

**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

**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

**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

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|  | **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* Can be out-of-date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
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Social media has made it easier to collect data using comments, reviews, surveys, and online focus groups

Trends can be identified from tracking hashtags

**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