

Lesson 20

Market Planning and Research

Aims

The aims of this lesson are to enable you to

- analyse **the market** using a number of methods and strategies, including analysis of existing and potential markets for goods and services
- analyse **marketing methods and strategies** including
 - SWOT analysis
 - desk research
 - field research
 - sampling methods including random, quota and targeted samples (where a specific age, gender or socio-economic group is identified for sampling)
 - market segmentation
- analyse the product life cycle

Context

Candidates should explore marketing from psychological and sociological perspectives. Candidates should understand how consumers behave in the market place and appreciate sociological factors that influence their behaviour.



Marketing

How does a business go about identifying and satisfying customers' needs in a changing and competitive environment?

Marketing is not just advertising. It is a form of contact between a business and its environment. Marketing policy is influenced by the size and type of the business. We will attempt to link the various components of marketing so that the relationship between them may be identified and viewed as an integrated whole.

In this lesson, we will focus on some of the ways that businesses analyse the market in which they are competing.

Markets

Ask your granny what a market is and she will say it is the place where she gets her vegetables on Wednesdays. Ask a businessman what a market is and you will get a very different answer.

Shopping markets, although they still exist in many towns, tend eventually to split up into a series of specialised markets, one for wool in one quarter of the town, one for metals in another, and so on.

Bread Street, Milk Street, and Ironmonger Lane in London were once the sites of such local specialised markets. A later development was the setting up of specialised markets in particular towns to serve the whole region or the whole country. Liverpool became famous for its cotton markets, and Bradford for wool, whilst in London were set up national markets such as the Stock Exchange for stocks and shares, the Corn and Coal Exchanges, Covent Garden for fruit, Billingsgate for fish, and Smithfield for meat.

A "market", however, in the business sense is not necessarily a fixed place where goods are displayed. It can exist anywhere where buyers and sellers are in direct contact and in competition with one another. Thus, Mincing Lane in London is the seat of a world market for a variety of produce, tea, rubber, spices and sugar, little of which produce ever comes to London.

Sales of cinnamon or shellac between Iceland and India take place in London as buyers and sellers from all over the world freely centralize their requirements in Mincing Lane for convenience. The grain and shipping markets on the Baltic Exchange, and the London Metal Exchange are other examples.

As means of communication improved, the post, telegraph, telephone and wireless, made possible an extension of markets on a scale hitherto unknown. Markets tended to become more and more “perfect” as changes in local prices and quantities available could be notified all over the world within a few minutes. Thus competition became very strong and it became less and less possible for different prices to be current for the same commodity in different parts of the world.

Activity 1	In the space provided below, write down what marketing means to you.
	

Marketing means many different things to different people. To many people marketing is synonymous with *selling*. They believe that the role of marketing is to sell the product or service the company or organisation produces or provides.

Others will suggest that marketing is synonymous with *advertising*. In this view the role of marketing is to create demand for the product by making it appear more attractive to potential customers. Others may have mentioned *pricing* as a major task of marketing, the manipulation of prices being a key way in which the company’s offering can be distinguished from its competitors and made more attractive to customers.

To others *distribution* will also have entered into an attempt to describe what marketing is about, the physical bringing of the company’s product or service to the consumer. Still others see a major role for marketing in deciding *what products* to offer on the market.

Each of these is an *aspect* of marketing, not the whole. Any attempt to define marketing and its role in the modern firm must include all these elements. It must, however, take as its

starting-point and cornerstone the customer, for it is in understanding the *customer* and his or her wants and needs that marketing plays its key role in shaping the company's response to those wants and needs.

The "bible" of marketing skills, in Britain as well as the USA, is a book by Philip Kotler called *Marketing Management: Analysis, Planning and Control*. Kotler starts his book with the following definition:

Marketing is the business function that identifies current unfulfilled needs and wants, defines and measures their magnitude, determines which target markets the organisation can best serve, and decides on appropriate products, services, and programmes to serve these markets. Thus marketing serves as the link between a society's needs and its pattern of industrial response.

