
UNIT 2 ORGANISATION OF MARKETING RESEARCH IN INDIA

Objectives

After studying this unit, you should be able to:

- know as to why marketing research is becoming important in India,
- describe arrangements that the Indian firms have for conducting marketing researches,
- enumerate major applications of marketing research, and
- understand problems faced in doing marketing research in India.

Structure

- 2.1 Introduction
- 2.2 Growing Importance of Marketing Research in India
- 2.3 Expenditure on Marketing Research in India and Major Users
- 2.4 Ways of Conducting Marketing Research in India
- 2.5 Increased Demand for Outside Research Services
- 2.6 Common Applications of Marketing Research
- 2.7 Problems in Conducting Marketing Research in India
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2.1 INTRODUCTION

You have learnt meaning, nature and importance of marketing research in Unit 1. You have also gained familiarity with steps involved in conducting marketing research. In this unit, we shall discuss the role and organization of marketing research in India. More specifically, we shall explore as to why marketing research is becoming important in India and what organizational arrangements firms have for conducting researches. Major users and uses of marketing research in the country shall be identified. The unit shall also examine the problems which the researchers face while doing researches in India.

2.2 GROWING IMPORTANCE OF MARKETING RESEARCH IN INDIA

Use of marketing research in India has been considerably low in the past. Only a few large firms, especially those having linkages with foreign firms, were making use of marketing research during the fifties and sixties. Even among such firms, only a select ones were conducting researches on a regular basis and/or having a marketing research department within the organization. A number of reasons can be put forward to explain this phenomenon. Highly protected nature of the Indian market during the fifties and sixties is amongst the most important reasons. A highly restrictive industrial licensing policy coupled with a ban on capacity expansion led to constant shortages of goods and services in the country. With demand always exceeding supply and a virtual absence of competition in the market, the firms were able to easily push to the consumers all those



products they produced. The focus of the firms at that time was primarily on procuring the licenses and raw materials. They hardly had any concern for the product improvements or satisfaction of their customers' needs and wants. In a way, a sort of sellers' market prevailed at that time, and availability of an assured market to the producers did not provide any incentive to them to make use of marketing research for becoming more efficient, innovative and competitive in the market place.

Moreover, the firms during those times operated on small scales and that too within the peripheries of the local markets. Since they were very close to their customers and had personal knowledge about them, they did not feel the need for conducting marketing researches. Even a few of the firms that were desirous of making use of marketing research could not do so because of the paucity of funds. Lack of professional approach to management and decision making was another important reason for the neglect of marketing research among the business firms in India.

Of late, however, the situation has undergone considerable changes. With successive deregulation of the economy in the ensuing period and abolition of the archaic industrial licensing system and other regulations especially in the nineties, the competition has hot up in the market. Many a new firms - both the Indian and foreign ones - have made a foray into the market. Scalewise also, firms have expanded their businesses and they today operate in the local as well as national and international markets. Due to fast changing technological environment, product life cycles have been shortened and many a new substitute have emerged. New methods of communications and distribution channels have radically transformed the Indian marketing scene, In many product categories, sellers' markets have paved way to the buyers' markets. In the wake of these changes and growing customer sophistication, it is no longer possible for the firms to continue to base their marketing decisions solely upon gut feelings and past experiences. Need for timely, accurate and relevant information about the markets and buying behavior of the target market customers is fast becoming *sine qua non* for improved decision making.

2.3 EXPENDITURE ON MARKETING RESEARCH IN INDIA AND MAJOR USERS

Though no precise information is available; the guesstimate is that Indian firms do not spend much money on marketing research. Consulting and Research Enterprise (CORE), Hyderabad conducted a survey of the Indian firms in 1986 to ascertain their expenditure on marketing research and attitudes toward it. About 500 questionnaires were mailed out to the firms selling industrial goods, consumer products and services, out of which 130 responded. Despite an overall favorable attitude towards marketing research, the study found most of the firms spending low money on it. About 40 per cent of the firms were found spending less than Rs. 1 lakh. Expenditure by the other 46 per cent of the firms ranged between Rs. 1 lakh and Rs. 10 lakhs. Only about 14 per cent firms were spending more than Rs. 10 lakhs, with highest figures being Rs. 1 crore (see Table 1).

