



Section 4.4

Activity 4.4.1

The benefits to IKEA's managers of having detailed research information about their customers includes:

- Providing information about the changes in demand for IKEA's products
- Reducing the risks of new product launches and store openings
- Explaining how the sales of its existing products and stores is changing
- Assessing customer reactions to IKEA's current products and stores.

The weaknesses might be:

- Cost of conducting research
- Time consuming
- Can become out of date quickly
- Accuracy and validity of results.

Activity 4.4.2

1. Sources of secondary research for Carlos might be:

- Market intelligence reports
- Academic journals
- Government publications.

2. Carlos could conduct primary research by using focus groups of potential consumers of his restaurant.

3. Benefits to Carlos of undertaking primary research:

- It provides up-to-date information
- It provides relevant information for a specific purpose
- It is confidential to the business.

4. The usefulness of market research to Carlos might be:

- Providing information about the potential demand for Carlos's restaurants
- Providing information about the restaurant market he is entering
- Reducing the risk of opening a new restaurant
- Assessing customer reactions to the food and service the restaurant will provide.

The weaknesses might be:

- Takes time to conduct the research



- Information can go out of date
- The information may lack accuracy.

Activity 4.4.3

1. 'Secondary research' is the collection of data from second-hand sources.
2. Benefits to the US food exporter of the data researched from secondary sources includes:
 - Providing general information about the export market
 - Low cost
 - Quick to obtain.
3. Secondary information on Trinidad and Tobago that might be useful to the US food exporter includes:
 - High GDP per capita
 - Economic growth
 - 50% rise in in retail food sales from 2000 to 2013.
4. The usefulness of secondary research to the US food exporter might be:
 - Providing general information about the export market
 - Providing information about the potential consumers in the export market
 - Low cost
 - Quick to obtain.

The weaknesses might be:

- Out of date
- Not specific to the export business
- Accuracy of the information is questionable.

Activity 4.4.4

Research task.

Activity 4.4.5

The ethical issues involved in insurance companies collecting data from patient records might be:

- Patient confidentiality
- Who can access the information



- Patients with health issues may be exploited by higher premiums
- Whether the information is interpreted to support customers
- For some customers premiums might fall
- If people have healthy lifestyles, should they pay lower premiums.

Activity 4.4.6

1. 'Sampling method' is the way potential respondents are selected in a market research situation.
2. Secondary market research might have been chosen before commissioning the primary market research because it allowed PepsiCo to target its primary research more precisely.
3. The benefits of primary research for PepsiCo might be:
 - Provides up-to-date information
 - Relevant information for a specific purpose
 - Confidential to the business.
4. The possible problems PepsiCo might have faced when conducting its primary research include:
 - It is expensive
 - It takes time to conduct
 - It goes out of date over time
 - The reliability of the results.

The benefits might be:

- Information is up to date
- It is specific to the purpose of the research
- The results are confidential.

Activity 4.4.7

1. 'Quantitative market research' is research that produces statistical data which can be analysed by a business.
2. a. Proportion of total sales for the rotor mower: 27.27%
b. Proportion of total sales revenue for the rotor mower 37.5%.
3. Potential problems GCB might face by launching the product before market research is undertaken could be a lack of information about:
 - Consumers in the market
 - Competition in the market
 - Sales data in the market.



4. Qualitative market research has the following advantages:

- It gets more detailed information from consumers than quantitative research
- It generates new information from consumers
- It gives information on why consumers act in a certain way.

The disadvantages might be:

- High cost
- Smaller sample
- Difficult to analyse objectively.

Exam practice question

1. 'Primary research' is the collection of first-hand data directly related to a firm's needs.

2. Reasons why the telephone survey might be disappointing:

- Negative attitude of consumers to telephone surveys
- People are not always available to answer telephone calls
- Sampling method was not effective.

3. Secondary sources that Cosmos could use might be:

- Soft drinks trade organisation report
- Market intelligence report
- Government publication.

4. An alternative primary research technique could be a focus group. The advantages of this approach might be:

- It gets more detailed information from consumers than quantitative research
- It generates new information from consumers
- It gives information on why consumers act in a certain way.

The disadvantages might be:

- High cost
- Smaller sample
- Difficult to analyse objectively.



Key concept question

The importance of innovation in market research might be:

- New techniques of market research developed
- New technology-based market research
- Market research in markets that are affected by fast innovation
- Alternative market research methods into a newly developed product.

The importance of globalisation in market research might be:

- Logistical challenges of market research in overseas markets
- Research techniques developed to reflect differences in language and culture
- Interpreting results from research in overseas markets.