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Marketing Research: Challenges and Opportunities in India

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Abstract

The creation of new products is essential to the expansion and prosperity of every manufacturing company. When many newly released items, both locally and internationally, fail, one must make critical decisions about product design, development, and management. This paper reveals the function of marketing research and the challenges and opportunities in the context of India. Indeed, marketing research plays a crucial role in developing an effective marketing plan and successfully launching a product or service, whether domestically or internationally. It helps marketers understand their target customers' needs, identify opportunities, and develop strategies to capture their attention with a unique value proposition. Marketing research involves different functions like testing markets, surveying, and collecting data, which require both resources and efforts. Marketing research is classified into two types: primary data research and secondary data research. Primary data research involves collecting data specifically for the purpose at hand, and it can be conducted by the business itself or outsourced to a research agency. This data is tailored to the business's specific requirements. While secondary data research involves collecting and analyzing existing data that was collected before for other reasons. Marketing research involves planning, data collection, data analysis, and the communication of findings to management. It provides valuable information that aids decision-making at every stage of the marketing plan and strategy. In contrast to mature markets, doing marketing research in new markets has unique problems. Political and economic stability are frequently lacking in emerging "growth" markets. They might, however, have a growing public infrastructure that makes it easier to adapt to new technologies. Additional difficulties include regulatory problems, inadequate infrastructure, political turmoil, or corruption in "truly" emerging markets. Software piracy, the existence of significant white and grey markets, and decreased brand loyalty because of price sensitivity can all be influenced by these issues. Due to these distinctions, marketing research in developing nations must adjust to novel, occasionally unexpected problems. It is essential to consider the unique market conditions, cultural factors, regulatory frameworks, and economic landscapes to gather accurate and relevant data for informed decision-making.

Keywords: Data collection, FMCG sector, market, marketing research, surveying

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INTRODUCTION

The industry of marketing research in India has a rich history, dating back to around 36 years ago. It has experienced enormous growth and development over the years, becoming a prominent player in the Indian corporate environment. With a turnover of approximately INR 325 crore, the industry has established itself as a crucial component of the country's economy [1].

One of the noteworthy aspects of the marketing research industry in India is its consistent growth rate. Over the past few years, it has been growing at an impressive rate of about 10% annually. This steady expansion is a testament to the increasing importance and relevance of marketing research in the Indian market.

While the FMCG sector offers substantial opportunities, it also presents challenges for marketers and researchers. The highly competitive nature of the industry makes it crucial for companies to stay updated on evolving consumer preferences and market trends. Additionally, rapidly changing consumer demands and rising income levels provide opportunities for innovation and new product development within the FMCG sector. According to certain theories, the level of research knowledge in India is at the very top, and the procedures employed there are on par with the best in the world [2]. And this is one of the reasons India is on the cusp of becoming a global hub for outsourcing market research. However, the area of technological application for data collection is where India is lagging behind. This is so because the majority of data collection tools in the developed world today are based on the internet and telephone. Indian marketing research companies are forced to rely on in-person interviews and the traditional paper and pencil technique of data collection due to low internet usage and telephony density. The country's market for providing contracted marketing research services appears to be expanding. In India, marketing research is a monopolistic industry, with a maximum of one and a maximum of two companies in each area. To name a few industries, there is Nielsen in the FMCG sector, GfK in the consumer durables sector, IDC and GFK in the mobile phone sector, and Gartner and IDC in the computer sector [3]. To determine market shares by brand, category, and geography, they conduct a retail audit inside a sample of stores. Companies use this information to gauge their performance against that of their competitors and to guide their operational decisions. When problems develop, a diplomatic approach—sometimes delicate, sometimes firm—is required to resolve them. Additionally, problems with the depiction of novel product categories and discrepancies between internal and external estimations are frequent. Research is in greater demand from clients, and Indian researchers are becoming more respected. The current business model is low-cost, high-volume, but MRO (market research outsourcing) and KPO (knowledge process outsourcing) are changing that. The full service market research firms and the KPO services, with a CAGR of about 18% (Source: Industry Estimation—2010), make up the majority of the market. Market research companies have consolidated in recent years in terms of their size of operation and data management procedures. The low- and high-ends of research are carried out in India via virtual captive centers and offshore partnerships, from data entry and coding to statistical analysis and business intelligence.

