

Why is Market Research Useful? The Importance of Market Research

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What Is Marketing?

Marketing is a necessary activity that encompasses the entire business and is vitally important to sound business health. It is viewing the entire business from the customer's viewpoint takes into account every aspect of the marketing mix from the product to price, distribution channels and marketing communications. All these factors affect the customer's response to a product or service.

Marketing Defined And The Need For Market Research

One definition of marketing states: "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual (customer) and organizational objectives". The concept of marketing as a business philosophy defines marketing as a process that is intended to find, satisfy and retain customers while business makes a profit. But central to all these definitions is the role of the customer and his relationship to the product (i.e. whether he considers the product or service to meet a need or want).

Therefore, market research is imperative for a company to know what type of products or services would be profitable to introduce in the market. Also with respect to its existing products in the market, good market research enables a company to know if it has been able to satisfy customer needs and whether any changes need to be made in the packaging, delivery or the product itself. This enables a company to formulate a viable marketing plan or measure the success of its existing plan.

Market Research Is An Essential Management Tool

Market research consists of a plan that charts how relevant data is to be collected and analyzed so that the results are useful and relevant for making marketing decisions. Once the research and the related analysis are complete, the results are communicated to management. This provides management with in-depth information regarding crucial factors that have an impact on the target market and existing marketing mix. Market research allows management to make the changes necessary for better results through adopting a proactive approach.

Types Of Market Research

Market research consists of two separate types of research that can be categorized as secondary and primary research. Secondary research consists of collecting already published data to create a "company database" that may serve to perform situation analysis. It helps to identify the company's competitors, perform a strategy for benchmarking and also determine the segments the company should target in view of factors such as demographics, population, usage rate, life style and behavioral patterns.

Primary research serves to provide information through monitoring sales levels and measuring effectiveness of existing business practices like service quality and tools for communication being used by the company. It carefully follows competitor plans to gather information on market competition. Both primary and secondary researches are essential to fulfill the company's objectives.

Data Collection Methods

Data collection methods for marketing research are divided into quantitative and qualitative methods. Quantitative studies use mathematical analysis, which can disclose differences that are statistically significant. The sample size used is quite large.

Qualitative methods are used to provide a base for quantitative research and help in quantitative research design development. They target problem defining, generating hypotheses and identifying determinants. They consist of one to one interviews to probe for personal opinions, beliefs and values and serve to uncover hidden issues. The sample size in this method is small.

The fact is that you can't have a successful company without having the right data about customers, products and the market in general. Market research is an essential management tool for a viable business plan enabling any company to survive and thrive in today's fiercely competitive market conditions.