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Market Research: An Integrated Study

The effort put in to gather information related to customers or markets is known as market research. Market research is an important part of business strategy. Market segmentation, market trend, SWOT analysis and market research are some of the topics elucidated in this chapter.

Market Research

Market research is any organized effort to gather information about target markets or customers. It is a very important component of business strategy. The term is commonly interchanged with marketing research; however, expert practitioners may wish to draw a distinction, in that *marketing* research is concerned specifically about marketing processes, while *market* research is concerned specifically with markets.

Market research is one of the key factors used in maintaining competitiveness over competitors. Market research provides important information to identify and analyze the market need, market size and competition. Market-research techniques encompass both qualitative techniques such as focus groups, in-depth interviews, and ethnography, as well as quantitative techniques such as customer surveys, and analysis of secondary data.

Market research, which includes social and opinion research, is the systematic gathering and interpretation of information about individuals or organizations using statistical and analytical methods and techniques of the applied social sciences to gain insight or support decision making.

History

Market research began to be conceptualized and put into formal practice during the 1920s, as an offshoot of the advertising boom of the Golden Age of radio in the United States. Advertisers began to realize the significance of demographics revealed by sponsorship of different radio programs.

Market Research for Business/Planning

Market research is a way of getting an overview of consumers' wants, needs and beliefs. It can also involve discovering how they act. The research can be used to determine how a product could be marketed. Peter Drucker believed market research to be the quintessence of marketing.

There are two major types of market research. Primary Research sub-divided into Quantitative and Qualitative research and Secondary research.

Factors that can be investigated through market research include

Market information

Through Market information one can know the prices of different commodities in the market, as well as the supply and demand situation. Market researchers have a wider role than previously recognized by helping their clients to understand social, technical, and even legal aspects of markets.

Market segmentation

Market segmentation is the division of the market or population into subgroups with similar motivations. It is widely used for segmenting on geographic differences, personality differences, demographic differences, technographic differences, use of product differences, psychographic differences and gender differences. For B2B segmentation firmographics is commonly used.

Market trends

Market trends are the upward or downward movement of a market, during a period of time. Determining the market size may be more difficult if one is starting with a new innovation. In this case, you will have to derive the figures from the number of potential customers, or customer segments. [Ilar 1998]

SWOT analysis

SWOT is a written analysis of the Strengths, Weaknesses, Opportunities and Threats to a business entity. Not only should a SWOT be used in the creation stage of the company but could also be used throughout the life of the company. A SWOT may also be written up for the competition to understand how to develop the marketing and product mixes.

Another factor that can be measured is marketing effectiveness. This includes

- Customer analysis
- Choice modelling
- Competitor analysis
- Risk analysis
- Product research
- Advertising the research
- Marketing mix modeling
- Simulated Test Marketing

Market Research - Benefits

Market Research is an essential tool which assists in making strategic decisions. It reduces the risks involved in making decisions as well as strategies. Companies either do this research in house or outsource this process to business experts or organizations who have dedicated and trained resources to perform this.In the recent years an increasing trend of such market research companies assisting business strategists have come up. Some major benefits are -

i. Marketing research assists in providing accurate and latest trends related to demand, consumer behavior, sales, growth opportunities etc.

ii. It helps in better understanding of the market, thus helps in product design, features and demand forecasts

iii. It assists in studying and understanding the competitors, thus identifying unique selling propositions for a business.

Market research reaps many such benefits which are Industry and business specific and have high ROI's.

Market Research for The Film Industry

It is important to test marketing material for films to see how an audience will receive it. There are several market research practices that may be used: (1) concept testing, which evaluates reactions to a film idea and is fairly rare; (2) positioning studios, which analyze a script for marketing opportunities; (3) focus groups, which probe viewers' opinions about a film in small groups prior to release; (4) test screenings, which involve the previewing of films prior to theatrical release; (5) tracking studies, which gauge (often by telephone polling) an audience's awareness of a film on a weekly basis prior to and during theatrical release; (6) advertising testing, which measures responses to marketing materials such as trailers and television advertisements; and finally (7) exit surveys, that measure audience reactions after seeing the film in the cinema.

Inf uence from The Internet

The availability of research by way of the Internet has influenced a vast number of consumers using this media; for gaining knowledge relating to virtually every type of available product and service. It has been added to by the growth factor of emerging global markets, such as China, Indonesia and Russia, which is significantly exceeding that of the established and more advanced B2B e-commerce markets. Various statistics show that the increasing demands of consumers are reflected not only in the wide and varied range of general Internet researching applications, but in online shopping research penetration.

This is stimulated by product-enhancing websites, graphics, and content designed to attract casual "surfing" shoppers, researching for their particular needs, competitive prices and quality. According to the Small Business Administration (SBA), a successful business is significantly contributed to by gaining knowledge about customers, competitors, and the associated industry. Market research creates not only this understanding, but is the process of data analysis regarding which products and services are in demand.

The convenience and easy accessibility of the Internet has created a global B2C E-commerce research facility, for a vast online shopping network that has motivated retail markets in developed countries. In 2010, between $400 billion and $600 billion in revenue was generated by this medium also, it is anticipated that in 2015, this online market will generate revenue between $700 billion and $950 billion. The influence of market research, irrespective of what form it takes, is an extremely powerful incentive for any type of consumer and their providers!

Beyond online web-based market research activities, the Internet has also influenced high-street modes of data collection by, for example, replacing the traditional paper clipboard with online survey providers. Over the last 5 years, mobile surveys have become increasingly popular. Mobile has opened the door to innovative new methods of engaging respondents, such as social voting communities.

Research and Social Media Applications

The UK Market Research Society (MRS) reports research has shown that on average, the three social media platforms primarily used by Millennials are LinkedIn, Facebook and YouTube. Social Media applications, according to T-Systems, help generate the B2B E-commerce market and develop electronic business process efficiency. This application is a highly effective vehicle for market research, which combined with E-commerce, is now regarded as a separate, extremely profitable field of global business. While many B2B business models are being updated, the various advantages and benefits offered by Social Media platforms are being integrated within them.

Business intelligence organization have compiled a comprehensive report related to global online retail sales, defining continued growth patterns and trends in the industry. Headed “Global B2C E-Commerce and Online Payment Market 2014” the report perceives a decrease in overall growth rates in North America and Western Europe, as the expected growth in the online market sales, is absorbed into the emerging markets. It is forecast that the Asia-Pacific region will see the fastest growth in the B2C E-Commerce market and replace North America as the B2C E-Commerce sales region leader, within a few years. This effectively, offers a significant, motivational platform for new Internet services, to promote user market research-friendly applications.

Research and Market Sectors

The primary online sale providers in B2C E-Commerce, worldwide, includes the USA based Amazon.com Inc. which remains the E-Commerce revenues, global leader. The growth leaders in the world top ten are two online companies from China, both of which conducted Initial Public Offering (IPO) this year; Alibaba Group Holding Ltd. and JD Inc. Another company from the top ten is Cnova N.V., a recently formed E-Commerce subsidiary of the French Group Casino, with various store retailers developing and expanding their E-Commerce facilities worldwide. It is a further indication of how consumers are increasingly being attracted to the opportunities of online researching and expanding their awareness of what is available to them.

Service providers; for example those related to finance, foreign market trade and investment promote a variety of information and research opportunities to online users. In addition, they provide comprehensive and competitive strategies with market research tools, designed to promote worldwide business opportunities for entrepreneurs and established providers. General access, to accurate and supported market research facilities, is a critical aspect of business development and success today. The Marketing Research Association was founded in 1957 and is recognized as one of the leading and prominent associations in the opinion and marketing research profession. It serves the purpose of providing insights and intelligence that helps businesses make decisions regarding the provision of products and services to consumers and industries.

This organization knowledge of market conditions and competition is gained by researching relevant sectors, which provide advantages for entry into new and established industries. It enables effective strategies to be implemented; the assessment of global environments in the service sectors, as well as foreign market trade and investment barriers! Research, is utilized for promoting export opportunities and inward investment, helping determine how to execute competitive strategies, focus on objective policies and strengthen global opportunities. It is a medium that influences, administrates and enforces agreements, preferences, leveling trading environments and competitiveness in the international marketplace.

The retail industry aspect of online market research, is being transformed worldwide by M-Commerce with its mobile audience, rapidly increasing as the volume and varieties of products purchased on the mobile medium, increases. Researches conducted in the markets of North America and Europe, revealed that the M-Commerce penetration on the total online retail trade, had attained 10%, or more. It was also shown that in emerging markets, smart-phone and tablet penetration is fast increasing and contributing significantly to online shopping growth.

Financial Performance

Top 10 U.S. Market Research Organizations 2013

From The 2014 AMA Gold Top 50 Report:

Rank	Company	W.W Research Revenue in 2013 (million USD)
1	Nielsen Holdings N.V. - Nielsen Holdings N.V., Arbitron Inc.	6,054.0
2	Kantar Group - TNS, Millward Brown, etc.	3,363.7
3	IMS Health Inc.	2,544.0
4	Ipsos Group S.A.	2,274.0
5	GfK	1,985.5
6	IRI	845.1
7	Westat Inc.	582.5
8	dunnhumbyUSA LLC	462.0
9	The NPD Group Inc.	287.7
10	comScore Inc.	286.9

Top 10 U.K Market Research Organizations 2013

From the Market Research Society UK Research & Insight Industry League Tables

Rank	Company	Turnover in 2013 (million GBP)
1	TNS UK	194.140
2	Dunn Humby	165.220
3	Ipsos MORI	162.400
4	Gartner	121.036
5	GfK NOP	116.366

6	Millward Brown	105.043
7	IMS Health Group	93.231
8	ACNielsen	95.119
9	Wood Mackenzie Research & Consulting	85.120
10	Euromonitor	74.228

Global Market Research Turnover in 2014

From the ESOMAR Global Market Research Report 2014

Rank	Continent	Sales in 2013 (million USD)	Share
1	Europe	16,005	40%
2	North America	15,705	39%
3	Asia Pacific	5,998	15%
4	Latin America	1,920	5%
5	Africa	382.1	1%
6	Middle East	277	1%

Market Segmentation

Market segmentation is the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as *segments*) based on some type of shared characteristics. In dividing or segmenting markets, researchers typically look for shared characteristics such as common needs, common interests, similar lifestyles or even similar demographic profiles. The overall aim of segmentation is to identify *high yield segments* – that is, those segments that are likely to be the most profitable or that have growth potential – so that these can be selected for special attention (i.e. become target markets). Many different ways to segment a market have been identified. Business-to-business (B2B) sellers might segment the market into different types of businesses or countries. While business to consumer (B2C) seller might segment the market into demographic segments, lifestyle segments, behavioral segments or any other meaningful segment.

The STP approach highlights the three areas of decision-making

Market segmentation assumes that different market segments require different marketing programs – that is, different offers, prices, promotion, distribution or some combination of marketing variables. Market segmentation is not only designed to identify the most profitable segments, but also to develop profiles of key segments in order to better understand their needs and purchase motivations. Insights from segmentation analysis are subsequently used to support marketing strategy development and planning. Many marketers use the S-T-P approach; Segmentation → Targeting → Positioning to provide the framework for marketing planning objectives. That is, a market is segmented, one or more segments are selected for targeting, and products or services are positioned in a way that resonates with the selected target market or markets.

