

## 28.24.8: Reading- Using Market Research to Understand Consumers

### What Is a Consumer?

A consumer is a person (or group) who pays to consume the goods and/or services produced by a seller (i.e., company, organization).



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### Using Market Research to Understand Consumers

The ultimate goal of consumer research is to serve as the voice of the consumer. This type of research focuses on understanding the consumer as a person by learning more about his or her attitudes, needs, motivations, and behavior as they relate to a product or service. More broadly, consumer research helps provide a company with relevant, reliable, valid, and current information about their target buyer.

In the field of marketing, consumer market research can generally be defined as the systematic collection and evaluation of data regarding customers' preferences for actual and potential products and services. It is also important to note that consumer market research is not the exactly the same as marketing research. Marketing research is actually comprised of both consumer and business-to-business research and examines all aspects of a business environment.

Consumer market research can serve a variety of purposes, including the following:

- Help companies make better business decisions and gain advantages over the competition
- Help marketing managers or executives make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs
- Remove some of the uncertainty by providing relevant information about the marketing variables, environment, and consumers. In the absence of relevant information, the consumer response to marketing programs cannot be predicted reliably or accurately
- Provide insights that help guide the creation of a business plan, launch a new product or service, optimize existing products and services, and guide expansion into new markets
- Determine which portion of the population will be most likely to purchase a product or service, based on variables such as age, gender, location, and income level
- Reveal characteristics of a target market
- Understand how consumers talk about the products in the market
- Identify which consumer needs are important and whether the needs are being met by current products

For instance, a consumer goods company that wants to develop a new cheese product for the growing Hispanic demographic can use market research. If the consumer market research demonstrates that consumers do in fact have an unsatisfied need for a cheese that could replace the product they are currently consuming in Latin America, the company could go ahead and develop the cheese product.

### Quantitative and Qualitative Models to Explain Patterns of Behavior

Both quantitative and qualitative models provide important information about consumers, but it is important to understand the benefits and shortcomings of each.

### What Is Quantitative Research?

Quantitative research is defined as the systematic empirical investigation of social phenomena via statistical, mathematical, or computational techniques. It requires collection of enough data points to conduct valid statistical or mathematical analyses.

Its objective is to develop and employ mathematical models, theories, and/or hypotheses about phenomena. At its core, quantitative research is used to identify patterns and predict behavior. This type of research is used in business, marketing, and in social sciences such as psychology, economics, sociology, and political science, and, less frequently, in anthropology and history.

### What Is Qualitative Research?

Qualitative research uses examination, analysis, and interpretation to discover underlying meanings and patterns of relationships in a manner that does not involve mathematical models.

Qualitative researchers aim to gather an in-depth understanding of human behavior and the reasons that govern it. The qualitative method investigates the *why* and *how* of consumer behavior, not just *what*, *where*, *when*. Two of the main tools used to conduct qualitative research are the focus group and the in-depth interview. In a focus group, participants are asked about their perceptions, opinions, beliefs, and attitudes toward a specific product, service, concept, advertisement, etc. Usually this takes place in an interactive group setting where participants are free to talk with one another. In an in-depth interview, researchers conduct a one-on-one discussion with the participant to explore their perceptions in detail.

Regardless of what type of research marketing managers conduct, their ultimate goal is to understand and predict consumer behavior.

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