

Market Research for the Intelligent Retailer

Starting a retail business is a leap of faith for most entrepreneurs. However, without the right knowledge and market information, you may be leaping blindfolded into unknown terrain. Enter the realm of market research...

By Samuel Ngeow



Starting a new business is a daunting task and a risky venture, even for a seasoned entrepreneur. With a whole lot of business-related challenges to grapple with, you will need all the help you can get. There is a way to increase your chances of success and it is called market research.

What is Market Research?

It is the process acquiring information in a systematic and objective manner. According to Rozina Mat Rawi, Managing Director of Metrix Research Sdn Bhd, the process of gathering information is formalised with market research. "Market research firms can help you to design a market research to represent what and who you are looking for. Through the customised research findings, you will be able to make a more informed decision," she says.

Successful businesses and retailers conduct market research periodically to gather invaluable information about their customers and competitors. Whether you are starting up a new business or expanding an existing one, market research is essential for understanding the characteristics of your target markets and rivals so that your business can remain competitive and in tune with the ever changing market environments and consumer behaviours. For businesses, it is not just only a data gathering process, but also vital for you to improve your business operations and customer service. Market research provides you with a clearer picture of what is happening, the likelihood of a particular event happening and the various solutions to overcome it.

Information & Methods

Market research can be very complex and time consuming. Ideally, you want be able to identify the different types of market research information and methods available. This is because the types of information you want to gather about your customers or competitors may require different kinds of strategies and techniques.



Rozina Mat Rawi

Mabel Wong, Manager at Metrix Research Sdn Bhd, explains that there are typically two types of market research methods - primary research and secondary research. "Primary research is a method of gathering original information specifically for the purpose of your research. It is sub-divided into quantitative research and qualitative research," says Wong.

Quantitative research is all about collecting information systematically and objectively. The nature of the survey is descriptive and the data collected is in the form of numbers. Information is mainly gathered through e-mails, computer-aided telephone interviews (CATI) and face-to-face surveys. On the other hand, qualitative research involves the understanding of the core values, beliefs and perceptions of individuals through non-directive interviewing. It addresses not only what they say but what they really mean. Focus group discussions, in-depth interviews and online discussions are some prime examples of qualitative research techniques.

Secondary research, however, is the acquisition of publicly available information through existing sources. The data is usually provided by various organisations such as industry bodies, government agencies, local councils and research houses. "Secondary data may not always be up to date and in-depth. Therefore, to acquire the latest and most detailed information, you may have to subscribe to the services of a research house such as Euromonitor," she says.

Going Through the Stages

Before you start gathering information, you must first set up clear plans and objectives for your market research activity. The planning stage, which is the first phase of market research process, identifies and determines the root causes of your business problems. Once you have found the origins of your business problems, you will need to design a blueprint or framework that defines the scope of the study and how the market research will be conducted. This is also known as the designing stage.



Rozina Mat Rawi
with Mabel Wong

Next comes the most crucial phase in the market research process - the data collection stage. Information in this stage is obtained either through primary research, secondary research or a combination of both. When you have acquired relevant and sufficient information, you will need to go through the data analysis stage where the collected data will be synthesised and interpreted to become meaningful data. The final stage is the analysis and reporting, which will then generate some valuable insights and results for you to act on.

Scope of Market Research

As previously mentioned, different type of businesses may require different types of strategies to collect different types of data. The scope of market research can be extremely wide and hence, the market research activity must be carefully planned and designed to suit the needs of a particular person or organisation. To

narrow down the scope, let us delve into the property development business.

Types of Research for Malls & Retailers

According to Wong, if you are a property developer or a shopping mall owner who wish to engage the services of a market research firm to help you gather some information about your shoppers or retailers, there are several methods you may consider.

A shopping mall exit survey is one of the market research tools that can help you discover your shoppers' characteristics and perceptions towards your mall. It provides accurate and detailed information about their shopping experiences, shopping behaviours and feedbacks on improvements needed for the mall. "An exit survey is conducted by stationing our staff at the mall's exit points to intercept the shoppers when they are leaving the

mall at specific times. From the surveys, we can determine who they are, where they come from, what they are patronising and how many of them visit the mall during a certain time," explains Wong.

Besides that, shopper surveys and trade maps are two research tools that are closely linked to each other. They are applied to gather information within your business trade area or catchment area (around five to 20 kilometres). "Why are the shoppers coming or not coming to my mall? How am I going to attract them to my mall and to entice them to spend money? Where else are they shopping besides my mall? So, with these tools, we are able to help the mall owners and retailers to discover their problems and provide solutions to them. For instance, a same person could watch a movie and dine at Cheras Leisure Mall while he might consider buying clothes at Pavilion Shopping Mall instead," she says.

