

# Which market research techniques should I use?

## SO MANY DECISIONS; SO LITTLE INFORMATION

Wouldn't you like to know...?

- what your customers are thinking
- what your competitors are doing
- where your industry is headed

Market research can provide the answers. Large and successful corporations know market research is vital to their success—and they spend millions on it. You too can use market research to make much more informed business decisions—without the million dollar expenditures.

## WARNING

Be careful! Unfocused research can waste resources and result in useless information—but it doesn't have to be that way. The time you invest in planning your market research will save you time and money, *and* yield better results.

Before we discuss market research techniques, let's define some market research terminology and review a few important strategies.

## WHAT IS MARKET RESEARCH?

Market research is the process of gathering information to help you make better, more profitable business decisions.

### The two sources of market research data

- Primary research is the collection of information that's tailored to your specific needs. You can gather it yourself or hire a vendor to gather it. Examples include monitoring traffic through your store, surveying customers, or conducting focus groups.
- Secondary research is information previously gathered by a third party. It's available for use by you and any other company—including your competition. Some examples include government statistics, reports by industry associations, or analyses prepared by professional market research firms.

### The three types of market research data

Regardless of whether information was gathered from *primary* or *secondary* sources, it typically comes in one of three general categories:

- Customer data, including their attitudes about your existing products, products in development, and your long range ideas.
- Competitive data, including profiles about your competitors and what they offer, their near-term plans, and their reputation in the marketplace.
- Industry/market data, including broad economic trends, existing and pending government regulations, and customer demographics.

### The intersection of market data sources and types

*Primary* market research techniques are typically used to gather customer data, and sometimes competitive data. *Secondary* market research data can typically be found for all three categories: customer, competitive, and industry/market.

## STRATEGY BEFORE ACTION

### The single biggest mistake

The most common error novice market researchers make is collecting unneeded information. Why find out whether your customers rent or own their homes if it won't help you decide whether to add a new arts and crafts product line?

### First things first: objectives, decisions, questions, and techniques

A bit of preparation will help make sure you get the information you need—and avoid wasting time and money. Before you gather any market research, get very clear about what you are trying to accomplish. Take the time to clarify your:

- Objectives (which lead to the...)
- Decisions that need to be made (which lead to the...)
- Questions that need to be answered by your market research

### For example...

If your objective is to maintain profit margins while prices in your industry are falling, you have to make a few decisions, which in turn will lead to some questions that need to be answered.

**Decision #1:** Should we add a particular feature to our product?

- Question: Will customers pay more if we do? How much more?
- Question: Who are my five closest competitors and how do their product features, benefits, and prices compare to mine?

**Decision #2:** How can we improve customer loyalty?

- Question: What is our reputation in the marketplace? Under-priced? Spotty service? How can we improve?
- Question: What aspects of our service do our customers value most? How well do we perform these?

**Decision #3:** Should we invest in our existing manufacturing process?

- Question: Is my industry growing or shrinking?
- Question: What new regulations or technologies will affect the way I do business?

### Don't reinvent the wheel

In addition to clarifying your objectives, decisions, and questions, it is important to gather any existing information, no matter how fragmentary, from within your organization. The following are particularly valuable:

- *Target audience profiles*
- *Marketing strategies and plans*
- *Product requirements definitions*
- *Sales and financial records*

## FINALLY, MARKET RESEARCH TECHNIQUES

The goal is to get the best information you can for the least amount of money.

### Start with free secondary sources

Free sources abound on the web, ranging from actual research reports to blogs, articles, competitive web sites, and online events. White papers posted on other companies' websites can be excellent and often quote market research they paid for, so you don't have to. And don't forget about customer data your company has already collected (arguably a primary source, but free none the less).

### Second, look for fee-based secondary sources

There's a ton of good information available for prices ranging from downright cheap to thousands of dollars. Sometimes all you have to do join an organization; other times you have to pay for individual reports prepared by research companies. Think about how useful the information will be and how much it would cost to gather yourself—then decide.

Read **On The Mark's** article about *secondary market research basics* to learn more.

### Third, conduct primary research as needed

Primary research can be expensive in terms of staff or consultant time; but it isn't always. Customer surveys can be done pretty reasonably with online tools such as Survey Monkey. Focus groups, on the other hand, are typically costly. But don't be put off. Primary research often yields the most valuable information because it's focused on your specific needs.

Read the **On The Mark** article entitled *Conducting primary market research: using the right techniques to get what you need* to learn more.

### On time and under budget

With so many sources of market research to choose from—each with a different cost and time commitment requirement—it's important to forecast and monitor your budget and schedule. This way you can set expectations about when the market research will be available and how much it will cost.

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- **Raising the bar:** Experienced leaders that continuously deliver innovative yet meaningful business impact
- **Making it happen:** Driven, accountable marketing experts that are focused on results...not our egos

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