

# Market research

---

Minne Li

# The role of market research

- **Market research:** the process of collecting, recording and analyzing data about the **customers**, **competitors** and **market** for a product
- The role of market research
  - Discover the size of the market
  - Identify the consumer needs and wants
  - Identify and assess main competitors
  - Predict the likely trends in the future
  - Decide the best marketing mix and marketing strategies
  - Reduce risks

# Market-oriented VS product-oriented

## Market-oriented

- Outward looking
- Make products that they can sell
- Supply products that meet consumers' needs and wants (based on market research)

## Product-oriented

- Inward looking
- Sell products that they make
- Supply creates its own demand

# Primary research VS secondary research

	Primary research/field research	Secondary research/desk research
Meaning	The collection of first-hand data for the specific needs of the business	The collection of data from second-hand sources
Cost		
Time taken to collect		
Access to results		
Relevance		
Validity		

# Primary research VS secondary research

	Primary research	Secondary research
Meaning	The collection of first-hand data for the specific needs of the business	The collection of data from second-hand sources
Cost	Relatively expensive	Relatively cheap or free
Time taken to collect	Time-consuming as new information	Quick/easy to access as it is already available
Access to results	Only available to business	Anyone can see it including competitors
Relevance	High as collected for specific purpose	Can be out of date, general information
Validity	Faults, e.g. poor questionnaire design or sampling errors	Statistically valid as based on large sample sizes

# Primary research – focus groups

- **Focus groups:** a group of people who have similar characteristics to target market are invited to give their opinions on a product
  - ✓ detailed/in-depth questions can be asked
  - ✓ quick to get feedback
  - ✗ only extroverts tend to take part
  - ✗ only involve a small number of customers who may not reflect the views of the market segment
  - ✗ costly than surveys as participants have to be paid in cash or in kind

# Primary research

- **Observation:** watching or recording customer behavior
  - ✓ a direct method - more accurate than what they say (as in the case of interviews and surveys)
  - ✓ cost effective - a large number of individuals can be observed in a short space of time
  - × some questions unanswered, e.g. why a person behaves in the way they do
  - × ethical issue – people do not know that they are being observed

# Primary research – interviews

- **Interviews** involves one-to-one discussions between an interviewer and interviewees. (Face-to-face or telephone)
  - ✓ can provide detailed information about the perceptions and opinions of consumers through in-depth questions
  - ✓ precise wording can be tailored to the respondent and the precise meaning of questions clarified during the interview process
  - × Interviewer bias can influence interviewees' responses.
  - × Time-consuming and costly (trained interviewers, analysis)



# Primary research – survey (questionnaire)

A **survey** or **questionnaire** is a document that contains a series of questions used to collect data for a specific purpose

- Self-completed surveys
- Personal surveys
- Telephone surveys
- Online surveys
- Postal surveys

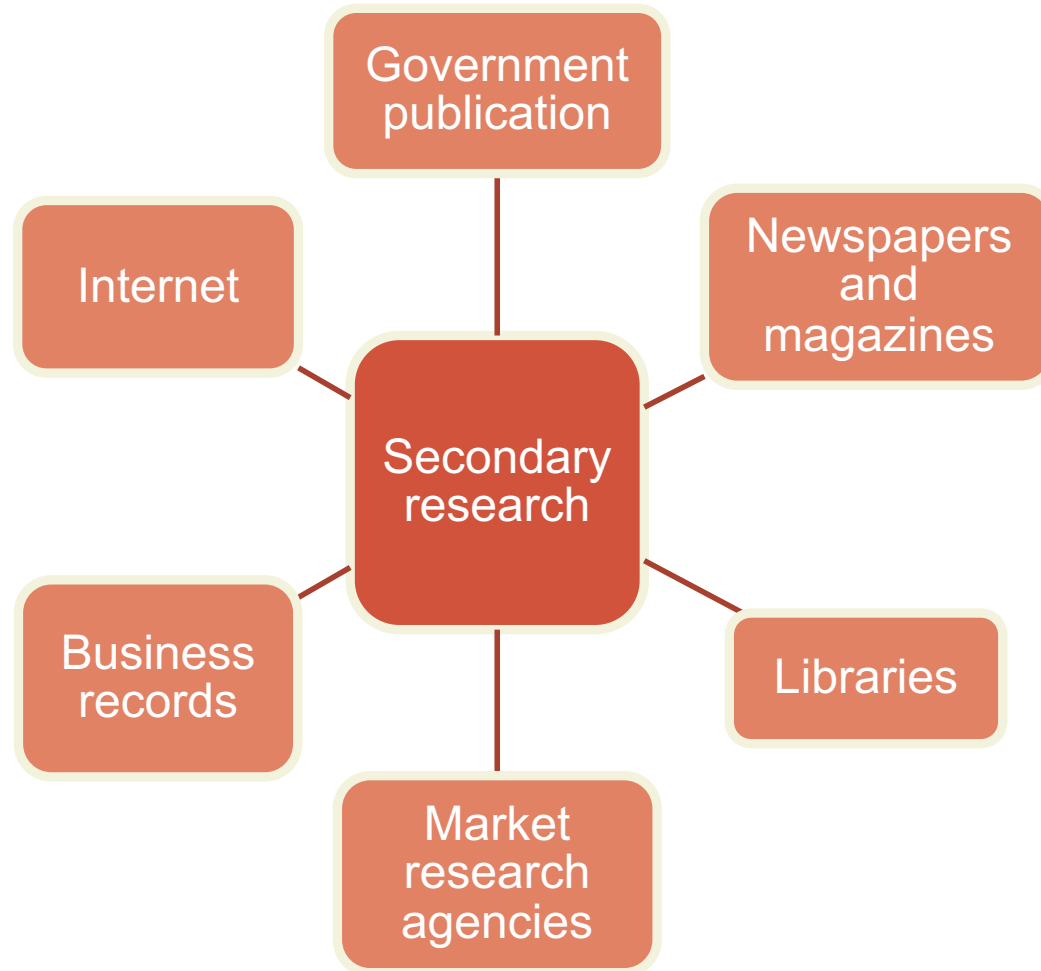
# Primary research – survey (questionnaire)

Advantages	Disadvantages
No interviewer bias, can yield information on many people covering a wide geographic area	Biased, dishonest or poorly worded answers
If designed well, can be administered and completed easily by the respondents	Low response rate, e.g. telephone surveys, online surveys and postal surveys

# Matching

1. Interviews
  2. Focus group
  3. Survey
  4. Observation
  5. Secondary research
- A. Researcher watches what people do
  - B. The collection of data that already exists
  - C. involves one-to-one discussions between an interviewer and interviewees
  - D. a group of people who have similar characteristics to target market are invited to give their opinions on a product
  - E. a document that contains a series of questions used to collect data for a specific purpose

# Secondary research



# Activity

Suggest a suitable method of market research for the following business situations. Give reasons for your choice.

- 1 A company wishes to produce a new variety of soft drink.
- 2 A company is interested in knowing how many people are teachers in China.
- 3 A company is concerned about whether to change the packaging of its product.