

Lecture Notes

Class - B. Com Hons Sem VI

Sub Code – BCH- 6.3.A

Sub – New Venture Planning

Topic – Market Research – part 2

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Learning outcome from this lecture note

- Meaning of Market Research
- Need for market research
- Ways to conduct a marketing research
- Advantages of market research

Market Research

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

Need for marketing research

Marketing research is needed on a continual basis, if a person wants to keep up with the latest market trends and gain a competitive edge in the business market. Understanding market research and using it for advantage is vital in reaching out to the target audience and increasing sales.

Here is why a company should conduct business market research:

- Identify the problem areas in your business
- Understand the needs of existing customers and why they chose your service over competitors

- Identify new business opportunities and changing market trends
- Recognize new areas for expansion, and increase your customer base
- Discover potential customers and their needs, which can be incorporated into your services
- Set achievable targets for business growth, sales, and latest product developments
- Make well-informed market decisions about your services and develop effective strategies

Ways to conduct a marketing research

A businessman need to follow five steps to evaluate the attractiveness of a new market opportunity and start prioritizing a business growth initiatives.

1. Research about customers and competition.

Entrepreneur is required to undertake market research to analyse customers and competitors on multiple levels. This will help him to evaluate whether the demand for a product/service is real, and whether expanding into a potential new market is worthwhile for the company.

It requires to identify consumers segments that share common characteristics such as age, gender, education, income, occupation, and place of residence, or softer variables such as lifestyle and values.

Knowing who are key competitors and assessing their strengths and weaknesses can also illuminate specific growth strategies and ways to differentiate products and services.

2. Get a high-level view of the market.

However, assessing only customers and competitors is not enough. One also need to obtain a broader understanding of the market as a whole and what the potential of success is in the market.

When analysing a market, these high-level questions come into play:

- What is the market size?
- How quickly is the market expanding or contracting?

- How many buyers are there?
- What are the barriers to entry?
- What is the bargaining power of suppliers?
- What is the industry value chain?
- What is the intensity of the competition?
- Is there a threat of new entrants or substitute products or services?

3. Explore adjacent opportunities.

Pursuing adjacent opportunities can also be a winning strategy. Some companies expanded from one geographic market to another, while others applied an existing business model to adjacent segments.

Keeping your finger on the pulse of a market will help you to maintain a proactive approach and profitably outgrow your rivals by finding ways to expand outside your core business.

4. Understand the business environment factors.

Another area to explore is the overall business environment, which can have a profound impact on company performance and the ways industries operate. The business environment includes factors such as:

- Technological developments
- Government regulations
- Geopolitical shifts
- Economic indicators
- Trade policies
- Social and cultural norms

5. Find the market research you need fast

Gathering and synthesizing information about all these categories can take significant time, effort, and expertise, but market research reports can give you a helpful leg up.

“Off-the-shelf” reports, such as those available on different websites can supply the a person with much of the information one need for a

comprehensive understanding of the customer, competition, industry, and business environment.

In these reports, one can find information on market size, market share, market forecasts, information on regulations, consumer demographics, and much more. In addition, many reports explicitly share analysis on key opportunities for future growth, next-generation product innovation, and emerging marketing strategies.

Here are a few advantages of a market research:

Lowers risk factor

Carrying out market research for a business helps measure the risks involved with implementing various decision-based actions. After a detailed research, a business is likely to be more certain on whether to act on those decisions or not.

If a particular activity requires a big investment, market research will help in analysing that taking this risk is worth taking for the organization.

Increases sales

Carrying out rigorous research enables to correct business products/services in a much effective way that indirectly boosts sales. If one can grasp the pulse of their customers, it becomes easy to target them and hence boost sales.

Businesses are on a constant lookout for methods to increase sales, and familiarize themselves with latest techniques that businesses are using to get more sales. Market research is an effective way to identify the areas of success for a business.

Improve customer relations & management

Market research involves getting a better understanding of target audience and thus offering them products and services that are aligned with their wants and needs. Asking audience business-specific questions will help to get valuable and honest feedback directly from your customers. Businessmen need to ask them:

How they recognize a brand?

What is the most that they like about a brand?

The primary factor that is effected by a market research is customer relation.

An example of this is **Twitter polls**! Asking business-specific questions always helps the business to know their customers much better.

Business growth

A thorough market research helps to explore more and different challenging opportunities that will help for growth of business.

To increase the stake for business, one need to deliver something better than promised. This will make customers extremely happy, paving a way for business to grow.

Measure brand reputation

How does a business know if the users even like the brand or not? Market research helps businesses measure its brand reputation in the market among its target audience over a period of time. It's a great way to measure progress for one's business as well as compare its status with the competitors in order to see what's missing or exceptional.

A detailed analysis of the situation, consumer, environment and marketing trends can give a good understanding of what is required from a business to succeed. Market research helps businesses get a good insight into all the activities that are working well in the market.
