2.11

Using Skills for a Business

Market Research

Learning Outcome Notes

LO 2.7 - Conduct market research in order to investigate an entrepreneurial opportunity and analyse, interpret and communicate the research findings using relevant terminology and representations

CHAPTER QUESTIONS

By the end of this learning outcome you should be able to answer the following questions

1. Define the term market research

2. Explain the benefit of market research

3. Describe the difference between field and desk research

4. Illustrate the difference between field and desk research

5. Identify the advantage and disadvantages of field and desk research

WHY CONDUCT MARKET RESEARCH

Market Research [Def] This is the gathering, recording and analysis of information about a consumer's opinion of a product or service. This will help the company make good decision and meet the needs of the consumer

Market research helps the business to identify the needs and wants of the consumer, to product a product or service to meet these and wants and to keep ahead of the competition

Benefits of conducting market research

The company will get the following when then are involve in market research

1. information about the customers' needs and wants

2. If the product or service will sell – is there a market/demand for it

3. What does the consumer think of the product – are there any change to be made to it

4. Information about competition – what price do they charge

5. The price the consumer is willing to pay

6. What is the levels of sales going to be – an estimate

TYPES OF MARKET RESEARCH

There are two main type of market research that business conduct. These are

1. Field Research – also known as primary research

2. Desk Research – also known as secondary research

1. Field Research

This research is also known as primary research. This is because you get the information yourself. It involves the business going into the marketplace and gather information from

people. This information is gathered by using questionnaires, focused groups, surveys an observation

Surveys

This involves asking consumers question about the business product/services. There are 3 types of questions they ask

1. Closed question – yes/no answer
2. Multiple Choice – Options to choose from
3. Open ended – the consumer gives their opinion

The filled in surveys are then analysed (the answers are looked at) and this helps the business to make informed decision.

Questionnaire

This is a list of different questions that the consumer is asked, and their response is recorded. As it is impossible to survey all the consumers in the market a sample of the market (small 5%) are asked the question. There are different methods of getting information using questionnaire. These included the following

Method	Advantages	Disadvantage
Personal Interview	1. Detailed responses 2. Can seek clarification on response	1. Time consuming 2. Expensive
Postal Survey	1. Cheaper that personal – no interviewer 2. Complete in their own time	1. Very low response rate 2. Takes along time to get responses
Telephone Survey	1. Cheaper than personal interview 2. Clarification can be sought	1. Difficult to get responses 2. People answer quickly to get it finished
Online Survey	1. Cheapest method 2. Worldwide	1. Many people ignore the pop-ups

	3. Response analysed automatically	2. Consumers who are not online are left out

Focus Group

This is when a group of consumers are invited to discuss a company's particular product or service

Advantages   It's an effective way to gather reaction and customer opinions

Disadvantages Some member may dominate the responses. This might influence another group members

Observations

This is when the company watches and observes that consumer action and behaviour. They might look for

1. What customer are buying in a store
2. How long it takes to select a product
3. What in display is like in the store

Advantages   Large number of people can be observed. It is also cheap

Disadvantages It is time consuming – does let you know why consumer buy a particular product

When the information is gathered it needs to be analysed. This is done by using charts, bar charts and percentages.

Field Research has the following Advantages and Disadvantages

Advantages	Disadvantages
1. You can get up to date information	1. It can be time consuming
2. Relevant information can be gathered	2. It is expensive

2. Desk Research

This research is also known as secondary research. This is because the information is already gathered by someone else or another source. It involves the business looking at sales reports, newspapers articles, the internet, and the Central Statistics office to gather their information.

Desk research has the following advantages and disadvantages

Advantages	Disadvantages
1. Easy to get the information	1. Information may be outdated
2. Its quick to gather	2. Information may not be relevant to the business

USES OF MARKET RESEARCH

Market research is used by a business sin the following ways

1. To identify the market
2. To identify what the customer needs and product a product to satisfy those needs
3. To see what the customer wants in the future
4. To find out why the sales are declining
5. To investigate new markets

Target Market   ^{Def} This refers to a specific group of people who a company or business aims to sell its products or services to. These are the people who are most likely to be interested in what the company is offering and are more likely to buy from them.

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Past Exam Questions and Answers

NOTE – Very Important

It is very important when answering exams question that you use the following steps -

1. That you know the information for the learning outcome

2. That you understand the information form the learning outcome

3. That you can apply the information form the learning outcome to the question

4. Be able to give at least two full sentences for your answer (Fill up the space)

Questions are changing from rote learning to applying the knowledge to the question

QUESTIONS

2019 - Sample – Question 12

(b)   Use a tick (√) to identify whether each of the following is an example of field research or desk research

	Field Research	**Desk Research**
Websites		
Conducting Interviews		

2019 – Sample – Question 18

The pure confectionary company has conducted market research for its new protein bar

(a)   (i)   Explain why the Pure Confectionary Company would conduct market research

         (ii)   Explain the term Target Market

         (iii)   Identify a suitable market for a protein bar

SUGGESTED SOLUTIONS

2019 - Sample – Question 12

(b)   Use a tick (√) to identify whether each of the following is an example of field research
       or desk research

	Field Research	**Desk Research**
Websites	√	
Conducting Interviews		√

2019 – Sample – Question 18

The pure confectionary company has conducted market research for its new protein bar

(a)   (i)   Explain why the Pure Confectionary Company would conduct market research

To identify the market – This will help the business to identify if there is a market for their
product this will help them to save time and money if there is not a market. Questionnaire
(Field research) can be used to identify the needs, target market, price to charge the
Product at. Websites (desk research)can be used to check out the competition that is
In the market

       (ii)   Explain the term Target Market

A target market refers to a specific group of people who a company or business aims to sell
its products or services to. These are the people who are most likely to be interested in what
the company is offering and are more likely to buy from them. This will result in a product
Or service being developed to mee the needs of the target market and to set a price that
They will be able to afford considering their incomes and the cost of production

       (iii)   Identify a suitable market for a protein bar

The health conscious person who is looking for and healthier snack. For example a sports
person