

Market segmentation

1	Key idea	Market Segmentation is the process of grouping potential customers together based on different factors.
2	Key idea	It is the method used by businesses to identify their target customer/market.
3	Key idea	Markets can be segmented in different ways and some businesses choose to use more than one characteristic to specifically segment their market.
4	Benefits	Able to focus on the wants/needs of specific customers and more likely to meet these wants/needs.
5	Benefits	More likely to make sales because they've focused on specific groups of people (if they segment successfully).
6	Benefits	More able to focus their advertising and other marketing at the right groups of customers – if their market is segmented to include female customers, then the business could choose to advertise in magazines aimed at females, for example.
7	Benefits	More able to produce a specific customer profile, which is a portrait of the business's main target customer

Market research

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.

Customers

1	Customers vary because of:	<ul style="list-style-type: none"> • The amount of money they are able to spend • The amount of money they are willing to spend (some older customers may have more money, but may not be willing to spend this money as readily as younger customers) • The quantity of products/services they require • The quality of products/services they require • The location in which they want/can purchase items (some customers prefer to buy online, for example) • The time in which they want to/can purchase items
2	Customer feedback techniques	<p>Customer Feedback Techniques are the methods a business uses to allow customers to tell them what they think about their products or services and can include:</p> <ul style="list-style-type: none"> • Social Media / Online Communities • Websites with reviews • Online surveys • Customer comment cards • Comments made to staff members • Telephone/email surveys • Email contact forms
3	Why customer feedback techniques are useful	If things aren't going well for a business, customer feedback will give them the reasons why. Taking action could improve sales and help businesses meet customer wants/needs better. Customer feedback also makes people feel they are being listened to, so customer satisfaction will improve.

Key Vocabulary

1	Market research	Market Research is the process of finding out what customers want and what they need. Businesses typically carry out Market Research before developing a new product as well as during the testing of the product to get the opinions of their potential customers.
2	Primary market research	Primary Research, sometimes called Field Research, is when businesses gather their own data and information. This can be done through surveys, questionnaires, focus groups, observations, consumer trials and 'taste tests'. The data gathered is unique to the business and does not already exist.
3	Secondary market research	Secondary Research, sometimes called Desk Research, is when the business uses data or information that already exists. This is not tailor made for the business. Methods of Secondary Research include Internet research, books, newspapers and data already collected by competitors, the Government or other sources of statistics.