

4.4 Market research

The big picture

Imagine that you would like to start up a new online store selling locally produced goods in your home country. In order to build a competitive and successful product, what information would you need to gather? You may want to investigate:

- competitors
- potential customers (who they are and how much they would pay for the goods)
- the IT requirements of an online store
- the rules and regulations of the industry
- the tax framework (in order to understand corporate taxes your business is likely to owe)
- the labour market and labour laws in relation to where you would like to hire people

You may need to use the skills you learned in [Section 1.1.5 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/tool-swotsteeple-analysis-id-36504\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/tool-swotsteeple-analysis-id-36504) to conduct a STEEPLE analysis for your investigation.



Figure 1. You may need to conduct market research when starting your own business.

Credit: MixMedia, Getty Images

To carry out your investigation, you will need to conduct market research. Market research can be defined as ‘gathering information to aid marketing decisions’. Organisations carry out market research in order to gain a better understanding of their customers, competitors and markets. Through research, a business will discover its strengths and weaknesses. For example, you may learn how to better position your product or service by changing the marketing mix of your product in order to meet the needs of its target market.

This subtopic explores the reasons why businesses carry out market research. You will also learn about different market research methods and sources that businesses use.

Concept

Ethics

Market research is important for companies because it determines the marketing strategy they need to adopt. New technologies have made market research faster and easier. Businesses can now adjust their marketing campaigns according to the tastes and preferences of their potential customers.

Since market research deals with the use of data, which can often mean individual people's personal data, it is closely connected with the concept of ethics – the moral principles that govern people's behaviour. Many countries have laws in place to protect personal data that is collected. However, there are still many areas that businesses need to consider. For example, is it ethical to use personal data to sell additional products to an individual? Is it ethical to use a customer's viewing experience to entice them to stream a further hour of a show?

Businesses need to ensure their data protection policies not only conform with the law, but also align with the needs and desires of their customers. [This article on protecting your privacy \(https://www.cnet.com/home/smart-home/keep-amazon-google-and-apple-from-listening-to-your-conversations/\)](https://www.cnet.com/home/smart-home/keep-amazon-google-and-apple-from-listening-to-your-conversations/) explains how Google, Amazon and Apple have adjusted their devices so that users can erase previously stored personal data.

Making connections

In Higher Level Paper 3 you will be asked to 'identify and describe a human need'. Identifying a need generally comes from conducting market research and identifying gaps that the economy does not currently fill (IBDP Business Management guide).