

Specificities of Online Concept in Comparison with a Classic Concept of Marketing Research

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KEY WORDS: marketing, researching, decision making, information technology, online research

JEL: L22,M3,L86

***ABSTRACT** – Generation of quality marketing decisions necessarily anticipates existence of a developed system of marketing research. The paper assesses limits of a classic concept of marketing research and stresses specificities of online concepts. The accent is put to a role of information and communications technology and a process and organization of online concepts of marketing research. The paper also analyzes the comparison of these concepts of marketing research and underlines their complementarities and a possibility to eliminate individual limitations of each of the concepts in order to establish an effective process of marketing research with a function to support the process of generation of marketing decisions.*

Introduction

Contemporary business practice requires a faster process of making business decisions from managers. It is very important for managers to have business information of good quality. Companies have an imposed need to establish a quality system of collection and its management. A special accent should be put on market activities of companies and complexity of marketing decisions making.

The question is: "How marketing managers can realize facts in regard to changeable desires of consumers, new initiatives of competitors, changes in distribution channels, etc.?" The answer is that management has to develop an adequate system of collection and management of marketing data. The marketing research process enables management to collect data of good quality and it is a basis of generation of quality management decisions. Significance of marketing research is especially visible in a possibility to diagnose a specific market position of a company. A diagnosis of the existing situation enables management to structure a management instrument that would enable improvement and strengthening of a market position of a company.

Many companies lack a sophisticated collecting and management of data and information. Experience from local and international business practice show that many companies do not have established market research systems or the systems are reduced only to routine predictions based on empirical cognitions or to analyzing of historical data. In the best cases they are reduced to a partial survey as a way of primary data collection.

In regard to an increase of effectiveness of a business process, it is very important to establish a system of collection and management of marketing (and other) data and information of a good quality in order to improve the process of marketing decision making and support improvement and strengthening of a marketing position of a company.



We can differ two concepts of marketing research, depending on how much application of marketing research is based on the Internet and depending on information technology solutions based on the Internet. Those are:

- *Classic concept* of marketing research,
- *Online concept* of marketing research.

Limitations of classic concept of marketing research

The *classic concept* of marketing research anticipates application of a scientifically approved methodology in realization of marketing research, which was a characteristic of the period until the end of the XX century – before a development of modern information and communications solutions based on the Internet. When we talk about the classic concept of marketing research, we need to underline the fact that the Internet and data bases available via the Internet (but only as a source of secondary data) and various software applications for data processing are used for these marketing researches. However, that is a far lower level of application of information technology in marketing research in comparison with the online concept.

The classic concept of marketing research can ensure a valid and reliable information basis for making marketing decisions. However, this concept often requires more time and assets to ensure a continuous maintenance of *up to date* information basis based on what marketing decisions are made. This is a significant limiting factor in contemporary conditions of business operations, which is characterized with an increasing complexity and a need for a quick decision making.

The mentioned imposes a need to establish a system of marketing researches that would be based on the application of contemporary information and communications technologies in order to enable a quick collection of valid and reliable data. These data should be available in time, at a proper place in the decision making system and in a form that enables a decision maker to generate a decision quickly.

Starting from contemporary conditions of a business activity, managers are generally, and particularly those from the field of marketing decision making, faced with a very dynamic market movements which generate a need to make business decisions quickly so they need a continuous provision of quality information in order to retain and improve their market position. Ensuring an *up to date* information basis can be achieved only if a process of generation of data is established as a continuous and organized process. This process can not in wholeness be based on a support provided by the classic concept of marketing research. Hence, there is a need to solve this problem in a systemic way.

Identified weaknesses of this concept in the process of generation of the information basis in the business practice contributed to it and they are manifested through the following:

- Information necessary to solve various aspects of marketing problematic are counted. However, due to a lack of time and one system that would continuously ensure collecting and managing of information, decision makers are forced to undertake an non systemic "hunt for information when making every decision";



- A consequence of the non systemic approach is that not all relevant information are collected or many information that are collected are late or incomplete;
- As a consequence of the fact that there is not any organized process of collecting and managing of information, it often happens that important information are not recorded in an adequate way and form in order to be available at all relevant destinations in a company. Often they are jealously kept by individuals who want to use them in certain situations as instruments to improve their positions in the company;
- Since the process of generation of the information basis is not systematic, questioning of a level of quality of an information is often justified (validity and reliability of the information), and that is a prerequisite for a decision of a good quality.

