

Market research



THE TIMES 100

Market research

Market research is the process of gathering and interpreting data about customers and competitors within a firm's target market.



Purpose of market research

Market research is carried out to:

- Help firms make marketing decisions
- Reduce risk

Data may be gathered for different reasons e.g. to identify current and future needs of consumers, the price customers will pay for a product or the success of a promotional campaign.



Primary research

Primary research involves finding out **new**, first-hand information. This is called primary data.

Methods of primary research include:

- Questionnaires
- Focus groups
- Observation



Primary research

Benefits	Drawbacks
<ul style="list-style-type: none">• Directly relevant to the business• Up-to-date data obtained• Competitors do not have access to the findings	<ul style="list-style-type: none">• Time consuming• Often expensive• Results may be misleading if the sample size is too small, questions are unclear or there is interviewer bias



Secondary research

Secondary research involves gathering **existing** information. This is called secondary data.

Sources of secondary data include:

- Market research reports
- Trade journals
- Government statistics
- Sales and customer records



Secondary research

Benefits	Drawbacks
<ul style="list-style-type: none">• Often quick and easy to collect• A wide range of secondary data is available, especially on the internet	<ul style="list-style-type: none">• Data may not be reliable or up-to-date• May not be totally relevant• May not be in a form that is easily interpreted and analysed



Quantitative research

- Quantitative market research involves finding **numerical** data
- Quantitative data is generally collected from large samples and is easy to analyse
- Methods of collecting quantitative data include written and online questionnaires



Qualitative research

- Qualitative research involves finding out **opinions, attitudes** and **feelings**
- Often more useful than quantitative data but is more difficult to collect and analyse
- Methods of collecting qualitative data include focus groups & in-depth interviews



Sampling

Sampling is the method of choosing a smaller, representative group of respondents with which to conduct research instead of the whole population.

Sampling reduces the cost and time to carry out research. Careful sampling can provide reliable data about the population.



Sampling methods

Random sampling

Everyone in the population has an equal chance of being chosen to be in the sample.

Quota sampling

People in the sample are chosen to reflect the proportions of different groups in the target market e.g. 80% over 60s, 20% under 60s when researching the market for mobility aids.

Stratified sampling

The appropriate market segment is first selected, for example married men, then the sample is randomly selected from this segment.



Sampling methods

Cluster sampling

This uses random sampling from a specific area or cluster e.g. tourist towns when researching leisure hotels.

Convenience sampling

This simply means using a sample of willing volunteers. This method often results in bias and may only produce small samples.

Systematic sampling

Every n^{th} person is selected from a list of the population. This can be costly if the sample is widespread.



Reliability of sampling

The larger the sample size, the more reliable it is likely to be. However, larger samples incur greater costs.

A 95% confidence level is usually expected when conducting research. This means that findings are likely to be correct 19 times out of 20.



Market research in context



Market research at Kellogg's

Kellogg's is a market-orientated organisation, not a product-orientated one. Why is it so important for a market-orientated firm like Kellogg's to conduct market research?



Types of market research

Kellogg's used mainly primary research when developing Crunchy Nut Bites. Why do you think this was favourable to secondary research even though it is time-consuming and expensive?



Use the Kellogg's case study to help you.



Market research & new product development

Kellogg's carried out both quantitative and qualitative market research throughout the development of Crunchy Nut Bites. Give one example of each of these methods as used by Kellogg's and state at which stage it was used.



Use the case study to help you.



Useful resources

- Market research lesson suggestions and activities (The Times 100)
- Kellogg's case study (The Times 100)
- Kellogg's website