CORE study also attempted an analysis of the marketing research expenditure in relation to sales, and found that while 28 per cent of the surveyed firms were spending 0.01 per cent or even less of their sales volume on marketing research during the year 1985-86, 63 per cent firms had their expenditure on marketing research in the range of 0.02 per cent to 0.4 per cent of sales. Though the rest of the 9 per cent of the surveyed firms were spending more than 0.4 per cent on marketing research, it was only the firms producing consumer goods which had expenditure on marketing research in excess of 1 per cent of their sales.

Table 1
Expenditure on Marketing Research* by Indian Firms : 1985-86

Expenditure	Percentage of respondents
Amount	
Less than Rs. 1 lakh	40.0
Rs. 1 lakh to Rs. 10 lakhs	46.0
More than Rs. 10 lakhs	14.0
	100.0
Marketing Research Expenditure as a Percentage of Sales	
Up to 0.01	28.0
0.02 - 0.09	34.0
0.10 - 0.40	29.0
More than 0.40	9.0
	100.0

Source: Business India, November 17-30, 1986.

Note: * Inclusive of expenditure on in-house as well as outside research services.

In the past, only big firms used to be major users of the marketing research. But of late, medium and small size firms have also started showing interest in marketing research. Little wonder that even the marketing research agencies have started turning to them for securing research business from them. The number of the firms using marketing research on a regular basis is also on an increase.

Over time, a significant decline has occurred in the relative importance of the multinational firms. Two decades ago, multinational corporations were the major users of marketing research, and their share was as high as 67 per cent of the total commercially available research in-India. But their share has now started declining, and is expected to fall to a level of 45 per cent by the end of this century. In contrast, the Indian firms are fast emerging as the major users of the marketing research in the country.

Another noteworthy change is the increasing use of marketing research by the industrial goods firms. Though the consumer goods firms continue to dominate the scene even at present, the share of industrial goods firms is likely to rise in future with increased competition in the industrial goods market.

2.4 WAYS OF CONDUCTING MARKETING RESEARCH IN INDIA

Broadly speaking, a firm can get the researches conducted in two ways: either through its own staff or by hiring the services of outside agencies. Some firms make use of both the alternatives.

So far as the in-house research is concerned, it can be conducted by the firm's sales and marketing staff or else they can have specialized staff or department for conducting marketing researches. Since the employment of specialized research staff or setting up of a separate research department entails huge expenditure, only large firms requiring researches on a frequent basis go in for this type of organizational arrangement. Small firms and the organizations not so frequently requiring researches prefer using their sales or marketing staff for undertaking research studies. As and when the need arises, some of the sales and marketing persons are picked up and assigned the research tasks. Since these persons generally do not have specialized knowledge of



marketing research and, moreover, perform side by side the routine sales and marketing activities quality of the studies conducted by such persons remains under doubt.

The other important method of collecting information is the use of outside agencies or experts such as marketing research organizations, advertising agencies and consultants. Seeing the increased demand for research services, many a marketing research organization have come up in the country and help business firms through provision of customized as well as syndicated research services. When the research is tailor-made to meet the information needs of one particular client, it is known as customized research. Since the benefit of such a research accrues to a single firm, that single firm alone bears the entire research cost. Syndicated research, on the other hand, involves collection of a common pool of data for meeting the information needs of a number of firms. As the results of such a study are shared among several firms, it costs pretty less to a single firm. Quite often, these studies are undertaken on a regular basis by the research agencies and the information so collected is made available to the firms on a subscription basis.

Table 2 contains the information regarding usage of different modes of conducting researches. It is evident that the majority of the Indian firms (about 70 percent) depend upon their sales staff for doing researches. Use of outside marketing research agencies comes next in order of importance, with about one-half of the firms employing them. In-house marketing research staff exists in the case of 44 percent of the firms, especially among the large size firms and those engaged in marketing of industrial products and services. About one-third each of the Indian firms get their marketing research studies done through advertising agencies and consultants.

