

Tesco using of market research



P3 Describe how Tesco uses market research to contribute to the development of its marketing plans. Market research: Is a big part of marketing, market research is when the company asks their customers or new customers to find out more about in the market in which they currently operate in or a market they wish to operate in. Companies may do this so they can reduce risk when bringing out new products. There are two types of research and two types of data. The first type is primary research.

Primary Research is when the business or the worker conducts the research their self, therefore it is fresh data and it is current and applicable to their current market. Market research is conducted to gain a better knowledge of the market in which they operate in and to find out the wants and needs of the customers. Examples of this could be surveys, observations and interviews. Advantages of primary research are that it is brand new data in this current market and with current customers therefore it is applicable to your business.

The disadvantages of primary research is that it may take a long time Internal research could be when Tesco use past sales figures from with in the company and project them to find out cash forecasts or to analyse buying habits. This is internal as it about the business they work for not any other business. External primary can be used to this can be when Tesco can people who do not currently shop in Tesco or work in Tesco questions, they could also use Mystery shoppers as external primary as someone who isn't a stake holder in the business evaluates the business, this counts as research as they will find out about the branch they work in.

Another of research type is Secondary research this is also known as desk research this is when the company uses published data which already exists, they do not need to go out and ask customers wants and needs, they can just use internet or books to find whatever they need to find out. This is the cheaper option. This will give the company a better view of the market however will not be exactly applicable to the business, secondary research can also be used when viewing a competitor, they can see their profits if they're a PLC company.

External research can be used in Tesco such as when they look at competitors (Sainsbury's/ asda) sales figures or buying trends or growth figures. They may do this to see how their competitors are doing and see how much they're growing. Internal could be looking at past annual reports, this is internal secondary research as its has already been published and it is from Tesco's. There are two types of Data type. Qualitative data is one type this is when the company uses questions which are open therefore they will gain true views and opinions of the customer. Examples of this could be interviews or observations.

Qualitative data isn't easy to analyse or to put into graphs as it is someone's opinion they may not be similar. Tesco can use this by holding observations or interviews for customers, Tesco can use primary or secondary types as they can conduct the research by their self or they can use the internet to find out the answers which they require. In terms of Tesco they could have pressure groups, or observations to collect qualitative data. The other type of data is Quantitative data, these are figures and statistics which can be easily analyse and also be interpreted easily.

If a large sample of people takes the questionnaire or survey then the more effective as there will be a better perception of the wants and needs of the customer. This can be easily put into graphs and be analysed. In terms of Tesco they can use this when their customers log into their club card account online, Tesco can track sales of a certain item, buying habits and they can target the customer directly by doing this. From this Tesco can do a sales forecast and help Tesco making decisions when buying stock.

Reducing risk: Market research helps company to reduce the risk when creating new products or buying more quantity's of another product. Such as if they use the quantitative data e. g. buying habits. If Tesco see that one product is very popular they might choose to invest in a larger quantity.

Limitations: When using market research there are some limitations such as money, time and validity. Money can play a big part when using market research as it could prove costly depending on the amount of research the business conducts.

So if Tesco has 4-5 focus groups a long with interviews, then it would take a long time to do and it may prove expensive as one site has quoted ? 90 per person when using focus groups, if Tesco are going to do this multiple times then it could prove costly. Marketing research: qualitative; x quantitative; x primary internal x/external research; x secondary internal x/ external research; uses x (reduce risk in decision making, measure progress over time); limitations (cost effectiveness, validity of data collected)