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# Market research

2017-18

# PRODUCT AND MARKET ORIENTATION

- ▶ *Product orientation: product oriented* business focuses on the production process and the product itself
  - ▶ develop technically sound product
  - ▶ contact with consumer is at the final stage
  - ▶ research (on consumers' needs) is done in industry
- ▶ *Market orientation: market oriented* business continually analyses consumers' needs
  - ▶ is engaged in marketing
  - ▶ Example: Ford – first industrialist adopting market oriented approach
- ▶ *The nature of the product:*
  - ▶ 'pure' research for firms in some industries (i.e., pharmaceuticals, electronics)
  - ▶ *researcher* does not have an end product in mind

# PRODUCT AND MARKET ORIENTATION

- ▶ *Policy decisions*: if objectives are set in terms of
  - ▶ *technical quality* or *safety* → emphasis will be on *production*
  - ▶ *market share* or *turnover* → emphasis is likely to be on *marketing*
- ▶ The *views* of those in control: priorities depend on ...
  - ▶ accountant / managing director → cash flow and profit forecast
  - ▶ production engineer → technical quality control and research
  - ▶ marketing person → market research and consumer relations
- ▶ The *nature* and *size* of the market:  
high production costs → market oriented firm
- ▶ The *degree of competition*:
  - ▶ *low* degree of competition → invest in research
  - ▶ *high* degree of competition → try to increase (or defend you) market share

## Product vs market orientation

More product orientated

**Examples**  
Coal mining business  
Wheat farmer  
Water supply business

More market orientated

**Examples**  
Clothing retailer  
Soap powder manufacturer  
Supermarket chain

# MARKET RESEARCH

GATHERING, PRESENTING AND ANALYSING DATA ABOUT MARKET AND CONSUMERS

- ▶ *Identifying and anticipate customer needs and wants:*  
mainly **qualitative data**
- ▶ *Quantify the likely demand for a product:*  
mainly **quantitative data**
- ▶ *Provide an insight into consumer behaviour:*  
mixture between quantitative and qualitative data

# PRIMARY RESEARCH

- ▶ information/data which did not exist before the research
- ▶ carried out by
  - ▶ business itself, or
  - ▶ market research agencies
- ▶ primary research involves:
  - ▶ asking questions to customers
  - ▶ monitoring the behaviour of customers
- ▶ *sample vs population*

# METHODS OF PRIMARY RESEARCH

- ▶ Questionnaires
- ▶ Situations in which questionnaires can be used:
  - ▶ Postal surveys
  - ▶ Telephone interviews
  - ▶ Personal interviews
  - ▶ Focus groups or consumer panels
  - ▶ Observation
  - ▶ Test marketing

# SECONDARY RESEARCH

## INTERNAL DATA

- ▶ information/data which already exists within the business
- ▶ Examples
  - ▶ market research reports
  - ▶ sales data
  - ▶ stock data



# SECONDARY RESEARCH

## EXTERNAL DATA

- ▶ information/data which already exists outside the business
- ▶ Examples:
  - ▶ government publications
  - ▶ commercial publications
  - ▶ internet website pages

# QUANTITATIVE AND QUALITATIVE RESEARCH

- ▶ *Qualitative data* is data about
  - ▶ attitudes
  - ▶ beliefs
  - ▶ intentions
- ▶ *Quantitative data* is about:
  - ▶ statistical data
  - ▶ sales figures
  - ▶ market share

Quantitative	Qualitative
<ul style="list-style-type: none"><li>• 16 ounces of coffee</li><li>• Temperature is 150°F</li><li>• Cost \$2.95</li><li>• Equals 50% of my daily coffee intake (16 oz. out of my 32 oz. daily coffee intake)</li><li>• Cup is 6 inches tall</li></ul>	<ul style="list-style-type: none"><li>• Robust aroma</li><li>• Columbian, fair-trade, organic</li><li>• White cup and white lid</li><li>• I like the taste, even though it's a little strong.</li><li>• I'd recommend this coffee to a friend</li></ul>

*\*Full disclosure: I'm not actually drinking coffee right now. In fact, I never drink coffee.*

# LIMITATIONS OF MARKET RESEARCH

- ▶ market research is not a guarantee for success (e.g., Sinclair C5, New Coke)



