distinction, in that *market* research is concerned specifically with markets, while *marketing* research is concerned specifically about marketing processes.

Marketing research process

Step 1: Problem Definition

The first step in any marketing research project is to define the problem. In defining the problem, the researcher should take into account the purpose of the study, the relevant background information, what information is needed, and how it will be used in decision making. Problem definition involves discussion with the decision makers, interviews with industry experts, analysis of secondary data, and, perhaps, some qualitative research, such as focus groups. Once the problem has been precisely defined, the research can be designed and conducted properly.

Step 2: Development of an Approach to the Problem

Development of an approach to the problem includes formulating an objective or theoretical framework, analytical models, research questions, hypotheses, and identifying characteristics or factors that can influence the research design. This process is guided by discussions with management and industry experts, case studies and simulations, analysis of secondary data, qualitative research and pragmatic considerations.

Step 3: Research Design Formulation

A research design is a framework or blueprint for conducting the marketing research project. It details the procedures necessary for obtaining the required information, and its purpose is to design a study that will test the hypotheses of interest, determine possible answers to the research questions, and provide the information needed for decision making. Conducting exploratory research, precisely defining the variables, and designing appropriate scales to measure them are also a part of the research design. The issue of how the data should be obtained from the respondents (for example, by conducting a survey or an experiment) must be addressed. It is also necessary to design a questionnaire and a sampling plan to select respondents for the study.

More formally, formulating the research design involves the following steps:

1. Secondary data analysis
2. Qualitative research
3. Methods of collecting quantitative data (survey, observation, and experimentation)
4. Definition of the information needed
5. Measurement and scaling procedures
6. Questionnaire design
7. Sampling process and sample size
8. Plan of data analysis

and general. A company may better recognize consumer opinions and attitudes after conducting a focus group, and can use that information to modify advertising or marketing campaigns. Consumer values can affect to how a group of individuals feels about some social issues, which can be of interest to non-profits or charitable organizations.

Behavioralistic Characteristics can also be gained through marketing research. Behavioralistic characteristics of consumer markets include product usage rates, brand loyalty, user status or how long they have been a customer, and even benefits that consumers seek. Company marketing departments usually try to differentiate between heavy, medium and light users, whom they can then target with advertising. Marketers interested to know which customers are brand loyalists, as those consumers usually only buy the company's brand.

Geographic Characteristics: Consumer markets also have diverse geographic characteristics. These geographic characteristics are often based on market size, region, population density and even climate.

It is well established in marketing studies that Consumer behavior is the study of how individuals, groups and organizations select but use and dispose goods services, ideas or experiences to gratify their requirements. A marketer must be fully knowledgeable of both theory and reality of consumer behavior. Consumers make many buying decisions each day. Majority of companies investigate consumer buying decisions to explore the needs of consumers and their buying pattern such as where they buy, how and how much they buy, when they buy and why they buy. A consumer buyer's behavior is affected by cultural, social and personal factors.

Competition

The competition between businesses focuses mainly on the distinctiveness of the Augmented Product according to Philip Kotler. It is about the perception a consumer experiences when purchasing a product and it is not so much about value. He states: *"Competition is determined not so much by what companies produce, but by what they add to their product in the form of packaging, services, advertising, advice, delivery (financing) arrangements and other things that can be of value to consumers"*.

Marketing strategy

For production companies it is important to deliver products in an upward trend from *„Core Product"* to *„Augmented Product"* and to have the potential to grow into the *„Potential Product"*. Under the guise of *stagnation means decline*, innovative companies such as Philips and Volkswagen focus on the latter category.

Added value of the Five Product Levels

Each level of the five product levels adds value for the customer. The more efforts production companies make at all levels, the more likely they are to stand a chance to be distinctive. At the *Augmented Product* level, the competition is observed in order to copy certain techniques, tricks and appearance of each other's products. This makes it increasingly difficult for a consumer to define the distinctiveness of a product. To be able to tower over the competition, production companies focus on factors which consumers attach extra value to such as extreme packaging, surprising advertisements, customer-oriented service and affordable payment terms. This is not just about satisfying the customers and exceeding their expectations but also about surprising them.