In everyday life, you are more likely to hear that marketing is all about exploiting the gullible public, persuading them to buy things they don't really want or need. One thinks of the mountain of junk mail landing on the front door mat with promises of untold wealth as long as the recipient returns the sealed envelope before the end of the week, or of catalogues stuffed with the latest labour-saving devices and status symbols all available on 'interest-free credit'.

There is no doubt that we live in a society where the individual is subjected to enormous pressure to buy, buy and buy again. In most UK towns the Citizens Advice Bureau spends the larger part of its time trying to sort out the problems of those who have run up mountainous debts with a fistful of credit cards. Doctors have to deal with a variety of eating disorders which, to some extent, are "caused" by advertising images of thin women. How much of this is the fault of marketing? Is it the cause of such problems, or merely a symptom of a society which has become increasingly materialistic?

Understandably enough, textbooks like Kotler's strive to emphasize the positive side of marketing. Others, though, have noted the problems caused by global marketing. Countries as well as individuals have gone heavily into debt by 'living beyond their means', borrowing huge sums of money from world banks only too keen to lend to them. America, with its ethos of conspicuous consumption, started the 1980s as the world's number one creditor nation and finished the decade as the world's number one debtor. The new economic world power was then Japan which would lend its enormous wealth to other countries so that they could purchase the vast output of

consumer goods emanating from the Far East. America surged again around the turn of the century, to compete with the newly-emergent economic wealth of China. In 2008 the global economy all but collapsed, and individual national economies were all subject to world recession.

Marketing and Business Planning

Marketing 'begins before the product exists and continues long after the product is sold, interpreting all along what is happening in the marketplace and always seeking ways to improve customer satisfaction' (Kotler). In this sense marketing is the nerve centre of today's business.

Companies or organisations that are most likely to succeed are those that recognize **customer wants and needs** and gear themselves to satisfying them better than their competitors. There is no reason why customers should beat a path to your door to buy your products or services unless they are in some way better at satisfying their wants and needs than those offered by competing organisations.

Marketing's role is to put the marketing philosophy into practice by

- clearly identifying customer wants and needs
- matching them to the business's capabilities
- developing plans or programmes for meeting customer requirements
- and putting them into practice.

Market Research

Finding out about the markets in which the business operates is the first task of marketing management.

Activity 2

Think about the marketing department in a company which is considering making chocolate bars. What sort of questions are they likely to ask?

	
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Typical questions considered are:

1. *Who* are the customers?
2. *Why* do they buy the product or service?
3. *When* do they buy the product or service?
4. *Where* do they buy it and/or consume it?
5. *How* are their needs and wants changing?
6. *Who* are the competitors?

Activity 3	What sort of answers would you expect the chocolate bar company to get to those six questions?
	<ol style="list-style-type: none"> 1. 2. 3. 4. 5. 6.

Market research can involve both *quantitative* assessment of the market (its size, values, buying behaviour, and competitiveness expressed in numerical terms) and *qualitative* assessment (what motivates the customers and what they are seeking in consuming the product).

We will now look at different methods of assessing the market.

SWOT Analysis

Different marketing departments go about the problem of analysis in different ways. One of the most basic techniques which you will find useful in any case study is what is called SWOT analysis.

SWOT stands for **Strengths, Weaknesses, Opportunities, Threats**. These are the four headings under which it is traditional to consider the position of a company or product at a particular moment in time. In each case, the company (or product) is considered in relation to its competitors in the marketplace.

Activity 4

SWOT analysis can be useful in everyday life. Try analysing your own situation as you study this course and work towards an examination.

What are your strengths and weaknesses as a student? What opportunities will there be if things go well, and what can prevent you achieving those objectives?



Thinking as Broadly as Possible

In each of the four categories, you need to take as wide a view as possible. If you were a director of a pay-to-view sports TV channel in the UK, you would need to consider not just other satellite, digital and cable television companies, but also what the mainstream channels (BBC and ITV) are showing. You would also need to consider television developments in other countries. You might also consider cinema, DVDs, BBC's I-player, You Tube, and other media which compete with television. You might even consider a variety of other leisure industries, all of which compete for the same audience, in the widest sense. All these may be relevant to your decision-making.

