MARKET RESEARCH

Market research is the process of gathering and analyzing information to help business firms and other organizations make marketing decisions. Business executives use market research to help them identify markets (potential customers) for their products and decide what marketing methods to use. Government officials use such research to develop regulations regarding advertising, other sales practices, and product safety.

Market research services are provided by several kinds of companies, including advertising agencies, management consultants, and specialized market research organizations. In addition, many large

business companies have their own market research department. Market researchers handle a wide range of tasks. They estimate the demand for new products and services, describe the characteristics of probable customers, and measure potential sales. They determine how prices influence demand, and they test the effectiveness of current and proposed advertising. Market researchers also assess a company's sales personnel and analyze the public "image" of a company and its products.

A market research study begins with a statement of the problem that the client wants to solve. This

statement leads to a detailed definition of the information to be gathered. There are two types of market research information, secondary data and primary data.

Secondary data are statistics and other information that are already available from such sources as

government agencies and universities. To save time and money, market researchers use secondary sources as much as they can. Primary data are data that must be obtained through research. The chief techniques for gathering such data include mail questionnaires, interviews, retail store shelf audits, use of electronic scanners at retail checkout counters, and direct observation in stores. The researchers design and test research materials, such as questionnaires or guides for interviewers. Finally, they collect the data, analyze the information, and report the results of their study. The computer is an important tool in analyzing market research data.

Market research can reduce the risk involved in many business decisions, but some risk always remains. Expenditures for market research must be carefully controlled so that the costs do not exceed the probable benefits from reduced risk.