

Market Research

Market Research is the term used by business when they collect and analyze data about their

- Target market
- Product or service
- Competition
- Industry

Market research is like taking a car for a test drive before you buy it. It helps you figure out whether or not your business concept could be successful.

Market research serves a number of important functions. It can:

- Support the potential of your idea
- Identify potential changes required in your idea
- Inform you about potential pitfalls in your idea
- Identify other opportunities

TARGET MARKET:

Knowledge of the customer enables you to determine the market size and what determines their buying potential. It provides information that will assist in choosing a location, determining product or services to be offered, establishing pricing, and planning a selling strategy.

Determining the Target Market:

Demographics:

Demographics is a shorthand term for 'population characteristics'. Demographics include age, income, mobility (in terms of travel time to work or number of vehicles available), educational attainment, home ownership, employment status, and even location. Distributions of values within a demographic variable, and across households, are both of interest, as well as trends over time. Demographics is used in marketing research, opinion research, political research, the study of consumer behaviour, as well as in straightforward marketing.

Marketers and other social scientists often group consumers into segments based on demographic variables.

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A demographic profile (often shortened to "a demographic") provides enough information about the typical member of this group to create a mental picture of this hypothetical aggregate. For example, a marketer might speak of the single, female, middle-class, age 18 to 24 demographic. Refer to <http://en.wikipedia.org/wiki/Demographics> - under generational cohorts and birth cohorts for other demographics.

Your target market may be people or it might be other businesses – or it might be both people and other businesses.

Use one or both of the following worksheets, as applicable to your business, to discover which demographic information is important to your business in order to start developing a target market profile.

Demographic Information	Important to Your Business? Yes or No	Rationale: Why or Why Not
Age (child, teen, young adult, middle-aged, senior)		
Gender (male/female)		
Family Size		
Household Size		
Income range		
Occupation Type (white-collar, blue collar, sales, service, student, business owner, retired, stay-at-home mom)		
Specific Occupation		
Education		
Home Ownership		
Ethnic/Cultural		
Hobbies/Interests		

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Demographic Information for a Business	Important to Your Business? Yes or No	Rationale: Why or Why Not
Which Industry		
Size of Business		
Annual Sales		
How Many Employees		
Geographic Location		
Legal Form of Business (partnership, proprietorship, incorporated)		
Other Prominent Features		

PRODUCT OR SERVICE

Your business success will be directly related to the real or perceived benefits that your products or services offer the customer. It is important, therefore, to clearly define the **features**, **advantages and benefits** of the products or services from the customer's perspective.

Feature: what the customer will receive

Advantage: what the customer perceives to be important

Benefit: customer need or want satisfied by purchasing the product or service

For example – consider this example:

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You are the manufacturer of Pacific NW cedar planks for grilling salmon in traditional native fashion. The planks are approximately 12 X 8 X 1/2 inches and are shrink wrapped in pairs. They are made of cedar. The plank can be used for grilling fish, meat, or vegetables and retail for \$14.99.

Complete the product summary sheet for this sample product:

Features (size, colour, weight, material, height)	Advantages (quality, ease of use, price, portability, durability)	Benefits (customer needs or wants to be fulfilled)

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Product / Service

Hint: As you complete this worksheet imagine what things would be most important to your customer

	Features (size, colour, weight, material, height)	Advantages (quality, ease of use, price, portability, durability)	Benefits (customer needs or wants to be fulfilled)
Product/Service #1			
Product/Service #2			
Product/Service #3			
Product/Service #4			

Verify Your Assumptions

Once you have identified what you believe are the perceived customer advantages and benefits of your products and services, you need to conduct research to test the accuracy of your assumptions.

Information to be verified	How to verify the information	Where to find the necessary information
<p>Features: for each feature previously identified, confirm the importance to the customer</p> <ol style="list-style-type: none"> 1. 2. 3. 4. 		
<p>Advantages: for each advantage previously identified, validate the level of importance to the consumer</p> <ol style="list-style-type: none"> 1. 2. 3. 4. 		
<p>Benefits: test the accuracy of the needs or wants being fulfilled</p> <ol style="list-style-type: none"> 1. 2. 3. 4. 		