CLASSIFICATION OF PRODUCT

Product classifications help marketers focus their efforts using consumers' buying behavior. Your business can use these buying habits to design your marketing efforts for a clearly defined target audience. Consumer products are often classified as convenience goods, shopping goods, specialty products or unsought goods. Although these classifications are named as types of products, focusing on how your customers buy these goods is equally important as you classify products and develop your marketing campaigns. Convenience Goods

Those products your customers buy often and without much thought or planning are classified as convenience goods. Soap, condiments and toothpaste are common examples of convenience goods. Consumers typically make a choice once on their brand preference for these products and repeat that choice over many purchases. Making your convenience goods available for impulse or emergency purchases can be particularly effective. You'll see this marketing tactic in the placement of candy near the cash register of your grocery store for impulse buys. Another version is to place umbrellas, boots or snow shovels near a store exit when sudden weather changes call for them.

1. Shopping Goods

Buying decisions are detailed considerations of price, quality and value for products classified as shopping goods. Think about the amount of time you put into picking out a clothing purchase, a car or appliances. Successful marketing of your shopping goods can come from positioning as a better buy than your competitors -- for example, presenting better value with higher quality for the price or vice versa. Products in the shopping goods classification tend to rely on heavy advertising and even trained salespeople to influence consumer choices.

2. Specialty Products

Goods in the specialty products classification tend to promote very strong brand identities, often resulting in strong brand loyalty among consumers. Examples include stereos, computers, cameras and the most high-end brands of cars and clothing. While used cars are classified as shopping goods, a brand-new Mercedes is classified as a specialty good. Buyers for your specialty goods generally spend more time seeking the product they want than on comparing brands or products to make a value decision. Your marketing of specialty goods can be successful by promoting what you have on hand and where your costumers can find it.

3. Unsought Goods

The products classified as unsought goods are those that your consumers don‘t put much thought into and generally don‘t have compelling impulse to buy. Examples include batteries or life insurance. Your consumers essentially buy unsought goods when they have to, almost as an inconvenience rather than the newest, latest, greatest product they can‘t wait to purchase. Marketing your unsought goods will likely be most effective with lots of advertising and salespeople promoting the idea of unresolved need for your unsought products.

PRODUCT RANGE

Small businesses can benefit from offering an array of products. These different products can target customers of varying ages, incomes and tastes. Two types of product arrays are the "product range" and the "product mix". A product range is a set of variations on a specific product made to appeal to different market segments. A product mix is a blend of related products that can be marketed together to similar market segments. Advantages of Product Range

Companies that offer a product range work on variations of a theme. The company specializes in a type of product or service, but offers additions or alterations to suit different types of customers. When a company develops a strong core product line, the product range allows the company to focus on those product lines while still offering enough variety in size, color, taste or functionality to appeal to a wide range of potential customers.

Maturity Stage – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

Decline Stage – Eventually, the market for a product will start to shrink, and this is what‘s known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

NEW PRODUCT DEVELOPMENT

New product development (NPD) is the process of bringing a new product to the marketplace. Your business may need to engage in this process due to changes in consumer preferences, increasing competition and advances in technology or to capitalize on a new opportunity. Innovative businesses thrive by understanding what their market wants, making smart product improvements, and developing new products that meet and exceed their customers' expectations.

'New products' can be:

- products that your business has never made or sold before but have been taken to market by others
- Product innovations created and brought to the market for the first time. They may be completely original products, or existing products that you have modified and improved.

NPD is not limited to existing businesses. New businesses, sole traders or even freelancers can forge a place in the market by researching, developing and introducing new or even one-off products. Similarly, you don't need to be an inventor to master NPD. You can also consider purchasing new products through licensing or copyright acquisition

The eight stages or process or steps involved in the development of a new product are listed and also hyper-linked as follows:

1. Idea generation.
2. Idea screening.
3. Concept testing.
4. Business analysis.
5. Product development.
6. Test marketing.
7. Commercialization.
8. Review of market performance.

business to use its marketing resources more efficiently, resulting in more cost and time efficient marketing efforts. It allows for better understanding of customers and therefore enables the creation of promotional materials that are more relevant to customer needs. Also, targeting makes it possible to collect more precise data about customer needs and behaviors and then analyze that information over time in order to refine market strategies effectively.

