

A2 LEVEL Section C

FACT FILES

Technology & Design

For first teaching from September 2011

For first award in Summer 2013

The Market and
Products Part 2



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design

3.14 The Market and Products Part 2



Learning Outcomes

Students should be able to demonstrate knowledge and understanding of the process of market research;

- the nature and purpose of market research;
- market research projects to include exploratory, descriptive, explanatory and predictive;
- the need for market research to be valid, reliable and representative;
- the use of probability and non-probability sampling in market research;
- the use of personal interviews, Hall test and product clinics, retail audits, fixed consumer panels and omnibus surveys;
- the advantages and disadvantages of telephone interviews and postal questionnaires;



Course Content

Market Research

The purpose of any market research is to achieve an increased understanding of a situation, environment, market, or product. Market research allows a business:

- To understand consumers needs;
- To reduce the risk of the product/service failing; and
- To predict future trends.

To be able to achieve all of the above successfully the market research performed by any business needs to be valid reliable and representative of the group, sector, market or industry it is based on.

There are several types of market research which businesses can use these are:

- Exploratory;
- Descriptive;
- Explanatory; and
- Predictive.

Exploratory Research is research that is carried out when a problem is not clearly defined or understood by a business. For example, a new technology has become available that is working for competitors but the business is not familiar with the technology and needs to do more research to learn more.



Descriptive Research is research carried out to provide an accurate description of a trend that is occurring. For example, what age group is buying a particular brand such as: smart phones. This type of research is by far the most popular. When a business needs to explain, monitor and test hypotheses this type of research is used. A hypothesis is a prediction of what the researcher expects to find or prove.



Explanatory Research is research that is carried out to explain a behaviour or trend in the market. It builds on exploratory and descriptive research and goes on to identify the reasons for something that occurs (the 'how' and 'why'). It looks for the causes and reasons.



Predictive Research is the type of research carried out when a business is forecasting or predicting the likelihood of something happening.

Probability and Non-Probability Sampling

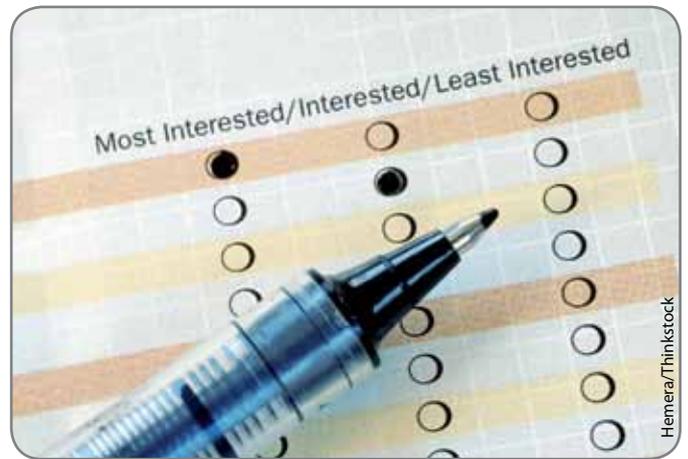
Sampling is the use of a segment of the population to represent the views of the entire population for market research purposes.



There are two types of sampling probability and non probability; both of these sampling types are undertaken through a survey.

Probability Sampling is the process whereby everyone in the population has a chance of being selected for sampling this allows for a more accurate result/feedback which reflects the whole population. Characteristics of probability sampling are as follows:

1. The entire population's contact details are available for sampling purposes.
2. The random selection process gives an equal chance of anyone being selected as a result this provides a more thorough survey without missing entire portions of the audience.
3. Results can be generalised from the random sample.
4. The process is expensive and time-consuming.



Non-Probability Sampling does not use random sampling and as a result does not give an accurate reflection of the whole population. This method only provides the results of a specified chosen selection of the population. Characteristics of non-probability sampling are as follows:

1. An entire population list is not available therefore participants are selected.
2. The process is not random.
3. It is a cheaper process of sampling than probability sampling.
4. The results are of limited value as it the sampling was based on a selection of participants that were not randomly chosen.



Market research techniques come in many different forms including:

Personal Interviews – Is the gathering of research through face to face contact with possible consumers. This technique can be both costly and time consuming but can provide more detailed explanations and opinions.



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Hall Testing and Product Clinics – Is the gathering of research from consumers by bringing a selection of the target market into a venue and asking their opinions on proposed new products or services. This technique allows consumers to interact and test a physical product.



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Retail Audits – This technique can be used when research is required on a competitor/existing products sale and stock levels in relation to their marketing activities and strategies.



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Fixed Consumer Panels – Consumers are chosen from a target market and represent the opinions of that specific market, giving companies valuable feedback on issues in relation to the new and existing products or services.



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Omnibus Surveys – This technique can save time and money as it allows companies to collect data and research on a number of different subjects using the same survey. The consumers' common demographic information will be shared with each company conducting the survey.

There are advantages and disadvantages to every research technique; it is the responsibility of the business to identify which technique best suits their own needs. The following table illustrates advantages and disadvantages to both postal questionnaires and telephone interviews.



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Revision questions

1. Identify a method of sampling which is accurate and reliable.
2. Why is this method more reliable than others?
3. A marketer has noticed a trend occurring but has no previous knowledge in relation to the new technology. What form of research would he use to find out relevant information?
4. Identify **three** other types of market research and discuss a scenario in which they would be used.