COMPETITION

Gathering information on direct and indirect competitors provides you the opportunity to:

- Gain further insight into product and market trends
- Identify competitor strengths and weaknesses and, based on this information, reassess your own product or market position relative to the competitors
- Learn from competitors mistakes

To gain this information you can approach:

- Similar businesses in a non-competing location
- Indirect competitors in your trading area
- Suppliers
- And/or observe your direct competitors in your trading area

Select 3 competitors and explain your rationale for their selection:

1. _____
2. _____
3. _____

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Competitor Analysis Worksheet:

Information I will collect	How I will find this information (identify primary or secondary research methods)	Where will I find this information
Key products or services to compare		
Pricing information (e.g. price or product/service, credit or refund policies, payment terms, volume discounts, etc.)		
Advertising and promotional strategies used (frequency, type, and message)		
Business location (e.g. town, industrial area, proximity to customers and suppliers)		
Business ownership and structure		
Customer service standards (e.g. flexible hours, delivery to client, etc.)		
Staff (e.g. business hours, number of staff)		
Partnership or alliances taking place in the industry (e.g. competitor partnering, supplier and vendor partnering, etc.)		
Regulation affecting the industry (e.g. packaging and labelling, insurance, bonding, facility or product inspection, taxes, etc.)		
Age of business , percentage of market share, reasons for success or failure		

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INDUSTRY PROFILE

Information I will collect	How I will find this information (primary or secondary)	Where will I find this information
Similar or substitute products in the market		
Market characteristics (e.g. premium, low cost, cost/volume relationships)		
Industry supply and demand		
Customer purchasing habits (e.g. frequency of purchase, timing of purchases, where and why purchases are made)		
Industry advertising and promotional strategies		
Customer service standards (e.g. warranties, delivery, hours of work)		
Key suppliers to the industry (e.g. ingredients, materials, packaging, transportation)		
Partnership or alliances taking place in the industry (e.g. competitor partnering, supplier and vendor partnering, etc.)		
Regulation affecting the industry (e.g. packaging and labelling, insurance, bonding, facility or product inspection, taxes, etc.)		
Key success factors in the industry		

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Strategic Alliances

Strategic alliances with other organizations can increase your chance of business success.

List the type of businesses or organizations that you might be able to form an alliance with in order to serve your customers better and/or reach your business goals

Type of business or organization	What can they offer my business	What my business can offer them	How I might find them

Market Size

Base on your product or service, how will you determine the potential size of your market? For example, how might you determine consumption rates, total expenditures or number of buyers that fit your customer profile? Note your ideas.

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Will the market you intend to target be large enough to sustain your business? Explain.

Primary Research (information you gather/generate)

- Conduct surveys
- Talk to potential customers, salespersons, suppliers, competitors
- Observe other business activities
- Observe customers
- By a mystery shopper
- Conduct telephone interviews
- Run focus groups
- Do market testing
- Network with friends and business contacts
- Contact service and professional organizations

Secondary Research (information there for taking or buying – put together by someone else, i.e. Stats Canada)

- Local business resource/development centres
- Chamber of Commerce
- Libraries
- Periodicals such as
 - Canadian Business
 - BC Business
 - Business in Vancouver
 - The Vancouver Sun
 - The Financial Times
 - The Globe and Mail
- Telephone directory

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- Trade magazines and journals
- Company annual reports
- Industry and trade associations
- Other market research reports
- Informal contacts / networks in this and related industries
- Specialized books about this or related businesses
- Provincial, federal , regional statistic reports
- Community Futures Development Corporation

Web Site Resources:

Stats Canada

Population statistics for Canada:

<http://www.statcan.ca/Daily/English/051221/d051221e.htm>

Strategis Canada

Statistics for Industry

<http://strategis.ic.gc.ca/epic/internet/inss-ss.nsf/en/Home>

BC Stats

Population statistics for BC

<http://www.bcstats.gov.bc.ca/data/dd/income.asp>

SCORE

Comprehensive statistics for the Sunshine Coast

<http://score.scrd.bc.ca/>

District of Sechelt

Community Profile (an 85 page PDF document that includes geographic, demographic. Housing, income and economic information)

<http://www.district.sechelt.bc.ca/pdfdocuments/publications/SecheltCommunityProfile2005FinalCopy.pdf>

Town of Gibsons

Community profile information for Gibsons

<http://www.town.gibsons.bc.ca/doingbusiness/gibsonscommunityinfo.html>

Community Futures – Sunshine Coast

Business resource links

<http://www.communityfutures.org/links.html#business>

Resources used to compile this workbook:

<http://www.wikipedia.com>

<http://www.awebusiness.com/docs/Market%20Analysis.pdf>

<http://www.awebusiness.com/docs/Guideline%20-%20market%20research.pdf>