

Additional Information on Markets and Market Research

BACKGROUND

Market Research: Understanding the word “market”

The word market relates to a range of factors, all of which entrepreneurs need to research and understand to help them make the best possible decisions. By understanding these factors, students can identify different areas for market research.

Entrepreneurs may describe and research the market they operate in:

- **By relating it to the industry or product type.**
This helps entrepreneurs to understand who they are competing with and what other businesses make similar products and services. Example: Sony is in the consumer electronics market with competitors such as Toshiba and Apple.
- **By relating it to geographical location and distribution/spread of the customers.**
A business may operate in an international market, a regional market, or a local market. Example: Sony operates in an international market as it produces and sells products in many countries whereas a pizza restaurant operates in a local market competing with other nearby restaurants.
- **By relating to the size (and change of size) of the market.**
This helps entrepreneurs to understand if a market is valuable enough to enter – they want to know if there are enough customers to make a profit! Changes in the growth of a market can be an indicator to an entrepreneur that they need to investigate why the change is happening and develop new products and services accordingly. Example: The consumer electronics market is expected to increase by 15% by 2020 giving firms like Sony huge opportunities to increase sales.
- **By relating to the customers or “target market.”**
In all of the above descriptions, there is an element that relates to the customer e.g. where they are located, what they are spending their money on. However, to be successful, entrepreneurs must understand the needs and wants of their customers in detail. Increasingly, entrepreneurs are recognizing that this means observing customers, speaking to them, and getting feedback as quickly as they can. Example: a cafe will consider its potential customers needs by finding out about characteristics of people in the local area such as age, income and preferences for foods (e.g. organic) and will use this information to decide on things like what products they sell and at what prices.

USEFUL RESOURCES

Market Research

A good summary of uses of market research for entrepreneurs

<https://www.entrepreneur.com/article/217345>

For a relatively simple explanation of market research, try

<http://www.bbc.co.uk/schools/gcsebitesize/business/marketing/marketresearchrev3.shtml>

Secondary Research

Use this link to get more details about secondary research, its advantages and disadvantages and ways to carry out low cost secondary research. You may wish to give this link to students if they need to learn more details about secondary research

<https://www.knowthis.com/data-collection-low-cost-secondary-research/what-is-secondary-research>

Researching Different Business Ideas:

If students are looking at making and selling a tech product, here is a great article for them to use that may help them come up with some good research questions:

<https://www.entrepreneur.com/article/235769#>