DF1: Business Research

According to our text book Zikmund, Babin, Carr and Griffin (2010), there are two types of business research: applied business research and basic business research.  Applied business research is conducted to address a specific business decision for a specific firm or organization.  Basic business research is conducted without a specific decision in mind, and it usually does not address the needs of a specific organization.  Basic business research attempts to expand the limits of knowledge in general and is not designed at solving a particular realistic problem.

The Government Employees Insurance Company (GEICO) is an area of interest that is intriguing. Leo and Lillian Goodwin founded this company in 1936 during the great depression. The counterintuitive idea of launching a new company in the midst of a financial crisis was based on a specific marketing strategy. The couple would specifically target the one group of people who has steady jobs and income – federal employees and military personnel. The company sold 3700 policies the first year using this focused marketing strategy.

Describe a situation in which business research is NOT needed and one in which business research IS needed. Discuss the factors which differentiate the two situations. For the situation in which business research IS needed, will the research be basic/pure research or applied research, explain why?

In your own words describe the scientific method in relation to part one of the discussion posting. How does the scientific method relate to the type of research you would perform related to the situation in which business research is needed. Discuss how the scientific method will support the research needed.

Comments

Business research is not needed in regards to the variety of insurance products GEICO sells. While the cornerstone of their product is car insurance, the company also offers specialized products for motorcycles, recreational vehicles, all-terrain vehicles, boars and classic cars. In addition, GEICO also offers life insurance, homeowners insurance, mobile home and condo insurance, renters insurance, flood insurance and temporary overseas policies. Geico’s newest offering is an identity theft insurance product.

Business research is needed in the area of product-type quality. Consumers make purchase decisions based on the relationship between cost and quality. When a hungry consumer purchases a pair of $10 shoes from Wal-Mart, his expectations regarding comfort and durability will be different than they would be if he were to purchase a pair of $150 Nike shoes. Consumers compare quality and features when deciding between brands. The “quality” of an insurance product is also intangible.