

Market Research

- A **product orientated business** is one whose main focus of activity is on the product itself
- A **market orientated business** is one which carries out market research to find out consumer wants before a product is developed and produced
- A **marketing budget** is a financial plan for the marketing of a product or product range for some specified period of time. It specifies how much money is available to market the product or product range for some specified time. It specifies how much money is available to market the product or range, so that the Marketing department know how much they should spend

Why is market research needed?

- **Market research is the process of gathering, analysing and interpreting information about a market**

Market research is carried out to find out the likes and dislikes of the consumers, the amount they are willing to pay for it, the place they are willing to buy it and the methods of promotion needed to be used to advertise and distribute the products successfully.

There are 2 types of information:

- **Quantitative information** which answers the questions about the quantity of something
- **Qualitative information** which answers questions where an opinion or judgement is necessary

Both types are gathered as a result of:

- **Primary/Field research** is the collection and collation of original data via direct contact with potential or existing customers, also called field research
- **Secondary/desk research** is information that has already been collected and is available for us by others.

Primary Research

The process of primary research

1. What is the purpose of the market research
2. Decide on the most suitable method of research
3. Decide on the size of sample needed and who is going to be asked
4. Carry out the research
5. Collate the data and analyse the results
6. Produce a report of the findings

Methods of primary research

Questionnaires

- A questionnaire is a set of questions to be answered as a means of collecting data for market research

Advantages

- Detailed qualitative info can be gathered about the product or service
- Customers' opinions about the product or service can be obtained
- They can be carried out online, which makes it cheaper and easier to collate/present data
- They can be linked to prize draws and prize draw websites to encourage people to fill in the questionnaire

Disadvantages

- If questions are not well thought out, the answers to them will not be very accurate
- Carrying out questionnaire can take a lot of time and money
- Collating and analysing the results is also time-consuming

Interviews

- The interviewer will have questions prepared to ask the interviewee

Advantages

- The interviewer is able to explain any questions that the interviewee does not understand
- Detailed information about what the interviewees like and dislike can be gathered

Disadvantages

- Bias
- Time consuming and uneconomic

Samples

- A sample is the group of people who are selected to respond to a market research exercise, such as a questionnaire
- A random sample is when people are selected at random as a source of information for market research
- A quota sample is when people are selected on the basis of certain characteristics as a source of information for market research

Focus Group

- A focus group is a group of people who are representative of a target market

Advantages

- They can provide detailed information about consumers' opinions

Disadvantages

- They can time consuming, expensive and biased

Observation

1. Recording
2. Watching
3. Auditing

Advantages

- It is quite an inexpensive way of gathering data

Disadvantages

- The information only gives basic figures

Secondary Research

Internal sources of information

- Sales department sales records, pricing data, customer records, sales reports
- Opinions of distribution and public relations personnel
- Finance department
- Customer Service Department

External sources of information

- Government statistics
- Newspapers
- Trade association
- Market research agencies
- The internet

Who carries out market research?

- Businesses can carry out their own research into different aspects of the market for their existing products or the possible market for a new product. Secondary research is often easier and cheaper to carry out, as primary research may be too expensive for the business to undertake itself

Accuracy of market research data

- How carefully the sample was drawn up
- Phrasing of questions for unbiased opinions
- Sample collected
- Size of sample
- Who carried out the research
- Bias
- Age of information