



Market Research

AS Business

What is market research?

- Market Research is gathering quantitative or qualitative information to find answers to the questions that a business wants to know the answers for.
- For instance what percentage of your customers liked the new feature of your upgraded version of the product. Similarly what is the frequency of consumption of fast food by your target audience?
- It can include a wide range of questions like what features should be included in the new product, how much should be the product price etc etc.

Types of Market Research

- ***Primary Research:*** is when a business collects first hand information directly from relevant people / audience. For instance, asking customers about their opinion for the price of their products etc. Sending research teams to retail shops to find out the sales of your products etc.
- ***Secondary Research:*** is when a business relies on existing information like internet, social media, published research to find answers to the questions that it is interested in. For instance, using internet to determine the market size for company's product.

Primary Research

- Sometimes there is no existing information regarding the issue at hand and therefore the business is left with no option but to rely on collection of first hand information through primary research.
- For instance what features to add to your new car / phone model etc
- Methods of collecting primary data include
 1. Questionnaire
 2. Interviews
 3. Focus Groups

Secondary Research

- Is when the issue at hand is common for other businesses as well and therefore there is some existing information on the topic.
- Example would be how many people in Pakistan consume coke. What is the population of any certain city of Pakistan? Etc
- Sources for collecting Secondary Data / Information are as follows:

1. Journals / research articles

2. Websites of government and private sector organizations

3. Magazines

4. Newspapers

Primary Research: Questionnaire

- Questionnaire is a written form that includes number of questions regarding the issue / topic that the business wishes to gather information about. It includes 2 types of questions close ended questions (limited options) and open ended (blank space for answering).

<p>Primary research is more useful since it helps businesses to collect latest and accurate information on any issue.</p>	<p>However it can be expensive and time consuming process. Therefore small businesses might not be able to collect primary information.</p>
<p>If properly designed and executed primary research is less likely to have bias compared to secondary research.</p>	<p>For accurate results it is important for primary research to be executed by someone who has basic knowledge of statistics and research methods. Hence smaller firms might not be in a position to execute primary research.</p>

Can be much more detailed than interviews and focus groups.	However too much information on questionnaire might make consumers lose interest which can result in collection of inaccurate data
Can be useful for collecting information from people who prefer to see the questions in written form.	If wording of questions is confusing then perhaps you cannot clarify unlike in the case of interview.

Interviews

- Interviews are ***one on one conversation*** between the respondent and the interviewer.

<p>Less chances of respondents misinterpreting the questions since they can ask the interviewer for clarification in case there is some confusion.</p>	<p>Will be much <i>more time consuming for the respondents</i> and therefore they might not agree for an interview.</p>
<p><i>Spontaneous feedback</i> is available unlike questionnaire. It allows for follow up question.</p>	<p>Since it is time consuming process especially if these are in-person interviews and therefore not many people can be interviewed.</p>

	After the interview it needs to be transcribed to write the information in written form before it can be used for analysis.
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Focus Group

- Focus Group is when a ***group of individuals are gathered*** to share their opinions on certain issue / topic.

<p>Might be <i>less time consuming than interviews</i>.</p>	<p>Moreover it <i>allows for group discussion</i> and <i>instant feedback</i>. It allows for <i>follow up questions</i>.</p>
<p><i>One influential person's opinion can influence other people opinions</i>. Therefore it will result in biasness.</p>	<p>However it can be <i>difficult to arrange all the people at the same time</i>.</p>

<p>Less time consuming and costly compared to primary research. Smaller businesses cannot afford to spare enough resources for primary research and so they might be relying on secondary research.</p>	<p>Outdated or biased information might be collected because of errors made by the company collected the data.</p>
<p>However a good approach to get an overview of the issue under consideration. And later the business can decide whether collecting primary data is worth it or not.</p>	<p>Might not find relevant data / information directly related to the issue under consideration.</p>

Sampling

- **Population** comprises of all the people who are of research interest for the business. For instance, the entire target market of the business.
- Since business cannot gather information from all the relevant / concerned individuals so it is necessary to choose a representative sample from the population.
- Sample is a small group that is expected to be a **representative of the entire population**.

Methods of Sampling – Probability Sample

- **Random Sample**: when every person / item has equal chance of being

selected. For the business to collect random sample there should be complete population list.

- ***Systematic Sampling:*** when you select every 5th or 10th person for interview / questionnaire.
- ***Quota / Stratified Sampling:*** is when a business divides the entire population in different groups and then select the same proportion of respondents from each group as they are in the whole population. For example if the tea business has 40 % of consumers who are females then ideally 40% of sample should also comprise of women and remaining 60% should be men.

Methods of Sampling – Probability Sample

- ***Cluster Sampling:*** is when the business does not even know its entire population and therefore the business collects information from a group of people about which the business has the information. For example, the business only has data about the consumers of a certain city etc.
- When businesses do not have complete information about the population it would be convenient for a business to rely on Cluster sampling.

Other Sampling Techniques – Non

Probability Samples

- ***Convenience Sampling***: selection of people in a sample is based on the convenience of the person doing the research. For example if the researcher wants to research the experiences of drug addicts in rehabilitation centers then given the nature of the research the researcher would ideally reach out to people whom he / she knows personally.
- ***Snowball Sampling***: is when the respondent refers someone else who is also part of the population like a certain type of criminal is the only person who is most likely to know another criminal of the same type.
- ***Judgmental Sampling***: is when the researchers use his / her own assessment to decide the sample. Any person he / she thinks will be a good fit to the research will be selected for collecting information. So technically

it is solely based on researcher's choice rather any systematic procedure.