

Hypotheses

Business



September 17, Hypothesis Introduction Market tests focus on gathering relevant actual decision making data. The paper explains the various market test information needed to help generate higher future sales outputs. The paper explains the use of the gathered market test data on business decision making activities. The market test information enhances business decision making priorities.

Market Test information

A market test can be done to determine whether the company is able to reach the \$75, 000 sales objective (Pride, 2014). First, the market test will indicate the products' current selling prices. Compared to setting prices that are lower than the competitors' selling prices, the company must exert extra efforts to generate future customers' demands for the company products. Customers prefer buying the lower priced products, all other factors being of equal importance (Bowman, 2010).

Further, the next information needed is the advertising and promotion budget. With a higher budget, more target customers are reached.

Consequently, more advertisements will persuade more target customers to try the new company product, compared to allocating a minimal advertising budget (Bowman, 2010).

Furthermore, the marketing study must include the competitors' prices. The customers' prices will influence the demand for the company's products. The competitors may institute cut-throat competition pricings, selling products at the lowest market price. The competitors are hoping that the cash-strapped and price-conscious target clients will prefer the lowest priced product in the market (Bowman, 2010).

Moreover, the market test will show the current demand for the product. The <https://assignbuster.com/hypotheses/>

company must determine whether the current competitors are supplying all the needs of the target markets. The current demand will indicate whether the market is saturated. Compared to a target market where all the competitors are not able to current supply the target markets' present and future product demands, It is more difficult to sell a product in a saturated market because all the customers' demand are presently met (Bowman, 2010).

Further, the product quality must be determined. A poor quality product will generate low demand and higher product returns. However, high quality products will generate high customer demand. Quality affects the sales output (Bowman, 2010).

Furthermore, location plays an important role in generating sales (Bowman, 2010). The product must be sold in places that customers can easily access. To save on transportation, customers will prefer buying from the nearest store. To save on time, customers prefer buying from the neighborhood product outlets.

How data will be used in the business decision making process

The above data will significantly enhance the business entities' decision making process (Bowman, 2010). To increase sales, the company must sell high quality products. To achieve sales targets, the company must adjust the current marketing (advertising and promotion) budgets to ensure all possible target markets are reached. To surpass sales expectations, the company will adjust the selling outlets' location to ensure the customers will use less effort to acquire the product. To ensure high sales outputs, the company must adjust the current selling prices to reasonable levels, within the realm of the competitors' average selling prices.

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Conclusion

The market tests centers on retrieving relevant tangible decision making data. Pricing and product quality information affects the sales outputs. Place and promotion strategies greatly influence sales outcomes. Evidently, the above market test information improves business decision making priorities, boosting all future sales yields.

References:

Bowman, D. (2010). *Market Response and Marketing Mix Models*. New York: Now Press .

Pride, W. (2014). *Foundations of Marketing*. New York: Cengage Learning Press.