It is said that many years ago a new Managing Director arrived at Parker Pens and immediately called a Board Meeting. He held up Parker's top-of-the-range fountain pen and asked who its main competitor was. The board generally agreed that Schaeffer represented the main rival and threat. But a younger director suggested that a new product called a Biro ballpoint might be more significant even though it was in a completely different category as far as price and other factors were concerned. Sure enough, the Biro and its many imitators went on to dominate the pen market. Some manufacturers saw the trend and acted in time, others didn't.

The pen market doesn't exist in isolation. The question that needs to be asked is: what is a pen used *for*? It records and transmits information on paper. Immediately you can see that the Parker or the Biro competes with all other tools that record information. It competes with the typewriter, the tape recorder and the computer, amongst others. Amongst transmitters of information, it competes with the telephone, television, radio and computer. There is a huge opportunity out there because all of us want to record and transmit information, but there are also any number of different threats which may make a Parker pen, or pens generally, redundant.

So under **strengths**, for instance, you need to use as much lateral thinking as possible. When considering the Parker pen, you would think not just of the smooth flow of high-quality ink which it provides but also the good name of the company. You might think of the well-established links with wholesalers and retailers like W.H. Smith's. You might note the company's sound financial position, or the skills of the Managing Director, and other key employees. You might think of the difference between a letter signed with a fountain pen and others signed with a ballpoint pen or a printed signature. What does this difference convey?

You might remember that you have an exclusive contract which supplies the high-grade tungsten that you need, and so on. All of these factors are relevant to your SWOT analysis. Think of yourself as a doctor who needs to consider all the symptoms, physical and psychological, before making a diagnosis.

Studying the Customer

If you refer back to Kotler's definition of marketing earlier in the lesson ('function that identifies current unfulfilled needs and wants, defines and measures their magnitude'), it's clear that

understanding the market is absolutely fundamental to a good marketing strategy, and to the business itself. If nobody wants to buy what you've got to offer then your business will fail.

This may seem obvious but what happened to the Sinclair C5 car? Here was a vehicle that was brilliantly designed by one of the outstanding creative minds of his day. It seemed to answer to the need for a car that would not consume petrol, and yet cost a fraction of the price of most new cars. How could it fail? Fail it did, because very few people actually wanted to buy it!

Every consumer is unique in that we all have different desires, opinions and experiences. No two people will take the same trolley-load through the supermarket check-out in one day. Yet the marketing department has to work out the relevant common factors and, in particular, the needs that a large enough group of people share.



"After extensive research, we've finally found the man who bought all those Lady Gaga records."

How to Find the Information

Methods of market research include primary and secondary techniques. **Primary MR** entails gathering your own facts and figures, e.g. from customers and potential customers. **Secondary MR** involves using information collected elsewhere. We look at the differences between the two categories below. Here are some of the possible resources that might be used:

- questionnaires
- surveys

- interviews
- focus groups
- internet research
- printed press, e.g. newspapers.

There are large numbers of market research organisations including the Office of Population Census and Surveys. Census data may be of great value to marketing departments. Censuses are conducted every ten years, and the results are now available online at www.oop.co.uk/2009bsi.

Most manufacturing companies, for example ICI, have their own market research departments. Even where firms do not have their own market research departments, it may be possible for them to carry out their own research by use of postal and online surveys. In other cases firms will use the services of advertising agencies' market research departments.

Specialised market and opinion research agencies include Ipsos MORI (formerly MORI: Market and Opinion Research International), GfK NOP (Growth from Knowledge National Opinion Poll) and Gallup. What sort of companies are they? Within all such market and opinion research organisations there are several groups of staff, including those who collect the information, those who process the data, and an administration department. Most offer specialist skills in the construction of surveys or questionnaires.

