

# **MARKET RESEARCH**

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# **MARKETING VS MARKET RESEARCH**

# DEFINITIONS

- Marketing research is the systematic gathering, recording and analyzing of data about problems relating to the marketing of **goods and services**.
- Market research is the systematic gathering, recording and analyzing of data about your **target market** (Who are your target market for your business-goods and services?)

# QUESTIONS EVERY ENTREPRENEUR SHOULD ASK

- Every business owner must ask the following questions to devise effective marketing strategies:
  - Who are my customers and potential customers?
  - What kind of people are they?
  - Where do they live?
  - Can and will they buy?



# QUESTIONS EVERY ENTREPRENEUR SHOULD ASK...

- Am I offering the kinds of goods or services they want at the best place, at the best time and in the right amounts?
- Are my prices consistent with what buyers view as the product's value?
- Are my promotional programs working?
- What do customers think of my business?
- How does my business compare with my competitors?

# MARKET RESEARCH MOST IMPORTANT SUCCESS FACTORS

- Successful market research requires timely and relevant market information.
- An inexpensive research program, based on questionnaires given to current or prospective customers about satisfaction or dissatisfaction or suggestions of possible new products or services.





# MARKET RESEARCH PROCESS

# MARKET RESEARCH - THE PROCESS

## SIMPLE RESEARCH

- Develop Questionnaire to gather information about your customers (Current and potential)

## COMPLEX RESEARCH

- E.g. Hiring a professional market research firm to conduct primary research



# MARKET RESEARCH PROCESS...

- Regardless of the simplicity or complexity of your marketing research project, you'll benefit by reviewing the following seven steps in the market research process.

1

3

5

7

2

4

6

# STEP 1: DEFINE MARKET PROBLEM(S) AND OPPORTUNITIES

## Opportunity

- You are trying to launch a new product or service.

## Problem

- Awareness of your business and its products or services is low.

## Problem

- The market is familiar with your business, but still is not doing business with you.

## Problem

- Your business has a poor image and reputation.

## Problem

- Your goods and services are not reaching the buying public in a timely manner.

# STEP 2: SET OBJECTIVES, BUDGET AND TIMETABLES



# STEP 2\_OBJECTIVES

- Explore the nature of a problem so you may further define it.
- Determine how many people will buy your product/service packaged in a certain way and offered at a certain price.
- Test possible cause- and effect- relationships.
  - For example, if you lower your price by 10 percent, what increased sales volume should you expect?
  - What impact will this strategy have on your profit?

# STEP 2\_BUDGET

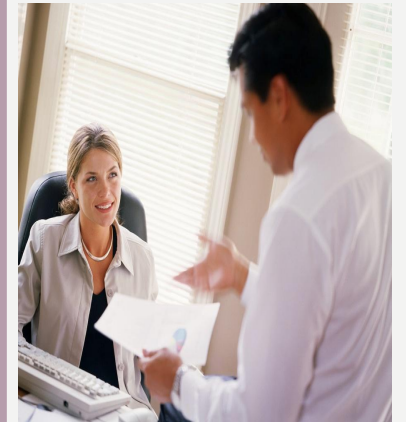
- Allocate a small percentage of gross sales for the most recent year to use on market research.
  - It's usually about 2 percent for an existing business.
- Planning to launch a new product or business?
  - You may want to increase your budget to as much as 10 percent of your expected gross sales.
- Other methods include analyzing and estimating the competition's budget and calculating your cost of marketing per sale.

# STEP 2: TIMELINES/SCHEDULES

- Prepare a detailed timeline to complete all steps of the market research process.
- Establish target dates that will allow the best accessibility to your market.
  - For example, a holiday greeting card business may want to conduct research before or around the holiday season buying period, when its customers are most likely to be thinking about their purchases.

# STEP 3: SELECT RESEARCH TYPES, METHODS AND TECHNIQUES

- Two types of research are available:
  - Primary research is original information gathered for a specific purpose.
  - Secondary research is information that already exists somewhere.



# STEP 3- SECONDARY RESEARCH

- Secondary research is faster and less expensive than primary research.
- Gathering secondary research may be as simple as making a trip to your local library or business information center or browsing the Internet.
- It utilizes information already published.
  - Surveys, books, magazines, journals, etc.





# STEP 3: SECONDARY RESEARCH

- Local sources provide better information as local conditions might back national trends.
- Sources of secondary research material
  - Libraries
  - College repositories
  - Trade and general business publications and newspapers
  - Trade associations and government agencies

# STEP 3: EXAMPLE OF SECONDARY RESEARCH

- An article may show how much working mothers spent on convenience goods (ice-cream, cold drinks, cigarettes, magazines, medicines) last year.
- If you were thinking about selling a convenience good, this information would show you what kind of market there is for convenience goods.

NB: It doesn't show you how much they are willing to spend on your particular product.

