Market research is any organized effort to gather information about markets or customers. There are two main categories of research methods. Primary research is original research that a firm does for itself. It involves the collection of data that does not already exist. Secondary research uses research that has already been done by someone else, for example, by the Census.

The appropriate research method must be selected based on research needs. Original information can be collected by the help of surveys, personal interviewers, experiments, focus groups, projective techniques, observation of consumers, physiological measures.

Surveys are useful for getting a great deal of specific information and contain open-ended questions or close-ended, where the respondent is asked to select answers from a brief list. Open-ended questions have the advantage that the respondent is not limited to the options listed. Surveys come in several different forms, for example, mail surveys, phone-surveys and mall intercepts. Response rates of mail surveys are typically quite low, phone-surveys get somewhat higher response rates, but it is not convenient for people to stay on the phone for a long time. Mall intercepts are the best way to reach consumers, but respondents may be reluctant to discuss anything. Another problem of face-to-face interviews is interviewer bias that occurs when interviewer influences the way the respondent answers.

Personal interviews involve in-depth questioning of an individual about his or her interest on or experiences with a product. But this method of research is costly and can be extremely vulnerable to interviewer bias.

Experiments are used when the researcher wants to rule out all but one explanation for a particular observation. In this case, researcher simulates the situation and observes people’s reactions and activities. Experiments have a serious drawback in that the consumer is removed from his or her natural surroundings and may give more attention to the advertisements than they would at home.

Focus groups involve getting a group of consumers together to discuss product usage. They start out talking broadly about the need that a product might
serve, and only gradually move toward the product itself. It is useful since it is not known what consumers’ concerns might be and helps to know about the consumer’s needs and desires rather than his or her thoughts about the actual product. Drawbacks of focus groups include high costs and the fact that generalization toward the entire population is difficult for such small sizes.

Projective techniques are used when a consumer may feel embarrassed to admit to certain opinions, feelings, or preferences. In such cases people will tend to respond more openly about “someone else”. The main problem of this method is that it is difficult to analyze responses.

Observation of consumers helps to understand how consumers select products, how much time they spend comparing prices, or whether nutritional labels are being consulted. Physiological measures are used to examine consumer response, to measure a consumer’s level of arousal during various parts of an advertisement.

All these research methods provide important information to identify and analyze the market need, market size and competition. Market research is the key factor to get advantage over competitors.