But in the internet age, there are almost unlimited secondary resources available. Search engines enable researchers to scour the world for the information they need. This may be a cheaper but less focused method than enlisting specialized MR agencies.

Desk Research

The first task for the market researcher is to define the problem. Does the manufacturer, for example, want to launch a new product? Or does it want to check on what the effects of price changes might be, or what would happen if it modified the product? When it is important to be aware of the total market, data is obtained from trade associations.

In some cases pilot studies may be helpful. It is important to look at the cost of market research and see whether this outweighs potential rewards. Particularly in small firms, the

cost of carrying out market research may be misunderstood if people under-estimate the true cost of their time.

Desk research, also known as **secondary research** uses information already available either within the business itself, or in published sources. Internal sources might include accounts, customer records, sales records and reports. External sources include information in trade journals, and the reports and statistics compiled by government departments such as the census, mentioned above. The term 'secondary' refers to the fact that the information was gathered for another purpose and is being used again. This information can be gathered from the researcher's desk, hence the term 'desk' research. It is the cheapest and quickest form of research.

From **desk research** we may be able to find details of population plus projected population. This may be vital, for example, for the housing industry. We can also look at data from the retail price index, for example, showing how people currently spend their money. We could also buy data on a wide variety of specialist subjects. We can refer to information published by specialist market research and opinion agencies mentioned above.

The value of internally collected data is dependent on how it is collected in the first place. Unfortunately, sales data is often not collected or maintained in a manner that makes it easy to use for marketing decision making.

As a general rule it is desirable to collect **routine data** on as detailed a basis as possible to allow for data analysis requirements. For example, sales records should be kept by customer, customer type, product, product line, sales territory, sales-person and detailed time period. Data of this type facilitates the identification of profitable and unprofitable customers, territories and product lines, and trends in the market-place. This use of internal data is what Kotler refers to as the *internal accounting system*.

With so much secondary data available, why bother with primary research?

Primary Research

Primary, or *field*, **research** is undertaken where the secondary sources cannot give the detail of information required to solve a

particular problem, or sufficiently aid decision-making. Primary research involves collection of *new* data, often directly from customers or intermediaries. An advantage of primary research is that the researcher knows where the information came from. It is new information, gathered in specific circumstances, of which the researcher will be aware of the limitations. Primary research includes surveys by questionnaire, interviews, consumer panels, observation and experiments.

Surveys

Once the marketing task has been defined, researchers may construct a survey questionnaire. At this stage, it is important to check the sample size, and determine the sampling frame. When setting the questions, the researcher needs to consider:

1. Who the questionnaire is aimed at (the target population).
2. What is the main information required?
3. How will the information be used?

Questions need to be carefully constructed so that respondents' answers are unambiguous. Surveys often used 'closed' questions to which the answer is 'yes' or 'no' or a one-word answer, or multiple choice, where the respondent selects one of four or five choices as an answer. Questionnaires include lists of questions designed to obtain information in a way that is not open to misinterpretation and can be easily analysed. They can be used in interviews, sent by post, or carried out online.

If we carry out **field surveys** (for example, in the High Street) we can use **opinion scales**. These are quite a common organisational tool, allowing the interviewee to judge a product as good, very good, moderate, fairly bad or very bad. It is important to make sure that there are no ambiguities. It is also helpful to include room for comments since it is almost impossible to provide for every conceivable answer and, particularly where new products are concerned, it may be helpful to have some feedback.

Interviews

Interviews are conducted by telephone and face-to-face. The interviewer asks the interviewee a range of questions to obtain their views and ideas. A disadvantage of interviews is that they are subject to interviewer bias (the interviewer may misinterpret

or misunderstand the interviewee's response). A way of avoiding this is to use a standard questionnaire.

Choosing the sample of people to interview must be done carefully. They must be representative of the whole target population. The only way to be certain of this is to ensure that the people are selected at random from the target population. This is called a **random sample** (see below).