Shopping behaviour study, on the other hand, is a tool primarily used to investigate a specific group of shoppers or a target segment. It helps you to comprehend their attitudes towards your mall or your retail stores in a very in-depth manner. Wong asks, "Why do they prefer to buy luxurious brands such as Prada or Gucci instead of value-for-money brands such as Vincci? What are the factors that drive them to spend in my mall instead of other similar malls or stores nearby? Are they functional shoppers, emotional shoppers or social shoppers? Therefore, with shopping behaviour study, mall owners and retailers will have a better understanding of their shoppers' behaviours and the motivations behind their shopping trips."

Mystery shopping is perhaps the most affordable and essential market research tool, and is used to gain insights into your customers' shopping experiences. In mystery shopping, several unidentified people are sent into the retail outlets to investigate certain issues. For example, they could be employed to physically

examine and evaluate the condition of the mall's facilities and the level of customer service at the retail outlets.

Wong shares that mystery shopping seeks to answer questions such as, "Are the janitors doing their work properly? How are the conditions of the toilets and surau, especially during peak periods or festive seasons? Are the employees of the mall or retail outlets complying with their standard operating procedures (SOP)? Once the research firm has gathered all those data, it will provide a report to the client's management so that they can identify the necessary training or improvement requirements."

DIY or Professional Market Research?

If you are on a very tight budget, it is possible to conduct your own market research but this is not a simple task. To begin with, you will have to source for the primary data yourself, which can be very difficult and time consuming. Following that, you might need to search for some secondary data to support your primary data. Again, the secondary data you gather might be outdated, obsolete or inaccurate. Even if collecting information does prove to be a challenge for you, then you will still need to analyse and interpret the data, which might be a stumbling block.

However, Rozina questions the practicality of this do-it-yourself option. "Do you have the sufficient time, expertise and manpower to conduct your own market research? Take Starhill Gallery for instance. Imagine if they want to conduct a market research to gather some information about their high net worth shoppers. Can they do it by themselves? Logically speaking, it is possible but practically, it is not advisable because they would need to waste a lot of their valuable time and resources, which could be better spent elsewhere. Why don't they opt for a market research firm to help them collect those data instead?" she asks. That being said, for a smaller sized business

or retailer, you may want to consider conducting your own market research. This is because it could be very costly to engage the services of a professional market research firm. If your business is small, the scope of market research is much narrower and thus, it is much easier to gather the primary and secondary data by yourself. There are several tools available at your disposals such as online forums, survey websites such as Survey Monkey and social media platforms such as Facebook and Twitter.

Setting Up a New Business

Assuming that you are a property developer who is planning to set up a new mall. Ideally, you would want to have a draft market research plan beforehand. For starters, you need to identify and determine who your target market is. When you have clearly established your target customers, for example high net worth shoppers, then you must search for the places or locations where they reside.

According to Rozina, the questions to ask include: "Is your mall going to be situated in a major metropolitan area or near the outskirts? Are there many high net worth people around the area or otherwise? "Is your mall in a close proximity to their homes or offices? How is the traffic around your area? Are there many parking spaces available?"

"Accessibility to your mall is also one of the major issues of concern. These are some of the factors that should be included in your initial market research plan. Once you have drafted a market research plan, you might want to consider working together with a professional market research firm to provide you with more thorough analysis of your business locations, customers and competitors," she advises.

Importance & Awareness

Most Malaysians are aware of the importance of market research but rarely conducts it. This could be due to the costs

involved or the "couldn't care less" attitudes of the local business owners or retailers. For some of them, having an excellent brand name and a high level of customer service are not their main priorities. Instead, they are more concerned about the profit margins and cost savings of their businesses. Such a short-term view could have long-term detrimental effects on their businesses. Rather than focusing too much on short-term profitability, if they are willing to conduct market research regularly, they would gain a better understanding of their customers' behaviours and perception towards their businesses. In this sense, their businesses would be in a better position to build a wider customer base and higher customer loyalty, which in turn, would help them to generate much more income in the future. "McDonald's, for instance, have huge market research programmes and highly prioritises their branding and customer satisfaction levels. Before creating a new menu, they would first conduct focus group interviews and surveys to gather their customers' feedbacks and opinions. They would also conduct mystery shopping on a periodical basis as well to ensure the level of their customer service is always satisfactory," says Rozina.

Moving Forward

With the rapid changing market trends and improvements in technology, market research is expected to play a more vital role in helping businesses to understand the nature of their customers and competitors, and the improvements needed for their business operations. Moving forward, it is expected that more and more businesses will incorporate market research into their strategic planning due to the increasing importance of being dynamic and innovative. 🍷