

Market research

Sources of primary research

Key Vocabulary

1	Purpose of market research	The purpose of Market Research is initially to find out what customers want and need – this helps businesses develop products that are more likely to be successful. Market Research also helps understand customers' tastes and opinions and can change the design or specification of products based on the outcomes of the research. Finally, Market Research can also be used to gauge what products are already on the market and what competitors are doing.
2	Benefits of primary market research	Carrying out Primary Research means that the results are exactly what the business wants to find out, because this research has been tailor made for their own specific needs. Researchers can include everything the business wants to find out from their potential customers.
3	Drawbacks of primary market research	Primary Research is usually more expensive to carry out than Secondary Research because the business is creating and analysing everything from scratch. This also means that Primary Research is more time consuming to carry out and is, therefore, slower to get results for the business.
4	Benefits of secondary market research	Secondary Research is quicker to complete, because the data has already been collected and, in some cases, analysed. Secondary Research is also cheaper to carry out – looking at websites for Internet Research is clearly cheaper than preparing and carrying out a questionnaire, for example.
5	Drawbacks of secondary market research	The data that is used when completing Secondary Research is not unique and not specific to the business's needs, unlike when Primary Research is carried out.

1	Questionnaires	A list of written questions that are used to record the views of the respondents.
2	Postal Surveys	Questionnaires sent out in the post to people and they are asked to complete them in their own time.
3	Telephone Interview	A cheaper form of market research and respondents can be from a wide range of geographical locations.
4	Focus Groups	This is a group where a number of customers are invited to attend a discussion led by market researchers. The group must be representative to whole population.
5	Test Marketing	This involves selling a new product in a restricted geographical area prior to a national launch to obtain feedback.
6	Observation	This is where market researchers "watch" the behaviour of customers, such as in retail outlets

1	Primary Research	Gathering data and information that has not been collected before
2	Secondary Research	Gathering data and information that has already been collected before
3	Sample	A small group of people who must represent a proportion of the total market
4	Socio Economic Groups	Division of people according to their social class
5	Psychographic Segmentation	Grouping customers according to their attitudes, opinions and lifestyles
6	<i>Qualitative Research</i>	Data based on the opinion of those being asked.
7	<i>Quantitative Research</i>	Data collected that is based on facts or numbers; it is usually easier to analyse than qualitative data.

Sources of secondary research

1	Internal Data	This is collected from existing business documents or other publications
2	External Data	Data that is available from sources outside the business, individuals or other organisations.

Orientation

1	Product orientation	Business puts the focus on developing and making products which they believe the customer wants.
2	Market Orientation	reacts to what customers want. The decisions taken are based around information about customers' needs and wants, rather than what the business thinks is right for the customer.