Consumer Panels and Focus Groups

Sometimes businesses have panels of customers who advise them about their products. Supermarkets and television channels regularly meet panels or otherwise seek their views on certain products or programmes. Such panels may be called **focus groups**. Such groups include carefully selected individuals asked to discuss a particular kind of product or marketing situation.

Observation

Sometimes a market researcher will want to know what consumers think of an aspect of a product and will watch their behaviour as they explore the product. For example, a chocolate company may produce the same Easter egg and display it in several types of packaging. The researcher will observe customers to see which they choose.

Experiments

A good way to see whether consumers like a new product is to offer them a sample to try. In supermarkets, a researcher may offer small samples of food or drink to try. Magazines may offer samples of beauty products for readers to sample. This kind of market testing enables researchers to obtain feedback from consumers sampling the products which can then, if necessary, be modified before being put on the market.

Such research is an example of **test marketing**. Test marketing is an experiment carried out in a test market made up of actual stores and real-life buying scenarios. The buyers do not know that they are participating in an evaluation programme. Test marketing simulates the eventual market-mix to get a feel for consumer reaction. In simple terms, it asks the question – do people actually want to spend money on this?

Sampling Methods

In an ideal world you would ask all your potential customers exactly what they want and then give it to them. But there are billions of people on the planet and you cannot ask all of them for their views. Even if you are a market trader who plans to sell only to the people of Colchester, it is still not practical to discover the opinions of everyone who might happen to come by your stall.

Sampling is the process of picking a certain number of people (or “subjects”) who can *represent* a much larger community. Instead of asking a million people, you might ask a hundred people instead. They might not be able to tell you everything about your target market but it is still better than asking nobody at all.

Asking questions and assimilating the answers costs money. Asking 200 people costs more than asking 100 people. How many do you need to ask before the opinions you get start to mean something? This is a difficult question and the answer will vary from one product to another. If you decide on a sample size of 100, how do you go about choosing 100 subjects out of a much larger population in such a way that the diversity within those 100 subjects will be somehow typical or representative of the huge unquestioned population?

There are a number of sampling methods to choose from. **Random sampling** involves selecting subjects on the basis that everyone in the population has an equal chance of becoming part of the sample. This may sound simple but is actually quite hard. For instance, you might go to the middle of town and accost everyone who passes by, asking for their views. Surely this gives a random sample? No, you are limited to the kind of people who have chosen to go to that particular place (for whatever reason). It is also true that certain social groups may be willing to answer your questions, others not.

What about taking every 50th name from the electoral register? This is more promising, especially if you are going right through the register. But if you just take the letter ‘s’, for example, you will get a disproportionate number of people called Smith (or Singh) and they may not be representative of the sample as a whole. An *absolutely* random sample is expensive to achieve and most researchers will settle in practice for a close approximation.

Quota sampling means dividing up your total population into a set of smaller categories and then making sure that you have a specified number of subjects in each category. For instance, you might insist that 100 subjects were divided as follows:

	Male	Female
Age 0-20	10	10
21-30	10	10
31-40	10	10
41-50	10	10
51+	10	10

The researcher, accosting people on the hypothetical street corner, must make sure that each quota is fulfilled. The numbers in each section do not have to be equal. Researchers into hairspray, for instance, might decide to include 80 women but only 20 men in their sample. This is a **targeted sample** and it means that the researcher has made decisions in advance about which groups of people are likely customers and which ones are going to have relevant opinions. The objective is always to get as much reliable information as you can (at the cheapest price) rather than obey strict scientific rules of impartiality.

In practice, most sampling is targeted in some way. You may distinguish between two different types of targeted sample, the stratified sample and the cluster sample. The **stratified sample** is one that is restricted to a specific characteristic (age, sex, etc) or set of characteristics. Hairspray researchers, for instance, might decide to limit their sample to women between 30 and 50 because most of their customers will come from that group. The **cluster sample** restricts the sampling to a predetermined area. For instance, the market trader is only interested in the views of people who live in Colchester itself.