In accordance with Steinbach and Weil (2011) [4], there are a few standard standards for doing marketing research in India:

- Any consumer research should aim to be straightforward. In India, conducting interviews is not a highly competent or highly regarded job alternative. You can work in this sector if you can read and write, especially in English. Furthermore, "street interviewing" is not usually trustworthy. Quality problems are thus a persistent problem, particularly for complicated notions [5].
- Although consumers speak more than 16 different languages and numerous dialects, English is the language of business [6]. Therefore, it is essential to choose local moderators and interviewees who are conversant with numerous Indian dialects. The participants or interview moderator must be fluent in the language of choice. Additionally, project managers need to confirm that every respondent is proficient in the chosen dialect or language.
- Many people would not want to conduct in-home interviews because of privacy issues related to the home environment. However, it is best to do research in India in settings that are pleasant for the participants [7].
- In India, qualitative focus groups are frequently created with as much uniformity as possible due to the traditions that are kept regarding class, gender, and age. This makes the members feel more at ease and makes it simpler to collect insightful comments [8].

- Do not assume that everyone in India wants to emulate the developed world. Many people deliberately blend old and contemporary ideas.
- Despite quality concerns and other tradeoffs, a large portion of the local clientele is very cost-conscious.
- Corruption is rampant in the public sector, and cash payments to "oil wheels" at all levels may be asked for.
- Due to covert connections and relationships between clients and rivals, even strong bids can quickly fail [9].
- The main consumers are those who live in metro areas, and they are frequently younger, more educated, modern, and westernised.

The majority of rural people would not matter to many businesses, and if they did, they would be poorer, more conventional, and more conservative. However, there are also conflicting claims concerning which data gathering techniques—telephone, online, or in-person interviews—are more practical and successful in India. While Steinbach and Weil (2011) argue that "face-to-face and in-person groups are frequently difficult because of varied travel times within major metro areas," in-person interviews are the most efficient method of gathering information. An exploratory investigation comprising content analysis of websites by various research organizations was suggested in order to settle such conflicting opinions and quickly acquire a sense of the nature of marketing research operations in India.

POSSIBILITIES IN INDIA

India has a large pool of qualified knowledge specialists who can provide organizations with data processing, analysis, and reporting, making it the preferred outsourcing destination for market research.

Another reason is cost: Several businesses have reduced their market research expenditures by 40–60% after outsourcing to India.

These firms offer the same services as those in the United States, assisting businesses in developing a comprehensive grasp of marketing plans, market niches, and consumers.

Many industries are now paying close attention to rural markets. Nearly 70% of India's population (742 million) lives in rural villages, whereas only 285 million dwell in cities. The rural market has expanded five times faster than the urban market. The expense of rural marketing can be prohibitively expensive due to the expanse of the country. Furthermore, there are significant areas and groups of people who have remained outside of recent technological achievements, and they will be more difficult to reach on multiple levels.

With so many market research organizations conducting business in India, it is not difficult to identify one that is a suitable and fit from an industry standpoint. It is also simple to discover white papers and industry magazines, and many industries have associations that one may join. The emergence of new generation sectors such as telecommunications, media (digital), and insurance is assisting the market research industry in reaching new heights through diverse consumer insight analysis. The overall market is segmented into full-service MR agencies and KPO services, with a CAGR of roughly 18% (*Source: Industry Estimation*). In recent years, there has been a consolidation of MR agencies in terms of operational scale and data management procedures. Despite this, India remains a popular destination for MNC-based research organizations due to the untapped potential of new groups of consumers and the possibility of servicing a large population. MR Team (part of advertising agency in the 1970s) moves from the boardrooms of consumer durable or FMCG companies to the boardrooms of every sector of the economy, with firms having a project-to-project assignment system wherein they do the piecemeal job, i.e., data collection, rather than the analysis, which is done at the client side. Factors such as information communication and the expansion of smaller enterprises have also contributed to the industry's inability to break free from the talent-price cycle. To address this issue, numerous MR firms, such as TNS, Synovate, and Nielsen, are intending to organize their own sets of training for young graduates entering the field. Nielsen has created a training center near Mumbai with a two-year curriculum in market research, and TNS is hiring from a variety of backgrounds to strengthen its mid-level research function. In recent years, the industry has seen the introduction of new sets of companies, including analytics, data mining, and warehousing organizations such as Absolut Data Systems, Annik Systems, and Datamation. Many of these companies were previously knowledge process organizations (KPOs) that served overseas clients and are now expanding to meet local demand. Another genre that has evolved in recent years is the HP Decision Analytics Firm, IBM Business Decision Centre, or McKinsey Strategic Research Division, which provide research-based services to their parent businesses, adding value to their strategic teams. In fact, it has been noticed in the past that several IT behemoths, such as Oracle and Microsoft, have begun to grow their own research resources within their marketing teams in order to provide important insights on consumer behavior to their strategic group. Despite this, India remains a popular destination for MNC-based research companies because there is an untapped potential of new groups of consumers with whom to serve. It has also been observed that consulting firms such as PwC, Ernst & Young, and KPMG have begun advising their clients on providing end-to-end solutions ranging from sharing market insights to conceptualizing ideas to product design, posing a number of challenges for full-service market research firms in order to retain their large clientele.

