

BUSINESS-TO-BUSINESS MARKETING

WEEK 3 RESEARCHING BUSINESSES MARKETS

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WEEK THREE

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3.1 Introduction

Welcome to week three lecture! It is my great pleasure to continue facilitating you as you gain more knowledge on business marketing. Last week we looked at organizational buying process and why the marketer should understand it. We examined the perceived risks that the buyer encounters and proposed some strategies to reduce their impacts. To gain insight into the buying process, the marketer must do research. It is with this understanding that we now want to focus on business markets research.

Market research is the most fundamental process that we must undertake, consciously or unconsciously to understand business customers and the environment in which they operate. The basic understanding of marketing research process and its application in business marketing is the focus of this lesson. We will define marketing research, examine the research process and the major tasks accomplished through market research in business marketing.

3.2 Intended Learning Outcomes

At the end of this lecture, you will be able to:

1. Define market research in business marketing context.
2. Differentiate between consumer and business market research.
3. Describe the market research process.
4. Discuss for effective marketing research in business marketing.
5. Examine benchmarking practices in business marketing.
6. Major uses of marketing research in business marketing

3.3 Significance and Definition of Marketing Research in Business Marketing

We begin our discussion by defining marketing research. According to Malhotra, (2010) Marketing research is the systematic and objective identification, collection, analysis, dissemination, and use of information for the purpose of improving decision making related to the identification and solution of problems and opportunities in marketing. It is the systematic collection and interpretation of specific data related to the resolution of a specific problem to satisfy a specific objective (Ali, 2021). "Marketing research is about researching the whole of a company's marketing process." On his part, Kotler (2002) views marketing research as s a systematic design, collection, analyzing and reporting of data and findings relevant to specific marketing situation facing the company.

From these definitions we note the following about marketing research

- It's a process and not a single activity.
- This process involves several steps.

- It is aimed at addressing an identified problem.
- The problem is solved through data analysis.
- The researcher is very deliberate about the process.

Business market research is very significant to the business marketer for various reasons. First business markets face a lot of uncertainty because of the changing environment in which they operate. Research is therefore paramount for them to understand the changing trends and how to adjust themselves to remain relevant. Secondly, we find that business customers have changing needs and preferences due to their customers’ demands. This prompts business to ever make inquiries so that it can serve their clients appropriately. Thirdly, we find that the government will often change the requirements for business marketers. New taxes will be imposed on them and the need to adhere to them makes it necessary for business marketers to research its environment continuously. Kleinaltenkamp et al (2015) argues that market research gives business marketer both supplier and customer information advantage making them more competitive. Fourth we find that business market research helps to locate business customers and know their needs and sensitivity to changes in marketing strategy. Market research also helps the business marketer to know how business make purchase decision and hence the best approach in marketing to them the products or services. Blythe and Zimmerman (2013) summarize the need for marketing as follows: “In business-to-business settings, market research is heavily used for forecasting, developing trends, finding market potential, studying the competition, and developing sales forecasts and sales quotas.”

3.4 Difference Between Consumer Research and Business Market Research

Though research is basically the same, there are principal differences that one encounters when undertaking the business market research. The differences are basically on certain aspects of methodology that we will consider in this section as summarized in table 3.1.

Table 3.1 Difference between consumer research and business market research

Item/consideration	Consumer research	Business market research
Universe	Large: usually unlimited	Small: usually limited
Respondent accessibility	Fairly easy; home, internet etc.	Usually difficult; available in working hours
Respondent cooperation	Over the years has become more and more difficult	A major concern due to their small number
Sample size	As large as required	Usually, small
Respondent definition	Clear; buyer and user are often the same	Difficult; buyer and user are not always the same
Interviewers	Can usually be easily trained	Difficult to find good B2B interviewers

Study cost	Key dictators of cost are sample size and incidence	Higher costs, low incidence, difficulties in locating the right respondent and securing cooperation time
Content	Simple; usually consumer perception of products and services offerings	Complex; aspects like technology and product design
Data collection method	Survey using questionnaire	Interviews with help of interview guide is common

Source: adopted from Blythe & Zimmerman (2013)

3.5 The Business Marketing Research Process

Authors such as Blythe and Zimmerman (2013), Ali (2021), Kleinaltenkamp et al (2015) all agree on basic research steps that a business marketer goes through. The stages include:

1. Problem definition/determination of information required.
2. Determining the information sources.
3. Determine sampling design.
4. Data collection methods
5. Data analysis
6. Reporting the findings

Each of the above steps is discussed briefly:

Stage 1: Problem definition/determination of required information

This is the most critical step in the research process where the real problem affecting the firm is identified. The problem could be decline in demands for the firm products, quality of products being produced or even complaints on customer service. Blythe and Zimmerman (2013) emphasize the need to consider cost implications, and also distinguish the problem from symptoms. The need to involve all stakeholders to ensure the problem is well defined and also the requirement for the information managers to act and at what level of management (strategic, tactical or even operational). The clearer the problem the more the firm is likely to make appropriate decision. It is in this stage that the research objectives and research questions are developed to assist in problem clarification and the information required.