Target markets or also known as target consumers are certain clusters of consumers with similar or the same needs that most businesses target their marketing efforts in order to sell their products and services. Market segmentation including the following:

- Geographic – Addresses, Location, Climate, Region.
- Demographic/socioeconomic segmentation – Gender, age, wage, career, education.
- Psychographic – Attitudes, values, religion, and lifestyles.
- Behavioral segmentation – (occasions, degree of loyalty)
- Product-related segmentation – (relationship to a product)

Market segmentation divides the market into four main sub categories – demographic, geographic, psychographic and behavioral segmentation. After doing market segmentation the subdivision market will be much more specific and it is relatively easy to understand consumer demand, enterprises can determine their own service object according to their business ideology, principles and production technology and marketing power. To aim at the small target market, this is easy to formulate the special marketing strategy. At the same time, in the segments of the market, the information is easy to understand and feedback, once the consumer demand changes, enterprises can rapidly change marketing strategy formulated corresponding countermeasures, in order to adapt to the change of market demand, improve the flexibility and competitiveness of enterprises. Through market segmentation, the enterprise will be able to notice every subdivision market purchasing potential, satisfying degree, competition and comparative analysis, to better meet market needs. Meanwhile, the manpower, material resources and funds of any enterprise are limited. Through market segments, after select the suitable target market, enterprises can focus more on human, financial, and material resources, to fight for the advantages of local market, and then to occupy their own target market.

Segmenting the market allows marketers to better understand the group they are aiming their message at, which is more efficient than aiming at a broad group of people. Segmentation has been an essential part of marketing since industrial development induced mass production, particularly in manufacturing. This caused the focus to shift from customer satisfaction to reduction of production costs. However, as manufacturing processes became more variable, and consumer demand diversified, businesses needed to respond by segmenting the market. Businesses who were able to identify specific consumer needs were able to develop the right message for consumers within particular segments, which gave them a competitive advantage (Wedel & Kamakura, 2012). Since being introduced by Wendell R. Smith in 1956, the theory has become a key concept in marketing.

Smith stated: "market segmentation involves viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants" (Wedel & Kamakura, 2012). Not constructing market segmentation is behavioral segmentation. This is understandable as this segment deals an individual's reaction to the product exclusively. Businesses can use an individual's reaction to price drops, technology changes and product status to determine how to market their product or service effectively.

SELECTING TARGET MARKET

1. Analyze the features of your products and services. Determine the benefits that your customersget from your products and how your products fill the needs of those customers. Make a list of those features and needs to make the analysis easier.

2. Look at the types of customers who are likely to purchase your products and use your services. Consider things such as age, gender, income level, marital status, occupation, educational level, gender and ethnic background. Identify which customer categories have the greatest need for your products.

3. Consider the personal characteristics of your potential customers and determine how the customer's lifestyle affects a need for your products. Think about the customer's interests, values and personality traits. Consider how and when your customer will use your services, as well as the features that appeal to the customer.

4. Look at your competition's target market. Analyze the needs that your competition fills for their target market. Identify the areas of the market that have been overlooked by the competition. Seek to fill the void within the market, rather than targeting the same market as your competition.

5. Take a look at your current customer base, if your business is already operating. Identify the products or services that interest your current customers and determine what benefits these customers get from those services.

6. Compile all of your research findings. Use your findings to determine which types of customers have the most need for your services. Keep the market well-balanced so that your target market is not too big or too small.

POSITIONING

Positioning refers to the place that a brand occupies in the mind of the customer and how it is distinguished from products from competitors. In order to position products or brands, companies may emphasize the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create a suitable image (inexpensive or premium, utilitarian or luxurious, entry-level or high-end, etc.) through the marketing mix. Once a brand has achieved a strong position, it can become difficult to reposition it.