Syndicated researches are not yet common among the Indian firms. Despite their low costs to the clients and the advantage of such information in many cases being available at regular intervals, only about one-fifth of the firms make use of the syndicated research services.

Table 2
Organizational Arrangements for Conducting Marketing Research in India

Arrangement	Percentage of firms*	Nature of the firms preferring the arrangement
Firms' sales staff	69	Firms of all sizes, industrial goods and services marketers
Marketing research agencies	52	Large firms, consumer goods marketers
In-house marketing researchers	44	Large firms, industrial goods and services firms
Advertising agencies	35	Smaller firms
Consultants	34	—
Syndicated research services	22	Large firms and consumer goods firms

Source: Adapted from Business India, November 17-30, 1986.

Note: * The percentage figure will not add up to 100 as many firms reported using more than one arrangement.

Table 2 also provides information about the nature of the firms preferring a particular arrangement. It can be observed that practice of using sales staff for carrying out



researches exists among the firms of all sizes. Use of in-house marketing research staff, outside research agencies and marketing research services is more often prevalent among the larger rather than medium mid small size firms. Important differences also exist among firms selling different types of products. While industrial goods and services firms show a greater reliance on their sales persons and in-house marketing research staff, consumer goods firms depict a preference for marketing research agencies and syndicated research services to meet their information needs.

Activity 1

How is marketing research activity organized in your firm? List the arrangements that your firm has for conducting researches both within and outside the firm. (Alternatively you may approach some other organization and complete this activity in respect of that organization)

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2.5 INCREASED DEMAND FOR OUTSIDE RESEARCH SERVICES

The demand for outside marketing research services has phenomenally increased during the eighties and nineties. This is evident from the increase in turnover of the marketing research agencies during this period. The value of marketing research conducted by the marketing research agencies was just Pa. 1 crore during the seventies. It went up to a figure of R& 3 awe in 1983, and further tip to Rs. 10.06 crore in 1988-89. Currently, the turnover of the research agencies is expected to be somewhere mound Pa. 20 to 10. 25 crore.

Seeing growth in demand for different kinds of outside marketing research services, a number of marketing research agencies and other organizations have mushroomed in the country to meet the information needs of the business firms. A list of some of these organizations is provided in Table 3.

Table 3

Major Organizations Offering Marketing Research Services in India'

- Operation Research Group (ORG)²
- Indian Marketing Research Bureau (IMRB)
- Marketing and Research Group (MARG)²
- Marketing Operations Design and Enquiry Service (MODES)
- Pathfinders
- Advertising Consultants (India) Pvt. Ltd.
- Concept Marketing and Advisory Pvt. Ltd.



- Marketing and Business Associates (MBA)
- Research Consultants and Marketing Services Pvt. Ltd.
- Consulting and Research Enterprise (CORE)
- Marketing Research and Data Processing Consultancy Tata Consultancy Services
- National Council of Applied Economic Research (NCAER)
- Indian Institute of Public Opinion
- Indian Institute of Foreign Trade (IIFT)
- Feedback Marketing Services
- Research Consultancy Group
- C. Marck (India) Ltd.
- Quantum Market research Pvt. Ltd.
- Research International India
- Indica Research

Source: Adapted from Sanjay K. Jain, "Marketing Research in India: A Perspective" *Management & Change, Volume 1, No. 1, April 1997, p.82.*

- Notes:**
1. It is only an illustrative rather than exhaustive list of the organizations rendering marketing research services in India.
 2. *ORG* and *MARG* have recently joined together and the new outfit is known as *ORG-MARG*.

Activity 2

Compile a list of the organizations that provide marketing research services in your area. Also approach any two of them and find out what type of research services they provide to the clients.