Market Segmentation: Historical Overview

The business historian, Richard S. Tedlow, identifies four stages in the evolution of market segmentation:

The Model T Ford *Henry Ford famously said "Any customer can have a car painted any color that he wants so long as it is black"*

- Fragmentation (pre 1880s): The economy was characterised by small regional suppliers who sold goods on a local or regional basis
- Unification or Mass Marketing (1880s-1920s): As transportation systems improved, the economy became unified. Standardised, branded goods were distributed at a national level. Manufacturers tended to insist on strict standardisation in order to achieve scale economies with a view to penetrating markets in the early stages of a product's life cycle. e.g. the Model T Ford
- Segmentation (1920s-1980s): As market size increased, manufacturers were able to produce different models pitched at different quality points to meet the needs of various demographic and psychographic market segments. This is the era of market differentiation based on demographic, socio-economic and lifestyle factors.
- Hyper-segmentation (1980s+): a shift towards the definition of ever more narrow market segments. Technological advancements, especially in the area of digital communications, allows marketers to communicate to individual consumers or very small groups.

Contemporary market segmentation emerged in the twentieth century as marketers responded to two pressing issues. Demographic and purchasing data were available for groups but rarely for individuals and secondly, advertising and distribution channels were available for groups, but rarely for single consumers and so brand marketers approached the task from a tactical viewpoint. Thus, segmentation was essentially a brand-driven process. Until recently, most segmentation approaches have retained this tactical perspective in that they address immediate short-term questions; typically decisions about the current "market served" and are concerned with informing marketing mix decisions.

Criticisms of Market Segmentation

The limitations of conventional segmentation have been well documented in the literature. Perennial criticisms include:

- that it is no better than mass marketing at building brands
- that in competitive markets, segments rarely exhibit major differences in the way they use brands
- that it fails to identify sufficiently narrow clusters
- geographic/demographic segmentation is overly descriptive and lacks sufficient insights into the motivations necessary to drive communications strategy
- difficulties with market dynamics, notably the instability of segments over time and structural change which leads to segment creep and membership migration as individuals move from one segment to another

Market segmentation has many critics. But in spite of its limitations, market segmentation remains one of the enduring concepts in marketing and continues to be widely used in practice. One American study, for example, suggested that almost 60 percent of senior executives had used market segmentation in the past two years.

Market Segmentation Strategy

A key consideration for marketers is whether to segment or not to segment. Depending on company philosophy, resources, product type or market characteristics, a businesses may develop an undifferentiated approach or *differentiated approach*. In an undifferentiated approach (also known as *mass marketing*), the marketer ignores segmentation and develops a product that meets the needs of the largest number of buyers. In a differentiated approach the firm targets one or more market segments, and develops separate offers for each segment.

Even simple products like salt are highly differentiated in practice.

In consumer marketing, it is difficult to find examples of undifferentiated approaches. Even goods such as salt and sugar, which were once treated as commodities, are now highly differentiated. Consumers can purchase a variety of salt products; cooking salt, table salt, sea-salt, rock salt, kosher salt, mineral salt, herbal or vegetable salts, iodized salt, salt substitutes and if that is not enough choice, at the brand level, gourmet cooks are likely to make a major distinction between Maldon salt and other competing brands.The following table outlines the main strategic approaches.

Table 1: Main Strategic Approaches to Segmentation

Number of Segments	Segmentation Strategy	Comments
Zero	Undifferentiated strategy	Mass marketing
One	Focus strategy	Niche marketing
Two or more	Differentiated strategy	Multiple niches
Thousands	Hypersegmentation	One-to-one marketing

A number of factors are likely to affect a company's segmentation strategy:

- Company resources: When resources are restricted, a concentrated strategy may be more effective.
- Product variability: For highly uniform products (such as sugar or steel) an undifferentiated marketing may be more appropriate. For products that can be differentiated, (such as cars) then either a differentiated or concentrated approach is indicated.
- Product life cycle: For new products, one version may be used at the launch stage, but this may be expanded to a more segmented approach over time. As more competitors enter the market, it may be necessary to differentiate.
- Market characteristics: When all buyers have similar tastes, or are unwilling to pay a premium for different quality, then undifferentiated marketing is indicated.
- Competitive activity: When competitors apply differentiated or concentrated market segmentation, using undifferentiated marketing may prove to be fatal. A company should consider whether it can use a different market segmentation approach.

Market Segmentation Process: S-T-P

The process of segmenting the market is deceptively simple. Seven basic steps describe the entire process including segmentation, targeting and positioning. In practice, however, the task can be very laborious since it involves poring over loads of data, and requires a great deal of skill in analysis, interpretation and some judgement. Although a great deal of analysis needs to be undertaken, and many decisions need to be made, marketers tend to use the so-called S-T-P process, that is Segmentation→ Targeting → Positioning, as a broad framework for simplifying the process and outlined here:

Segmentation

1. Identify market (also known as the universe) to be segmented.

2. Identify, select and apply base or bases to be used in the segmentation

3. Develop segment profiles

Targeting

4. Evaluate each segment's attractiveness

5. Select segment or segments to be targeted

Positioning

6. Identify optimal positioning for each segment

7. Develop the marketing program for each segment

Bases for Segmenting Consumer Markets

A major step in the segmentation process is the selection of a suitable base. In this step, marketers are looking for a means of achieving internal homogeneity (similarity within the segments), and external heterogeneity (differences between segments). In other words, they are searching for a process that minimises differences between members of a segment and maximises differences between each segment. In addition, the segmentation approach must yield segments that are meaningful for the specific marketing problem or situation. For example, a person's hair colour may be a relevant base for a shampoo manufacturer, but it would not be relevant for a seller of financial services. Selecting the right base requires a good deal of thought and a basic understanding of the market to be segmented.

Typical bases used to segment markets

In reality, marketers can segment the market using any base or variable provided that it is identifiable, measurable, actionable and stable. For example, some fashion houses have segmented the market using women's dress size as a variable. However, the most common bases for segmenting consumer markets include: geographics, demographics, psychographics and behavior. Marketers normally select a single base for the segmentation analysis, although, some bases can be combined into a single segmentation with care. For example, geographics and demographics are often combined, but other bases are rarely combined. Given that psychographics includes demographic variables such as age, gender and income as well as attitudinal and behavioral variables, it makes little logical sense to combine psychographics with demographics or other bases. Any attempt to use combined bases needs careful consideration and a logical foundation.

The following sections provide a detailed description of the most common forms of consumer market segmentation.

Geographic Segmentation

Geographic segmentation divides markets according to geographic criteria. In practice, markets can be segmented as broadly as continents and as narrowly as neighborhoods or postal codes. Typical geographic variables include:

- Country e.g. USA, UK, China, Japan, South Korea, Malaysia, Singapore, Australia, New Zealand
- Region e.g. North, North-west, Mid-west, South, Central
- Population density: e.g. central business district (CBD), urban, suburban, rural, regional
- City or town size: e.g. under 1,000; 1,000- 5,000; 5,000 – 10,000... 1,000,000 – 3,000,000 and over 3,000,000
- Climatic zone: e.g. Mediterranean, Temperate, Sub-Tropical, Tropical, Polar,

The geo-cluster approach (also called *geo-demographic segmentation*) combines demographic data with geographic data to create richer, more detailed profiles. Geo-cluster models break down an area into groups of households based on the assumption that people in any given neighbourhood are likely to exhibit similarities in their demographic composition and other household characteristics.

Geographic segmentation may be considered the first step in international marketing, where marketers must decide whether to adapt their existing products and marketing programs for the unique needs of distinct geographic markets. Tourism Marketing Boards often segment international visitors based on their country of origin. By way of example, Tourism Australia undertakes marketing in 16 core geographic markets; of which China, UK, US, NZ and Japan have been identified as priority segments because they have the greatest potential for growth and are extremely profitable segments with higher than average expenditure per visit. Tourism Australia carries out extensive research on each of these segments and develops rich profiles of high priority segments to better understand their needs and how they make travel decisions. Insights from this analysis are used in travel product development, allocation of promotional budgets, advertising strategy and in broader urban planning decisions. For example, in light of the numbers of Japanese visitors, the city of Melbourne has erected Japanese signage in tourist precincts.

A number of proprietary geo-demographic packages are available for commercial use. Examples include Acorn in the United Kingdom, Experian's Mosaic (geodemography) Segmentation (active in North America, South America, UK, Europe, South Africa and parts of Asia-Pacific) or Helix Personas (Australia, New Zealand and Indonesia). It should be noted that all these commercial packages combine geographics with behavioural, demographic and attitudinal data and yield a very large number of segments. For instance, the NZ Helix Personas segments New Zealand's relatively small population into 51 discrete personality profiles across seven geographic communities (too numerous to itemise on this page). These commercial databases typically allow prospective clients access to limited scale demonstrations, and readers interested in learning more about how geo-demographic segmentation can benefit marketers and planners, are advised to experiment with the online demonstration software via these companies' websites.

Geographic segmentation is widely used in direct marketing campaigns to identify areas which are potential candidates for personal selling, letter-box distribution or direct mail. Geo-cluster segmentation is widely used by Governments and public sector departments such as urban planning, health authorities, police, criminal justice departments, telecommunications and public utility organisations such as water boards.

Demographic Segmentation

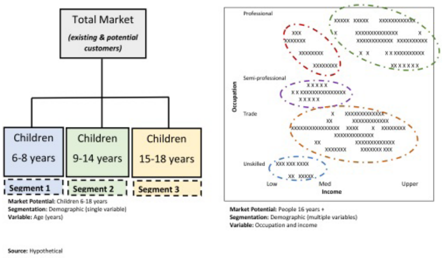
Segmentation according to demography is based on consumer- demographic variables such as age, income, family size, socio-economic status, etc. Demographic segmentation assumes that consumers with similar demographic profiles will exhibit similar purchasing patterns, motivations, interests and lifestyles and that these characteristics will translate into similar product/brand preferences. In practice, demographic segmentation can potentially employ any variable that is used by the nation's census collectors. Typical demographic variables and their descriptors are as follows:

- Age: e.g. Under 5, 5–8 years, 9–12 years, 13–17 years, 18-24, 25-29, 30-39, 40-49, 50-59, 60+
- Gender: Male, Female
- Occupation: Professional, self-employed, semi-professional, clerical/ admin, sales, trades, mining, primary producer, student, home duties, unemployed, retired
- Social class (or socio-economic status):
- Marital Status: Single, married, divorced, widowed
- Family Life-stage: Young single; Young married with no children; Young family with children under 5 years; Older married with children; Older married with no children living at home, Older living alone
- Family size/ number of dependants: 0, 1-2, 3-4, 5+
- Income: Under $10,000; 10,000- 20,000; 20,001- 30,000; 30,001-40,000, 40,001-50,000 etc
- Educational attainment: Primary school; Some secondary, Completed secondary, Some university, Degree; Post graduate or higher degree
- Home ownership: Renting, Own home with mortgage, Home owned outright
- Ethnicity: Asian, African, Aboriginal, Polynesian, Melanesian, Latin-American, African-American, American Indian etc
- Religion: Catholic, Protestant, Muslim, Jewish, Buddhist, Hindu, Other

The Scouting movement offers an excellent example of demographic segmentation in practice. Scouts develops different products based on relevant age groups. In Australia, the segments are Joeys for boys and girls aged 6–7 years; Cubs for children ages 8– 10 years; Scouts for those aged 11–14 years; Venturers ages 15–17 years and Rovers aged 18–25 years. The Scouting movement provides members of each cohort with different uniforms and develops different activity programs for each segment. Scouts even cater to the needs of the over 25s offering them roles as scout leaders or volunteers. Scouts' segmentation is an example of a simple demographic segmentation analysis which utilises just a single variable, namely age.