Positioning is one of the most powerful marketing concepts. Originally, positioning focused on the product and with Ries and Trout grew to include building a product's reputation and ranking among competitor's products. Schaefer and Kuehlwein extend the concept beyond material and rational aspects to include 'meaning' carried by a brand's mission or myth. Primarily, positioning is about "the place a brand occupies in the mind of its target audience". Positioning is now a regular marketing activity or strategy. A national positioning strategy can often be used, or modified slightly, as a tool to accommodate entering into foreign markets.

Positioning is part of the broader marketing strategy which includes three basic decision levels, namely segmentation, targeting and positioning, sometimes known as the S-T-P approach:

The STP approach highlights the three areas of decision-making

Segmentation: refers to the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as segments)

Targeting: refers to the selection of segment or segments that will become the focus of special attention (known as *target markets*).

Positioning: refers to an overall strategy that "aims to make a brand occupy a distinct position, relative to competing brands, in the mind of the customer".

POSITIONING STRATEGY

A clear understanding of the market includes target demographics, strength of the competitors' products, how you give value, and your own strengths and weaknesses. After you have a thorough understanding of the landscape of your market, you can decide which positioning strategy will be the most successful for your products.

1. Target Demographics

A product cannot be all things to all people. Products are designed to appeal to a specific demographic group. Several characteristics of a demographic are age, gender, education, and language and income level. For example, Telemundo is a Spanish language television network that offers programming to Latino and Hispanic customers.

A strategy that does a good job of targeting a market segment delivers more value to the consumer, establishes a stronger position against competitors, has more compelling communications and has a higher probability of keeping its customers.

2. Low-Price Strategy

Pricing is a major consideration for most consumers. If a company can convince consumers that they are receiving more value for their money, they will buy the product.

3. Social responsibility.

Truthfulness in Advertising: Truth in advertising promotes a highly efficient, functioning economy by: Discouraging deceptive business practices; Encouraging the provision of accurate and truthful information; Enhancing competition by ensuring a level playing field; and Enabling informed consumer choice.

Advertising and Social Responsibility

Advertising has a strong social responsibility, independent of its known commercial responsibility. Advertisers should have a deeper sense of social responsibility and should develop their own set of ethical and social norms taking into consideration the values of their society.

Geographical pricing: - Geographical pricing involves company in deciding how to price its products to customers located in different parts rice of the country. Companies have evolved few different approaches to geographical pricing strategy. They are as follows.

Uniform delivered pricing.
P Basic-point pricing.
Zeno pricing.

Promotional pricing: - Under certain circumstances, companies will temporality price their products below the list price and sometimes even below cost promotional pricing takes several forms.

Loss leader pricing: - Here supermarkets and departments stores drop the price on well-known brands to stimulate additional traffic.

Special event pricing: - This will be used by sellers in certain seasons to draw in more customers. Thus lines are promotionally priced every January to attract shopping-weakly customers into the stores.

Cash rebates: - consumers are offered cash rebates to get them to buy that manufacturer's product, with in a specified time period. The rebate can help the manufacturer clean inventories without having to cut the list price.

Low-interest financing: - This is another tool for stimulating sales without lowering the price.

Psychological discounting: - This involves putting artificially high price on a product and then offering it at substantial savings.

Warranties and service contracts: - The Company can promote sales by adding a free warranty offer or services contract. This is a way reducing the price.

Discriminatory pricing: - Discriminatory pricing describes the situation where the company sells a product or service at two or more prices that do not reflect a proportional deference in costs. It takes several forms.

Customer segment pricing: - Here different customer groups are charged different prices for the same products or service museums will change a lower admission fee to students and senior citizens.

Product form pricing: - Here different versions of the product are priced differently but not proportionality to their respective costs.

Image pricing: - Some companies will price the same product at two different levels based on image differences.

Location pricing: - Here different locations are priced differently even through the cost of offering each location in the same. A theater varies its seat prices because of audience references for curtain locations.