Market research

Reasons for market research:

- Find a gap in the market
- Improve decision making to reduce risk
    - How to promote
    - Where to sell

Types of market research:

- Primary → Do yourself
- Secondary → Using existing data

Outputs:

- Quantitative → Numbers
- Qualitative → Words

Impact of social media:

- Used to create surveys → Find new trends → Provide product
- Examine followers → Segmentation → Tailour products

Quantitative & Quantitative:

Quantitative:

- **Advantages:**
    - Easier to gather

- o Quicker to gather
- o Faster to analyse
- o Examine larger samples
- o Easier to make decisions from
- **Disadvantages**
  - o Tends to have closed questions (no why or how)
  - o Unhelpful for understanding issue in depth

Qualitative data:

- **Advantages:**
  - o Provides in depth data to help understand issue in depth
- **Disadvantages:**
  - o Slower to gather
  - o Difficult to analyse data
  - o Harder to make business decisions from

Market research = Collecting information about consumer needs

Market research used to improve the marketing mix:

- Price
- Product
- Promotion
- Place

Primary:

- Focus groups

- Surveys
- Observations

Advantages:

- Tailour questions based on needs
- Gives you 'trade secrets' over competitive edge (Know more than competitor)

Disadvantage:

- Time consuming
- Expensive

Secondary research:

- Marketing firms
- Government publications
- Internet

Advantages:

- Quick
- Cheaper

Disadvantages:

- No competitive edge
- May be obsolete

Further analysis:

- Look at secondary research first
- Size of sample → Increases accuracy
- Small businesses may need to do primary research to have a competitive edge

Market segmentation:

Segmentation = Dividing potential customers into different groups

Segment (Based on profit/growth) → Target (choose segment) → Position (apply marketing mix)

Segmentation:

- Gender
- Income
- Location
- Lifestyles

Advantages:

- Meet customer needs better
  o Increased brand loyalty
  o Repeat customers
  o Decreased price sensitivity → Increase prices
  o Increased profits

Disadvantages:

- Higher costs

- o Research and development
  - o Production
  - o Marketing
- Wider product range → Less able to exploit economies of scale

Market mapping:

Market mapping = Tool to analyse competition in a specific market

Market mapping:

- Find gap
- Develop product
- Low competition
- High sales

Existing companies can adjust product range to find new segments

Advantages:

- Identifies gaps in the market
- Identifies saturated areas of the market
- Simple method to analyse competitors

Disadvantages:

- No guarantee in success for gaps in the market

- Only two variables (quality, price)
- Depends on who created the market map

Customer needs:

Customer needs include:

- Price
- Quality
- Convenience
- Choice