

HOW TO START AN ONLINE BUSINESS?



GUIDE 2:

GETTING TO KNOW YOUR
MARKET THROUGH RESEARCH

Getting To Know Your Market through Research

One of the best ways that you can understand your market better is through research. Market research is a great way to find out what your customers want and what you can do better to make sure that they get it.

There are many ways to do market research and we'll cover all of them in this guide.

But before we can get into the specific methodology behind modern market research, we first need to delve into the meaning behind the term and the benefits that your company will get by doing good market research.

Every major company that is successful today has done some kind of market research to make them successful and it can work for you too.

What is Market Research?

So, what is market research? Simply put, market research is the gathering of information that tells you how to improve your marketing efforts. Market research is done through various methods, some of them quite formal and others very informal.

Market research also varies considerably when it comes to cost and amount of work involved. For example, there are many firms out there that do nothing but conduct market research.

What methods you choose and how much money you spend will depend upon what your needs are, what information you are trying to get and what your budget for market research realistically is.

Benefits of Market Research

Now, let's talk about some of the benefits of market research. Companies that do market research are much better off than companies that do not, and many small businesses think that they just can't afford to do it.

The truth is, you really can't afford not to do it, because the success of your business may depend upon knowing what your customers want.

So, let's talk about some of the benefits that you get when you do market research.

1. Market research improves communication with your customers. When you get the results of your market research, you'll know how effective your communication is with your customers currently, what they want to hear and see, what they like and don't like and many other factors that affect those communications.
2. Market research helps you minimize risk. Are you planning a big product launch? Before you spend all of the money needed to create and market a new product, wouldn't it be smarter to ask people whether they want the product in the first place? Market research allows you to do just that.
3. Market research identifies potential problems. You can't think of everything and when it comes down to a product or service, your customers that actually use the product are going to know the flaws much better than you can. If you can figure out those flaws before it is too late, then you can use that research to fix them and have a much better rate of return.
4. Market research allows you to see opportunities where you thought none existed. While doing your market research, you might come across something that you can take advantage of that you would

have never thought of normally. Market research has a way of making things clear because it approaches things from the customer's point of view.

5. Market research gives you information on your online identity. You'll be able to know much better how people look at your company through market research. You'll see how customers regard you and find out what your reputation really is. If you find out that your company has a negative perception, then you can take steps to fix that problem.
6. Market research establishes your position within the market. Do you know what your current market position is? Are you closer to the top or closer to the bottom? If you don't know the answer to this question you will have a hard time improving that position. Market research can tell you where you stand.
7. Market research also helps you create trends. If you do market research regularly, and analyze the information gathered carefully, before too long you will be able to see trends coming or create them yourself. Then you can capitalize on those trends.
8. Finally, market research allows you to plan ahead. If you can figure out how a product is going to be received, and how much advertising budget should be allotted to it, then you will have a great deal more success because you are prepared. Market research gives you the information that you need to plan far ahead in the future and strike with more accuracy.

What You Are Trying to Learn

Now, let's talk about some of the things that you are trying to learn by conducting market research. You need to be aware of what your goals are before they begin.

They should be something like the following:

Is there a niche for my product or service? If you are planning on releasing a new product or service to the market then the first question you have to answer is whether there is a need for it or not.

If there is a need for the product or service, does your actually fulfill those needs. You might have approached a product or service in a unique way looking to distinguish yourself from the competition.

While this is a solid tactic, you do want to be cautious that your product still meets the need of the customer.

For example a person opening a restaurant needs to take into account that in modern times there are low-carb, vegetarian and several other types of diet, and the restaurant has to meet those needs as well.

Finally, you want to find out if your pricing is competitive. If you price yourself too high then everyone is going to go to your competitors instead. Market research can tell you exactly what you should set your prices at to be competitive.

Market Research Methods

Now let's go over some of the actual methods of market research that you can use. These are not the only methods out there, but they are all of the major ones, and 99.9% of companies use one of these methods to conduct research.