The rest of the paper will focus on specificity of the contemporary approach to the process of marketing research that is named as the online concept of marketing research. This concept enables application of solutions of contemporary information and communications technology in the process of marketing research, which enables researchers to improve a process of collecting, processing and storing of data ensuring anticipation of improvement of the process of generation of business decisions in a company. The online concept of marketing research is based on the implementation of these solutions

Specificity of online concept of marketing research

As previously stressed, one of the key prerequisites of making quality marketing decisions is availability of quality information. Application of solutions of the contemporary information and communications technology in the process of marketing research enables researchers to improve the process of collecting, processing and storing of data, also ensuring the prerequisite to improve the process of generation of business decisions in a company. The *online concept* of marketing research is developed on a basis of the application of these solutions. The *online concept* of marketing researches means application of a scientifically approved methodology in realization of marketing research using solutions of the contemporary information and communications technology based on the Internet in all phases of realization of the research process. In this way certain limitations faced by the researchers in the classic concept of marketing research are eliminated. It is important to be aware of the fact that these two concepts of marketing research do not exclude each other but they are complimentary. It is very important to ensure a continuous updating of information background, which serves as a basis for business decisions making. This can be achieved only if the process of data/information generation is established as a continuous and organized process. This process can not in wholeness be based only on a support provided by the classic concept of marketing research.

A role of information and communications technology in the process of marketing research

Wanting to stress a widely spread use of information and communications technology in contemporary business, many authors use the term *digital economics* in their works. The



potential of the contemporary information and communications technology will be assessed in this paper in regard to a possibility of its application and effects of the application to the process of marketing research. Hence, the rest of the text focuses on the online concept of marketing research as a frame that enables the application of the solutions of the contemporary information and communications technology in the process of marketing research (in the process of collecting and analyzing data and presenting obtained results). This concept ensures a possibility to use the Internet and solutions of the information and communications technology based on the Internet in order to realize a standardized systemic process of collecting, processing and presenting the marketing data. However, we need to be aware of the fact that the application of the online concept in a combination with the classic concept can have far better effects than an isolated application of any of these two concepts of market research. But first of all, we need to take care about information needs of users and of market decisions makers.

Within the marketing information system, we can realize a combination of the classic and the online concept of marketing research, depending on the nature of the information needs, and in order to realize an effective functioning of the system of collecting, managing and application of the data in order to improve business performances of a company.

The previously mentioned is more than enough to motivate management to ensure application of the information and communications technology in order to provide a continuous quality process of generation of marketing data and create necessary prerequisites for improvement of business performances of a company. In regard to the mentioned, a need to connect the information and communications technology with the process of marketing researches in order to make the process effective in finding out needs and requests and enable creating of a better system of their satisfaction is clear.

The online marketing research represents a standardized systematic procedure of providing marketing data through the Internet and the information and communications technology based on the Internet. What is characteristic for the marketing research methodology that is realized in a *classic* way is also valid for the online marketing research. A difference is in resources and a technique used for collection of primary and secondary data.

The Internet has been (since its appearance) representing a very important source of secondary data, even within the classic concept of the marketing research. In this case we want to focus on ways of realization of primary data collection using the Internet resources and other information and communications solutions. It is important to underline that within the frame of the online concept of marketing research we can realize data collection, both internally and externally, because a working methodology of this concept is the same on the Internet and on the Intranet. However, if we want to realize an internal primary data collection, it is not essential to realize it only within a frame of the Intranet because each employee that should be questioned can use resources from the Internet. It is the same with usage of secondary internal data sources.

One of important advantages of the realization of marketing research by the concept of the online research is that data can be processed as soon as they are obtained. Data from the Internet do not require any extra steps of data entry because they already are in electronic form. Using appropriate software those data (replies of examinees) can be imported into the



software which will do further processing of the data and send them to a working position within the business process where they will be used as an information basis for making business decisions. The Internet (or web as its most commonly used form) can be used to access collected data of a company from distanced locations (distanced branches), to process the data and present them on the Internet and make them available to all those who are interested.

Besides data collecting, a very important issue is management of collected data and ensuring their adequate storage and timely availability at all places in an organizational structure where they will be used for certain purposes.

A process of online marketing research

A process of marketing research based on the Internet and information and communications solutions do not differ from the process of the classic marketing research. It means that all elements and their inter-relations that characterize the process of the classic marketing research are valid in the case of the online marketing research. What differs the online marketing research from the classic marketing research are techniques and a form of primary data collection.

The reason for application of the online marketing research supervenes, among other, from the fact that application of the Internet and the information and communication technologies based on it in the process of primary data collection enable this process to be performed:

- With less time consumption,
- With less assets consumption,
- With less possibility of an error.

A possibility to decrease sources of errors in the process of primary data collection within the online concept lies in a part of the process connected to editing and coding of data. Namely, this process is automatic with marketing research based on the contemporary information and communication technologies. Different from the online concept, in the classic concept of marketing researches these activities directly depend on the researcher who has to edit and code the data manually. If we want to analyze collected data with certain software, it is necessary to enter prepared data manually in the software and to analyze the collected data afterwards. These manual operations are time-consuming and a possibility of error occurrence is significant.

