



Identify 3 types of market research

EQUATES IN IRON

VERY US

CUPS FOUR GO

Learning  
Outcome 1  
Understand  
how to target  
a market

## 1.4 THE PURPOSE OF MARKET RESEARCH



# 1.4 THE PURPOSE OF MARKET RESEARCH

Learners must be taught:

- ⊙ The purpose of market research, i.e.
  - ⊙ To reduce risk
  - ⊙ To understand the market
  - ⊙ To promote the organisation
  - ⊙ To aid decision making
  - ⊙ To gain customers' views and understand their needs
  - ⊙ To inform product development

# PURPOSE OF MARKET RESEARCH



Marketing is the **identification**, satisfying and revisiting of customer needs

- ⊙ This therefore requires market research
- ⊙ Market research is the collection and analysis of data and information to inform a business about its market
- ⊙ Research could be focused on:
  - Customers
  - Competitors
  - Market place
  - Opportunities
- ⊙ To reduce risk
  - ⊙ By identifying and understanding customer needs the enterprise is more likely to create demand for its products
  - ⊙ This will reduce the risk of failure e.g. in terms of finance and time spent developing the enterprise

# PURPOSE OF MARKET RESEARCH

Who is the target market?



- ① To understand the market
  - ① The market is the group of customers a business is aiming its products at e.g. their age, gender, wealth, location
  - ① Understanding the target market will help ensure products are available in the right place, are advertised appropriately and are at a price that matches the target's spending power
  - ① Demographics (size, age and structure of the population) of an area can change affecting the target market



# PURPOSE OF MARKET RESEARCH

- ④ To promote the organisation
  - ④ Market research will help identify which customers to target
  - ④ This will allow the enterprise to make effective use of its marketing budget to promote its products to the correct target market segment
- ④ To aid decision making
  - ④ Assess what is currently in the market
  - ④ Identify gaps
  - ④ Develop new business ideas
  - ④ Assess feasibility of filling that gap



# PURPOSE OF MARKET RESEARCH

- ④ To gain customers' views and understand their needs
  - ④ Trends and patterns in buying behaviours
  - ④ Likes and dislikes
  - ④ Factors influencing choice
  - ④ Attitudes to different elements of the marketing mix
- ④ To inform product development
  - ④ Analyse whether current offerings are meeting the needs of the target market
  - ④ Make changes to products to ensure that right goods and services are being supplied
  - ④ Target new markets with new products

## QUESTION TIME



Jasmine is a designer of unique silver and pewter rings for both men and women. Her friends and family love her designs and believe that she could become known as a top designer. Jasmine's Mum has offered to help her set up a small shop in their home town of Bournemouth. Her Dad thinks that this is a good idea. However, he is concerned about the number of new shops that open and close shortly afterwards due to a lack of demand. He suggests that Jasmine should carry out some market research before opening the shop.

1. What is meant by market research?
2. Explain 2 reasons why Jasmine should carry out market research before opening her shop.