

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 4



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and
design



Learning Outcomes

Students should be able to:

- demonstrate knowledge and understanding of researching markets;
- the work of the marketing information systems (MIS). The six main tasks to include market analysis, product research, distribution research, price research, promotional research and market testing;
- the market environment to include demographic trends, family roles, life style changes, economic trends and government legislation.

Six main tasks of an MIS

Market Analysis is used when businesses want to better understand the market environment in which they are designing and producing products for. It is one of the most important parts of developing a marketing plan. This research will allow a business to:

- Define further their current markets or identify new markets; and
- Identify opportunities for exploiting or introducing any new trends or products.



Course Content

Marketing Information Systems (MIS)

A Marketing Information System (MIS) is a system which gathers information surrounding a proposed product or service from inside and outside an organisation. This information is then generated, analysed, evaluated and distributed to marketing departments. This marketing information provides organisations with the foundations for making sound business decisions on issues such as product pricing, product development and product promotion.



Product Research is carried out by a business in order to examine and analyse existing competitor products within the market. An example of this would be a company planning to introduce an existing product with new design features. The business would need to measure consumers reactions to see if the market is strong enough for the new and improved product. The company could also develop prototypes of a proposed new product which would then be market tested by consumers.



Distribution Research is research that is carried out by businesses to analyse different distribution methods for their products. A company will identify the most efficient, quick and reliable means of transport for distributing their product. Consumers, companies and retailers would be asked for their previous experience with certain distribution methods to evaluate the options.



Price Research examines what price the product will be retailed for. Consumer feedback is gauged in issues such as the price of competitor's products. The main focus of this research is to identify what price a customer will pay for a product. The customer must want to buy the product and if they don't have the buying power behind them the product will not succeed.



Promotional Research is used to evaluate and decide on the correct and most effective methods to advertise new products. It allows a company to identify the best way to create awareness and excitement about a new product as well as assessing the best ways to create brand image and communicate the product with the consumer.



Market Testing is the testing of a prototype of a product. The prototype is exposed to a selection of the target market. This will provide valuable feedback on size, function, features, proposed price etc and whether consumers would purchase the product.



Market Environment

The market environment is the term given to all of the factors not including marketing which has an impact on the ability of a business to maintain success with their target audience. This includes the following:

- Demographic Trends is research that is gathered on the human population in terms of its size, age, gender, occupation, income, marital status and so on. Demographic trends can threaten sales of a particular product if a company does not take them into consideration. For example a company could make decisions for their products based on the income of their customers, however unless they have the correct information on their target market there is a potential for failure in their business plan as they could out price their customers.



- Family Roles or decision making relates to the decision making process made by families when purchasing products or services. When buying a product within a family unit that decision is heavily influenced by all of the members in that family for example when purchasing a car the size needs to be considered depending on the number of people in the family as do the features depending possibly on the children's ages and so on.



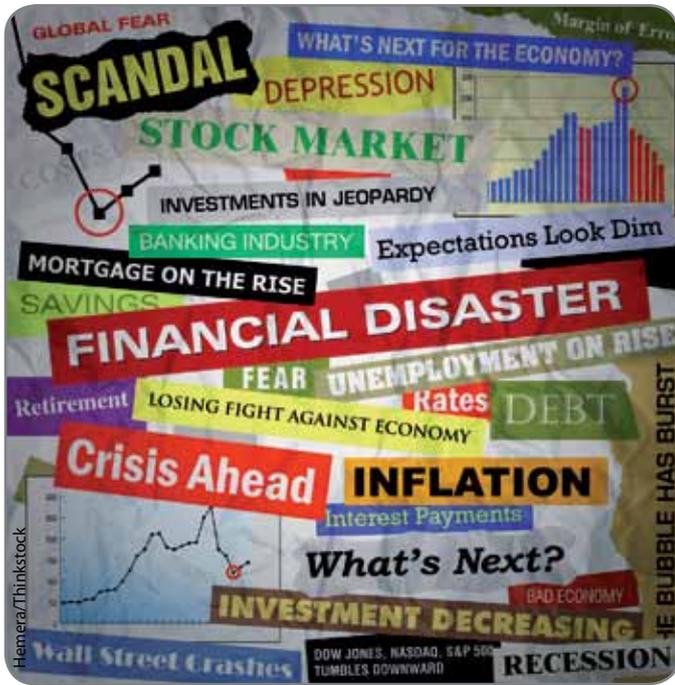
- Social or Life Style Changes refers to how consumer's life style changes over time and therefore influence the design and development of products. Designers must observe these changes in characteristics and habits of a population to have the ability to produce products which will succeed in the market.



- Political or Government Legislation can have a serious impact on designing and marketing products. For example laws on competitive practices will influence the number of firms working in an industry and can as a result have a knock on effect over strength of competition. Health and safety legislation has a direct impact on manufacturing, labour and costs. Marketing tactics are also limited by consumer legislation.



- Economic trends can influence the potential profit or success of a business. Economic trends are factors such as: inflation, interest rates, unemployment, national debt, government spending, tax's etc.. Consumer demand and the price of a product primarily drive the number of sales a product makes. However this is can also be impacted on by all of the previous highlighted factors.



Revision questions

- The market environment consists of **five** areas we need to consider when designing. Name each area and give an explanation of how they affect the designing of a product.
- Choose **one** of these areas. Using an example of a product explain how this area has had an impact on that product and explain how its design features may have been influenced.
- What is a MIS?
- What methods are used in a MIS and why?

