

Section 4 Marketing

Chapter33 Market research

Overviews

1. The purpose of market research; identify customers' wants and needs, identify gap in the market, to reduce risk and inform business decision.
2. The method of primary market research; survey, questionnaire, focus group, observation, and test marketing.
3. The methods of secondary research; internet, market reports and government report.
4. The use of data in market research; qualitative and quantitative data the role of social media in collecting market research data and the importance if the reliability of market data.

1. Market research

Market research : is collection, presentation, and analysis of information relating to marketing and consumption of goods and services.

• The purpose of market research

1. **Identify customer needs**
2. **To identify gaps in the market** : finding solution in the form of a new product.
3. **To reduce risk** : Effective market research can help to reduce the risk of failure.
4. **To inform business decisions** : Market research provides a wide range of information which helps in decision.

2. Methods of primary research

- **Primary or field research** : gathering of new information that does not already exist.
- **Methods of primary research**

Methods	Good features
<p>1.Questionnaire It is mainly made up of lists of written questions.</p>	<ol style="list-style-type: none"> 1. A balance of open and closed questions. 2. Contain clear and simple questions. 3. Not contain leading questions. 4. Be short.
<p>3. Focus group or consumer panels Where groups of people (focus groups) are asked for feedback about products over a set period.</p>	<ul style="list-style-type: none"> • They can provide detailed information about customers' opinions. • It is cost effective method of collecting information but the group may be small so the result may not be reliable.
<p>4.Observation This can take the form of watching the behavior of customers.</p>	<ul style="list-style-type: none"> • It is quite an inexpensive way of gathering data. • E.g. recording the amount of time customers spend looking at a product.
<p>5. Test market Selling a new product in a area to test it and sales levels before national launch.</p>	<ul style="list-style-type: none"> • Feed back can be gathered from customers. • The feedback is used to modify the product before the final launch.

3. Methods of secondary research

Secondary research : is the use of information that has already been collected and is available for use by others.

- **Internal sources of information** : it's from the firm's own records.
- **External sources of information** : information is obtained from outside the company.

Advantages	Disadvantages
<ul style="list-style-type: none">• It is less time consuming and easier to gather information.• It can get information that primary cannot provide e.g. Economic forecast	<ul style="list-style-type: none">• It is expensive.• It is inaccurate.• It is out of date.• The data collected might not be exactly what the business needs.

4. Quantitative and qualitative information

- **Quantitative information** : which answers questions about the quantity of something. Eg. How many people in the family drink coffee?
- **Qualitative information** : which answers questions where an opinion or judgement is necessary. Eg. What do you think about "Toffee Nut latte".

5. The role of social media in collecting market research data

- It provides cheap information, firms' customer market, brand appearance and other market issues.

6. The importance of the reliability of market research

- If the information is out of date, the decision based on the data can be wrong.
- Business can use **SAMPLE** of people to do market research.

Samples : A group of people who are selected to respond to the market research. The sample must be representative of all the people in the market.