

Market Research

Product-orientated and market-oriented businesses

- People may not want this product until it has been developed and advertising has persuade them to buy it
- Product-orientation:
 - when businesses produce the product first and then try to find a market for it
 - Products may not have their own name or brand
 - Produce basic necessities
- Market-orientated → the businesses must have a market budget (financial plan for the marketing of a product)
 1. The business has to identify the wants and desires of customers both now and in the future → in order to produce the right goods which sell well and make a good profit (market budget)
 2. More able to survive
 3. Usually more prepared for changes in consumers tastes

Why is market needed?

- To find out how many people would want to but the product it is planning to offer for sale
- With no market research → bankrupt
- By having market research → a business can identify customers needs in a changing and competitive international environment
- Essential for a business to stay competitive
- You have to find out this questions:
 1. What feature of my product do people like or dislike?
 2. Would they be willing to buy my product?
 3. What price would they be prepared to pay?
 4. Where they would be most likely to buy my product?
 5. Why type of customer would buy my product?
 6. What type of promotion would be effective with these types of customers?
 7. What is competition like?

Types of information

Market research can find out:

1. Quantitative information. EX: how many shoes were sold, what percentage of children drinks coca?
2. Quality information. EX: what do they line about the product, why do more women than men buy here?

Primary Research

- Is the collation of original data
- Direct contact
- It is first-hand
- It's an expensive way
- Usually be for specific purpose

Stages of Primary Research:

- Purpose: what information do that we want to find out?
- Method: cost and time. Primary or secondary research
- What sample / to whom: who is going o be asked? What samples?
- Carry out the research:
- Collect and analyze results
- Do report based on the conclusions

Questionnaires

difficult to ask the correct questions in order to succeed

- Advantages:
 - Detailed qualities information
 - Costumer's opinions
 - Online (easier to collect results)
 - Can be linked to prizes to encourage people to fill in the questionnaires
- Disadvantages:
 - If questions are not well thought, answers won't be useful
 - Take money and time

Interviews: prepared questions

- Advantages
 - Ask any questions
 - Detailed information
- Disadvantages:
 - The interviewer can lead the interviewee to answer what he/she wants
 - Expensive
- Sample: to decide who are they going to interview
 - Random Sample:
 - People are selected by random
 - Everyone can be picked
 - But not everyone are consumers of the product being investigated
 - Quota sample:
 - People are selected on the basis of certain characteristics (age, gender, income)

Focus Groups: groups of people agree to provide information about a specific product or general spending patterns over a period of time

- Advantage
 - Detailed information
- Disadvantage
 - Time consuming
 - Expensive

Observation:

- Recording: television channels
- Watching:
- Audits

- Advantage:
 - Inexpensive
- Disadvantage:
 - Only gives basic figures

Secondary research

The use of info that has already been collected and is available to use by others. This can be from internal or external sources. It's a much cheaper way of gathering information since the research has already been done by others.

Internal sources:

A lot of information may be available from the firm's own record.

Sales Department: will hold detailed data on which brands of products have been selling well in which area.

Finance department: could give detailed information on the costs of manufacturing products or providing services.

Examples of internal sources:

- Sale's department sales record
- Pricing data
- Customer records
- Sale reports
- Finance department
- Customer service department

External sources of information

When an information is obtained from outside of the company. They are many and varied and tend to depend on the type of product.

Who carries out market research?

Business can do their own market research. Secondary research is easier and cheaper. The business may decide they can afford to hire a specialist who would carry out the investigation for them.

Accuracy of market research data

- How carefully the sample was drawn up.
- The way in which the questions in the questionnaire were phrased to ensure honest answers
- The sample selected
- The size of the sample
- Well phrased questions
- Who carried out the research
- Age of information.
- Bias (Statistics)- articles in newspapers sometimes have a bias and important information is left out deliberately.

How to design and use a questionnaire

Ask yourself the following questions.

- What do I want to find out?
- Who do I need to ask? (Age group, male/female, particular income or occupations)
- Where will I carry out my questionnaire?

Carrying out the questionnaire

Before going out and asking the questions, think about how you will ask the question and how you are going to record the results. You may need to create a grid to put the respondents replies on.

- How many people are you going to ask?
- At what time of the day you going to carry out the questionnaire? Will this affect who will answer the questions?
- Where are you going to carry out the questionnaire? Will this have an influence on who you ask?

Presentation of data from market research

The type of data that has been collected and what it is to be used for will affect the form of presentation which will be used. Information can be displayed in the form of:

- A table or tally chart - usually used to record the data in its original form, however, it is often better to convert the data into a chart or graph.