# STEP 3: ...DISCUSSION ACTIVITY

In your  
Country for  
your Business

1. What are the advantages of secondary market research?
2. What are the disadvantages of secondary research?

# STEP 3: PRIMARY RESEARCH

- Primary market research can be as simple as asking customers or suppliers how they feel about a business, or as complex as surveys conducted by professional marketing research firms.
- Examples of primary research are:
  - Direct-mail questionnaires
  - On-line or telephone surveys
  - Experiments
  - Panel studies
  - Test marketing
  - Behavior observation



# STEP 3- PRIMARY RESEARCH

- Primary research is divided into reactive and nonreactive research.
- **Nonreactive:**
  - Observes how real people behave in real market situations without influencing that behavior
- **Reactive research**
  - Includes surveys, interviews and questionnaires

# STEP 4: DESIGN MARKET RESEARCH INSTRUMENTS

## Types of Research Instruments

- Questionnaires (for surveys)
- Discussion guides (for in-depth interviews and focus groups)
- Observations or experiment.

# STEP 4:...QUESTIONNAIRE

- The most common research instrument is the questionnaire.
- Keep these tips in mind when designing your questionnaire.
  - Keep it simple - Include instructions for answering all questions
  - Begin the survey with general questions and move toward more specific questions.
  - Design a questionnaire that is graphically pleasing and easy to read.

# STEP 4: TYPES OF QUESTIONS IN THE QUESTIONNAIRE

## CLOSED-ENDED QUESTIONS

- Respondents are controlled in how they answer questions
- Include:
  - Multiple choice questions
  - “Yes” or “No” questions

## OPEN-ENDED QUESTIONS

- Respondents answer questions in their own words.
- Include:
  - Word association questions - ask respondents to state the first word that comes to mind when a particular word is mentioned.



# STEP 4: TYPES OF QUESTIONS IN THE QUESTIONNAIRE

## SCALES

- Refer to questions that ask respondents to rank their answers or measure their answer at a particular point on a scale.
  - For example, a respondent may have the choice to rank his/her feelings toward a particular product/service.
  - The scale may range from "Strongly Disagree" "Disagree" and "Indifferent" to "Agree" and "Strongly Agree."

9/6/2021

## FILL IN THE BLANK

For example, a question might read: "When I buy medicine for stomach upsets from Godsway's Pharmacy, I normally feel better and the medicine usually costs about one dollar per packet."

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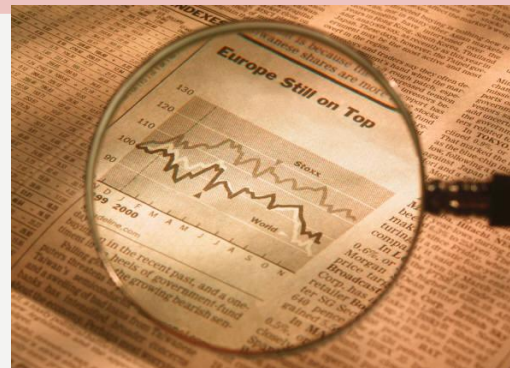
# STEP 5: COLLECT DATA



- To obtain clear, unbiased and reliable results, collect the data under the direction of experienced researchers or trained staff...
- Before beginning data collection, You must train, educate and supervise your research staff.
  - Untrained staff conducting primary research will lead to interviewer bias.

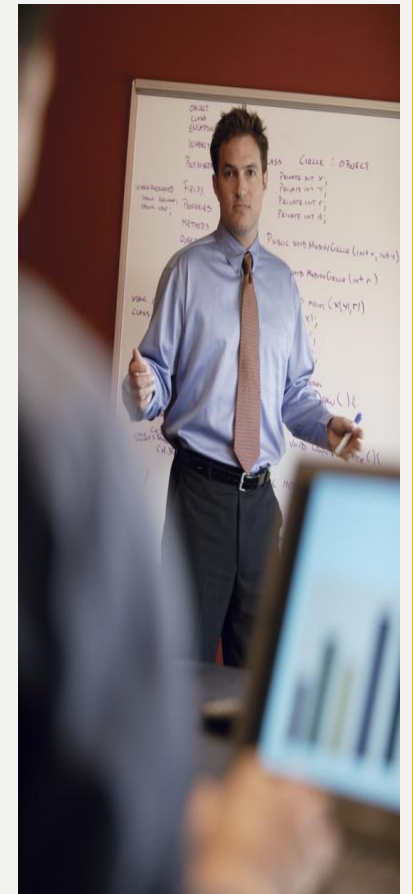
# STEP 6: ORGANIZE AND ANALYZE THE DATA

- Once data has been collected, it needs to be cleaned.
- Cleaning market research data involves editing, coding and tabulating results.
  - Start from the 1<sup>st</sup> question from the questionnaire or research instrument that you had used to collect the data.



# STEP 7: PRESENT AND USE MARKET RESEARCH FINDINGS

- Once marketing information is collected and analyzed, present it in an organized manner for you to make a decision.
- You can document the market research findings in the marketing analysis section of **your business plan.**



# DISCUSSION ACTIVITY

Explain the  
benefits of  
conducting market  
research

*. To your  
business*

*. To your  
customers*

**END OF SLIDE SHOW**

**THANK YOU**