

Qualitative Data

When businesses gather primary data, they often are gathering qualitative data. Qualitative data is data that cannot be counted. It reveals the quality of a subject's experience or beliefs. Qualitative research is gathered by allowing customers to answer questions in an open-ended, unstructured manner. Customer preferences might be examples of qualitative data. Focus groups, one-on-one discussions, or interviews can provide qualitative data.

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, the 83.1 million millennials, outnumber 75.4 million baby boomers, according to U.S. Census Bureau estimates. Baby boomers started turning 65 in 2011, and by 2030, one in every five residents will be retirement age and outnumber children for the first time in U.S. history. As generations reach retirement, income and most spending categories decline, while healthcare spending increases.
- **Changes in family composition**
Increases in the divorce rate, the percentage of working women, and a decrease in the birthrate after 1960 have all caused major changes in the make-up of the typical American family.
- **Increasing proportion of working women**
In 2016, 56.8 percent of women worked, as compared to 33 percent of women in 1950.

Women, ages 25 to 64, in the labor force who held a college degree, increased from 11 percent to 42 percent between 1970 and 2016. Women make up 47 percent of the total U.S. labor force. 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 two-thirds 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, luxury, and convenience 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.

For more on marketing and new business development, visit the **Ag Decision Maker website**, (www.extension.iastate.edu/agdm/vdmarketing.html).