Activity 5

Complete the following table:

Research Method	Advantages	Disadvantages
Questionnaires		

Interviews		
Random sampling		
Experiments		
Consumer Panels		
Observation		

The Idea of Homogeneity

Ideally, the survey group will be homogeneous (all of the same kind), and easy to isolate from the total population. For instance, if you wanted to sell sheep dye, it would be fairly easy to work out that your potential customers are all sheep farmers. As long as you can find out which members of the population are sheep farmers (for example, from a mailing list) it should be possible to focus on those individuals and persuade them to buy.

If you are trying to sell a battery-powered car, how do you identify those individuals who have a strong desire to avoid spending money on petrol? This is a much more heterogeneous group of people with nothing obvious in common. Such people are more difficult to identify and categorize.

Each of us is a clear and obvious member of certain (homogeneous) groups. For instance, there is that group of individuals who live in Milton Keynes. They can be identified with some certainty just by looking at the local paper. If you want to sell “I ♥ Milton Keynes” t-shirts, you won’t try advertising in the *Manchester Evening Telegraph*, or the *Angler’s Times*. But if you wanted to sell a fishing rod, you would see things differently. So there are two distinct phases in the attempt to match a possible product to a market:

- identify the target group
- find a way of reaching that group in a way that you can afford

These are questions which have to be asked before you proceed with production or development of an idea. You may even decide that it will be too expensive to make contact with your potential market and abandon your idea altogether.

Segmentation is the technical term given to the process of selecting a particular slice of the population. Segmentation can be achieved in all sorts of ways. Some of the factors which may be used are as follows:

- age
- sex
- social group
- geographical location
- political views
- hobbies
- level of education
- wealth
- desired benefits
- preferred mode of shopping
- what they’ve bought before

One of these factors might be the most important, or, more likely, it will be a combination of some of these but not others. It is a delicate art indeed.

Once you’ve identified a target market, you will still need to persuade them to part with their money. That will be one of the subjects of the next lesson.

The Product Life Cycle

Marketing executives tend to think of products and particular brands as though they had a life of their own. It is as if they are born, go through various stages similar to those of human development, and eventually die. The product life cycle may be divided into the following stages:

- research and development
- introduction
- growth
- maturity
- decline

As babies and small children, we require a great deal of looking after and we cannot repay the investment that is put into us. It is the same with a new product. A great deal of money must be spent in research, product development, and initial advertising before the business begins to see a return on its investment. When the product reaches its intended market, there will be a period (like an apprenticeship, perhaps) when costs are balanced by revenue and eventually, when the product is established, it should make a profit. Now that it is “mature”, it can support other developing products.

But its earning power will not last for ever. One day no one will want to buy it any more and it would be a waste of money to continue advertising it. So, in its “old age”, the product may still be available but it is no longer actively promoted. Eventually, it must be withdrawn altogether.

It is important to know whereabouts a product is in its life cycle. This will have an effect on the amount of promotion that is organised and perhaps also on the planning of production. There is no use building a bigger factory if a product’s sales are just about to go into an unavoidable decline.

Naturally, any business will wish to extend the useful ‘life’ of a product for as long as possible. Possible ‘extension’ strategies include:

- updating packaging
- adding more or different features
- changing target market
- advertising

- price reduction.

The Boston Matrix

As a way of helping companies decide on how to invest in growing their business, in the 1970s the Boston Consulting Group developed *The Boston Matrix*. This offers a way of analyzing how successful a company's products or departments are by looking at their sales as a percentage of the market (market share) and comparing this with how fast they are growing (market growth).

The Boston Matrix

		market share	
		High	Low
market growth	High	Star	Problem child/ question mark
	Low	Cash cow	Dog

The diagram shows how the company's sales or products can be compared in terms of market share and market growth. A cash cow is product or business unit that is no longer growing but retains a large share of the market. The revenue it produces can be invested in other products or areas of the business, as it is no longer worth investing in the products that are producing the revenue.

