



THE TIMES 100

BUSINESS CASE STUDIES

Market research - JD

JD (part of JD Sports Fashion PLC) uses market research to support and develop its business. JD's performance depends on providing the most desirable brands and products at the right price and in the right locations to meet with the demands of the consumer. The principal role of market research is to provide a business with a comprehensive view of consumers in order to develop products and services that satisfy their needs better than the competition. Market research involves the capture and analysis of consumer, competitor and market trend data. This enables JD to assess more accurately the level of demand for its products. It also influences decisions to target capital investment on projects that will offer the best return on that investment, such as opening a new store or entering a new market. Market research significantly reduces the level of financial risk attached with these investment decisions.



There are principally two types of market research – primary and secondary. Primary research involves gathering data through new research. This data can be collected in either a quantitative or qualitative format. Quantitative research is numerically-based and obtains the hard numbers from which decisions can be made with confidence. Examples of quantitative research at JD include:

- Exit surveys – carried out face-to-face with consumers as they leave the store. At JD the purpose of the survey is primarily to understand the reasons for visit, frequency of visit/purchase and reasons for and against purchase.
- The 'shopping bag' survey – the JD research team monitors what carrier bags customers entering JD stores are carrying. It provides competitor insight and an idea of which retailers attract a similar customer profile to JD, a variable that can influence the location of new JD stores.

Qualitative information is a primary form of market research which focuses on consumer feelings and opinions on a product or service. Examples of qualitative research at JD include:

- Focus groups – by speaking at length with small groups of 8-10 people, more insightful questions can be asked regarding brands and new product developments.
- Depth interviews – this involves a researcher accompanying the consumer on a shopping trip in store. When undertaking market research, it is important to reflect the views of all consumers within the business' target market. However, this would be a huge exercise. One way of managing this is to use sampling methods. Sampling involves taking the responses of a representative group of consumers that are likely to reflect the opinions of the customer base.

Secondary research draws on material that has been collected by another organisation to provide market information. Examples of secondary research include:

- Government census data – the census is conducted every 10 years across the UK and brings together data on factors such as the number of people, their ages and occupations in a location.
- Geo-demographic data – collected by specialist agencies, this segmentation tool profiles consumers based on their life-stage (e.g. marital status, number of children) and their lifestyle (e.g. newspapers read, leisure activities, TV programmes watched).

There are drawbacks with any form of market research. It costs money to collect and analyse large amounts of information and the results are not always definitive. Numerical data might be biased, particularly if the sample size is too small. Focus groups may be skewed if one member of a focus group is too dominant and stops others from voicing their opinions.

Another research method employed by the company is its check-out survey. This is a simple but highly effective survey that is carried out with customers at the till. By collecting the customer's home postcode, gender and age and matching this data to the products purchased, JD can build up detailed consumer profiles. The survey is carried out annually over a two-week period and involves over 350,000 customers. This provides a robust sample from which to extract invaluable insights into consumer buying behaviour. In-depth analysis of the survey results help the company understand how far customers travel to stores, build consumer profiles by gender age and lifestyle and identify new store location opportunities. JD has also embraced the internet as a means to support business strategies. The data collected through the online ordering process is 'live' information and it provides a valuable insight into consumer demand.



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Questions

1. What is market research?

2. Identify three methods of primary research.

3. Explain the difference between quantitative and qualitative data.

4. To what extent is primary market research better than secondary market research when JD is determining the location of new stores?

Task

Scenario: Your school or college is considering introducing a staff uniform. What primary and secondary research do you think it should carry out before making a final decision? Discuss in pairs or small groups. Carry out any necessary secondary research, and plan out the primary research you think should be conducted. Analyse the advantages and disadvantages of the different research methods used/suggested.

What have you learned?

Write a 140 character text/tweet which summarises your learning about market research.