought are (a) markets (existing and potential), and (b) marketing tactics and methods. The former is oriented towards what is happening outside the organization, in the market place. The later is oriented towards what is happening outside the organization, in the market place. The later is also oriented towards the way in which the organization is responding internally to its customers, present and future (Lake 2009)

The data which forms the raw material of marketing research can be placed under two categories primary and secondary. Primary data is gathered directly from the person concerned, be their customers, wholesalers or even competitors, for example , such data is usually collected by means of surveys and other formalized methods. Secondary data is information available from published source externally and from company records. The use of secondary material is cheaper than developing primary data, but may be less relevant or up-to-date. (Green and Tull 2008).

### **Methodology**

The study used survey research method with a structured questionnaire which were distributed among the sampled respondents. In all, one hundred questionnaires were distributed among workers of companies at Agbara industrial estate in Ogun state in the ratio of ten questionnaire to each of the ten companies. Four of the questionnaires were not returned while two, out of the ninety six returned questionnaires were not properly filled. The researcher made use of ninety four returned and properly filled questionnaires.

H0: The use of marketing research does not have strong effects on new products been easily adopted by consumers.

**Model summary:** table (1)

Mode	R	R Square	Adjusted R square	Std. error Of the estimate
1	.331(a)	109	090	1.185

Source: field survey, 2012

a. Predictor: (Constant), Effective marketing research

ANOVA: table (ii)

Mode	sum of Square	Df	Mean square	F	Sig.
1 regression	15.696	2	7.848	0.14	.005
Residual	127.793	91	1.404		
Total	143.489	93			

Source: field survey, 2012

a. predictor: (constant), effective marketing research

b. Dependent Variable: adoption of new product

Coefficients (a): table (iii)

Mode	Un-standardized Coefficients	Standardized coefficients	T	Sig.
1	Std. B	Beta	B	Std. Error

1 (constant)		.097	1.029		.094	.925
Effective marketing research		.742	.238	.314	3.122	.002
Adoption of new products		.061	.096	.064	.064	.526

Source: field survey, 2012

a. dependent Variable: adoption of new products

**Interpretation**

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value reveals that marketing research does have a significant effect on development of good product adoption process.

The above analysis show 0.005 is significant. Therefore we reject the null hypothesis. The Fcal of 0.14

Hypothesis Two

H0: there is no significant relationship between the use of marketing research and the development of consumer oriented products by the organization.

Correlations: table (IV)

	Effective Research	Marketing	Product Development
Effective Marketing research(Pearson Correlation)	1		.286(**)
N	94		.005
Product Development. (2- tailed)	Sig.		94
	286(***)		1
N	.005		
	94		94

\*\* Correlation is significant at the 0.01 level (2-tailed)

Source: field survey, 2012

### Interpretation

The above correlation analysis shows 0.005 is significant. Therefore we reject the null hypothesis, the

correlation co-efficient of 0.286 values revealed that marketing research as a significant relationship with

the development of consumer oriented products.

### Discussion

The study shows that the use of marketing research | strong effects on the development of n product

which consumers would easily adopt. Thus because when new products are produced, awareness is

created for the product, consumers then make trials of the product, they later make evaluation in their

trials, they are convinced that the product is good and they finally become regular users of such products.

This is shown in the analysis of relevance table with a 0.005 level of significance.

### Conclusion

Marketing research enables a company to be in tune with their customers, and understand them clearly. Marketing research also enables them to know their competitors, the strength of their products. These allow them to understand the industry they are in and how to compete favourably. This goes a long way in the formulation of policies and strategies.

Findings revealed untapped opportunities inherent in the application of marketing research in product development and also opens a new ground further into its relevance in other sectors of the economy. The study further revealed that marketing research is under utilized in the Nigerian economy and that most companies in the various sectors pay lip service to marketing research not withstanding its relevance to the organization growth and development of an economy. Majority of the companies that embark on marketing research, do not apply the information. This could be attributed to lack of awareness concerning marketing research and its relevance.

The study further revealed that there is need to create the much needed awareness especially now that there is stiff competition in a number of sectors and internationally. These companies should be informed that money used or allocated to marketing research is not a waste as was previously misconstrued.

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