

The Purpose of Market Research

You want to identify:

- ◆ **Customers:** Who will buy your product?
- ◆ **Market Niche:** Who's your competition, and where do you fit into the market?
- ◆ **Price:** What price will make your product competitive?
- ◆ **Competitive Edge:** What makes you better than or different from the competition?
- ◆ **Location:** Where will you sell your product to reach your target customer?

Important Info-Gathering Tips

- **Keep your eyes and ears open**
- **Ask lots of specific questions**
- **Carefully listen to the answers**
- **Honestly evaluate the importance of the answers**
- **Don't let wishful thinking, assumptions, or prejudices affect how you gather or interpret data**

Sources of Information

- ☐ **Survey of potential customers**
- ☐ **Small Business Development Center**
- ☐ **Chamber of Commerce**
- ☐ **Library**
- ☐ **Commercial Sources (local utility companies, market research companies)**
- ☐ **Trade Associations**
- ☐ **Stock Brokers**
- ☐ **Online Resources**
- ☐ **Phone Book**
- ☐ **Competition (visit, review advertising materials, buy their product)**
- ☐ **Census Information**
- ☐ **Local Zoning Plan**
- ☐ **Suppliers**
- ☐ **Test Market**
- ☐ **Other: _____**

The Marketing Mix

**The Four Ps will guide your
research, analysis, and
strategies:**

- ✓ PRODUCT**
- ✓ PRICE**
- ✓ PROMOTION**
- ✓ PLACEMENT**

Features vs. Benefits

Features:

- Size
- Quality
- Varieties
- Types
- Materials

Benefits:

**What your product will DO FOR
your customer (time savings,
convenience, status, security, etc.)**

***PEOPLE BUY BENEFITS,
NOT FEATURES!***

Your Product In Use

**If you sell something to eat...
ask people to *taste it*.**

**If you offer a service...
ask people to *use it*.**

**If you sell something to wear...
ask people to *try it on*.**

–THEN–

When people hate it, ask them WHY.

When people love it, ask them WHY.

**Then, ask them more questions about
themselves. These are your
target customers.**

Demographics

- ❖ **Age**
- ❖ **Gender**
- ❖ **Location**
- ❖ **Education**
- ❖ **Occupation**
- ❖ **Income Level**
- ❖ **Marital Status**
- ❖ **Kids / No Kids**

Psychographics

Needs

Security, esteem, love, acceptance,
understanding, beauty, good health

Values

Status, success, greed, simplicity

Buying Styles

Price, fads, quality, technology,
luxury, convenience

Cultures

Modern, artistic, religious, liberal,
conservative, environmental

Interests

Sports, reading, fitness, cooking,
workaholic, gardening

Why Analyze the Competition?

Because You Might:

- ✓ **Learn more about what the customer really wants (or doesn't want)!**
- ✓ **Discover unserved niche markets**
- ✓ **Get ideas for marketing, merchandising, product mix**
- ✓ **Obtain valuable advice, support, information from remote or indirect competition**

Because You Will:

- ✓ **Determine whether or not you have a *COMPETITIVE ADVANTAGE***

Things You Should Know About Your Competition

Direct or Indirect Competition?

Where are they located?

What is their brand image?

Who are their customers?

How do they price their products?

How is their overall performance?

How is their customer service?

What type of promotions do they use?

What are their strengths and weaknesses?

Choosing a Location

- ✎ **Proximity to customers**
- ✎ **Neighborhood**
- ✎ **Convenience**
- ✎ **Safety (lighting, off-street parking, etc.)**
- ✎ **Accessibility (ADA)**
- ✎ **Visibility**
- ✎ **Foot traffic, vehicle traffic**
- ✎ **Other complementary businesses nearby**
- ✎ **Size/floor plan requirements**
- ✎ **Lease or own**
- ✎ **Zoning restrictions; landlord restrictions**
- ✎ **Costs (property, amenities, required improvements)**