

2016

Marketing Research



Marketing Research

- Marketing research is the systematic gathering, recording and analyzing of data about problems relating to the marketing of goods and services.
- Marketing research will give you the data you need to identify and reach your target market at a price customers are willing to pay.

□ Marketing research focuses and organizes marketing information. It permits entrepreneurs to:

- Spot current and upcoming problems in the current market
- Reduce business risks
- Identify sales opportunities
- Develop plans of action



Marketing Research

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





- ❑ Marketing research is not a perfect science. It deals with people and their constantly changing feelings and behaviors, which are influenced by countless subjective factors.
- ❑ To conduct marketing research, you must gather facts and opinions in an orderly, objective way to find out what people want to buy, not just what you want to sell them.

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- Market research will identify trends that affect sales and profitability.
 - Population shifts
 - Legal developments
 - The local economic situation should be monitored to quickly identify problems and opportunities

 - Keeping up with competitors' market strategies also is important.

□ Every small 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?



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- 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?

What is the systematic gathering, recording and analyzing of data about problems relating to the marketing of goods and services?

A. Market strategy

B. Marketing research

C. Market approach

D. Market plan

Click to see the answer.



Why do market research?

- People will not buy products or services they do not want.
- Learning what customers want and how to present it drives the need for marketing research.
- Small business has an edge over larger businesses in this regard.
 - Small business owners have a sense of their customers' needs from years of experience, but this informal information may not be timely or relevant to the current market.

How to do market research

- Analyze returned items.
- Ask former customers why they've switched.
- Look at competitors' prices.
- Formal marketing research simply makes this familiar process orderly. It provides a framework to organize market information.



Market research - the process

- Market research can be simple or complex.
- You might conduct simple market research.
 - Example: Questionnaire in your customer bills to gather demographic information about your customers
- You might conduct complex research.
 - Example: Hiring a professional market research firm to conduct primary research to aid in developing a marketing strategy to launch a new product

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- 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 Marketing Problems and Opportunities

Opportunity

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

Problem

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

Problem

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

Problem

- Your company 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



Objectives

- Explore the nature of a problem so you may further define it.
- Determine how many people will buy your product 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?

Budget

- Your market research budget is a portion of your overall marketing 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.



What percentage of gross sales from an existing business should be used for market research?

A. 2%

B. 4%

C. 8%

D. 10%

Click to see the answer.

Timetables

- 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.



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, etc.

Secondary Research Cont.

- Localized figures provide better information as local conditions might buck national trends.
 - Newspapers and other local media are helpful.
- Many sources of secondary research material are available. It can be found in:
 - Libraries
 - GALES' Directory is available at any public library.
 - Colleges
 - Trade and general business publications and newspapers
 - Trade associations and government agencies are rich sources of information.

Example of Secondary Research

- An article may show how much working mothers spent on convenience foods last year.
- If you were thinking about selling a convenience food, this information would show you what kind of market there is for convenience foods.
 - It doesn't show you how much they are willing to spend on your particular product.

Primary Research

- Primary 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



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
 - This research is best left to marketing professionals, as they usually can get more objective and sophisticated results.

Primary Research Cont.

- Those who can't afford high-priced marketing research services should consider asking nearby college or university business schools for help.



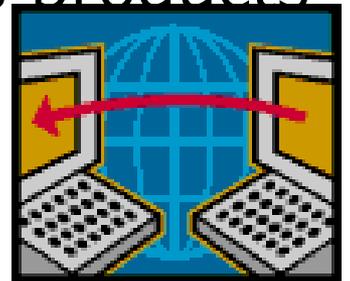
What is primary research?

Go to the following Web site to find the answer:

www.sba.gov/smallbusinessplanner/manage/marketaandprice/SERV_MARKBASICS.html

Click to see the answer.

- A. Original information gathered for a specific purpose
- B. Information that already exists somewhere else
- C. Low awareness of your company and its products or services
- D. All of the above



What is secondary research?

- A. Information that already exists
- B. Original information gathered for a specific purpose
- C. Research done with a secondary party

Click to see the answer.



Step 4: Design Research Instruments

- The most common research instrument is the questionnaire. Keep these tips in mind when designing your market research 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.

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- ❑ Before printing the survey, ask a few people to complete the survey and give feedback.