Stage 2: Determine the information sources.

The second step in this process is determining the source of information for the marketer. Kleinaltenkamp et al (2015) note that the difference between the amount of information needed and data already available as what constitutes “the information gap” which must be closed by research. They further allude that information sources can be differentiated according to whether they are internal or external to the organization and whether the information collected is primary or secondary in nature. The business marketer will benefit more from secondary data which may

be readily available. However if the data is not sufficient he will go for primary data. In twenty first century data can be accessed more easily through available data bases online. The online data could be in numerical, or text form and the market have to determine what is most relevant.

Stage 3: Determine sampling design.

Once the marketer has determined the sources of information required, he has to determine the target population and the sampling design. It is not possible to gather data from all possible sources and therefore the need to sample. Sampling saves on time and cost. However, if not done properly, sampling and systematic errors may arise. The determination of sampling techniques and samples size are some of the major decisions that the business marketer will make. In some sectors, the business marketer may have to take a census where customers are few.

Stage 4: Data collection methods

The fourth step in the process involves data collection. For business marketer the most popular way of collecting data is through interviews but observation methods could also be used. The interview method may involve various types of interviews as summarized in table 3.2.

Table 3.2 Types of interviews

Basis of distinction	Interview method
Who is addressed	<ul style="list-style-type: none"> – Expert interview – Retailer interview – Consumer interview – Employee interview
Mode of questioning	<ul style="list-style-type: none"> – Direct interview – Indirect interview
Form of communication	<ul style="list-style-type: none"> – Self-completed questionnaire – Personal interview – Telephone interview – Computer assisted interviews
Number of people	<ul style="list-style-type: none"> – Individual interview – Group interview
Nature of answer possibilities	<ul style="list-style-type: none"> – Open-ended questions – Pre-structured response alternatives
Frequency of interviewing	<ul style="list-style-type: none"> – One-time interview – Repeat interview – Panel
Interview strategy	<ul style="list-style-type: none"> – Structured – Unstructured
Topics covered	<ul style="list-style-type: none"> – Specialized interview – Omnibus interview

Source: adopted from Kleinaltenkamp et al (2015)

Interview may be conducted orally, through telephone, written or even be computer assisted. Computer assisted interviews are becoming more and more popular and may take the form of

computer assisted: telephone interview, personal interview, web-based interviewing and self-interviewing with each of these methods having their own strength and weaknesses.

Other than the interview method, data may be collected through observation method. This may involve activities such as watching how products are used, for instant, how factory workers use machine tools, analyzing websites and other communications tools as well as observing employee behavior. Experimentation is also a data collection technique and may be applied in test marketing and trials of new systems or products at selected customers' premises.

Stage 5: Data analysis

This is the fifth steps in research process that involves determination of patterns hidden in the data. Both qualitative and quantitative data must be analyzed. Analysis may be done manually or with help of appropriate computer software. This class will not go into details in the processes of data analysis.

Stage 6. Presenting of findings

The business marketer is keen to receive the findings and be able to make decisions regarding the problem at hand. A written report is required, and an oral presentation can as well be made. Managers will have a chance to ask questions on the report before adopting its findings. Blythe and Zimmerman (2013) conclude that the most effective presentations should last not more than one hour, concentrates on the conclusions to be drawn from the research, and that it suggests potential actions resulting from these conclusions.

3.7 Structure for Effective Market Research in Business Market

Business market research is a continuous process that has to be undertaken all the time. The business marketer must develop a marketing information system to enable him capture trends and analysis in the business markets. To do this effectively, has to come up with structure that allows this to take place. Building of good structures may be facilitated by answering the following research questions. 1. Will the business marketing research functions be performed within the firm or contracted to independent vendors? 2. Will the research function be centralized or decentralized? 3. Will the business marketing research team report to the head of marketing department or the general manager (chief executive officer)? 4. Will the firm buy research data from research firms or conduct research itself? The effective responses to each of these questions will help the business marketer develop the most appropriate structure in its circumstances.

