

Market Research

Market research is the process of gathering and analyzing information about your market in order to help you make decisions on ways to make your business more successful. There are two methods of market research information: **primary research** is research that you conduct yourself, while **secondary research** is information that has already been gathered by someone else. Because of the time and cost involved in collecting primary research, most businesses tend to concentrate more on secondary research. However, when possible, primary and secondary research should be used in conjunction with each other. This should help you to achieve more comprehensive results. There are three main areas that you should cover to adequately research your business:

- Your market (which consists of all the customers or clients who would benefit from your product or service).
- Your industry (which consists of other companies that are involved in business activities similar to your own).
- Your business environment (which is your location).

Methods of Primary Research

Primary research can include talking one-on-one with people, telephone interviews, questionnaires and focus groups. This worksheet will concentrate on questionnaires and focus groups.

Questionnaires

Note: most research texts will tell you that in order to get a true representation of the population, you should be polling between 400 and 1000 people.

There are six steps to developing a questionnaire:

Note: These steps are also applicable when designing telephone or mail surveys.

1. Determine your objectives

This will involve deciding what you want to accomplish with the questionnaire. For example, say that you want to prove that there is room in town for another McDonalds. This would be your objective.

2. Make a wish list

This means determining what information that you would like to gather to prove that there is demand for another McDonalds and then narrowing it down to the information that you must have to meet your objectives. For example, it may be interesting to find out what someone's favorite McDonalds meal is, but it would be more important to find out where they live and how often they go to McDonalds. The more questions there are in a survey, the more difficult it may become to get people to complete it.

3. Prepare an outline

The next step would be to order your questions in a logical manner so that they don't confuse the person filling out your questionnaire. For example, it may be confusing to

the respondent if they are asked what their age is, then how often they go to McDonalds, then where they live, then what's important to them in a fast food restaurant. This line of questioning has no real flow to it. A better approach would be to ask them all of the personal questions and then move on to their preferences.

4. Develop the wording of the questions

When designing questions you need to be careful so as not to offend the respondents. For example, it is less intrusive to give someone a range of ages to choose from than to directly ask him/her what his or her age is. The trick is to keep the respondents comfortable with answering personal questions about themselves.

5. Design the format of the questionnaire

The type of question as well as the tone of the question is crucial to the success of the questionnaire. Open-ended questions allow respondents to provide detailed answers, but they may also confuse the person, whereas closed-ended questions (yes, no responses) are difficult to misunderstand, but do not offer the depth of information that is needed. When designing your questions, think like the respondent. Ask yourself if you could possibly misinterpret the question or find it offensive.

6. Analyze your data

At this point, determine if you got the answers that you expected or wanted.

Focus Groups

A focus group is a group discussion among eight to twelve individuals, typically lasting one and one half to two hours. Focus groups are designed to uncover the "why" of customer behavior through the candid discussion of opinions, attitudes, and perceptions. Properly designed and conducted focus groups can generate a wealth of ideas, and information on the topic at hand.

Groups generally contain participants, screened to have one or more characteristics in common, such as job description, education level, product purchase patterns, age category, or type of buying behavior. Participants usually receive a cooperation fee to compensate for their time and mileage, as well as to increase their likelihood of attendance.

Typically, focus groups are conducted in facilities equipped with a one-way mirror or video equipment allowing clients direct observation of the group. Clients then have the opportunity to send in questions on the spot as the discussion progresses. Clients can also gain better insight into issues by directly observing non-verbal behavior such as nodding heads, smiles, or frowns.

All of this may sound very completed and costly. One way to cut down on costs could be to take a less formal approach by setting up a focus group of friends and family.

However, be warned, that friends and family are generally eager to please and may provide you with what they think you want to hear.

Focus groups are particularly useful when you want to:

- Evaluate new product concepts and features
- Test your communication's effectiveness, clarity and perceived message

- Assess your business's existing image and position in the marketplace
- Generate new product or service ideas

These are formal methods of primary research, but as mentioned earlier, don't overlook the potential benefits of simply talking to people one-on-one. You will get instant feedback and perhaps even some great suggestions that you can incorporate into your business.