Lesson 3: Market research

KNOWLEDGE ORGANISER

🎯 Learning goals

- ✓ Explain why businesses do market research
- ✓ Describe primary and secondary research methods
- ✓ Explain qualitative vs quantitative research
- ✓ Calculate and interpret market size and market share

🔑 Key words

Market research Collecting information about customers, competitors and the market.

Primary research New, first-hand data collected for a specific purpose.

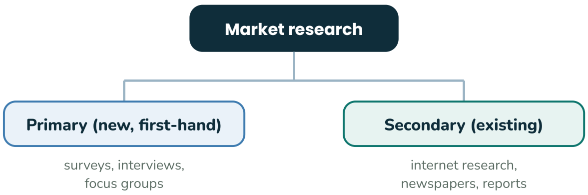
Secondary research Existing data already collected by someone else.

Qualitative Information about opinions and reasons (words).

Quantitative Information that is numerical (numbers).

Market share A business's portion of total market sales.

📘 What you need to know



Market research is either primary (new) or secondary (existing).

1. Why businesses research the market

Market research means collecting information about **demand, competition and the target market**. Businesses do it to **spot opportunities**, understand customers and competitors better, and **reduce the risk** of an expensive mistake before they spend money.

2. Primary and secondary research

Primary research is **new, first-hand data** the business collects itself for a specific purpose:

questionnaires | surveys | interviews | focus groups

It is up-to-date and specific, but takes time and money. Secondary research is existing data collected by others: internet research , government reports and the printed press . It is cheaper and quicker, but may be out of date or not specific to the business

> *"Primary research is new and made-to-measure; secondary research is existing and off-the-shelf."*

3. Qualitative and quantitative

Qualitative research gathers **opinions and reasons** (words) — *why* customers like something, often from interviews or focus groups. Quantitative research gathers **numbers** — *how many* customers want something, often from surveys. Good decisions usually use both.

4. Market size and market share

Market size is the **total sales (or value)** of a whole market. Market share is one business's **slice** of that market, found with: **market share = (business sales ÷ total market sales) × 100**. A rising market share means the business is winning customers from rivals.

✅ Test yourself

Cover the answers below, answer Q11–Q19, then check.

Q11 What is market research?

Q12 Why do businesses carry out market research?

Q13 What is primary research?

Q14 Give two methods of primary research.

Q15 What is secondary research?

Q16 Give two methods of secondary research.

Q17 Difference between qualitative and quantitative research?

Q18 What is market size?

Q19 What is market share, and how is it calculated?

ANSWERS

A11 The process of collecting information about customers, competitors and the market.

A12 To identify opportunities, understand customers and competitors, and reduce risk.

A13 New, first-hand data collected by the business for a specific purpose.

A14 Questionnaires/surveys, interviews, or focus groups.

A15 Existing data already collected by someone else.

A16 Internet research and printed press (e.g. newspapers, reports).

A17 Qualitative is opinions/reasons (words); quantitative is numerical data (numbers).

A18 The total sales or value of a market.

A19 A business's portion of total market sales; (business sales ÷ total market sales) × 100.