- ▶ Reliability of the collected data depends on:
  - ▶ Human behaviour: mood and honesty of respondents
  - ▶ Sampling and bias
  - ▶ Construction of surveys

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# USE OF ICT TO SUPPORT MARKET RESEARCH

- ▶ Company websites
- ▶ Social networking

# USE OF ICT TO SUPPORT MARKET RESEARCH

## ADVANTAGE OF USING SOCIAL MEDIA FOR MARKET RESEARCH

<b>Broad reach</b>	It can reach millions of people all around the world.
<b>Ability to target</b>	Social media allows specific groups of people to be targeted.
<b>Free or low cost</b>	The use of social media may be free for businesses and paid options are usually cheap.
<b>Personal</b>	It allows communication on a personal basis with individual customers and groups.
<b>Fast</b>	Information can be collected very quickly from large numbers of people.
<b>Easy</b>	High level IT skills and complex equipment are not needed.

# DATABASES

Surname	First name	Address	Town	Age	Occupation	Income p.a.
Adams	John	14 Stanley St	Bristol	39	Bricklayer	£32,000
Appaswamy	Krishen	2 Virginia St	Cardiff	23	Welder	£26,000
Atkins	Robert	25 Liverpool Rd	Cardiff	42	Teacher	£32,000
Biddle	Ron	34 Bedford Rd	Bath	58	Civil servant	£35,000
Brown	Jane	111 Bold St	Newport	25	Solicitor	£41,000

# MARKET SEGMENTATION

- ▶ a *market segment* composed of consumers with similar needs
- ▶ businesses target segments not the entire market



# GEOGRAPHIC AND DEMOGRAPHIC SEGMENTATION

- ▶ Geographic segmentation
- ▶ Demographic segmentation
  - ▶ Age
  - ▶ Gender
  - ▶ Income
  - ▶ Social class
  - ▶ Ethnicity
  - ▶ Religion

# DEMOGRAPHIC SEGMENTATION

## SOCIO-ECONOMIC GROUPS

Social grade	Social status	Head of household occupation	% of UK population (approx)
A	Upper middle	Higher managerial, administrative or professional – doctors, lawyers and company directors	4%
B	Middle class	Intermediate managerial, administrative or professional – teachers, nurses and managers	12%
C1	Lower middle class	Supervisory or clerical and junior managerial, administrative or professional – shop assistants, clerks and police constables	22%
C2	Skilled working class	Skilled manual workers – carpenters, plumbers, cooks and train drivers	33%
D	Working class	Semi-skilled and unskilled manual workers – fitters, window cleaners and storekeepers	19%
E	The poor	State pensioners or widows, casual or lower grade workers, or long-term unemployed	10%

# PSYCHOGRAPHIC SEGMENTATION

Grouping customers according to attitudes, opinions and lifestyles

- ▶ Difficulty for businesses to collect data about beliefs, attitudes or lifestyle of consumers

# BEHAVIOURAL SEGMENTATION

Segmentation according to the behaviour of consumers

- ▶ Usage rate
- ▶ Loyalty
- ▶ Time and date of consumption

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# BENEFITS OF MARKET SEGMENTATION

see page 16

## KEY TERMS

- ▶ **Consumer panels:** groups of customers are asked for feedback about products over a period of time
- ▶ **Database:** an organised collection of data stored electronically with instant access, searching and sorting facilities
- ▶ **Focus groups:** where a number of customers are invited to attend a discussion about a product led by market researchers
- ▶ **Market orientation:** an approach to business which places the needs of customers at the centre of the decision-making process
- ▶ **Market research:** the collection, presentation and analysis of information relating to the marketing and consumption of goods and services

## KEY TERMS

- ▶ **Market segment:** part of a whole market where a particular customer group has similar characteristics
- ▶ **Primary research or field research:** the gathering of 'new' information which does not already exist.
- ▶ **Product orientation:** An approach to business which places the emphasis upon the production process and the product itself
- ▶ **Qualitative research:** the collection of data about attitudes, beliefs and intentions
- ▶ **Quantitative research:** the collection of data that can be quantified
- ▶ **Respondent:** a person or organisation that answers questions in a survey

## KEY TERMS

- ▶ **Sample:** a small group of people who must represent a proportion of a total market when carrying out market research
- ▶ **Secondary research or desk research:** the collection of data that is already in existence
- ▶ **Socio-economic groups:** division of people according to social class