Scouts develop products for people of all ages

In practice, most demographic segmentation utilises a combination of demographic variables. For instance, a segmentation approach developed for New Zealand by Nielsen Research combines multiple demographic variables including age, life-stage and socio-economic status. The proprietary segmentation product, known as geoTribes, segments the NZ market into 15 tribes, namely: Rockafellas- Affluent mature families; Achievers-Ambitious younger and middle aged families; Fortunats- Financially secure retirees and pre-retirees; Crusaders-Career-oriented singles and couples; Preppies- Mature children of affluent parents; Indpendents- Young singles and couples; Suburban Splendour- Middle class mature families; Twixters- Mature children living at home; Debstars-Financially extended younger families; Boomers -White collar post family pre-retirees; True Blues -Blue collar mature families and pre-retiree singles or couples; Struggleville -Struggling young and middle aged families; Grey Power-Better off retirees; Survivors-Retirees living on minimal incomes and Slender Meanz-People living in underprivileged circumstances.



Visualisation of two approaches to demographic segmentation using one and two variables

The use of multiple segmentation variables normally requires analysis of databases using sophisticated statistical techniques such as cluster analysis or principal components analysis. It should be noted that these types of analysis require very large sample sizes. However, data-collection is expensive for individual firms. For this reason, many companies purchase data from commercial market research firms, many of whom develop proprietary software to interrogate the data. Proprietary packages, such as that mentioned in the preceding geoTribes by Nielsen example, offer clients access to an extensive database along with a program that allows users to interrogate the data via a 'user-friendly' interface. In other words, users do not need a detailed understanding of the 'back-end' statistical procedures used to analyse the data and derive the market segments. However, users still need to be skilled in the interpretation of findings for use in marketing decision-making.

Psychographic Segmentation

Psychographic segmentation, which is sometimes called lifestyle segmentation, is measured by studying the activities, interests, and opinions (AIOs) of customers. It considers how people spend their leisure, and which external influences they are most responsive to and influenced by. Psychographics is a very widely used basis for segmentation, because it enables marketers to identify tightly defined market segments and better understand the motivations for selecting particular products.

One of the most well-known psychographic segmentation analyses is the so-called Values And Lifestyles Segments (VALS), a proprietary psychometric method that measures attitudes, behaviours and demographics that align with brand preferences and new product adoption. The approach was originally developed by SBI International in the 1970s, and the typologies or segments have undergone several revisions over the years. As it currently stands, the VALs segments that describe the adult American population are: Achievers (26%), Strivers (24%), Experiencers (21%), Innovators, Thinkers, Believers, Makers and Survivors. The VALs segments are country specific and the developer offers VALs segmentation typologies for use in China, Japan, the Dominican Republic, Nigeria, UK and Venezuela.

Outside the USA, other countries have developed their own brand of proprietary psychographics segmentation. In Australia and New Zealand, Roy Morgan Research has developed the Values Segments which describes ten segments based on mindset, demographics and behaviours. The Values Segments are: Visible Achievers (20%); Traditional Family Life (19%); Socially Aware (14%); Look-At-Me (11%); Conventional Family Life (10%); Something Better (9%); Young Optimists (7%); Fairer Deal (5%); Real Conservatives (3%) and Basic Needs (2%) Market research company, Nielsen offers PALS (Personal Aspirational Lifestyle Segments), a values-based segmentation that ranks future lifestyle priorities, such as the importance of career, family, wanting to have fun, or the desire for a balanced lifestyle. PALS divides the Australian market into six groups, namely Success Driven (25%); Balance Seekers (23%); Health Conscious (22%), Harmony Seekers (11%), Individualists (11%) and Fun Seekers (8%).

In Britain, the following segments based on British lifestyles were developed by McCann-Erickson: Avant-Guardians (interested in change); Pontificators (traditionalists); Chameleons (follow the crowd) and Sleepwalkers (contented underachievers).

While many of these proprietary psychographic segmentation analyses are well-known, the majority of studies based on psychographics are custom designed. That is the segments are developed for individual products at a specific time. One common thread among psychographic segmentation studies is that they use quirky names to describe the segments.

Behavioral Segmentation

Behavioral segmentation divides consumers into groups according to their observed behaviors. Many marketers believe that behavioral variables are superior to demographics and geographics for building market segments. Typical behavioral variables and their descriptors include:

- Purchase/Usage Occasion: e.g. regular occasion, special occasion, festive occasion, gift-giving
- Benefit-Sought: e.g. economy, quality, service level, convenience, access

- User Status: e.g. First-time user, Regular user, Non-user
- Usage Rate/ Purchase Frequency: e.g. Light user, heavy user, moderate user
- Loyalty Status: e.g. Loyal, switcher, non-loyal, lapsed
- Buyer Readiness: e.g. Unaware, aware, intention to buy
- Attitude to Product or Service: e.g. Enthusiast, Indifferent, Hostile; Price Conscious, Quality Conscious
- Adopter Status: e.g. Early adopter, late adopter, laggard

Note that these descriptors are merely commonly used examples. Marketers must ensure that they customize the variable and descriptors for both local conditions and for specific applications. For example, in the health industry, planners often segment broad markets according to 'health consciousness' and identify low, moderate and highly health conscious segments. This is an example of behavioral segmentation, using attitude to product or service as a key descriptor or variable.

Purchase/ Usage Occasion

Purchase or usage occasion segmentation focuses on analyzing occasions when consumers might purchase or consume a product. This approach customer-level and occasion-level segmentation models and provides an understanding of the individual customers' needs, behavior and value under different occasions of usage and time. Unlike traditional segmentation models, this approach assigns more than one segment to each unique customer, depending on the current circumstances they are under.

For example, Cadbury has segmented the market into five segments based on usage and behavior:

Cadbury segment consumers of their chocolate range according to usage occasion

- Immediate Eat (34%): Driven by the need to snack, indulge or an energy boost. Products that meet these needs include brands such as Kit-Kat, Mars Bars
- Home Stock (25%): Driven by the need to have something in the pantry to share with family in front of TV or for home snacking. Products that meet these needs are blocks or multi-packs
- Kids (17%): Driven by need for after school snacks, parties, treats. Products that meet these needs include Smarties and Milky Bars.

- Gift-giving (15%): Products purchased as gifts, needs include a token of appreciation, a romantic gesture or a special occasion. Products that meet these needs include boxed chocolates such as Cabury's Roses or Quality Street
- Seasonal (3.4%): Driven by need to give a present or create a festive atmosphere. The products are mainly purchased on feast days such as Christmas, Easter, Advent. Products that meet these needs include Easter eggs and Christmas tree decorations.

Benefit-sought

Benefit sought (sometimes called *needs-based segmentation*) divides markets into distinct needs or benefits sought by the consumer.

Other Types of Consumer Segmentation

In addition to geographics, demographics, pyschographics and behavioral bases, marketers occasionally turn to other means of segmenting the market, or to develop segment profiles.

Generational Segments

A generation is defined as "a cohort of people born within a similar span of time (15 years at the upper end) who share a comparable age and life stage and who were shaped by a particular span of time (events, trends and developments)." Generational segmentation refers to the process of dividing and analysing a population into cohorts based on their birth date. Generational segmentation assumes that people's values and attitudes are shaped by the key events that occurred during their lives and that these attitudes translate into product and brand preferences.

Demographers, studying population change, disagree about precise dates for each generation. Dating is normally achieved by identifying population peaks or troughs, which can occur at different times in each country. For example, in Australia the post-war population boom peaked in 1960, while the peak occurred somewhat later in the USA and Europe, with most estimates converging on 1964. Accordingly, Australian Boomers are normally defined as those born between 1945–1960; while American and European Boomers are normally defined as those born between 1945–64. Thus, the generational segments and their dates discussed here must be taken as approximations only.

The primary generational segments identified by marketers are:

- Builders: born 1920 to 1945
- Baby Boomers: born about 1945–1965
- Generation X: born about 1966–1976
- Generation Y: also known as Millenials; born about 1977–1994
- Generation Z: also known as Centennials; born 1995–2015

Table 2: Unique Characteristics of Selected Generations

Millenials	Generation X	Baby Boomers
Technology use (24%)	Technology use (12%)	Work Ethic (17%)
Music/ popular culture (11%)	Work ethic (11%)	Respectful (14%)
Liberal/ tolerant (7%)	Conservative/ traditional (7%)	Values/ morals (8%)
Smarter (6%)	Smarter (6%)	Smarter (5%)
Clothes (5%)	Respectful (5%)	n.a.

Cultural Segmentation

Cultural segmentation is used to classify markets according to cultural origin. Culture is a major dimension of consumer behavior and can be used to enhance customer insight and as a component of predictive models. Cultural segmentation enables appropriate communications to be crafted to particular cultural communities. Cultural segmentation can be applied to existing customer data to measure market penetration in key cultural segments by product, brand, channel as well as traditional measures of recency, frequency and monetary value. These benchmarks form an important evidence-base to guide strategic direction and tactical campaign activity, allowing engagement trends to be monitored over time.

Cultural segmentation can also be mapped according to state, region, suburb and neighborhood. This provides a geographical market view of population proportions and may be of benefit in selecting appropriately located premises, determining territory boundaries and local marketing activities.

Census data is a valuable source of cultural data but cannot meaningfully be applied to individuals. Name analysis (onomastics) is the most reliable and efficient means of describing the cultural origin of individuals. The accuracy of using name analysis as a surrogate for cultural background in Australia is 80-85%, after allowing for female name changes due to marriage, social or political reasons or colonial influence. The extent of name data coverage means a user will code a minimum of 99 percent of individuals with their most likely ancestral origin.

Selecting Target Markets

Selecting the markets to target is a key decision for marketers

Another major decision in developing the segmentation strategy is the selection of market segments that will become the focus of special attention (known as *target markets*). The marketer faces a number of important decisions:

- What criteria should be used to evaluate markets?
- How many markets to enter (one, two or more)?

- Which market segments are the most valuable?

When a marketer enters more than one market, the segments are often labelled the *primary target market*, *secondary target market*. The primary market is the target market selected as the main focus of marketing activities. The secondary target market is likely to be a segment that is not as large as the primary market, but has growth potential. Alternatively, the secondary target group might consist of a small number of purchasers that account for a relatively high proportion of sales volume perhaps due to purchase value or purchase frequency.

