

Market research essay sample



Marketing Research is the identification, collection, analysis, and dissemination of information for the purpose of assisting management in the decision making process related to the identification and solution of problems and opportunities in marketing.

For example, if a company was considering introducing a new product to its range, it might research the likely consumers to see whether making the product is feasible. They would gather information such as the types of marketing that would be effective; the price people would be willing to pay for it and what people would expect from the product.

Market research can be carried out in two basic ways. The 1st of which is Field (or primary) research where the information is gathered by directly asking people or by observing people. The second is Desk (or secondary) research carried out using sources such as newspapers, previous studies, samples and surveys

Businesses use market research on a regular basis for a number of reasons.

- * Descriptive reasons – if a business wants to discover what is happening in a certain market and to identify trends in sales.

- * Predictive reasons – to forecast what may happen in the future. Eg. A travel company may want to predict the changes in the types of holidays people take over the next 5 years.

- * Explanatory reasons- to give an explanation as to why there has been a change in the level of sales

* Exploratory reasons – to investigate new possibilities, for example when a new product is trailed in a small area.

Primary Research

This can be carried out either by a firm itself or by a market research agency. Primary research is information that doesn't already exist, its is collected by the researcher.

This type of data gathering can be divided into two main categories by the way it is collected, by asking people or by observing people.

Questionnaires

Questionnaires consist of two types of questions, open or closed questions.

Open questions allow the interviewees to express their personal opinion but are hard to analyse and in comparison to closed questions. Closed questions only allow specific pre-defined.

The clarity of questions is an important factor. Questions must be easy to understand, so that they do not confuse or mislead the interviewee.

Leading questions can lead to biased results. For example, if you ask if “ Is brand X better than Brand Y?”.

Instead this question should be posed: Which brand do you prefer; X or Y?

Personal Interviews

This is essentially the same as an questionnaire, but a the interviewer rather than the interviewee fills out the responses to questions on a questionnaire. In interviews there is a tendency to use more open questions since the interviewer is recording the results and can control what is recorded to avoid useless data. The interviewer must be skilled at their job and not bias questions but there is a high usable response rate. Another advantage is that if a question isn't understood it can be explained. Interviews can be time consuming though, and rely much upon the skill of the interviewer.

Telephone Interviews

These are similar to a personal interview, but held over the phone. The length of questions is limited but the advantages are that telephone interviews are cheaper and can cover a large geographical area easily.

These also have a lower response rate than face-to-face interviews, as they are distrusted by the public.

Postal Surveys

Postal surveys are inexpensive compared to most methods of field research, but they have a poor response rate and are time consuming, taking up to six weeks for data collection. A large advantage of postal surveys is that by taking away the interviewer they lower costs and remove bias from the data accumulation.

Observation

This involves watching consumer behaviour, it can help in the design of shops but does not explain the reasons behind the actions of the shopper which may mean problems can be identified but not solved. E. g. The direction people walk round a supermarket may be studied but how it affects the amount they purchase, what they purchase and therefore how much they spend will not be clear for each person, only a general theory can be formed.

Use of Technology

Electronic Point of Sale (EPOS) systems which calculate the cost of your shopping, are also used for stock control, which means that the item that was bought and the time and date it was bought are recorded. This can be useful for market researchers to calculate sales of seasonal item or how external factors affect purchases e. g. when it is sunny how many more cartons of fruit juice are sold.

Video cameras that can count the number of potential customers entering a shop within a shopping centre and which areas are most heavily visited. Some systems can even differentiate between adults children and pushchairs, which gives information on the age of customers as well as the number of the,. In this way different areas and different shopping centres can be compared.

Expression of views through the internet and websites is becoming more popular. Data can also be collected when orders are placed over the internet.

Loyalty cards are a valuable method of data gathering, a customer profile can be built up and discounts / special offers can be aimed specifically at them.

Often technology means that the consumer is not involved directly in the data capture for market research, this is much more convenient for them and for the researchers as they do not have to rely on the cooperation of the subject/s.

Focus Groups

This type of research uses observation but needs the cooperation of the consumers. By listening to discussion on a number of questions given to the group the researcher can gain an insight into the views of their chosen target consumer group. The disadvantage lies in that by only using a small group the views of the whole market may not be represented, but it does mean that it is inexpensive to carry out.

Consumer Panels

A group of customers are brought together on one or a number of occasions to give feedback on a product. This is relatively cheap because there is a small number of people, but may not give a wide enough cross-section of the public, therefore it may reflect the views of the market segment in which the business is interested.

Test Marketing

By selling a product in a small section of the market (e. g. limited to a particular geographical area) it can be tested and evaluated before going into full production. It is less expensive than fully releasing a product and can lead to more research and development for products that are not as successful as hoped.

Field research can give companies an advantage over their competitors, as the firm that originally collected it owns it. It also lets the business know where they stand as the sales markets open up. It can be very expensive and time consuming to carry out but it also means that by collecting it a business has control over exactly the questions that are asked and the data that is gained. It can make customers feel valued and included in the company's interests. It can help in looking to the future and adapting to the ever-changing business world in a sensible way without wasting money on pointless projects.

Research is very useful but not totally reliable or an accurate prediction of what will happen in reality. By the time a product is launched consumer requirements may have changed and the product may not sell. The problem of bias is a considerable one and careful sampling must be carried out to avoid this as well as how the research itself is done e. g. careful phrasing of questions in an interview. This can ameliorate statistical bias and therefore sampling discrepancies.