

**BUSINESS:** *Creating informed, discerning employees, consumers and future leaders*

## 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

	<b>Benefits</b>	<b>Limitations</b>
<b>Primary</b>	<ul style="list-style-type: none"><li>• Up-to-date information</li><li>• Information secret from competitors</li></ul>	<ul style="list-style-type: none"><li>• Can be expensive</li><li>• Can be time consuming</li><li>• Results may be inaccurate</li></ul>
<b>Secondary</b>	<ul style="list-style-type: none"><li>• Easy to find</li><li>• Cheap or free to obtain</li><li>• Good overview of whole market</li></ul>	<ul style="list-style-type: none"><li>• May be inaccurate</li><li>• Can be out-of-date</li><li>• Likely to be unrelated to business needs</li></ul>

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