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A break-up of the firms using services of marketing research agencies is provided in Table 4. Manufacturing firms have been the single largest users of such research services, with a share of 72 per cent of the total commissioned marketing research in India. Though the advertising agencies are themselves important research services providers, they also employ marketing research agencies for getting researches conducted for them. Share of the firms using syndicated research services has been just 6 per cent in 1989. Media owners, services industries, government departments/organizations, and research/consultancy organizations are yet to emerge as important users of the commissioned marketing research in India.

Table 4
Clientwise Break-up of the Marketing Research Commissioned
in India during 1988-89

Client	Value (Rs. in crore)	Percentage share
Manufacturing companies	7.21	72
Advertising agencies	0.85	9
Syndicated/subscriber studies	0.63	6
Media owners	0.51	5
Service industries	0.32	3
Government department /agencies	0.21	2
Research/consultancy organizations	0.21	2
Others	0.12	1
Total	10.06	100

Source: Sanjay K. Jain, "Marketing-Research Services Marketing" in Ravi Shankar, ed., *Services Marketing : The Indian Experience*, South Asia Publication, Delhi, 1997, p.397.

2.6 COMMON APPLICATIONS OF MARKETING RESEARCH

The most common application areas of marketing research in India are listed in Table 5. New product decisions constitute the most frequent usage of -marketing research. The other important application areas include: estimation of market share, collection of competitive information, demand estimation, product modification decisions, measurement of customer satisfaction, product positioning, diversification and market segmentation decisions. Only about one-third of the firms reported the use of marketing research for developing advertising theme/message and arriving at pricing and customer service decisions.

Application of marketing research for product elimination and evaluation of advertising effectiveness is prevalent only among 20 per cent firms. Furthermore, on, 9 per cent firms reported the incidence of marketing research for channel modification decisions,

Table 5
Common Applications of Marketing Research in India'

Areas in which marketing research is frequently/always used	Percentage of respondents*
New product decisions	58
Estimating market share	49
Gathering competitive information	47
Demand estimation	46
Product modification decisions	44
Measuring consumer satisfaction	43
Product positioning decisions	42
Diversification decisions	40
Market segmentation decisions	38
Advertising theme/message decisions	31
Pricing decisions	30
Customer service decisions	27
Product elimination decisions	21
Evaluating advertising effectiveness	20
Channel modification decisions	9

Source: *Business India*, November 17-30,1986.

Note: Percentage figures will not add up to 100 as many firms reported multiple uses marketing research.



Activity 3

For what purposes has your organization in the last two years conducted or commissioned marketing researches? List the major applications. (Alternatively you may approach another organization and complete this activity in respect of that organization).

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27 PROBLEMS IN CONDUCTING MARKETING RESEARCH IN INDIA

Due to country's vast size, heterogeneous population and infrastructural and attitudinal problems, it is not easy to conduct marketing research in India. Some of the major problems that you as a researcher would face in conducting marketing research in the country are discussed below.

India's large and heterogeneous population comes in a big way in conducting marketing research. Being a big and diverse country, national surveys require India to be divided into several hundred districts and interviewing several thousands of people. This calls for enormous time and money and a big fleet of field workers - well beyond the capacity of any small or medium size company.

Cultural diversity and linguistic nuisances further compound the researcher's problem. More than 14 languages are spoken in the country, with dialects exceeding 1,400 in number. Any major survey in the country requires translation of the questionnaire in a minimum of five to six languages. Many a time, strict translation of certain technical words or phrases is not possible, thus giving rise to the problem of non-comparability of data across the regions.

Accessibility to people living in the hinterland of the country is another big problem. Only very few people own telephone. Postal system is also not up to the mark: Because of low literacy level, mail interviews are of limited application. Personal interviews seem to be the only viable alternative, but even these are beset with transport problems and lack of trained staff in the small towns and rural areas.

Secondary data available in the country also suffer on account of poor coverage and redundancy of information. Data are at all not available for many a variable of interest to the researchers. Though census is conducted after every ten years in the country, it is after a considerable lapse of time that the full results are released. Even the trade and industry associations: lack complete and upto-date lists of the manufacturers and trades. The industry and firms' production and sales figures are also not complete, upto-date and reliable.