In terms of evaluating markets, three core considerations are essential:

- Segment size and growth
- Segment structural attractiveness
- Company objectives and resources.

There are no formulas for evaluating the attractiveness of market segments and a good deal of judgement must be exercised. Nevertheless, a number of considerations can be used to evaluate market segments for attractiveness.

Segment Size and Growth:

- How large is the market?
- Is the market segment substantial enough to be profitable?
- Segment size can be measured in number of customers, but superior measures are likely to include sales value or volume
- Is the market segment growing or contracting?
- What are the indications that growth will be sustained in the long term? Is any observed growth sustainable?
- Is the segment stable over time? (Segment must have sufficient time to reach desired performance level)

Segment Structural Attractiveness:

- To what extent are competitors targeting this market segment?
- Can we carve out a viable position to differentiate from any competitors?
- How responsive are members of the market segment to the marketing program?
- Is this market segment reachable and accessible? (i.e., with respect to distribution and promotion)

Company Objectives and Resources:

- Is this market segment aligned with our company's operating philosophy?

- Do we have the resources necessary to enter this market segment?
- Do we have prior experience with this market segment or similar market segments?
- Do we have the skills and/or know-how to enter this market segment successfully?

Market Segmentation and the Marketing Program

The marketing program is designed with the needs of the target market in mind

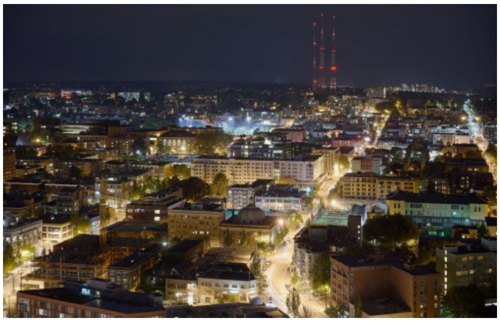
When the segments have been determined and separate offers developed for each of the core segments, the marketer's next task is to design a marketing program (also known as the marketing mix) that will resonate with the target market or markets. Developing the marketing program requires a deep knowledge of key market segment's purchasing habits, their preferred retail outlet, their media habits and their price sensitivity. The marketing program for each brand or product should be based on the understanding of the target market (or target markets) revealed in the market profile.

Table 3 provides a brief summary of the marketing mix used by Black and Decker, manufacturer of three brands of power tools and household appliances. Each brand is pitched at different quality points and targets different segments of the market. This table is designed to illustrate how the marketing program must be fine-tuned for each market segment.

Table 3: Black & Decker Market Segmentation

Segment	Product/ Brand	Product Strategy	Price Strategy	Promotion Strategy	Place Strategy
Home-owners/ D-I-Y	Black & Decker	Quality Adequate for occasional use	Lower priced	TV advertising during holidays	Mass distribution (lower-tier stores)
Weekend Warriors	Firestorm	Quality Adequate for regular use	Higher priced	Ads in D-I-Y magazines, shows	Selective distribution (top tier hardware stores)
Professional users	De Walt	Quality adequate for daily use	Highest price	Personal selling (sales reps call on job sites)	Selective distribution (top tier hardware stores)

Bases for Segmenting Business Markets



Businesses can be segmented using industry, size, turnover or any other meaningful variable

Businesses may be segmented according to industry, business size, turnover, number of employees or any other relevant variables.

Firmographics

Firmographics (also known as *emporographics* or *feature based segmentation*) is the business community's answer to demographic segmentation. It is commonly used in business-to-business markets (it's estimated that 81% of B2B marketers use this technique). Under this approach the target market is segmented based on features such as company size (either in terms of revenue or number of employees), industry sector or location (country and/or region).

Multi-variable Account Segmentation

In Sales Territory Management, using more than one criterion to characterize the organization's accounts, such as segmenting sales accounts by government, business, customer, etc. and account size or duration, in effort to increase time efficiency and sales volume.

Using Segmentation in Customer Retention

The basic approach to retention-based segmentation is that a company tags each of its active customers with four values:

Is this customer at high risk of canceling the company's service?

One of the most common indicators of high-risk customers is a drop off in usage of the company's service. For example, in the credit card industry this could be signaled through a customer's decline in spending on his or her card.

Is this customer at high risk of switching to a competitor to purchase product?

Many times customers move purchase preferences to a competitor brand. This may happen for many reasons those of which can be more difficult to measure. It is many times beneficial for the former company to gain meaningful insights, through data analysis, as to why this change of preference has occurred. Such insights can lead to effective strategies for winning back the customer or on how not to lose the target customer in the first place.

Is this customer worth retaining?

This determination boils down to whether the post-retention profit generated from the customer is predicted to be greater than the cost incurred to retain the customer, and includes evaluation of customer lifecycles.

What retention tactics should be used to retain this customer?

This analysis of customer lifecycles is usually included in the growth plan of a business to determine which tactics to implement to retain or let go of customers. Tactics commonly used range from providing special customer discounts to sending customers communications that reinforce the value proposition of the given service.

Segmentation: Algorithms and Approaches

The choice of an appropriate statistical method for the segmentation, depends on a number of factors including, the broad approach (a-priori or post-hoc), the availability of data, time constraints, the marketer's skill level and resources.

A-priori Segmentation

According to the Market Research Association (MRA), a priori research occurs when "a theoretical framework is developed before the research is conducted". In other words, the marketer has an idea about whether to segment the market geographically, demographically, psychographically or behaviorally before undertaking any research. For example, a marketer might want to learn more about the motivations and demographics of light and moderate users in an effort to understand what tactics could be used to increase usage rates. In this case, the target variable is known – the marketer has already segmented using a behavioral variable – user status. The next step would be to collect and analyse attitudinal data for light and moderate users. Typical analysis includes simple cross-tabulations, frequency distributions and occasionally logistic regression or CHAID analysis.

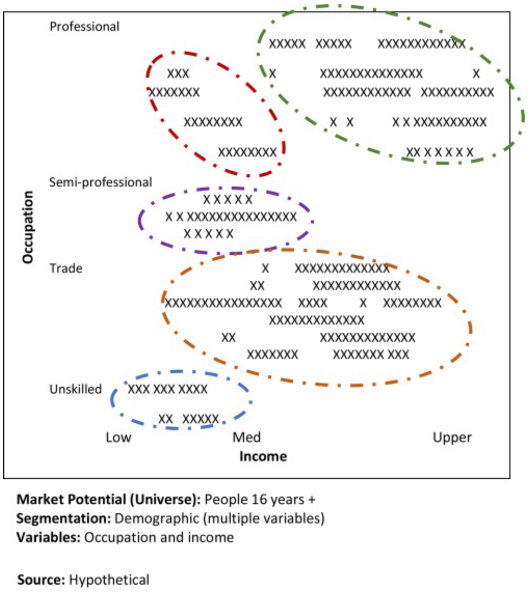
The main disadvantage of a-priori segmentation is that it does not explore other opportunities to identify market segments that could be more meaningful.

Post-hoc Segmentation

In contrast, post-hoc segmentation makes no assumptions about the optimal theoretical framework. Instead, the analyst's role is to determine the segments that are the most meaningful for a given marketing problem or situation. In this approach, the empirical data drives the segmentation selection. Analysts typically employ some type of clustering analysis or structural equation modeling to identify segments within the data. The figure alongside illustrates how segments might be formed using clustering, however note that this diagram only uses two variables, while in practice clustering employs a large number of variables. Post-hoc segmentation relies on access to rich data sets, usually with a very large number of cases.

Statistical Techniques used in Segmentation

Marketers often engage commercial research firms or consultancies to carry out segmentation analysis, especially if they lack the statistical skills to undertake the analysis. Some segmentation, especially post-hoc analysis, relies on sophisticated statistical analysis.



Visualisation of market segments formed using clustering methods.

Common statistical techniques for segmentation analysis include:

- Clustering algorithms such as K-means or other Cluster analysis
- Conjoint Analysis
- Logistic Regression (also known as Logit Regression)
- Chi-square Automatic Interaction Detector CHAID; a type of decision-tree
- Structural Equation Modeling (SEM)
- Multidimensional scaling and Canonical Analysis
- Statistical mixture models such as Latent Class Analysis
- Ensemble approaches such as Random Forests
- Other algorithms such as Neural Networks

Data Sources used for Segmentation

Marketers use a variety of data sources for segmentation studies and market profiling. Typical sources of information include:

Internal Databases

- Customer transaction records e.g. sale value per transaction, purchase frequency
- Patron membership records e.g. active members, lapsed members, length of membership
- Customer relationship management (CRM) databases
- In-house surveys

External Sources

- Commercial Surveys or tracking studies (available from major research companies such as Nielsen and Roy Morgan)
- Government agencies or Professional/ Industry associations
- Census data
- Observed purchase behavior – collected from online agencies such as Google
- Data-mining techniques

Market Trend

A market trend is a perceived tendency of financial markets to move in a particular direction over time. These trends are classified as *secular* for long time frames, *primary* for medium time frames, and *secondary* for short time frames. Traders attempt to identify market trends using technical analysis, a framework which characterizes market trends as predictable price tendencies within the market when price reaches support and resistance levels, varying over time.

A trend can only be determined in hindsight, since at any time prices in the future are not known.

Market Nomenclature

The terms "bull market" and "bear market" describe upward and downward market trends, respectively, and can be used to describe either the market as a whole or specific sectors and securities. The names perhaps correspond to the fact that a bull attacks by lifting its horns upward, while a bear strikes with its claws in a downward motion.

Etymology

The fighting styles of both animals may have a major impact on the names.

One hypothetical etymology points to London bearskin "jobbers" (market makers), who would sell bearskins before the bears had actually been caught in contradiction of the proverb *ne vendez pas la peau de l'ours avant de l'avoir tué* ("don't sell the bearskin before you've killed the bear")—an admonition against over-optimism. By the time of the South Sea Bubble of 1721, the bear was also associated with short selling; jobbers would sell bearskins they did not own in anticipation of falling prices, which would enable them to buy them later for an additional profit.

Some analogies that have been used as mnemonic devices:

- Bull is short for "bully", in its now somewhat dated meaning of "excellent".
- It relates to the speed of the animals: Bulls usually charge at very high speed, whereas bears normally are thought of as lazy and cautious movers—a misconception, because a bear, under the right conditions, can outrun a horse.

- They were originally used in reference to two old merchant banking families, the Barings and the Bulstrodes.
- The word “bull” plays off the market’s returns being “full”, whereas “bear” alludes to the market’s returns being “bare”.
- “Bull” symbolizes charging ahead with excessive confidence, whereas “bear” symbolizes preparing for winter and hibernation in doubt.

Secular Trends

A secular market trend is a long-term trend that lasts 5 to 25 years and consists of a series of primary trends. A secular bear market consists of smaller bull markets and larger bear markets; a secular bull market consists of larger bull markets and smaller bear markets.