In the online concept of marketing research this process is automatic and data entry into the software is supported by an examinee (in a method of questioning an examinee gives answers to questions directly in a certain software environment; in a method of observing an observed situation is directly processed by an appropriate software solution), and then the data are transferred from the examinee to a researcher due to a certain information and communications solution. Then the data are automatically imported in the appropriate software and an analysis can start immediately. This eliminates editing and coding phases from the whole process and increases a speed of obtaining desired data but eliminates a possibility of occurrence an error that is connected to the two mentioned activities. Since marketing research is often realized using a combination of primary and secondary sources, this approach can successfully be realized with the online concepts of marketing research.



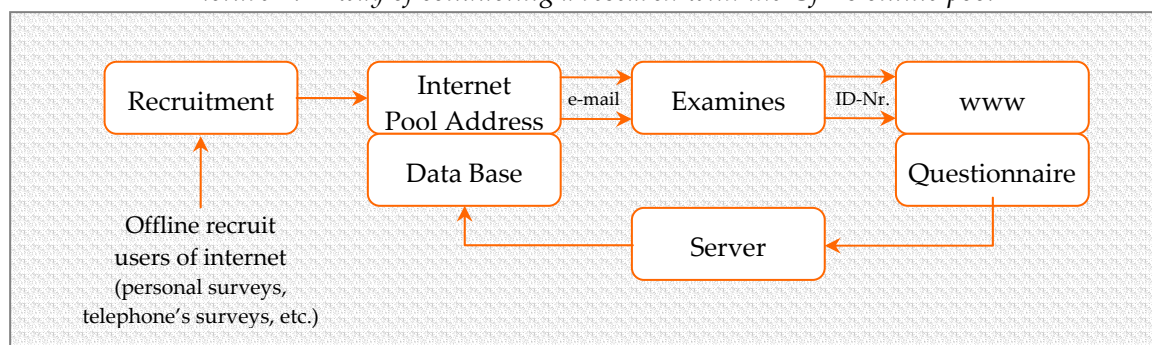
The process of the online marketing research, as well as the classic concept of marketing research, is realized through basic phases: planning of a research, data collection, analyzing collected data and presentation of results. However, the online concept puts a stress to the application of the software support wherever the nature of marketing research allows and wherever activities of a researcher can be substituted by solutions of the contemporary information and communications technology. In this way one wants to shorten duration of certain phases in the marketing research process or to eliminate the whole process and release a research from manual activities and minimize possibilities of error occurrence.

Organization of the online marketing research

An issue of organization of marketing research deserves a special attention in the classic and in the online concept of marketing research. Namely, a quality of marketing research is, among other, determined by a possibility of ensuring a representative sample. To conduct the online marketing research, one needs to establish and maintain a basis of e-mail addresses of potential examinees in order to invite them to participate in a research, if necessary. Experience of professional researchers from agencies [GfK Croatia, 2006, page 3] state that it is better to do generation of bases of e-mail addresses of potential examinees with an offline method (a survey via phone or personal questioning) than via the online method (via links, banners or pop-up windows from selected web pages). For example, the basis of the Internet addresses possessed by GfK is created offline and it contains several thousands potential examinees.

GfK Croatia – Center for Market Research conducts its online research on a basis of e-mail addresses that has been created since 2002. Persons who have [GfK Croatia, 2006, page 6] e-mail addresses and the Internet access are registered with classic representative surveys (a telephone survey or personal questioning). One can extract a sample for certain target groups of examinees from the base, according to needs of a certain research. Then, from GfK's online pool, one e-mails a user name and a password to every examinee and the examinee registers on a certain web page and fills in a previously prepared questionnaire (picture 1).

Picture 1. A way of conducting a research with the GfK's online pool



Source: GfK Croatia, 2006, page 6

Users themselves can be conductors of the online marketing research or they can do it through a certain model of cooperation with specialized organizations that deal in the marketing research process.



A recommendation to users is to engage a specialized organization for these services for the online marketing research. Namely, a realization of the online marketing research requires a certain infrastructure of technological nature. A construction of this infrastructure can be ensured through a construction of a marketing information system in a company. However, very often creation of infrastructure settings for realization of the online concept of the market research represents a very huge effort for individual users.

The online marketing researches can be organized as:

- (one time) ad hoc online research,
- occasional (repetitive) online research,
- continuous (longitudinal) online research.

Also, the concept of the online marketing research enables an organization have a researching process in a form of:

- online panel research,
- online omnibus research,
- online focus groups.

All mentioned forms of organizing the online marketing research can be implemented within the process of establishing the marketing information system, but it is necessary to assess information needs and, according to them, decide about a form and contents of the organization of the online marketing research and a need to combine them with the classic concept of marketing research.

