

Quantitative data

Quantitative data describes things that can be measured and analyzed with statistical analysis. These are expressed in numbers and reveal such things as the quantity of customers with a particular characteristic. How much do your customers earn each month? How old are they? How much do they spend each month on groceries?

Using both

Both qualitative and quantitative information can be important to you as you do your market research. There is a problem with using only quantitative data gathered from a small number of individuals. It may not be a large enough number of people, with a large enough product sampling to be reliable for decision-making. Would you make the decision to completely change your product based on the thoughts of a handful of customers? When you combine quantitative and qualitative data, however, you can expand what you learn by combining or showing connections between observations, preferences and the quantitative data you have developed. You can develop a good base of information, for example, about the characteristics of your typical customer.

Customer profile

The place to start your primary research is with your customer. You may ask, "What information should I find out about my customer?" The answer is "everything." The better you know and understand your customer's wants, needs and desires, the better able you are to meet those needs with a product that sells.

The goal of gathering and analyzing customer information is to prepare a customer profile. This customer you expect to market your product or services to is called your target customer and represents an average or typical customer. It may be one profile of one customer group or several profiles covering several customer groups.

Demographic vs. psychographic customer data

Businesses gather demographic and psychographic data in order to discover more about their customers. Demographic data describes specific characteristics

of an individual such as age, level of education, occupation, income, marital status and address. Psychographic (lifestyle) data describes an individual's activities, interests, opinions and beliefs. This data give marketers insight into such things as how potential customers live, make buying decisions or plan for the future.

To illustrate the magnitude of demographic and psychographic trends, consider the following psychographic trends that have directly impacted marketing strategies today.

- **Shifts in age make-up of the American market**

In the United States, 77 million baby boomers make up one-third of the population and represent one-fourth of the economy's purchasing power. As baby boomers reach their peak income earning years, their income is expected to double. The size of the youth market (people ages 12-19) is expected to continue decreasing, but its spending is increasing. The mature market (individuals 50 years old and over) commands half of the discretionary income in the United States and holds 77 percent of its assets. Within 30 years, one-third of all Americans will fit into this group.

- **Changes in family composition**

Increases in the divorce rate and the percentage of working women and a decrease in the birth-rate after 1960 have all caused major changes in the make-up of the typical American family.

- **Increasing proportion of working women**

In 1990, 58 percent of women worked, as compared to 33 percent of women in 1950. Women are entering the work force at younger ages and changing the face of American business in nearly every industry. The time crunch that many working women feel has helped to fuel the boom in Internet and telephone shopping and other timesaving services.

- **Increase in ethnic backgrounds**

Historically, cities have traditionally held people from many different ethnic backgrounds, while rural areas have tended to be more homogenous. However, economic and demographic shifts the last 20 years have changed that historical pattern and rural America now is home to people of many different colors, nationalities and religions. This ethnic diversity provides numerous opportunities to develop new specialty and ethnic markets for products.

- **Shifting male-female purchasing roles**

Because more women are working in addition to having a family, men are playing a larger role in child care and household duties than ever before. Although 80 percent of the grocery shopping is still done by women, marketers are beginning to see a shift in who makes the purchasing decisions. Because women are earning more money and achieving more professional independence, they are spending more money on travel, dining out, entertainment and luxury products.

These are only a few of the major trends you can observe, research or read about that could affect the products you wish to take to the marketplace.

Analyzing your market potential

After gathering your primary and secondary research information, you are ready to analyze your market potential. You should be ready to answer these questions.

- Who is your target customer?
- What are the defining characteristics of your target customer?
- Who is your competition?
- What are your competitor(s)' product(s)?
- What is your current trade area?
- What is your market size?
- What are your market trends?
- What is your market potential?
- What is your true production potential?

Resource

Adapted from Marketing, Research and Analysis; NxLevel Training.

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