

Marketing Factsheet: Market Research



Market research gives you the information you need to:

- Target your customers
- Market effectively
- Compete with other suppliers
- Spot new opportunities and avoid future threats.

This factsheet outlines the types of information you need and how to go about collecting it.

Areas of research

You need to gather information -wherever relevant, at a national as well as a local level -on the following.

Market trends

- Is the demand for your product or service growing or decreasing?
- How are customer requirements likely to change?
- Is there any planned legislation that could affect your market?
- If you depend on another industry, how is this industry likely to change?

Your competitors

- What do they offer and at what price?
- What is their turnover?
- What new products or services are they planning?
- How do they advertise and promote themselves?
- What selling methods do they use?

Existing customers (both private and business)

- What do they think of your products or services?
- Why do they need/want them?
- Why do they buy from you and not your competitors?
- What do they think of your prices?
- How do they rate your customer service?
- How do they think you could develop your products or services?



Potential customers (both private and business)

- Who are they and what groups, or market segments, do they fall into? Market segments can be based on age, gender, location, occupation, income, family status (e.g. responsibilities for children and/or elderly relatives), lifestyle (e.g. leisure interests) and usage (i.e. the way a product is used).
- What is the size of these market segments?
- How much of your kind of product or service do the potential customers already buy from your competitors?
- What would persuade them to buy from you?

Approaches to market research

There are two basic approaches to gathering this information:

- Secondary or background research -in which you use published information, such as market reports (e.g. Mintel, Business Opportunity Profiles), official statistics, trade publications and professional journals, to build a picture of general trends
- Primary or field research -in which you use surveys and other methods to investigate existing and potential customers' attitudes and examine questions specific to your business.

Methods of field research

Methods include:

- Surveys -using the phone, the post or face-to-face interviews
- Discussions -perhaps using a small focus group
- Observations -looking at what people do (e.g. how they react to a product display or new shop layout) rather than what they say
- Experiments -perhaps giving a planned new product to customers and asking for feedback.

Planning field research

As well as deciding on the method(s) you are going to use, you need to think about:

- The budget -how much time and money you will need
- The design -e.g. the content of any questionnaire and/or how any focus groups or experiments will be run
- The logistics -e.g. organising a local authority license and identity cards for any street interviews and/or the place, time and participants for any focus groups
- Whether you/your business have the necessary skills -or whether you should employ a market research agency.

Using a market research agency



Among the possible advantages of using a market research agency are that:

- It may be more cost-effective
- The professionals are likely to get better results
- Customers may find it easier to be honest with professionals
- Customers may be concerned that you are trying to sell them something
- You may find it difficult to be impartial, particularly in the face of criticism.

Before you decide to employ a particular market research agency (or, possibly, a freelance researcher):

- Make sure they have the relevant experience- obtain feedback from previous clients
- Establish the fee before they start
- Draw up a thorough and unambiguous brief.

Whatever methods you use to do your market research, you need to make sure you analyse it very carefully.