In a secular bull market the prevailing trend is “bullish” or upward-moving. The United States stock market was described as being in a secular bull market from about 1983 to 2000 (or 2007), with brief upsets including the crash of 1987 and the market collapse of 2000-2002 triggered by the dot-com bubble.

In a secular bear market, the prevailing trend is “bearish” or downward-moving. An example of a secular bear market occurred in gold between January 1980 to June 1999, culminating with the Brown Bottom. During this period the nominal gold price fell from a high of $850/oz ($30/g) to a low of $253/oz ($9/g), and became part of the Great Commodities Depression.

Primary Trends

Statues of the two symbolic beasts of finance, the bear and the bull, in front of the Frankfurt Stock Exchange.

A primary trend has broad support throughout the entire market (most sectors) and lasts for a year or more.

Bull Market

A bull market is a period of generally rising prices. The start of a bull market is marked by widespread pessimism. This point is when the “crowd” is the most “bearish”. The feeling of despondency changes to hope, “optimism”, and eventually euphoria, as the bull runs its course. This often leads the economic cycle, for example in a full recession, or earlier.

A 1901 cartoon depicting financier J. P. Morgan as a bull with eager investors

An analysis of Morningstar, Inc. stock market data from 1926 to 2014 found that a typical bull market "lasted 8.5 years with an average cumulative total return of 458%", while annualized gains for bull markets range from 14.9% to 34.1%.

Examples

India's Bombay Stock Exchange Index, BSE SENSEX, was in a bull market trend for about five years from April 2003 to January 2008 as it increased from 2,900 points to 21,000 points. Notable bull markets marked the 1925-1929, 1953–1957 and the 1993-1997 periods when the U.S. and many other stock markets rose; while the first period ended abruptly with the start of the Great Depression, the end of the later time periods were mostly periods of soft landing, which became large bear markets.

Bear Market

A bear market is a general decline in the stock market over a period of time. It is a transition from high investor optimism to widespread investor fear and pessimism. According to The Vanguard Group, "While there's no agreed-upon definition of a bear market, one generally accepted measure is a price decline of 20% or more over at least a two-month period."

An analysis of Morningstar, Inc. stock market data from 1926 to 2014 found that a typical bear market "lasted 1.3 years with an average cumulative loss of -41%", while annualized declines for bear markets range from -19.7% to -47%.

Examples

A bear market followed the Wall Street Crash of 1929 and erased 89% (from 386 to 40) of the Dow Jones Industrial Average's market capitalization by July 1932, marking the start of the Great Depression. After regaining nearly 50% of its losses, a longer bear market from 1937 to 1942 occurred in which the market was again cut in half. Another long-term bear market occurred from about 1973 to 1982, encompassing the 1970s energy crisis and the high unemployment of the early 1980s. Yet another bear market occurred between March 2000 and October 2002. Recent examples occurred between October 2007 and March 2009, as a result of the financial crisis of 2007–08.

Market Top

A market top (or market high) is usually not a dramatic event. The market has simply reached the highest point that it will, for some time (usually a few years). It is retroactively defined as market participants are not aware of it as it happens. A decline then follows, usually gradually at first and later with more rapidity. William J. O'Neil and company report that since the 1950s a market top is characterized by three to five distribution days in a major market index occurring within a relatively short period of time. Distribution is a decline in price with higher volume than the preceding session.

Examples

The peak of the dot-com bubble (as measured by the NASDAQ-100) occurred on March 24, 2000. The index closed at 4,704.73. The Nasdaq peaked at 5,132.50 and the S&P 500 at 1525.20.

A recent peak for the broad U.S. market was October 9, 2007. The S&P 500 index closed at 1,565 and the Nasdaq at 2861.50.

Market Bottom

A market bottom is a trend reversal, the end of a market downturn, and the beginning of an upward moving trend (bull market).

It is very difficult to identify a bottom (referred to by investors as "bottom picking") while it is occurring. The upturn following a decline is often short-lived and prices might resume their decline. This would bring a loss for the investor who purchased stock(s) during a misperceived or "false" market bottom.

Baron Rothschild is said to have advised that the best time to buy is when there is "blood in the streets", i.e., when the markets have fallen drastically and investor sentiment is extremely negative.

Examples

Some examples of market bottoms, in terms of the closing values of the Dow Jones Industrial Average (DJIA) include:

- The Dow Jones Industrial Average hit a bottom at 1738.74 on 19 October 1987, as a result of the decline from 2722.41 on 25 August 1987. This day was called Black Monday (chart).
- A bottom of 7286.27 was reached on the DJIA on 9 October 2002 as a result of the decline from 11722.98 on 14 January 2000. This included an intermediate bottom of 8235.81 on 21 September 2001 (a 14% change from 10 September) which led to an intermediate top of 10635.25 on 19 March 2002 (chart). The "tech-heavy" Nasdaq fell a more precipitous 79% from its 5132 peak (10 March 2000) to its 1108 bottom (10 October 2002).

- A bottom of 6,440.08 (DJIA) on 9 March 2009 was reached after a decline associated with the subprime mortgage crisis starting at 14164.41 on 9 October 2007 (chart).

Secondary Trends

Secondary trends are short-term changes in price direction within a primary trend. The duration is a few weeks or a few months.

One type of secondary market trend is called a market correction. A correction is a short term price decline of 5% to 20% or so. An example occurred from April to June 2010, when the S&P 500 went from above 1200 to near 1000; this was hailed as the end of the bull market and start of a bear market, but it was not, and the market turned back up. A correction is a downward movement that is not large enough to be a bear market (ex post).

Another type of secondary trend is called a bear market rally (sometimes called "sucker's rally" or "dead cat bounce") which consist of a market price increase of only 10% or 20% and then the prevailing, bear market trend resumes. Bear market rallies occurred in the Dow Jones index after the 1929 stock market crash leading down to the market bottom in 1932, and throughout the late 1960s and early 1970s. The Japanese Nikkei 225 has been typified by a number of bear market rallies since the late 1980s while experiencing an overall long-term downward trend.

The Australian market in the beginning of 2015 has been described as a "meerkat market", being timid with low consumer and business sentiment.

Causes

The price of assets such as stocks is set by supply and demand. By definition, the market balances buyers and sellers, so it's impossible to literally have 'more buyers than sellers' or vice versa, although that is a common expression. For a surge in demand, the buyers will increase the price they are willing to pay, while the sellers will increase the price they wish to receive. For a surge in supply, the opposite happens.

Supply and demand are created when investors shift allocation of investment between asset types. For example, at one time, investors may move money from government bonds to "tech" stocks; at another time, they may move money from "tech" stocks to government bonds. In each case, this will affect the price of both types of assets.

Generally, investors try to follow a buy-low, sell-high strategy but often mistakenly end up buying high and selling low. Contrarian investors and traders attempt to "fade" the investors' actions (buy when they are selling, sell when they are buying). A time when most investors are selling stocks is known as distribution, while a time when most investors are buying stocks is known as accumulation.

According to standard theory, a decrease in price will result in less supply and more demand, while an increase in price will do the opposite. This works well for most assets but it often works in reverse for stocks due to the mistake many investors make of buying high in a state of euphoria and selling low in a state of fear or panic as a result of the herding instinct. In case an increase in price causes an increase in demand, or a decrease in price causes an increase in supply, this destroys the expected negative feedback loop and prices will be unstable. This can be seen in a bubble or crash.

Investor Sentiment

Investor sentiment is a contrarian stock market indicator.

When a high proportion of investors express a bearish (negative) sentiment, some analysts consider it to be a strong signal that a market bottom may be near. The predictive capability of such a signal is thought to be highest when investor sentiment reaches extreme values. Indicators that measure investor sentiment may include:

David Hirshleifer sees in the trend phenomenon a path starting with underreaction and ending in overreaction by investors / traders.

- Investor Intelligence Sentiment Index: If the Bull-Bear spread (% of Bulls - % of Bears) is close to a historic low, it may signal a bottom. Typically, the number of bears surveyed would exceed the number of bulls. However, if the number of bulls is at an extreme high and the number of bears is at an extreme low, historically, a market top may have occurred or is close to occurring. This contrarian measure is more reliable for its coincidental timing at market lows than tops.
- American Association of Individual Investors (AAII) sentiment indicator: Many feel that the majority of the decline has already occurred once this indicator gives a reading of minus 15% or below.
- Other sentiment indicators include the Nova-Ursa ratio, the Short Interest/Total Market Float, and the put/call ratio.

SWOT Analysis

A SWOT analysis, with its four elements in a 2×2 matrix.

SWOT analysis (alternatively SWOT matrix) is an acronym for *strengths*, *weaknesses*, *opportunities*, and *threats* and is a structured planning method that evaluates those four elements of a project or business venture. A SWOT analysis can be carried out for a company, product, place, industry, or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. Some authors credit SWOT to Albert Humphrey, who led a convention at the Stanford Research Institute (now SRI International) in the 1960s and 1970s using data from Fortune 500 companies. However, Humphrey himself did not claim the creation of SWOT, and the origins remain obscure. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit.

- Strengths: characteristics of the business or project that give it an advantage over others
- Weaknesses: characteristics that place the business or project at a disadvantage relative to others
- Opportunities: elements in the environment that the business or project could exploit to its advantage
- Threats: elements in the environment that could cause trouble for the business or project

Identification of SWOTs is important because they can inform later steps in planning to achieve the objective. First, decision-makers should consider whether the objective is attainable, given the SWOTs. If the objective is *not* attainable, they must select a different objective and repeat the process.

Users of SWOT analysis must ask and answer questions that generate meaningful information for each category (strengths, weaknesses, opportunities, and threats) to make the analysis useful and find their competitive advantage.

Internal and External Factors

So it is said that if you know your enemies and know yourself, you can win a hundred battles without a single loss. If you only know yourself, but not your opponent, you may win or may lose. If you know neither yourself nor your enemy, you will always endanger yourself.

The Art of War by Sun Tzu

SWOT analysis aims to identify the key internal and external factors seen as important to achieving an objective. SWOT analysis groups key pieces of information into two main categories:

1. Internal factors – the *strengths* and *weaknesses* internal to the organization
2. External factors – the *opportunities* and *threats* presented by the environment external to the organization

Analysis may view the internal factors as strengths or as weaknesses depending upon their effect on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses (distractions, competition) for another objective. The factors may include all of the 4Ps as well as personnel, finance, manufacturing capabilities, and so on.

The external factors may include macroeconomic matters, technological change, legislation, and sociocultural changes, as well as changes in the marketplace or in competitive position. The results are often presented in the form of a matrix.

SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade its users to compile lists rather than to think about actual important factors in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

It is prudent not to eliminate any candidate SWOT entry too quickly. The importance of individual SWOTs will be revealed by the value of the strategies they generate. A SWOT item that produces valuable strategies is important. A SWOT item that generates no strategies is not important.

Use

The usefulness of SWOT analysis is not limited to profit-seeking organizations. SWOT analysis may be used in any decision-making situation when a desired end-state (objective) is defined. Examples include non-profit organizations, governmental units, and individuals. SWOT analysis may also be used in pre-crisis planning and preventive crisis management. SWOT analysis may also be used in creating a recommendation during a viability study/survey.

