Unit 10: Market Research in Business

Unit code: H/502/5427

QCF Level 3: BTEC National

Credit value: 10

Guided learning hours: 60

Aim and purpose

The aim of this unit is to enable learners to develop an understanding of the fundamental concepts that underpin why businesses collect data about their market, how they collect and interpret it and how it can be used to support marketing decisions.

Unit introduction

It is generally accepted that having the appropriate information is the foundation of all good business decisions, and marketing information is, therefore, the basis of good marketing decisions. The ability to collect information and data about the business environment, markets and customers has been transformed by technological advances. The main research challenge today is to find the best information amongst a large amount of data, rather than finding scarce data, as was the case in the past.

Market research is carried out in all areas of marketing activities and the information collected concerns customers, markets, responses to existing and planned marketing campaigns and the general business environment. This means that the process needs to be continuous so that trends, opportunities and threats are identified.

In this unit learner knowledge of the main types and sources of market research will be developed. They will learn about the main research methods used to collect data and how to decide on the most appropriate method for a given situation. This will take into account organisational objectives and the constraints that businesses work within. Learners will also learn how data is analysed, interpreted and presented so that the research objectives are met. Learners will have the opportunity to plan and carry out some simple market research activities and to interpret their findings.

Learning outcomes

On completion of this unit a learner should:

1 Understand the main types of market research used to make marketing decisions

2 Be able to plan research

3 Be able to carry out research

4 Be able to interpret research findings.

Unit content

1 Understand the main types of market research used to make marketing decisions

Primary research: observation; experimentation; surveys, eg face-to-face, postal, email, telephone; e-marketing research; focus groups; panels; field trials; piloting; appropriateness of each method eg fitness for purpose, cost, accuracy, time, validity, response rate

Secondary research: internal sources eg data records, loyalty schemes, EPOS (electronic point of sale), website monitoring, e-transactions, accounting records, production information, sales figures, sales personnel, Delphi technique; external sources eg internet, Government statistics, libraries, universities, company reports, specialist agencies eg Mintel, Datastream, Dun & Bradstreet; trade journals; criteria for selection eg checking of validity; use of ICT applications eg storing, organising, retrieving and reporting data

Qualitative and quantitative research: importance and use of each; triangulation

Marketing strategies and activities: eg strategic, technical, databank, continuous, ad hoc research

2 Be able to plan research

Stages: brief; defining the issue; setting objectives; planning data to be collected, eg methods of collection, who is to collect it, timings; types of data, eg internal, external, secondary, primary; target population

Research stages: proposal/brief; defining objectives; planning; forecasting; collection of data; analysis and evaluation of data; presentation of findings; making recommendations; re-evaluation of marketing activities

Purpose of research objectives: understand customer behaviour, buying patterns, preferences, satisfaction, sales trends; brand awareness; advertising awareness; product development success; new product opportunities; changes in the market; emergence of new markets; PESTLE (political, economic, social, technological, legal, environmental); competitor activities

3 Be able to carry out research

Census versus sample: sample size, choosing the sample; probability sampling, eg random, systematic random, stratified random, multi-stage, cluster; non-probability, eg quota, convenience, observation, focus group, judgement; implications of different samples; cost and accuracy of information

Questionnaire: design, questions to be asked; types of questions eg sequencing, dichotomous, multiple choice, scaled, open ended; length of questionnaire; bias; relevance; response; pilot stage

Survey: design; objectives, eg of what, where, when, how; difference between survey and questionnaire

4 Be able to interpret research findings

Statistical procedures: arithmetic mean; median; mode; range; inter-quartile range; scatter diagrams; times series; trends; use of spreadsheets for analysis

Presentation of findings: oral reports; written reports eg formal, informal; visual aids eg computer graphics, graphs, charts; presentation of conclusions and recommendations; audience; effectiveness; quality of information; facilities

Diagrammatic analysis and presentation: pictograms; pie charts; bar charts; frequency curves; histograms; line graphs; scattergrams; appropriate use of techniques; interpretation of results

Limitations of research: excess of information through customer databases; problems of e-business feedback overload; reliability of sample; accuracy, bias; subjectivity