Use of random and other elaborate sampling techniques presuppose the existence of suitable sampling frames (i.e., list of the target market population from which the samples are drawn). Non-availability of such lists in the country complicates the research tasks and forces the researcher to use non-probability sampling methods, thus adversely affecting the reliability and validity of the survey results.

Attitudinal problems also restrict the use of marketing research in India. The study by Consulting and Research Enterprise (CORE) group, for instance, found that only two-third of the executives of the surveyed firms had the opinion that marketing research findings represent the real world, and marketing research data are reliable enough to be of use in decision making. In response to the question whether costs incurred on marketing research are low relative to the benefits that accrue from it, about 58 per cent firms indicated disagreement, implying low utility of marketing research. Further only 57 per cent of the executives refuted the statement that "gut feeling is more important than marketing research". Rest were either ambivalent or in agreement with the statement.

The managers also appeared quite concerned with the time involved in completing the marketing research studies. Only 42 per cent of the respondents did not feel that "market research often takes too long to be of any real use". In terms of quality and sophistication too, marketing research in India in the opinion of many executives is far below the expectations.

Not only the business firms, but advertising agencies also do not hold favorable attitudes towards marketing research. Advertising executives view it as a hindrance to their creative work and hence do not like spending much money on it. In 1988, about Rs. 1078 crores were spent on advertising in the country. Had even 1 per cent of this amount been spent on marketing research, the expenditure on advertising research alone would have been Rs. 10.78 crore. But it is not due as the total expenditure on commissioned marketing research itself in India was just of the order of Rs. 10.06 crore in 1988-89.

2.8 SUMMARY

Because of excessive regulations and lack of competition in the market in the past, not much need was felt for marketing research in India. However, with the dismantling of the licensing system and other regulatory measures during the last two decades or so, and increasing competition in the market, fast changing technology and growing consumer sophistication, it is no longer possible for the marketing managers to solely make decisions on the basis of gut feeling and past experiences. They have come to increasingly rely upon the information collected through the process of marketing research. The Indian firms make use of both the in-house staff and outside research organizations, advertising agencies and consultants for getting researches conducted. Seeing the growth in demand for outside research services, a large number of marketing research organizations have come up in the country to provide both the customized and syndicated research services.

In view of the country's large size, heterogeneous population, language diversity, infrastructural bottlenecks and lack of secondary data, it becomes an uphill task for the researcher to carry out researches in India. Unfavorable attitudes of the managers also come in a big way in the widespread acceptance of marketing research in India.

2.9 KEY WORDS

In-house research : Research conducted by the staff within the firm.

Outside research services : Hiring services of the persons, organizations and agencies outside the firm for conducting researches. The outside organizations include marketing research agencies, advertising agencies and consultants.



Marketing research agency/organization: It is a firm or an organization which specializes in the area of marketing research and earns revenue by conducting researches for its clients.

Customized research: A type of research conducted by the marketing research agency for its client. The whole research project is designed to collect the information as required a particular client.

Syndicated research: A type of research in which the research agency collects a pool of data for serving the information need^y of a number of clients. Since the information so collected is sold to a number of clients, it costs much less to a single firm purchasing such information,

2.10 SELI-ASSESSMENT QUESTIONS

1. What are the major reasons for growing importance of Marketing Research in India?
2. What are the different ways of conducting marketing research? Describe the scope for outsourcing of marketing research services in India?
3. Suggest some possible areas where marketing research would find increasing application in India?
4. Briefly comment on the problems faced by researchers in conducting marketing research in India?

2.11 FURTHER READINGS

Beri, G.C., 1993, *Marketing Research*, 2nd Edition, Tata McGraw Hill Publishing Company Ltd. : New Delhi, pp. 88-95. These pages provide an overview of the syndicated research services, available in the ^{country}.

Jain, Sanjay K., 1997, "Marketing Research Services Marketing" in Ravi Shankar (ed.), *Services Marketing: The Indian Experience*, South Asia Publications; Delhi, pp. 392-415,

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