



# Unit 5: Chapter 16

MARKET ANALYSIS

# Learning Outcomes from this chapter

## *On completion, you should be able to:*

- Explain the term 'market research' and outline the benefits of carrying it out
- Distinguish between the different types of market research
- Evaluate the advantages and disadvantages of market research techniques available to a business
- Define market segmentation
- Illustrate the methods a business could use to segment the market
- Outline the benefits of segmenting a market
- Illustrate what a niche market is and how it would be useful for a business
- Explain the role of the marketing plan for a business
- Explain what the marketing concept is



- This is the process of systematically gathering, recording and analysing facts about a market to identify and satisfy customer needs profitably in an informed and effective manner.

- **Benefits of market research**

- Collect data about target market.
- Collect data about competitors.
- Improve product before launching.
- Improve marketing mix (4 Ps).
- Predict future sales (break-even analysis).

# Field research (primary)

Gathering first-hand information and data from the market is called primary research.

## **Surveys**

Interviews/questionnaires of a sample of the target market. Get feedback, habits, attitudes, preferences. Data can be qualitative (opinions) or quantitative (statistics).

## **Observation**

Watch consumers interact/behave while shopping or using product (unbiased).

## **Focus group**

Invite potential customers, ask questions and let them chat about their likes and dislikes.

## **Customer feedback**

Use comments given to salespeople or machines (e.g. HappyOrNot in Aldi).

## **Personal interviews**

Invite customers to talk about products face-to-face.

## **Evaluation**

This is up-to-date, relevant and specific – but also costly and can be biased.

# Desk research (secondary)

**Using information and data that has already been gathered is desk research (secondary research).**

**Internet**

Websites, forums and social media trends provide free data/information.

**Central Statistics Office (CSO)**

CSO provides information on market sizes, gender, ages and income levels.

**Reports**

Trade associations and interest groups publish research and annual reports.

**Evaluation**

This is quick and easy – but may be out of date or not relevant/specific to you.

# Market segmentation

Involves dividing up the market into clearly identifiable groups (market segments) that share common characteristics

<b>Demographic</b>	Breaks market into groups based on age, gender, family size, income, occupation
<b>Geographic</b>	Breaks market into groups based on location
<b>Behavioural</b>	Targets people's reaction to events, times of year, situations (e.g. St Patrick's Day)
<b>Psychological</b>	Targets people's reaction to products based on social demographic, lifestyle, personality type (e.g. fitness enthusiast)

A subset of the market (usually small) on which a specific product is focused

Below are factors for a firm to consider when operating in a niche market.

<b>Lower sales</b>	Lower volumes, lower potential profits/growth
<b>Foothold in new markets</b>	Used to establish a brand before expanding a full product range
<b>Higher costs</b>	No economies of scale; will need higher quality/USP for higher price
<b>Less start-up capital</b>	Scale of production is smaller; option to expand later
<b>Less competition</b>	Can sell to a small subset of the market with no direct competition

# Niche market

# Marketing plan

A marketing plan is a strategy to identify customers' needs and ways of bringing together the resources required to satisfy those needs in such a way that the business earns a profit.

**Role:** To analyse the market; identify and research the target segment; and then create the correct marketing mix.



# The marketing concept

The idea that a firm should look at the needs of their customers first and make marketing decisions based on those needs to better satisfy their requirements.