Strategy Building

SWOT analysis can be used effectively to build organizational or personal strategy. Steps necessary to execute strategy-oriented analysis involve identification of internal and external factors (using popular 2x2 matrix), selection and evaluation of the most important factors, and identification of relations existing between internal and external features.

For instance, strong relations between strengths and opportunities can suggest good conditions in the company and allow using an *aggressive* strategy. On the other hand, strong interactions between weaknesses and threats could be analyzed as a potential warning and advice for using a *defensive* strategy. The analysis of these relationships to determine which strategy to implement is often performed in the growth planning phase for a business.

Matching and Converting

One way of utilizing SWOT is matching and converting. Matching is used to find competitive advantage by matching the strengths to opportunities. Another tactic is to convert weaknesses or threats into strengths or opportunities. An example of a conversion strategy is to find new markets. If the threats or weaknesses cannot be converted, a company should try to minimize or avoid them.

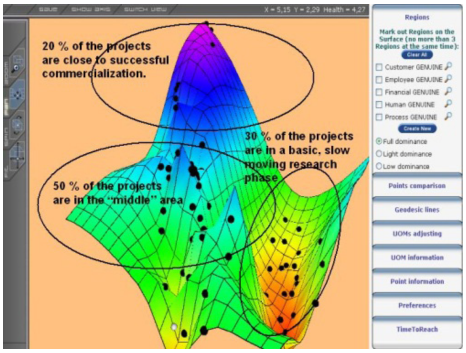
SWOT Variants

Various complementary analyses to SWOT have been proposed, such as the Growth-share matrix and Porter's five forces analysis.

TOWS

Heinz Weihrich said that some users found it difficult to translate the results of the SWOT analysis into meaningful actions that could be adopted within the wider corporate strategy. He introduced the TOWS Matrix, a conceptual framework that helps in finding the most efficient actions.

SWOT Landscape Analysis



The SWOT landscape systematically deploys the relationships between overall objective and underlying SWOT-factors and provides an interactive, query-able 3D landscape.

The SWOT landscape graphs differentiate managerial situations by visualizing and foreseeing the dynamic performance of comparable objects according to findings by Brendan Kitts, Leif Edvinsson, and Tord Beding (2000).

Changes in relative performance are continually identified. Projects (or other units of measurements) that could be potential risk or opportunity objects are highlighted.

SWOT landscape also indicates which underlying strength and weakness factors have influence or likely will have highest influence in the context of value in use (e.g., capital value fluctuations).

Corporate Planning

As part of the development of strategies and plans to enable the organization to achieve its objectives, that organization will use a systematic/rigorous process known as corporate planning. SWOT alongside PEST/PESTLE can be used as a basis for the analysis of business and environmental factors.

- Set objectives – defining what the organization is going to do
- Environmental scanning
    - Internal appraisals of the organization's SWOT, this needs to include an assessment of the present situation as well as a portfolio of products/services and an analysis of the product/service life cycle
- Analysis of existing strategies, this should determine relevance from the results of an internal/external appraisal. This may include gap analysis of environmental factors
- Strategic Issues defined – key factors in the development of a corporate plan that the organization must address
- Develop new/revised strategies – revised analysis of strategic issues may mean the objectives need to change
- Establish critical success factors – the achievement of objectives and strategy implementation
- Preparation of operational, resource, projects plans for strategy implementation

- Monitoring results – mapping against plans, taking corrective action, which may mean amending objectives/strategies

Marketing

In many competitor analyses, marketers build detailed profiles of each competitor in the market, focusing especially on their relative competitive strengths and weaknesses using SWOT analysis. Marketing managers will examine each competitor's cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of vertical integration, historical responses to industry developments, and other factors.

Marketing management often finds it necessary to invest in research to collect the data required to perform accurate marketing analysis. Accordingly, management often conducts market research (alternately marketing research) to obtain this information. Marketers employ a variety of techniques to conduct market research, but some of the more common include:

- Qualitative marketing research such as focus groups
- Quantitative marketing research such as statistical surveys
- Experimental techniques such as test markets
- Observational techniques such as ethnographic (on-site) observation
- Marketing managers may also design and oversee various environmental scanning and competitive intelligence processes to help identify trends and inform the company's marketing analysis.

Below is an example SWOT analysis of a market position of a small management consultancy with specialism in HRM.

Strengths	Weaknesses	Opportunities	Threats
Reputation in marketplace	Shortage of consultants at operating level rather than partner level	Well established position with a well-defined market niche	Large consultancies operating at a minor level
Expertise at partner level in HRM consultancy	Unable to deal with multidisciplinary assignments because of size or lack of ability	Identified market for consultancy in areas other than HRM	Other small consultancies looking to invade the marketplace

In Community Organization

The SWOT analysis has been utilized in community work as a tool to identify positive and negative factors within organizations, communities, and the broader society that promote or inhibit successful implementation of social services and social change efforts. It is used as a preliminary resource, assessing strengths, weaknesses, opportunities, and threats in a community served by a nonprofit or community organization. This organizing tool is best used in collaboration with community workers and/or community members before developing goals and objectives for a program design or implementing an organizing strategy.The SWOT analysis is a part of the planning for social change process and will not provide a strategic plan if used by itself. After a SWOT analysis is completed, a social change organization can turn the SWOT list into a series of recommendations to consider before developing a strategic plan.

SWOT ANALYSIS

	Strengths 1. 2. 3. 4.	Weaknesses 1. 2. 3. 4.
Opportunities 1. 2. 3. 4.	Opportunity-Strength strategies *Use strengths to take advantage of opportunities* 1. 2.	Opportunity-Weakness strategies *Overcome weaknesses by taking advantage of opportunities* 1. 2.
Threats 1. 2. 3. 4.	Threat-Strength strategies *Use strengths to avoid threats* 1. 2.	Threat-Weakness Strategies *Minimize weaknesses and avoid threats* 1. 2.

one example of a SWOT Analysis used in community organizing

SWOT ANALYSIS

Internal		External	
Strengths	Weaknesses	Opportunities	Threats

A simple SWOT Analysis used in Community Organizing

Strengths and Weaknesses: *These are the internal factors within an organization.*

- Human resources - staff, volunteers, board members, target population
- Physical resources - your location, building, equipment
- Financial - grants, funding agencies, other sources of income
- Activities and processes - programs you run, systems you employ
- Past experiences - building blocks for learning and success, your reputation in the community

Opportunities and Threats: *These are external factors stemming from community or societal forces.*

- Future trends in your field or the culture
- The economy - local, national, or international
- Funding sources - foundations, donors, legislatures
- Demographics - changes in the age, race, gender, culture of those you serve or in your area
- The physical environment (Is your building in a growing part of town? Is the bus company cutting routes?)

- Legislation (Do new federal requirements make your job harder...or easier?)
- Local, national, or international events

Although the SWOT analysis was originally designed as an organizational method for business and industries, it has been replicated in various community work as a tool for identifying external and internal support to combat internal and external opposition. The SWOT analysis is necessary to provide direction to the next stages of the change process. It has been utilized by community organizers and community members to further social justice in the context of Social Work practice.

Application in Community Organization

Elements to Consider

Elements to consider in a SWOT analysis include understanding the community that a particular organization is working with. This can be done via public forums, listening campaigns, and informational interviews. Data collection will help inform the community members and workers when developing the SWOT analysis. A needs and assets assessment are tooling that can be used to identify the needs and existing resources of the community. When these assessments are done and data has been collected, an analysis of the community can be made that informs the SWOT analysis.

Steps for Implementation

A SWOT analysis is best developed in a group setting such as a work or community meeting. A facilitator can conduct the meeting by first explaining what a SWOT analysis is as well as identifying the meaning of each term.

One way of facilitating the development of a SWOT analysis includes developing an example SWOT with the larger group then separating each group into smaller teams to present to the larger group after set amount of time. This allows for individuals, who may be silenced in a larger group setting, to contribute. Once the allotted time is up, the facilitator may record all the factors of each group onto a large document such as a poster board, and then the large group, as a collective, can go work through each of the threats and weaknesses to explore options that may be used to combat negative forces with the strengths and opportunities present within the organization and community. A SWOT meeting allows participants to creatively brainstorm, identify obstacles, and possibly strategize solutions/way forward to these limitations.

When to use SWOT Analysis

The uses of a SWOT analysis by a community organization are as follows: to organize information, provide insight into barriers that may be present while engaging in social change processes, and identify strengths available that can be activated to counteract these barriers.

- *A SWOT analysis can be used to:*
- Explore new solutions to problems
- Identify barriers that will limit goals/objectives
- Decide on direction that will be most effective

- Reveal possibilities and limitations for change
- To revise plans to best navigate systems, communities, and organizations
- As a brainstorming and recording device as a means of communication
- To enhance “credibility of interpretation” to be utilized in presentation to leaders or key supporters.

Benefits

The SWOT analysis in social work practice framework is beneficial because it helps organizations decide whether or not an objective is obtainable and therefore enables organizations to set achievable goals, objectives, and steps to further the social change or community development effort. It enables organizers to take visions and produce practical and efficient outcomes that effect long-lasting change, and it helps organizations gather meaningful information to maximize their potential. Completing a SWOT analysis is a useful process regarding the consideration of key organizational priorities, such as gender and cultural diversity and fundraising objectives.

Limitations

Some findings from Menon et al. (1999) and Hill and Westbrook (1997) have suggested that SWOT may harm performance and that “no-one subsequently used the outputs within the later stages of the strategy”.

Other critiques include the misuse of the SWOT analysis as a technique that can be quickly designed without critical thought leading to a misrepresentation of strengths, weaknesses, opportunities, and threats within an organization’s internal and external surroundings.

Another limitation includes the development of a SWOT analysis simply to defend previously decided goals and objectives. This misuse leads to limitations on brainstorming possibilities and “real” identification of barriers. This misuse also places the organization’s interest above the well-being of the community. Further, a SWOT analysis should be developed as a collaborative with a variety of contributions made by participants including community members. The design of a SWOT analysis by one or two community workers is limiting to the realities of the forces, specifically external factors, and devalues the possible contributions of community members.

Marketing Research

Marketing research is “the process or set of processes that links the producers, customers, and end users to the marketer through information — information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.”

It is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behavior. The term is commonly interchanged with market research; however, expert practitioners may wish to draw a distinction, in that *market* research is concerned specifically with markets, while *marketing* research is concerned specifically about marketing processes.

Marketing research is often partitioned into two sets of categorical pairs, either by target market:

- Consumer marketing research, and
- Business-to-business (B2B) marketing research

Or, alternatively, by methodological approach:

- Qualitative marketing research, and
- Quantitative marketing research

Consumer marketing research is a form of applied sociology that concentrates on understanding the preferences, attitudes, and behaviors of consumers in a market-based economy, and it aims to understand the effects and comparative success of marketing campaigns. The field of consumer marketing research as a statistical science was pioneered by Arthur Nielsen with the founding of the ACNielsen Company in 1923.

