

How to carry out market research

'HOW TO' GUIDE

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Don't be put off by the words 'market research,' it may seem like market research involves technical, expensive or time consuming methods but it doesn't have to. Market research is getting as much honest feedback about your idea, product or service as possible prior to you taking the serious steps of investing in your business.

The earlier in the stage of your business idea you start undertaking research, the better. You can develop and evolve your idea responding to the feedback as opposed to you spending a lot of time developing what you think is a good idea.

Carrying out market research is a very valuable exercise. Even when the feedback is positive, you might gain ideas or learn something that enables you to make your idea even better, or give you some ideas that will help you sell it. It will help you streamline your product to meet what the market needs or wants.

Starting your research

Broadly speaking there are two main types of research: primary, speaking directly to your target market and secondary, researching existing data.

For an absolute start up business it's always sensible to start with secondary research, then when you can't go any further with desk based research you should undertake your own primary research.

Researching existing data (secondary research)

a) What should you be searching for

- Other similar businesses
- Competitors (direct/indirect/substitutional)
- Researching the industry and the general market
- How are other people selling their product or service?
- What is their pricing?
- Where are they located?
- What sort of marketing and sales are they undertaking?

Key points to undertaking research:

- Plan well in advance
- Identify between six to eight key issues or questions
- Ensure you are professional but personable

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b) How to look for the information

The great news is that in the 21st century you don't have to move to research your business idea. You can get 99% of what you are likely to find from the internet:

- Google it
- Look for relevant trade organisations. They often have their own research, sometimes you have to join to access
- Look for competitor businesses
- Research industry statistics
- Buy existing research

c) What else should you be thinking about while researching

- The market trends
- Latest technologies
- Industry advancements
- What are the competitor's strengths/weaknesses?
- Emergence of new competitors
- How could I develop a USP (Unique Selling Point)?

Gather your own data (primary research)

Having carried out lots of desk based research you will hopefully have slightly narrowed down your business idea. Now you are in a position to start gathering your own information.

a. Establish who your target market are

Seek their feedback as they are the most important people to gather information from in this process. It's great to start with friends and family but often they will not be as objective as you need. You need to ask a sample of your potential customers.

b. Consider whether you need to undertake qualitative or quantitative research

Qualitative is people's views, opinions, perceptions. Quantitative is factual, numeric data. Qualitative research should explore a few issues in depth – don't try and cover too much and end up with shallow answers of limited value. It is also harder to analyse qualitative information but it's hugely valuable particularly in shaping, developing and improving your idea.

TOP TIP:

Check the dates of the survey data as some sectors are moving so fast (technology) that even data a year or two old could be out of date and misleading.

"Market research will help you streamline your product to meet what the market needs or wants."



c. Think about how to undertake market research

Research needs to be useful and reliable but for most startup businesses getting professional research is cost prohibitive. There are lots of inexpensive ways of getting information.

d. Methods of primary market research

Face-to-face

This is the best method when you want to tease out issues. This can be individual conversations, one-on-one interviews or small groups.

Telephone conversation

Especially if your target customer is another business it can be hard to arrange face to face meetings as people are busy. Often a pre-arranged telephone conversation can be easier and less time consuming. Do try and pre-arrange it though, as you will get a much warmer reception than cold calling.

Existing groups/networks

Think about whether there are any existing groups of your target market that already come together for other reasons. For example, if your target audience are farmers, then there are NFU group meetings or farmers discussion groups. If your target audience is older ladies, think WI or younger people think young farmers clubs.

Why not contact your local group and ask politely if you could attend one of their next meetings to ask a few questions. On a larger scale if you need more numbers think farmers markets, agricultural shows etc.

Use online groups/forum's

Join chatrooms and forum's and ask your questions.

Use surveys

There are some excellent, free or very cheap options for online surveys such as Survey Monkey. You can also do postal questionnaires. To encourage people to respond you can send pre-paid postcards with tick boxes, encouraging them to reply.

You can try 'in street' surveys, but check with the local Council whether you need a permit. Make all surveys very brief and to the point or else you won't get many responses. You can tempt people into responding by offering a sweetener such as entering into a prize draw or a free pen for all participants etc. What would make you fill it out? As before, appeal to people's nature – they generally want to help small businesses succeed.

Methods of primary research:

- Face-to-face
- Telephone conversations
- Existing groups/networks
- Online groups/forums
- Surveys
- Experiments/tasting/testing



Experiments/testing/tasting

This option is great for food and drink products. You could ask your local farm shop if you can 'hang out' in their shop for a day and test a product, or alternatively why not throw a party for testing and tasting.

Get one or two of your most trusted friends trained up with how to monitor results, ask questions and help you run the event. You could produce a survey sheet to ask all participants to fill in.

Tips on designing a survey

- Avoid leading questions that people can answer without much thought. Don't make it easy for them to give the answer you 'want'
 - For example, engage people by asking them how they would buy, as opposed to simply would they buy. This may give you more useful answers
- Avoid yes and no questions
- For face-to-face or personal surveys, work off a script or question sheet so you make sure you are gathering the same data for all participants, and its comparable
- Keep it relatively short and simple
- Avoid asking personal or sensitive information

What to do with the feedback

If you start with positive feedback that's great and it will give you the confidence to take the idea further.

If there is negative feedback, listen to it. Ask more people – sometimes one person perhaps might not get your idea but if multiple people come up with the same feedback then you need to adjust your idea.

What's next?

Now you have worked out whether there is a demand and you have got closer to your price point, the next steps are to carry out your budgets and feasibility. Can you produce it at X price and can you make money out of it?

When have I done enough?

- You can price your product/service competitively
- You can compete with your customers or provide a sufficient point of difference in the market
- Your product or service has a need or a demand
- That the model you have chosen can work