Comparison of classic and online concept, of marketing research

It is the best to make a comparison of performances of the classic and the online concept of marketing research on some examples from research practice. We will use experience of *GfK Croatia – Centre for Market Research* for this paper. Namely, for a successful realization of the online concept one needs to pay attention to a level of usage of the Internet by potential target groups. The higher the level of the Internet usage by a selected target group is, the more representative a certain type of the online samples is. For example, in cases where a target group consists of older people, or with groups of lower income, application of the online concept of marketing research can give worse results than in case when data are collected in this way from students.

In regard to an aspect of *consumption of time and assets*, the online research (questioning techniques) can be realized in a shorter time period and with less consumption of assets than techniques of questioning in the classic concept. The online researches are especially appropriate in case when information is needed urgently and when a wide geographic coverage is necessary in data collecting. It is especially a case with, for example, testing reactions on promotional solutions, etc.

The Centre for Market Research GfK Croatia has an interesting experience in regard to *duration of the process of data collection*. According to their experience [GfK Croatia, 2006, page 3], the online survey usually do not last longer than 15 to 20 minutes, but the practice proved that interesting topics and questionnaires designed in a interesting way can last longer. It also turned out that the online methodology actually is the best way to conduct in-



depth conversations with experts from the field of health care. For example, with pediatricians, gynecologists, surgeons and similar professions who have a lack of time and do not accept the in-depth survey eagerly.

In regard to *complexness of questions* the online concept of market research can also give better results. Complex questions can be presented in a better way with an adequate usage of software solutions than via telephone or in a survey via post.

Advantages of the online concept are stressed in regard to a need to use certain *presentation material (samples, pictures, promotional solutions, etc.)* in the process of data collection in order to entice reactions of examinees. Using a multimedia support within the online concept, all types of audio and video recordings and pictures can be presented. For example, web surveys are the most favorable to represent promotional solutions, design solutions, projection solutions, etc. On the other hand, with personal questioning we can have printed, audio or video material, but they require additional expenses because reproduction of a huge number of quality color prints is expensive. With telephone questioning it is possible to present only audio recordings and it limits a possibility to apply the classic approach to this type of researching.

Previously we stressed significant advantages of the online concept in regard to the classic concept of marketing researches and in regard to *processing of collected data* and a *possibility to eliminate errors* that occur in these phases of the research process.

According to previous practice of the GfK Group, we can define that examinees answer questions more thoroughly in online surveys than via telephone or similar questioning. A short comparison of the classic and the online concepts is given in Table 1.

Table 1. A comparison of the classic and the online concept of the marketing research

Criteria of comparison	Online	Face to face	Telephone	Post
Target group	Many, even specific	Almost all	Almost all	Majority
Duration of survey	10 – 20 min	– 60 min	15 – 20 min	– 90 min
Possibility of complex questions	Medium	High	Low	Medium
Presentation material	multimedia simple	Possible, but difficult	Impossible	Possible, but with
Influence of survey conductor	None	Medium	Low	None
Time of realization	Short	Long	Relatively short	Relatively long
Expenses	Low to medium	Relatively high	Medium	Low to medium

Source: GfK Croatia, 2006, page 7

Table 2 can be consulted for possibilities of application and advantages of the online concept of marketing research for researchers

*Table 2. Some of characteristics of the online concept of the marketing research*

Assessed requirements	Possibility of satisfying requirements
Fast implementation	Yes
Favorable price	Yes
Multimedia presentation	Yes
Without influence of survey conductor	Yes
"Difficult " topics are possible	Yes
Representativeness of sample	Yes (with exceptions)
Target groups	Many, and very specific
Regional causing	Yes
Topics	Most topics are possible
Preliminary results	Yes, unweighted
Very difficult questions	Better not without survey

Source: GfK Croatia, 2006, page 7

According to the previously mentioned, we can conclude that one necessarily needs to take the online concept of marketing research into consideration in planning a realization of the process of marketing research. This is because of an extraordinary spectrum of possibilities offered by this concept.

Conclusion

Ensuring a quality information basis is one of the key prerequisites for generation of quality business decisions. This prerequisite is realized through the marketing research process that can be established in a company in several ways. Establishing the marketing research process on a basis of application of the Internet and solutions of the contemporary information and communicatory solutions based on the Internet can ensure adequate results. It is especially a case if it is assessed from an aspect of fulfillment of requirements of modern business practice in regard to a need for availability of up to date data and information and a need to deliver data at a proper place of an organizational structure and in time in order to be used for improvement of business performances of the company. An organizational platform that enables an effective fulfillment of these requirements is the marketing information system. Establishment of the system in a company creates an adequate frame for an effective organization of the marketing research process and the process of generation of marketing decisions. It is important to underline that the two concepts of marketing research that are treated in the paper (the classic and the online concept) do not exclude each other. On the contrary, they are complementary and enable establishment of the market research process on a basis of a combination of these two concepts, which eliminates limitations of each of them.



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