Topic 1.2.2 Market research

Key Vocabulary

Market research – the process of gathering, processing and interpreting information about consumers' behaviour

Secondary research – using research that has already been carried out for another purpose

Primary research – collecting new information

Qualitative data – research into opinions and views

Quantitative data – data that is numerical

Focus group – a small number of consumers who have a discussion

Market trends – an overall pattern related to products

Market gap – where demand is not being met by the existing products available

Bias – a one-sided view

Sample-size – the number of consumers that are involved in market research

Core Knowledge

The purpose of market research is:
- To identify and understand customer needs
- Identify market gaps
- Reduce risk
- Inform business decisions

Methods of research are:
- **Primary** – collecting brand new data to meet the specific needs of the business
- **Secondary** – using research that has already been gathered

	Benefits	Limitations
Primary	• Up-to-date information • Information secret from competitors	• Can be expensive • Can be time consuming • Results may be inaccurate
Secondary	• Easy to find • Cheap or free to obtain • Good overview of whole market	• May be inaccurate • Can be out-of-date • Likely to be unrelated to business needs

Social media has made it easier to collect data using comments, reviews, surveys, and online focus groups
Trends can be identified from tracking hashtags

Don't be a "man on the street"

- Don't assume that a market gap will guarantee success
- Remember that research can be unreliable if the sample size is too small, the wrong target market are questioned or the sample is biased

Wider Business World

Innocent Smoothies – conducted initial market research at a festival using two bins – Yes or No to launching their business

Survey monkey – a free online survey platform making it easier to conduct research

Synoptic Links

Market segmentation – how we divide up customers into smaller groups with similar needs

Customer needs – market research aims to find out what these are, if they are being met, and what else is wanted

Risk and reward – market research can reduce the risk