

# Chapter 10

## Market Research 2.0: An Inclusive Approach to Understanding Customers' Needs

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### ABSTRACT

*This chapter examines the possibilities of conducting market research in Web 2.0 environments, with a focus on implications for small to medium-sized companies. The chapter discusses how companies can undertake market research using Web 2.0 platforms, explores how these tools can facilitate successful and appropriate market research design, and examines the characteristics of qualitative and quantitative “Research 2.0” techniques appropriate to a Web 2.0 environment. The chapter also presents examples of companies that are using these tools successfully for market research and discusses advantages and barriers in adopting these tools, including privacy, ethics, and legal implications of this type of research.*

### INTRODUCTION

The explosive growth of Web 2.0 platforms in the internet environment, such as blogs and online social networks (Cooke and Buckley, 2008; Cooke, 2008), has caught the imagination of consumers, media, businesses and researchers alike. Web 2.0 has increased sharing, collaboration and openness

among users in various settings. Individuals are using Web 2.0 tools including social tagging and social networking to collaborate and create new content, tools and technologies, with implications for e-businesses in the coming decades. In addition, in virtual worlds such as Second Life, avatars and online communities are now being used as tools for participation and collaboration; these virtual worlds are helping organizations to engage customers in more interactive dialogue,

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moving from being simply “buyers” of products to being “collaborators” or “innovators” in product design and assessment. However, the implications of these new platforms and tools for small to medium-sized enterprises (SMEs) have not been fully explored in the e-business literature. At the same time, the adoption of Web 2.0 technologies is challenging traditional approaches to conducting qualitative and quantitative research, with implications for market research and other forms of social science research. Web 2.0 and virtual worlds have opened new avenues for innovation in business practices and the development of new theories, methods, tools and techniques to advance research methods; however, researchers must also address challenges vis-à-vis privacy, legal and ethical issues in conducting research in Web 2.0 environments. This chapter examines the possibilities for conducting effective market research in a Web 2.0 environment, with a focus on strategies that can best inform the e-business practices of small to medium-sized organizations.

## BACKGROUND

In the literature, the differences between large firms and SMEs have been highlighted; a few of the key differences will be discussed here, to provide some context for the implications of Web 2.0 technologies for market research. SMEs are in a resource deficit position as compared to large firms (Mosey, 2005); this special condition was termed *resource poverty* by Welsh and White (1981; as presented in Cassell et al., 2002, p.61), which has an impact on the operations of small enterprises. A few resource characteristics of SMEs (especially very small firms) include: generally having a smaller number of products in the portfolio; a lower technological base; limited financial strengths; lacking quality human resources with limited technical expertise; hiring generalist (rather than specialist) employees, who multitask across job roles; time constraints

for staff as they focus on day-to-day operational work (Tödtling and Kaufmann, 2001; Rostro and Grudzewski, 2008; Mosey, 2005; Pelham and Wilson, 1996; Hamill, 1997; Urwin, 2000; Harker and Akkeren, 2002; Hill and Wright, 2001). All of these issues affect the functioning of SMEs. For example, SMEs typically have reduced capabilities to gather information or conduct research (Pelham and Wilson, 1996; Tödtling and Kaufmann, 2001; Goodman, 1999); thus, an SME is likely to have an approach to marketing which is *haphazard, informal, loose, unstructured, spontaneous, reactive, built upon and conforming to industry norms*” (Gilmore et al., 2001, p. 6). However, the information needs for SMEs, in principle, are similar to large firms; these needs include purchasing statistics, economic trends, buyer behavior, new government policies and new products from competitors (Urwin, 2000). Both large and small firms need information to make decisions for competitive advantages. With increased competition due to adoption of the internet by a large number of companies for online commerce, SMEs need to “*be better informed than ever; if [a] company is to survive and prosper*” (Urwin, 2000, p. 132). According to Urwin (2000) the internet is providing opportunities to SMEs to use valuable information sources to which access can be quick and cheap (Riquelme, 2002); this can lead to a competitive advantage (Porter and Miller, 1985 and Turbin *et al.*, 1996 as presented in Riquelme, 2002) for SMEs so that they can “*compete with big business on a much more level playing field*” (p. 130).

The objective of undertaking market research is to help organizations in understanding consumers’ (i.e., the market’s) needs and to facilitate the organization in making decisions; also, this guides an organization in strategies to provide consumers with products and services that best suit their needs. Market research involves methodical and organized approaches to the collection and analysis of information that can aid the organization in making informed decisions (Pelham and

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