CHALLENGES IN INDIA

India might be considered more of a subcontinent than a nation. Hence, it faces special, complicated issues. This is a result of the wide variety of cultures, practises, attitudes, tongues, and even regional languages. A single size does not fit all in India. When creating research projects and choosing local markets, researchers must be aware of the cultural quirks unique to various regions of the nation. Market research companies in India must target a number of cities, each with its own language and cultural quirks, in order to collect data for national studies. Indian market researchers are aware of the difficulties and know how to operate within them, but it might be difficult to convince clients that the high costs of doing national surveys are worth it. On the positive side, this has assisted Indian researchers in raising the bar for their research practises. It is also true, though, that India's relatively lower salaries make it harder to recruit top-notch research expertise. Indian businesses are among those that are most demanding but pay the least for market research, despite the fact that they recognize its value and make efficient use of it. The vastness of the nation is one of the main obstacles. In the past, market research was difficult to do since fewer homes had access to phones. Due to low literacy rates and the low percentage of people with access to telephones in 1997, phone and postal polls were nonexistent. But in recent years, technological advancements have removed several obstacles to market study in India. India's journey online has been impressive. Internet users increased from 0.62 million in 2010 to 843.06 million in 2021, making it the second-largest global population. By 2040, it is predicted that this number will exceed 1.5 billion, with smartphone usage vastly outpacing that of desktop and laptop computers. In 84% of homes nowadays, there are smart phones.

In a nation the size of India, these advancements are extremely advantageous because utilizing the web or phone instead of face-to-face encounters results in significant cost savings. The growth of research firms in India has also been greatly aided by the increase in social media usage. Before the pandemic, face-to-face research predominated; nevertheless, the COVID-19 pandemic's initial wave and the lockdown accelerated digitization and made it simpler to employ social networking sites and technology for research investigations.

Market research has evolved from the initial stages of data collection (Pen and Paper Method) to technologically advanced gadgets, like PDAs, mobile phones, and in-built cameras that can record precisely the state of the matter during each interview. In addition, MR no longer provides the end user with differentiated value; rather, it has turned into more of a commodity. The next biggest development potential in our country for all products and services is certainly in the rural economy, yet MR is still being practised in megacities and towns rather than being directed there. The MR business is also experiencing trouble finding qualified individuals with solid training backgrounds who can comprehend the specifics of the client brief. Additionally, rather than focusing on a particular issue, the majority of research work done today is covered by routine monitoring tasks, like tracking, audience assessment, syndicated surveys, etc. The industry's nature, which is divided and heavily influenced by price concerns among consumers of goods and services, may also be a contributing factor.

CONCLUSION

An emerging trend that suggests ways to maximise an enterprise's returns in India's recently liberalised market is IT-enabled market research. It is now up to marketing research (MR) firms to capitalise on the quickly evolving lifestyles of their ever-growing and booming client base so that Indian marketers can become the most effective, result-driven workers in the world and meet the demands of their customers. Information systems make it easier to determine a number of characteristics, such as customer attitude, values, changes in consumer behaviour, and lifestyle, as opposed to only depending on surveys. The market research industry is steadily adapting to a modern business model where the customer is the primary focus of data collection as the economy gains speed. It is getting harder to hold pressure and keep customers' entire attention as they become more technologically sophisticated and aware of the marketing inquiries that are asked of them. Market research companies are only likely to thrive and rule the market in the coming years if they are flexible enough to implement game-changing methods and open to integrating primary as well as secondary marketing techniques.

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