

Lecture Notes

Class - B. Com Hons Sem VI

Sub Code – BCH- 6.3.A

Sub – New Venture Planning

Topic – Market Research – part 1

Prepared by - Dr. G. Vijayalakshmi.

Faculty of Commerce, Karim City College.

Learning outcome from this lecture note

- Meaning of Market Research
- Importance of Market Research
- Objectives of Market Research
- Understanding types of customers
- Seven Steps in the Marketing Process
- Source and types of information

Definition of a Market - A market is a group of consumers (potential customers) who have purchasing power and unsatisfied needs. A new venture will survive only if a market exists for its product or service.

Marketing research is the systematic and objective search for, and analysis of, information relevant to the identification and solution of any problem in the field of marketing.

Marketing Research involves the gathering of information about a particular market, followed by analysis of that information.

Why is market research important for new business ideas?

Importance of market research

Many successful new businesses enjoy longevity because their owners conduct regular market research to understand their target market, identify consumer

problems and pinpoint realistic competitors. It's the simplest way for entrepreneurs to keep up with market trends and maintain a competitive edge by sizing up your business opportunity.

Market research can be carried out at various stages of a business life cycle, from pre-launch and beyond. Having a greater understanding of marketplace from the very start will enable to create a sound business strategy to establish and grow a brand into one that's better than the competition.

Objectives of market research

The objectives will also determine the types of market research that need to undertake in order to be successful:

Primary market research covers the following:

- Monitoring the effectiveness of sales
- Ascertaining the quality of services provided by competitors
- Understanding the channels of communication used by competitors
- Assess the active competition within the market
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Secondary market research covers the following:

- Published company reports data
- Existing surveys and studies
- Newspaper reports
- Government data

Primary market research is a kind of market research that can be carried out individually or as a business, with the aim of collecting unique data that can be used to improve products, services and overall functionality.

Secondary market research is a different type of market research as it relies on information that's already available from a variety of sources.

Understanding the types of customer entrepreneur will encounter

Most new businesses will encounter three different types of customer; market research gives the ability to understand how target customers think and adapt to their needs in order to turn them into regular customers and brand advocates.

The ‘savvy’ purchaser

This type of customer is someone that’s not necessarily concerned with the quality or effectiveness of a product or service, but is intent on getting the best possible value. A ‘savvy’ customer is someone that’s likely to be aware of all the prices offered by major competitors, so entrepreneur will need to carry out secondary market research to understand whether his products or services will be priced competitively.

The industry influencer

An industry expert or influencer is someone that is not only highly knowledgeable about target market, they can influence other prospective customers that trust their opinion.

An industry expert will not be fixated on the price of a product or service, they are often more concerned with the value and quality. Industry influencers make for ideal candidates to use for primary market research, allowing them to use products or services, gathering their opinion on them and the market as a whole.

The end-user

An end-user is a customer that will actually use products or services on a day-to-day basis. End users also make for excellent candidates for primary market research, allowing one to understand their frustrations and limitations – it is ideal in the process of developing and designing new products, giving one the edge over the competition.

Market research should never be underestimated. Many successful new businesses enjoy longevity because their owners conduct regular market research to understand their target market, identify consumer problems and pinpoint realistic competitors.

It’s the simplest way for entrepreneurs to keep up with market trends and maintain a competitive edge by sizing up your business opportunity.

Market research can be carried out at various stages of a business life cycle, from pre-launch and beyond. Having a greater understanding of your marketplace from the very start will enable you to create a sound business

strategy to establish and grow your brand into one that's better than the competition.

Seven Steps in the Marketing Process

As an entrepreneur, you will have to understand and follow the seven steps in the marketing process to create and sustain a successful venture:

1. Identify and understand customer needs.
2. Develop products, services, or experiences to meet those needs.
3. Price the products, services, or experiences effectively.
4. Inform customers that these products, services, or experiences exist.
5. Deliver the products, services, or experiences efficiently and conveniently for the customer.
6. Ensure customer satisfaction during and after the exchange process.
7. Build long-term relationships with the customers.

Market research is an effective tool to assist your business planning. It is about collecting information that provides an insight into your customers thinking, buying patterns, and location. In addition, market research can also assist a person to monitor market trends and keep an on what competitors are doing.

Successful business undertakes market research on a regular basis to

- Identify potential new customers
- Learn more about existing customers
- Inform their decisions regarding existing and new products or services
- Better understand their competitors
- Test new markets
- Identify performance , pricing or promotion opportunities

Source and types of information

There is a variety of data source to assist a person in researching his:

- Customer
- Competitors
- Industry
- Location

Primary research refers to information gathered from original source such as:

- Surveys
- Face to face interviews
- Focus groups

- Customer feedback
- Questionnaires

Secondary research is information and data that has already been collected and analysed by other sources such as:

- Statistical organisations
- Industry and trade publications
- Social media and web sites
- Marketing and consumer lists
- Newspaper and media

The type of information collected from above sources may be qualitative and quantitative. Qualitative information measures the values, attitudes and views of a particular sample. This type of information is useful in understanding people who buy products, to know their response towards advertisement and perception of brands. Quantitative information is based on statistics and may be used to predict market penetration, future earnings etc.