 - ❑ Mix the form of the questions for different sections of the questionnaire
 - Scales
 - Rankings
 - Open-ended questions
 - Closed-ended questions

 - ❑ The form or way a question is asked may influence the answer given. Questions are in two forms: closed-end questions and open-end questions.



Closed-ended questions

- Types of closed-ended questions include:
 - Multiple choice questions
 - "Yes" or "No" questions
- 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 statement. The scale may range from "Strongly Disagree" "Disagree" and "Indifferent" to "Agree" and "Strongly Agree."

Open-ended questions

- Respondents answer questions in their own words.

- Types of open-ended questions include:
 - Word association questions ask respondents to provide the first word that comes to mind when a part is mentioned.

 - Fill-in-the blank
 - For example, a question might read:
“When I eat toast and jelly, I use _____ brand of jelly and it usually costs about _____ per jar.”



This module has used questions. Have they been open- or closed-ended?

A. Open-ended

B. Closed-ended



Step 5: Collect Data



- To obtain clear, unbiased and reliable results, collect the data under the direction of experienced researchers.

- Before beginning data collection, You must to train, educate and supervise your research staff.
 - Untrained staff conducting primary research will lead to interviewer bias.

Step 5 Cont.

- Stick to the objectives and rules associated with the methods and techniques you have set in Step 2 and Step 3.
- Be as scientific as possible in gathering your information.

Step 6: Organize and Analyze the Data

- Once data has been collected, it needs to be cleaned.
- Cleaning research data involves editing, coding and tabulating results.
 - Start with a simply designed research instrument or questionnaire.



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- ❑ Look for data focusing on immediate market needs.
 - ❑ Rely on subjective information only as support for more general findings of objective research.
 - ❑ Analyze for consistency; compare the results of different methods of your data collection.
 - ❑ Look for common opinions that may be counted together.
 - ❑ Read between the lines. For example, combine U.S. Census Bureau statistics on median income levels for a given location and the number of homeowners vs. renters in the area.

Step 7: Present and Use Market Research Findings

- Once marketing information is collected and analyzed, present it in an organized manner to the decision makers of the business.
 - You may want to report your findings in the market analysis section of your business plan.
 - You may want to familiarize your sales and marketing departments with the data or conduct a companywide informational training seminar using the information.



Assess Available Information

- Assess the information that is immediately available.
- You may have the information you need to support your marketing plan without doing extensive market research.
- Weigh the cost of gathering more information against its potential usefulness.

Gather Additional Information

- Before considering surveys or field experiments, look at currently held information:
 - Sales records
 - Complaints
 - Receipts
 - Other records that show where customers live and work, and how and what they buy.



Additional Information Cont.

- Credit records are an excellent source of information. They give information about:
 - Customers' jobs
 - Income levels
 - Marital status

- Employees may be the best source of information about customer likes and dislikes.
 - They hear customers' minor gripes about the store or service - the ones customers don't think important enough to take to the owner.
 - Employees are aware of the items customers request that you do not stock.
 - They often can supply good customer profiles from their day-to-day contacts.

Post-survey



- Let's see what you've learned.
- Click [here](#) to begin the post-survey.

- The last two slides show additional resources.
- After the slideshow is done, press "Esc" and go to "File."
- Click on "Print."
- A box will open.
- Click on "Slides" under "Print Range."
- Type in "46, 47" and press okay.



Additional Resources

- ❑ Visit the following Web site for information on how to conduct market research:
www.sba.gov/smallbusinessplanner/manage/marketandprice/SERV-MARKETRESEARCH.html
- ❑ If you need assistance in conducting primary market research, contact your local SBDC office,
www.ndsbdc.org/
- ❑ Market Research Workbook
www.missouribusiness.net/docs/market_research_workbook.asp
- ❑ Conducting market research factsheet:
<http://ohioline.osu.edu/cd-fact/1252.html>

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- Summary of marketing basics:
www.sba.gov/smallbusinessplanner/manage/marketandprice/SERV_MARKBASICS.html
 - Market trends and forecasts:
www.marshall.usc.edu/web/Library.cfm?doc_id=2023#Trends
 - Research and Statistics Office of Economic Research: www.sba.gov/advo/research/