Personal Market Research

Personal market research is often done by small businesses that do not have a huge budget for doing telephone surveys or hiring a big market research firm.

Personal market research means that you spend time personally trying to find out more about your market. You can do this in a number of ways.

First, you can simply talk to people that you know and maybe ask them to get opinions from people that they know.

You can also use the internet. The internet is an incredible resource for just about any type of information you are seeking and market research is no exception.

Internet polls can give you nearly as much information as conducting a telephone survey might, and in many cases, polls are free.

You can also visit forums within your industry and find out what people are saying, and try to find out the information you need by posting on those forums.

Interviews for Market Research

You can also do individual interviews for market research if you want. One of the ways that this is often done is by hiring a group to go door-to-door in an area where you think that those in your market might live.

However, you can also do informal interviews with your current customers and you can even poll your own employees and get their opinions.

The benefit of doing personal interviews is that people have a lot more freedom to speak their mind than they would on an internet poll or a pre-designed telephone survey.

They can tell you things that you might not have thought to ask, and since it is a personal interview, they often feel a lot more comfortable talking about their needs and expressing opinions, especially if your interviewer is good at their job.

Focus Groups for Market Research

Another thing that you can do is conduct a focus group. A focus group is a small group of people, as few as three or four and usually no larger than ten, who are getting paid to give their opinions about a specific product or service.

Focus groups are easy to set up and they can give you a great deal of valuable information because the people involved can give you their opinions firsthand.

Focus groups definitely have the advantage over personal interviews, because they are able to be completed in about the same time as an interview, but you get the opinions of several people at once, which can give you a much clearer picture.

In addition, you usually save money by doing a focus group instead of an individual interview. But focus groups are not without their disadvantages as well.

For example, when you have several people in a group, some of them may not feel comfortable expressing their opinion if it is contrary to what everyone else in the group has expressed.

You have to make sure you find the right people that are going to give you real opinions.

Competition-Based Market Research

Next, we'll discuss how you can do market research by looking at the competition. If you are new in business, then your competition has the advantage over you.

But if you can take advantage of their knowledge and use it to improve your own marketing efforts, you will be able to turn the tables.

Of course, you're probably wondering how you can get this information, since it isn't likely that your competitors are just going to hand over their

own market research. The thing is, you don't have to talk to competitors directly to find out what strategies they are employing and what research those strategies are based upon.

All you have to do is look at those strategies carefully. The way that your competitors market their products or services will tell you a great deal about the market in general.

Telephone Surveys for Market Research

Finally, we'll be discussing telephone surveys. Telephone surveys used to be one of the most popular ways to do market research, but with the Do Not Call List and everyone carrying mobile phones instead of a landline that is listed in a directory, they have become less effective.

However, they are still employed by many organizations for lots of different purposes, including political polling, market research and more.

Telephone surveys do cost money, and you usually have to hire a firm to do the surveying for you, but if you come up with the right questions, it can be an extremely effective way of doing market research.

Internet Market Research

Using the internet for market research has sort of replace telephone surveys as the new norm. This is different than the methods discussed in the section under personal market research.

Using the internet can be pretty involved, and there are companies out there that have experience in researching markets using advertising, internet polling, email campaigns and a huge number of other methods.

Internet market research can be more effective than some other methods like focus groups or telephone surveys, because many people feel more comfortable expressing their options through writing rather than verbally.

Conclusion

The bottom line is that you have to do market research if you want to survive in today's business world.

Guessing about the market is not enough, and if you are investing money into a business that provides a particular product or service, it only makes sense that you should research beforehand if there is even a need for that product or service.

You can choose whichever method you want, depending upon your budget and your particular needs. But market research should be conducted regularly and you should analyze the use the information gathered to base your business decisions on.

You will be much better off for it than someone who simply plunges forward without any idea of how the market will respond.