#### **Customer needs**

Customer needs are what the customer wants from buying a product that can lead to customer satisfaction.

Generic customer needs include...

- Price
- Quality
- Convenience
- Choice



The benefits of meeting customer needs are ...

- It helps generate sales
- It helps build customer loyalty
- It can help the business survive

## Types of Data

# 1. QUANTITATIVE DATA



#### Quantitative data is numerical data

Collected using ... questionnaires

## Advantages of quantitative data...

- Easy to interpret and display
- Can identify trends in the market

# Disadvantages of quantitative data...

- Doesn't explain people's behaviour
- Large sample of people is needed

## 2. QUALITATIVE DATA



# Qualitative data is descriptive and shows peoples' opinions and views

Collected using ... focus groups, interviews

# Advantages of quantitative data...

- Gives detailed information
- Shows why customers behave like they do

## Disadvantages of quantitative data...

- Difficult to collate and show findings
- Answers are subjective (personal opinions)

#### The role of Market Research

- 1. Identify customer needs
- 2. Identify gaps in the market



- 4. Identify trends in the market
- 5. Inform business decisions and reduce risk

#### Types of Market research

Market research is the process of gathering information about the market and customers' needs.

2 types of market research are:

### 1. PRIMARY RESEARCH

Primary Research is new research that is carried out by the business to answer a specific question

Sources of Primary Research: Surveys, Focus Groups, Interviews, Observation

## The advantages of Primary Research are...

- It is up to date
- It is specific to the business
- It is unique and can give a competitive advantage

## The disadvantages Primary Research are...

- It is time consuming to collect
- It is expensive to collect

#### 2. SECONDARY RESEARCH

Secondary Research uses existing sources of information that has been researched by other people.

Sources of Secondary Research: Sales figures, Market Reports, Internet, Newspapers

## The advantages of Secondary Research are...

- There is a lot of information available
- Information is easy to find
- It can be cheaper than primary research

# The disadvantages of Primary Research are...

- It is not specific to the business
- No control over the collection of the data
- The information may be out of date
- The information may not be accurate
- It is available to all businesses



## **Market Segmentation**

Market segmentation is the process of breaking a market up into smaller parts

A market segment is a group of customers with similar characteristics and buying habits

## Methods of segmentation include ...

- 1. Demographic factors e.g. age and gender
- 2. Income
- 3. Location
- 4. Lifestyle

### Benefits of segmentation

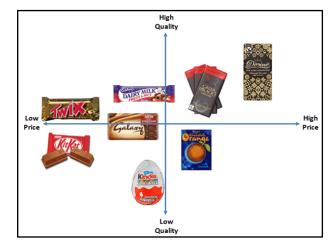
- Customer needs can be met more effectively
- Target promotional activities
- Build closer customer relationships

## **Drawbacks of Segmentation**

 Targeting different segments can be expensive

#### **Market Mapping**

A Market map is a diagram that helps businesses to position their products in the market.



## **Benefits of Market Mappping**

- Helps identify gaps in the market
- Identifies closest rivals
- Supports market segmentation

# **Limitations of Market Mapping**

- Based on opinions and perceptions
- Limited only uses two variables

#### **Competitive environment**

Competition environment relates to the strength of competition between companies in the same market.



#### Competitive markets

Competitive markets are when there are a large number of businesses selling very similar products or services.

## **Impact of competition**

- Could reduce the level of sales
- Forces firms to lower prices
- May have to increase quality of products
- May have to offer better customer service
- Could force firms to bring out new products
- Increased need to differentiate products

#### **Analysing Competitors**

Businesses need to analyse the strengths and weaknesses of their competitors based on:

- Price,
- Quality,
- Location,
- Product range
- Customer service

#### Product range

The different types of products that a business produces and sells

