

Market Research

Getting a sound evidence base

In this section

- What is market research?
- Quantitative and qualitative research
- How to undertake research

"You've got to make sure that you've got all the information and you know more about what's happening than the next guy."

Theo Paphitis, theopaphitis.com

What is market research?

Market research is the collection and analysis of data and other information, in order to give you a better understanding of a subject. The information can then be used to support good decision making. In terms of your prospective micro-enterprise, carrying out market research should give you a much better understanding of issues such as:

- Do people like your product or service? What are its strengths or weaknesses and what improvements could be made?
- Would there be sufficient demand for your service? If so, from whom and what size is that market? What would they consider to be a fair price for the service?
- Who are your competitors? What service do they provide and where? How much do they charge?

Robust market research can make all the difference between your enterprise being a success or a failure. Even relatively subtle changes to the way a service is provided can make all the difference; effective market research can help you discover what your customers want or how your services could be developed to meet what your prospective customers need.



Want to talk to someone about market research?

If you're starting a new micro-enterprise, free advice is available.

Voluntary and Community Sector Organisations can call the Doncaster CVS Social Enterprise Team on 01302 343300, whilst private businesses are encouraged to call Doncaster Chamber on 01302 341000. For more links to information about market research, see section 20 of this toolkit.

Market Research

Getting a sound evidence base

Quantitative and Qualitative Research

Whilst there are many different ways of collecting information, there are two main types of information that you may wish to collect:

Quantitative data provides you with numerical information. It can tell you how many or what proportion of people answered a question in a particular way. Carried out properly, quantitative research can be used to estimate the opinions of the wider population. However, for quantitative data to be accurate you need to ensure that you ask enough of the right type of people the right question.

Example

Imagine you ask 200 people what their favourite colour is and 120 people (60%) answered blue.

If you asked 200 pupils from a school of 415 pupils then you have a big enough sample size (number of people asked) to be quite confident that the results were statistically robust. You could therefore suggest that about 60% of all the pupils would answer blue, even though you haven't asked them all.

However, if you asked 200 people in a town with a population of 300,000 people, then your sample is not big enough to be fully confident about estimating that 60% of the town's residents' favourite colour is blue.

Similarly your sample needs to be representative of the wider population in question. In our example school, if 50% of the pupils were girls, but in your survey only 20% of those asked were girls, then your results risk being incorrect. On further investigation you might find that only 15% of the girls answered blue, in which case it is very unlikely that 60% of all the pupils would have given the answer blue.

Qualitative data does not provide you with numerical answers, but instead tells a story about what people think and why. This type of research is often carried out face-to-face, but could be undertaken by phone, with the respondent being prompted to give more details about their opinions and explain their reasoning.

For example, quantitative data may tell you that 80% of people prefer one washing powder over another, but qualitative data will help you understand why e.g. because it smells nicer, leaves clothes feeling softer or is better at removing stains.

Market Research

Getting a sound evidence base

How to Undertake Research

You are most likely to undertake your market research through a desktop analysis of existing information, which is then supplemented by your own targeted findings.

Collecting existing research

There are likely to be various sources of relevant existing information that you can either collect for free or by paying a fee.

The Office for National Statistics publishes a large amount of data on its National Statistics website (www.statistics.gov.uk) and on its Neighbourhood Statistics web pages (www.neighbourhood.statistics.gov.uk). This includes both demographic information (for example the number of people in an area, their age, religion, economic status etc) and themed information on topics such as health and social care, crime and disorder and by industry. Organisations such as the Council and NHS can also be a very useful sources of local information (see page 12).

Trade associations often hold a wealth of information about individual sectors. The Trade Association Forum (www.taforum.org) has a searchable directory on its website.

Do-it-yourself research

You can supplement the existing information you collect with your own specific research. There are many different ways of carrying out research but one of the most common is by using a questionnaire to provide some structure and consistency. This is important if you require quantitative information, as you need to ask people the same questions, in the same order, to get results that you can count and analyse properly.

Qualitative research is more likely to take the form of a semi-structured interview or focus group. These discussions will have a set of questions and prompts to guide the discussion, but they are used less rigidly and the conversation is allowed to develop. Qualitative research is likely to involve less people but be more detailed in its nature.

You could ask quantitative and qualitative questions in your survey, for example asking people to rate your product, then asking why they gave that answer.

Sample Size and Confidence

When undertaking quantitative research, you will come across the terms sample size, confidence level and confidence interval, but what do they mean?

- **Sample size** is the number of people that take part in your survey. Your sample size is calculated using the size of the whole population and the confidence levels you wish to achieve.
- The **confidence level** is a measure of how certain you can be that the results are accurate.
- The **confidence interval** is a range within which your actual result may fall.

Example

Imagine you are implementing a 'green' travel to work scheme and you want to find out how your staff currently commute to work. In a population of 1000 office workers, to obtain a 95% confidence level and a +/-5% confidence interval you would need to interview 278 people. If you do this and 70% participants said they drove a car to work, you could be 95% certain that between 65%-75% (i.e. 70% +/- 5%) of all 1000 people also drive their car to work.

Free Sample Size Calculator:

www.surveysystem.com/sscalc.htm

Market Research

Getting a sound evidence base

If you are interested in carrying out your own research you will need to:

- Identify your audience – decide who you are going to ask to take part and obtain their contact details.
- Determine your sample size if you want to undertake robust quantitative research (you can use an online calculator, for example at www.surveysystem.com/sscalc.htm).
- Prepare your questions, ensuring that they are clear and concise. Do not ask any leading questions.
- Test your questionnaire and make any necessary amendments.
- Think about how you are going to record and analyse the results.

It may not be feasible for you to interview large numbers of people due to cost or time implications. If this is the case, you should still talk to as many people as possible as they will still be able to provide you with very valuable feedback. However, you should treat the results with a little more caution.

Some Sources of Local Information

Doncaster Community Profiles:

www.doncastertogether.org.uk/about_doncaster/Your_Community.asp

Doncaster's Joint Strategic Needs Assessment (Health) is produced by NHS Doncaster:

www.doncaster.nhs.uk/about-us/our-roles-directories/public-health/public-health-intelligence-evaluation-team/tools-resources/jsna/

Doncaster's Annual Director of Public Health Report:

www.doncaster.nhs.uk/about-us/our-roles-directories/public-health/public-health-intelligence-evaluation-team/publi/intellige/

Local Area Statistics Online Service (LASOS):

www.lasos.org.uk

Using a Market Research Agency

If you do not wish to undertake market research yourself, you may choose to hire a professional market research agency. Whilst this can be expensive for a new small enterprise, it may prove very worthwhile in the longer term. Before commissioning a piece of market research you will need to be clear about what you want to find out and the issues you want to explore. You will also need to think about what you want the agency to do. For example, do you want to purchase a full service including questionnaire design and final report writing, or do you just want someone to undertake the fieldwork on your behalf?

The Market Research Society, or MRS (www.mrs.org.uk), provides a range of information relating to market research including the useful 'Newcomers' Guide to Market and Social Research'. In addition the MRS publish the Research Buyer's Guide, a directory of market research providers, which is also available to search online (www.theresearchbuyersguide.com).