Thus, marketing research may also be described as the systematic and objective identification, collection, analysis, and dissemination of information for the purpose of assisting management in decision making related to the identification and solution of problems and opportunities in marketing.

Role

The task of marketing research (MR) is to provide management with relevant, accurate, reliable, valid, and current market information. Competitive marketing environment and the ever-increasing costs attributed to poor decision making require that marketing research provide sound information. Sound decisions are not based on gut feeling, intuition, or even pure judgment.

Managers make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs. They make decisions about potential opportunities, target market selection, market segmentation, planning and implementing marketing programs, marketing performance, and control. These decisions are complicated by interactions between the controllable marketing variables of product, pricing, promotion, and distribution. Further complications are added by uncontrollable environmental factors such as general economic conditions, technology, public policies and laws, political environment, competition, and social and cultural changes. Another factor in this mix is the complexity of consumers. Marketing research helps the marketing manager link the marketing variables with the environment and the consumers. It helps remove some of the uncertainty by providing relevant information about the marketing variables, environment, and consumers. In the absence of relevant information, consumers' response to marketing programs cannot be predicted reliably or accurately. Ongoing marketing research programs provide information on controllable and non-controllable factors and consumers; this information enhances the effectiveness of decisions made by marketing managers.

Traditionally, marketing researchers were responsible for providing the relevant information and marketing decisions were made by the managers. However, the roles are changing and marketing researchers are becoming more involved in decision making, whereas marketing managers are becoming more involved with research. The role of marketing research in managerial decision making is explained further using the framework of the "DECIDE" model.

History

Marketing research has evolved in the decades since Arthur Nielsen established it as a viable industry, one that would grow hand-in-hand with the B2B and B2C economies. Markets naturally evolve, and since the birth of ACNielsen, when research was mainly conducted by in-person focus groups and pen-and-paper surveys, the rise of the Internet and the proliferation of corporate websites have changed the means by which research is executed.

Web analytics were born out of the need to track the behaviour of site visitors and, as the popularity of e-commerce and web advertising grew,businesses demanded details on the information created by new practices in web data collection, such as click-through and exit rates. As the Internet boomed,websites became larger and more complex and the possibility of two-way communication between businesses and their consumers became a reality. Provided with the capacity to interact with online customers, Researchers were able to collect large amounts of data that were previously unavailable, further propelling the Marketing Research Industry.

In the new millennium, as the Internet continued to develop and websites became more interactive, data collection and analysis became more commonplace for those Marketing Research Firms whose clients had a web presence. With the explosive growth of the online marketplace came new competition for companies; no longer were businesses merely competing with the shop down the road — competition was now represented by a global force. Retail outlets were appearing online and the previous need for bricks-and-mortar stores was diminishing at a greater pace than online competition was growing.With so many online channels for consumers to make purchases, companies needed newer and more compelling methods, in combination with messages that resonated more effectively, to capture the attention of the average consumer.

Having access to web data did not automatically provide companies with the rationale behind the behaviour of users visiting their sites,which provoked the marketing research industry to develop new and better ways of tracking, collecting and interpreting information. This led to the development of various tools like online focus groups and pop-up or website intercept surveys. These types of services allowed companies to dig deeper into the motivations of consumers, augmenting their insights and utilizing this data to drive market share.

As information around the world became more accessible, increased competition led companies to demand more of Market Researchers. It was no longer sufficient to follow trends in web behaviour or track sales data; companies now needed access to consumer behaviour throughout the entire purchase process.This meant the Marketing Research Industry, again, needed to adapt to the rapidly changing needs of the marketplace, and to the demands of companies looking fora competitive edge.

Today, Marketing Research has adapted to innovations in technology and the corresponding ease with which information is available. B2B and B2C companies are working hard to stay competitive and they now demand both quantitative ("What") and qualitative ("Why?") marketing research in order to better understand their target audience and the motivations behind customer behaviours.

This demand is driving Marketing Researchers to develop new platforms for interactive, two-way communication between their firms and consumers. Mobile devices such as SmartPhones are the best example of an emerging platform that enables businesses to connect with their customers throughout the entire buying process. Innovative research firms, such as *OnResearch* with their *OnMobile* app, are now providing businesses with the means to reach consumers from the point of initial investigation through to the decision and, ultimately, the purchase.

As personal mobile devices become more capable and widespread, the Marketing Research Industry will look to further capitalize on this trend. Mobile devices present the perfect channel for Research Firms to retrieve immediate impressions from buyers and to provide their clients with a holistic view of the consumers within their target markets, and beyond. Now, more than ever,innovation is the key to success for Marketing Researchers. Marketing Research Clients are beginning to demand highly personalized and specifically-focused products from the MR firms; big data is great for identifying general market segments, but is less capable of identifying key factors of niche markets, which now defines the competitive edge companies are looking for in this mobile-digital age.

Characteristics

First, marketing *research is systematic*. Thus systematic planning is required at all the stages of the marketing research process. The procedures followed at each stage are methodologically sound, well documented, and, as much as possible, planned in advance. Marketing research uses the scientific method in that data are collected and analyzed to test prior notions or hypotheses. Experts in marketing research have shown that studies featuring multiple and often competing hypotheses yield more meaningful results than those featuring only one dominant hypothesis.

Marketing research is *objective*. It attempts to provide accurate information that reflects a true state of affairs. It should be conducted impartially. While research is always influenced by the researcher's research philosophy, it should be free from the personal or political biases of the researcher or the management. Research which is motivated by personal or political gain involves a breach of professional standards. Such research is deliberately biased so as to result in predetermined findings. The objective nature of marketing research underscores the importance of ethical considerations. Also, researchers should always be objective with regard to the selection of information to be featured in reference texts because such literature should offer a comprehensive view on marketing. Research has shown, however, that many marketing textbooks do not feature important principles in marketing research.

Related Business Research

Other forms of business research include:

- Market research is broader in scope and examines all aspects of a business environment. It asks questions about competitors, market structure, government regulations, economic trends, technological advances, and numerous other factors that make up the business environment. Sometimes the term refers more particularly to the financial analysis of companies, industries, or sectors. In this case, financial analysts usually carry out the research and provide the results to investment advisors and potential investors.

- Product research — This looks at what products can be produced with available technology, and what new product innovations near-future technology can develop.
- Advertising research - is a specialized form of marketing research conducted to improve the efficacy of advertising. Copy testing, also known as "pre-testing," is a form of customized research that predicts in-market performance of an ad before it airs, by analyzing audience levels of attention, brand linkage, motivation, entertainment, and communication, as well as breaking down the ad's flow of attention and flow of emotion. Pre-testing is also used on ads still in rough (ripomatic or animatic) form. (Young, p. 213)

Classification

Organizations engage in marketing research for two reasons: (1) to identify and (2) solve marketing problems. This distinction serves as a basis for classifying marketing research into problem identification research and problem solving research.

Problem identification research is undertaken to help identify problems which are, perhaps, not apparent on the surface and yet exist or are likely to arise in the future like company image, market characteristics, sales analysis, short-range forecasting, long range forecasting, and business trends research. Research of this type provides information about the marketing environment and helps diagnose a problem. For example, The findings of problem solving research are used in making decisions which will solve specific marketing problems.

The Stanford Research Institute, on the other hand, conducts an annual survey of consumers that is used to classify persons into homogeneous groups for segmentation purposes. The National Purchase Diary panel (NPD) maintains the largest diary panel in the United States.

Standardized services are research studies conducted for different client firms but in a standard way. For example, procedures for measuring advertising effectiveness have been standardized so that the results can be compared across studies and evaluative norms can be established. The Starch Readership Survey is the most widely used service for evaluating print advertisements; another well-known service is the Gallup and Robinson Magazine Impact Studies. These services are also sold on a syndicated basis.

- Customized services offer a wide variety of marketing research services customized to suit a client's specific needs. Each marketing research project is treated uniquely.
- Limited-service suppliers specialize in one or a few phases of the marketing research project. Services offered by such suppliers are classified as field services, coding and data entry, data analysis, analytical services, and branded products. Field services collect data through the internet, traditional mail, in-person, or telephone interviewing, and firms that special-

ize in interviewing are called field service organizations. These organizations may range from small proprietary organizations which operate locally to large multinational organizations with WATS line interviewing facilities. Some organizations maintain extensive interviewing facilities across the country for interviewing shoppers in malls.

- Coding and data entry services include editing completed questionnaires, developing a coding scheme, and transcribing the data on to diskettes or magnetic tapes for input into the computer. NRC Data Systems provides such services.
- Analytical services include designing and pretesting questionnaires, determining the best means of collecting data, designing sampling plans, and other aspects of the research design. Some complex marketing research projects require knowledge of sophisticated procedures, including specialized experimental designs, and analytical techniques such as conjoint analysis and multidimensional scaling. This kind of expertise can be obtained from firms and consultants specializing in analytical services.
- Data analysis services are offered by firms, also known as tab houses, that specialize in computer analysis of quantitative data such as those obtained in large surveys. Initially most data analysis firms supplied only tabulations (frequency counts) and cross tabulations (frequency counts that describe two or more variables simultaneously). With the proliferation of software, many firms now have the capability to analyze their own data, but, data analysis firms are still in demand.
- Branded marketing research products and services are specialized data collection and analysis procedures developed to address specific types of marketing research problems. These procedures are patented, given brand names, and marketed like any other branded product.

Types

Marketing research techniques come in many forms, including:

- Ad Tracking – periodic or continuous in-market research to monitor a brand's performance using measures such as brand awareness, brand preference, and product usage. (Young, 2005)
- Advertising Research – used to predict copy testing or track the efficacy of advertisements for any medium, measured by the ad's ability to get attention (measured with Attention-Tracking), communicate the message, build the brand's image, and motivate the consumer to purchase the product or service. (Young, 2005)
- Brand awareness research — the extent to which consumers can recall or recognise a brand name or product name
- Brand association research — what do consumers associate with the brand?
- Brand attribute research — what are the key traits that describe the brand promise?
- Brand name testing - what do consumers feel about the names of the products?
- Buyer decision making process— to determine what motivates people to buy and what

decision-making process they use; over the last decade, Neuromarketing emerged from the convergence of neuroscience and marketing, aiming to understand consumer decision making process

- Commercial eye tracking research — examine advertisements, package designs, websites, etc. by analyzing visual behavior of the consumer
- Concept testing - to test the acceptance of a concept by target consumers
- Coolhunting (also known as trendspotting) - to make observations and predictions in changes of new or existing cultural trends in areas such as fashion, music, films, television, youth culture and lifestyle
- Copy testing – predicts in-market performance of an ad before it airs by analyzing audience levels of attention, brand linkage, motivation, entertainment, and communication, as well as breaking down the ad's flow of attention and flow of emotion. (Young, p 213)
- Customer satisfaction research - quantitative or qualitative studies that yields an understanding of a customer's satisfaction with a transaction
- Demand estimation — to determine the approximate level of demand for the product
- Distribution channel audits — to assess distributors' and retailers' attitudes toward a product, brand, or company
- Internet strategic intelligence — searching for customer opinions in the Internet: chats, forums, web pages, blogs... where people express freely about their experiences with products, becoming strong opinion formers.
- Marketing effectiveness and analytics — Building models and measuring results to determine the effectiveness of individual marketing activities.
- Mystery consumer or mystery shopping - An employee or representative of the market research firm anonymously contacts a salesperson and indicates he or she is shopping for a product. The shopper then records the entire experience. This method is often used for quality control or for researching competitors' products.
- Positioning research — how does the target market see the brand relative to competitors? - what does the brand stand for?
- Price elasticity testing — to determine how sensitive customers are to price changes
- Sales forecasting — to determine the expected level of sales given the level of demand. With respect to other factors like Advertising expenditure, sales promotion etc.
- Segmentation research - to determine the demographic, psychographic, cultural, and behavioural characteristics of potential buyers
- Online panel - a group of individual who accepted to respond to marketing research online
- Store audit — to measure the sales of a product or product line at a statistically selected store sample in order to determine market share, or to determine whether a retail store provides adequate service

- Test marketing — a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market
- Viral Marketing Research - refers to marketing research designed to estimate the probability that specific communications will be transmitted throughout an individual's Social Network. Estimates of Social Networking Potential (SNP) are combined with estimates of selling effectiveness to estimate ROI on specific combinations of messages and media.

