

2.2 Market Research

Purpose of Market Research

Is to establish whether customers are likely to buy a particular product or service i.e. is there **demand**.

They will do this by carrying out **market research** – the collection of data on customer habits to help decision making.

Choosing a research method

When choosing to use either primary or secondary market research, there are many factors that businesses need to take in to account:

- How much the business can afford to spend
- What information is required
- Location of customers
- How quickly the information is needed

Quantitative vs Qualitative

Quantitative

Pro – easy to analyse
Con – does not allow for in-depth responses

Qualitative

Pro – helps a business to understand what customers are thinking and what they want.
Con – more time consuming

Primary vs Secondary Research

Primary method	Pros	Cons
Questionnaires	Cheaper than interviews Easy to target certain people	Difficult to predict how many will be completed People may not understand the questions
Interviews	Questions can be explained Customers can easily be targeted	Expensive Customers may feel uncomfortable
Trials	Save money before making products widely available	Costly to set up
Focus groups	Data is accurate to the target market	Only small groups that take part so expensive

Secondary method	Pros	Cons
UK census data	Information comes from a lot of people (most of population)	Not collected for business use so needs careful interpretation
Data from newspapers and magazines	Lots of valuable research on markets and other businesses is carried out by news publications which are widely available for businesses to use	Information will be general and not specific to the business
Data from websites	Cheap to collect and readily available	Needs careful interpretation
Internal data	Cheap to collect Specific to the business	Data is historical – looks at past and not what will happen

Key Words

Market Research
The collection of data on customer habits to help decision making

Primary Research
Data collected first-hand (field research)

Secondary Research
Data collected by others (desk research)

Qualitative Data
Data based on opinions of those being asked

Quantitative Data
Data based on facts or numbers

Quizizz – test yourself!



Quizlet



Exam Style Question



Video Links



Extended Reading