If the business marketer decides to contract vendors to undertake research on their behalf, then the following guidelines should be followed as given by Blythe and Zimmeramn (2013). First the firm must anticipate the actions that would be undertaken resulting from findings of the study. The firm begins by clarifying/specifying research objectives that will guide the study. Secondly, the firm must identify knowns vs unknowns and examine secondary data before thinking of primary data. Primary data should only be sought if secondary data is not sufficient. Third, the firm should choose research providers carefully and give clear terms of references. The choice of the firm to

undertake research on behalf of business marketer should be guided by referrals of the firm, knowledge of the industry and the market of interest to the business marketer. The business marketer must review the proposal given by the marketer carefully before giving a go-ahead, fund the project as per terms of contract and manage the project appropriately.

3.8 Benchmarking in Business Marketing

We conclude our discussion on business marketing research by examining benchmarking as applied by business marketer. Benchmarking is the process of identifying “best practices” for processes or functions, then learning from these practices and adapting them to the needs of your firm (Blythe and Zimmerman, 2013). The process will involve eight steps as summarized as summarized in table 3.3.

Table 3.3 Benchmarking process

	Process	Description
1.	Determine functions/processes to be benchmarked	Areas for benchmarking: Product development, pricing, channel management, marketing communication, selling, marketing information management, marketing planning and marketing implementation.
2.	Research to identify leading firms	Identify candidates for cooperation to develop general knowledge about these processes and use of customer satisfaction and profitability measures as criteria for this identification
3.	Finalize list and develop discussion guide	The guide will be used during the site visit
4.	Visit “Best Practice” firms and interview key people	This visit should be conducted like a focus group discussion
5.	Analyze data, develop conclusions (Report)	The report should capture issues sort and be in form that it can be distributed to others
6.	Hold knowledge transfer sessions	This can be done on one- on- one or through group meetings. The team from the firm benchmarked upon can also support this process.
7.	Develop action plan	Setting goals, action plans and monitoring plans be put in place. Recalibrate plans should be in place
8.	Implement action plan/monitor results	This is the final stage in which the knowledge gained is put into action. Monitoring plans must be put in place.

Source: adopted from Blythe and Zimmerman (2013)

The benchmarking process helps firms develop competitive advantage.

3.8 Major Uses of Marketing Research in Business Marketing

The extent to which marketing research is used is wide and varied. The following are the major areas where marketing research is conducted:

- a) Determining market potential: Research must clarify the maximum total sales and profit potential of product market opportunities. This clarification will help direct resources available for new product introduction and product deletion.
- b) Market share analysis: Marketing research is assigned the task of determining the ratio of sales revenues of the firm to the total sales revenue of all firms in the industries including the firm itself. Also, the competitive environment is dynamic making market share analysis a regular standard against which to compare the firms' current objective and future performance.
- c) Determining market characteristics: Marketing research helps to identify opportunities and set objectives in this area as well. Buyer behavior of buying organization changes. These changes will be researched and reported on. Also, how successful a firm has been in penetrating particular market and why they have or have not been successful are important pieces of data when setting objectives and directions for the future.
- d) Sales analysis: Marketing research is also a tool in controlling marketing programmes in which actual sales efforts are compared with sales goals to identify strength and weaknesses. Sales analysis also called micro sales analysis, traces sales revenue to its sources such as specific product, sales territories, or customers. Common research breakdown (ways of analyzing sales) would include the following:
 - i) Customer characteristics: The reasons for purchase, type of firms buying and whether they are users or middlemen.
 - ii). Product characteristics: Models and sizes bought.
 - iii). Geographic region: Sales territory, city, province, and region.
 - iv) Order size: This analysis helps the marketing manager determine future efforts regarding product profitability, sales territory changes. product deletion and the like.
- e) Forecasting: Forecast form the basis of all activities within the firm. Both shortage and long-range forecasting are vital input to the marketing planning process. The amount a firm expects to sell during a specific period under specific conditions and specific segments affects both the controllable and uncontrollable factors that influence future business. Forecasting is critical for cash flow estimate, plant expansions, projected employment levels, decisions regarding product line changes and cost of other decisions about which the firm must act upon regularly.

3.9 Review Questions

1. Critically examine major differences between business marketing and consumer research.
2. Discuss the benefits a firm will get from benchmarking.
3. Evaluate difference between research process and benchmarking process.
4. Discuss the benefits that a business marketer will realize from business market research.

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