A star product or unit is like the cash cow in that it is producing a high amount of revenue, but its market share is still growing and growing quickly. If further investments are made in the star product, it may be able to grow more, and may be able to pay for investment from its own profits. When it stops growing, the star product may become a cash cow. A problem child or question mark has a small share of a growing market. It needs significantly more investment to grow. A dog has a small share

of the market that is not growing. It is probably of little value to a business.

Activity 6

Some products and brands have a longer life than others. See if you can think of a product with a particularly short life cycle and another with a very long one.



Key Words

market	the environment in which organisations sell (or distribute) their goods or services; that part of the population which is willing to buy a particular product or service
market research	discovering what people want in terms of new (or existing) products or services
sampling	selecting a number of people out of the population being studied, in such a way that they are representative of the group as a whole
target market or population	the people that a product is aimed at, according, to age, sex, income, social group, etc
product image	the impression which the producer would like to project of a particular product
consumer protection laws	laws which prevent advertisers making false claims about their products or selling unsatisfactory goods
segmentation	the process of selecting a particular slice of the population

SWOT analysis SWOT = Strengths, Weaknesses, Opportunities, Threats — a way of looking at the current position of a business or a particular product

Suggested Answer to Activity Three

1. Nearly everyone is a potential customer as most of us eat chocolate at some time. But there may be particular sections of the population which consume more chocolate — children, perhaps. Much television advertising of chocolate products aims at young women so they may be buying more than most.
2. A very big question. Something as simple as ‘because they like the taste’ may only be a small part of the answer. I like the taste of oysters but I haven’t bought any this year. Other things like comfort, reassurance, a desire to indulge oneself, may be just as relevant. Psychologists have uncovered even deeper motives but even they cannot agree on the main reason why people buy bars of chocolate.
3. Mid-morning and mid-afternoon may be key times so we might expect to see more television advertising at these points.
4. There is plenty of chocolate in the supermarkets but chocolate is often bought as a one-off item at small shops. It is often an “impulse” buy rather than part of a planned shop. Chocolate rarely forms part of a regular shared meal but is consumed by individuals in isolation. Advertising often plays on the solitary, self-absorbed nature of the experience.
5. Simple blocks of chocolate may no longer be enough. Ice cream fillings may be a good opportunity but there will be other fads and trends.
6. This is not the same thing as asking “who else makes chocolate bars?”. People don’t have to buy chocolate at all. They might spend all their money on music instead so the producers of CDs might be seen as competitors in the widest sense. But you would certainly want to know what other manufacturers of chocolate products are doing.

Suggested Answer to Activity Five

Research Method	Advantages	Disadvantages
Questionnaires	Can be used to support interviews, sent by post or be completed online. Avoids interviewer bias; answers to standard questions can be compared	Low response to postal surveys.
Interviews	Can be done by phone or face-to-face. Interviewer can obtain detailed information and ask follow-up questions.	Expensive; open to interviewer bias; need to standardize questions to avoid ambiguity in answers, and enable comparison of data.
Random sampling	Best way to obtain a sample representative of the target population	Can be difficult to establish the boundaries for the sample. If the sample is too small it is unrepresentative.
Experiments	Good for trying out new products or testing opinion.	Expensive. Needs to be carried out on representative sample. of target market.
Consumer Panels	Good for obtaining feedback on products and services. Inexpensive.	Panel may not be representative.
Observation	Good for observing behaviour and choices of target market.	Can be expensive. Open to bias if done at an unrepresentative time or place.

Suggested Answer to Activity Six

Apart from “singles” aimed at the Top Forty, already mentioned, you might have thought of various crazes, Pokémon, hula hoops, etc, as products with a short lifespan. Staple foods like bread and milk are at the other end of the spectrum. Amongst brand names, Guinness and Kellogg’s Cornflakes have survived well.

Self-Assessment Test (Lesson Twenty)

1. Why do people buy chocolate? How would you segment the market for bars of chocolate?
2. How do you think the market for national daily newspapers has been segmented? Are there any gaps in the market?