All of these forms of marketing research can be classified as either problem-identification research or as problem-solving research.

There are two main sources of data — primary and secondary. Primary research is conducted from scratch. It is original and collected to solve the problem in hand. Secondary research already exists since it has been collected for other purposes. It is conducted on data published previously and usually by someone else. Secondary research costs far less than primary research, but seldom comes in a form that exactly meets the needs of the researcher.

A similar distinction exists between exploratory research and conclusive research. Exploratory research provides insights into and comprehension of an issue or situation. It should draw definitive conclusions only with extreme caution. Conclusive research draws conclusions: the results of the study can be generalized to the whole population.

Exploratory research is conducted to explore a problem to get some basic idea about the solution at the preliminary stages of research. It may serve as the input to conclusive research. Exploratory research information is collected by focus group interviews, reviewing literature or books, discussing with experts, etc. This is unstructured and qualitative in nature. If a secondary source of data is unable to serve the purpose, a convenience sample of small size can be collected. Conclusive research is conducted to draw some conclusion about the problem. It is essentially, structured and quantitative research, and the output of this research is the input to management information systems (MIS).

Exploratory research is also conducted to simplify the findings of the conclusive or descriptive research, if the findings are very hard to interpret for the marketing managers.

Methods

Methodologically, marketing research uses the following types of research designs:

Based on questioning

- Qualitative marketing research - generally used for exploratory purposes — small number of respondents — not generalizable to the whole population — statistical significance and confidence not calculated — examples include focus groups, in-depth interviews, and projective techniques
- Quantitative marketing research - generally used to draw conclusions — tests a specific hypothesis - uses random sampling techniques so as to infer from the sample to the population — involves a large number of respondents — examples include surveys and questionnaires. Techniques include choice modelling, maximum difference preference scaling, and covariance analysis.

Based on observations

- Ethnographic studies — by nature qualitative, the researcher observes social phenomena in their natural setting — observations can occur cross-sectionally (observations made at one time) or longitudinally (observations occur over several time-periods) - examples include product-use analysis and computer cookie traces.
- Experimental techniques - by nature quantitative, the researcher creates a quasi-artificial environment to try to control spurious factors, then manipulates at least one of the variables — examples include purchase laboratories and test markets

Researchers often use more than one research design. They may start with secondary research to get background information, then conduct a focus group (qualitative research design) to explore the issues. Finally they might do a full nationwide survey (quantitative research design) in order to devise specific recommendations for the client.

Business to Business

Business to business (B2B) research is inevitably more complicated than consumer research. The researchers need to know what type of multi-faceted approach will answer the objectives, since seldom is it possible to find the answers using just one method. Finding the right respondents is crucial in B2B research since they are often busy, and may not want to participate. Encouraging them to "open up" is yet another skill required of the B2B researcher. Last, but not least, most business research leads to strategic decisions and this means that the business researcher must have expertise in developing strategies that are strongly rooted in the research findings and acceptable to the client.

There are four key factors that make B2B market research special and different from consumer markets:

- The decision making unit is far more complex in B2B markets than in consumer markets
- B2B products and their applications are more complex than consumer products
- B2B marketers address a much smaller number of customers who are very much larger in their consumption of products than is the case in consumer markets
- Personal relationships are of critical importance in B2B markets.

Small Businesses and Nonprofits

Marketing research does not only occur in huge corporations with many employees and a large budget. Marketing information can be derived by observing the environment of their location and the competitions location. Small scale surveys and focus groups are low cost ways to gather information from potential and existing customers. Most secondary data (statistics, demographics, etc.) is available to the public in libraries or on the internet and can be easily accessed by a small business owner.

Below are some steps that could be done by SME (Small Medium Entreprise) to analyze the market:

1. Provide secondary and or primary data (if necessary);
2. Analyze Macro & Micro Economic data (e.g. Supply & Demand, GDP,Price change, Economic growth, Sales by sector/industries,interest rate, number of investment/ divestment, I/O, CPI, Social anlysis,etc.);
3. Implement the marketing mix concept, which is consist of: Place, Price, Product,Promotion, People, Process, Physical Evidence and also Political & social situation to analyze global market situation);
4. Analyze market trends, growth, market size, market share, market competition (e.g. SWOT analysis, B/C Analysis,channel mapping identities of key channels, drivers of customers loyalty and satisfaction, brand perception, satisfaction levels, current competitor-channel relationship analysis, etc.),etc.;
5. Determine market segment, market target, market forecast and market position;
6. Formulating market strategy & also investigating the possibility of partnership/ collaboration (e.g. Profiling & SWOT analysis of potential partners, evaluating business partnership.)
7. Combine those analysis with the SME's business plan/ business model analysis (e.g. Business description, Business process, Business strategy, Revenue model, Business expansion, Return of Investment, Financial analysis (Company History, Financial assumption, Cost/ Benefit Analysis, Projected profit & Loss, Cashflow, Balance sheet & business Ratio,etc.).

Note as important : Overall analysis should be based on 6W+1H (What, When, Where, Which, Who, Why and How) question.

International Plan

International Marketing Research follows the same path as domestic research, but there are a few more problems that may arise. Customers in international markets may have very different customs, cultures, and expectations from the same company. In this case, Marketing Research relies more on primary data rather than secondary information. Gathering the primary data can be hindered by language, literacy and access to technology. Basic Cultural and Market intelligence information will be needed to maximize the research effectiveness. Some of the steps that would help overcoming barriers include; 1. Collect secondary information on the country under study from reliable international source e.g. WHO and IMF 2. Collect secondary information on the product/service under study from available sources 3. Collect secondary information on product manufacturers and service providers under study in relevant country 4. Collect secondary information on culture and common business practices 5. Ask questions to get better understanding of reasons behind any recommendations for a specific methodology

Common Terms

Market research techniques resemble those used in political polling and social science research. Meta-analysis (also called the Schmidt-Hunter technique) refers to a statistical method of combining data from multiple studies or from several types of studies. Conceptualization means the process of converting vague mental images into definable concepts. Operationalization is the process of converting concepts into specific observable behaviors that a researcher can measure. Precision refers to the exactness of any given measure. Reliability refers to the likelihood that a given operationalized construct will yield the same results if re-measured. Validity refers to the extent to which a measure provides data that captures the meaning of the operationalized construct as defined in the study. It asks, “Are we measuring what we intended to measure?”

- Applied research sets out to prove a specific hypothesis of value to the clients paying for the research. For example, a cigarette company might commission research that attempts to show that cigarettes are good for one’s health. Many researchers have ethical misgivings about doing applied research.
- Sugging (from SUG, for “selling under the guise” of market research) forms a sales technique in which sales people pretend to conduct marketing research, but with the real purpose of obtaining buyer motivation and buyer decision-making information to be used in a subsequent sales call.
- Frugging comprises the practice of soliciting funds under the pretense of being a research organization.

Careers

Some of the positions available in marketing research include vice president of marketing research, research director, assistant director of research, project manager, field work director, statistician/data processing specialist, senior analyst, analyst, junior analyst and operational supervisor.

The most common entry-level position in marketing research for people with bachelor’s degrees (e.g., BBA) is as operational supervisor. These people are responsible for supervising a well-defined set of operations, including field work, data editing, and coding, and may be involved in programming and data analysis. Another entry-level position for BBAs is assistant project manager. An assistant project manager will learn and assist in questionnaire design, review field instructions, and monitor timing and costs of studies. In the marketing research industry, however, there is a growing preference for people with master’s degrees. Those with MBA or equivalent degrees are likely to be employed as project managers.

A small number of business schools also offer a more specialized Master of Marketing Research (MMR) degree. An MMR typically prepares students for a wide range of research methodologies and focuses on learning both in the classroom and the field.

The typical entry-level position in a business firm would be junior research analyst (for BBAs) or research analyst (for MBAs or MMRs). The junior analyst and the research analyst learn about the particular industry and receive training from a senior staff member, usually the marketing research manager. The junior analyst position includes a training program to prepare individuals for the responsibilities of a research analyst, including coordinating with the marketing department and sales force to develop goals for product exposure. The research analyst responsibilities include checking all data for accuracy, comparing and contrasting new research with established norms, and analyzing primary and secondary data for the purpose of market forecasting.

As these job titles indicate, people with a variety of backgrounds and skills are needed in marketing research. Technical specialists such as statisticians obviously need strong backgrounds in statistics and data analysis. Other positions, such as research director, call for managing the work of others and require more general skills. To prepare for a career in marketing research, students usually:

- Take all the marketing courses.
- Take courses in statistics and quantitative methods.
- Acquire computer skills.
- Take courses in psychology and consumer behavior.
- Acquire effective written and verbal communication skills.
- Think creatively.

Corporate Hierarchy

- Vice-President of Marketing Research: This is the senior position in marketing research. The VP is responsible for the entire marketing research operation of the company and serves on the top management team. Sets the objectives and goals of the marketing research department.
- Research Director: Also a senior position, the director has the overall responsibility for the development and execution of all the marketing research projects.
- Assistant Director of Research: Serves as an administrative assistant to the director and supervises some of the other marketing research staff members.
- (Senior) Project Manager: Has overall responsibility for design, implementation, and management of research projects.
- Statistician/Data Processing Specialist: Serves as an expert on theory and application of statistical techniques. Responsibilities include experimental design, data processing, and analysis.
- Senior Analyst: Participates in the development of projects and directs the operational execution of the assigned projects. Works closely with the analyst, junior analyst, and other personnel in developing the research design and data collection. Prepares the final report. The primary responsibility for meeting time and cost constraints rests with the senior analyst.
- Analyst: Handles the details involved in executing the project. Designs and pretests the questionnaires and conducts a preliminary analysis of the data.
- Junior Analyst: Handles routine assignments such as secondary data analysis, editing and coding of questionnaires, and simple statistical analysis.
- Field Work Director: Responsible for the selection, training, supervision, and evaluation of interviewers and other field workers.

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