

Identifying Your Market, Market Area & Market Characteristics

Every business must base its decisions upon something. Pricing, projecting sales, choosing a name, designing and locating your business and managing your inventory are all decisions that should be influenced by your market.

Researching your market will take time and effort but it will yield a high return.... it will make you aware of opportunities, it will help you to avoid pitfalls and not waste money, it will help you know yourself and how you are positioned in the environment. In order to properly market, advertise and promote your business you must first know whom you are marketing too.

Steps to Market Research

STEP 1. Establish The Goals of Your Market Research

What decisions should it help you make?

Your Goal should focus on helping you make crucial decisions about how to meet your customers' needs.

STEP 2. Determine What Information You Need About....

Your Customers:

Who are they? Where are they? Why do they buy? Where do they buy now?

Your Competitors

Who are they? What do they offer? What are their competitive advantages? Etc.

Your Environment

What will happen to the industry? Will the economy change? Am I on the right side of the trend? Etc.

STEP 3. Research Secondary Data

That is...look at information gathered by others first (much of it is already compiled and often free through your Community Futures Office).

Some examples: Statistics Canada, Trade Organizations, Industry Studies, Industry Canada Profiles, Trade Journals/Magazines, Manufacturer Listings, Chamber of Commerce Business Directories, Community Profiles, Yellow Pages, Community Newspapers Circulation Data, Post Office Households, Etc.

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STEP 4. Do Your Own Primary Research Data

Determine what information is still not gathered and collect it yourself. Get a sufficient sample size (why risk your future on what a couple of people think). Use your common sense to guide you to the most appropriate sample group (target market).

Conduct Personal Interviews No other technique can teach you as much about your potential *customer, competitor, or environment*. Listen for their concerns, their tangents, and tone of voice and off-hand responses. Unfortunately this is time consuming and you will not be able to interview more than a handful of individuals (so make them count!)

Use Customer Surveys (*see attached examples*) a survey can get the answers to your specific questions in an easy to understand form. These may be conducted in person, (with part-time help), by mail (but get poor response – 10%) or by phone (keep it brief!). *If your customers are other companies'* ...be professional, use a smaller sample size, talk to the right person, find out buying habits and make your survey a “teaser” promotion.

The Competition Survey Can be very valuable but be tactful!
Here are some ideas:

- Try posing as a customer
- Join appropriate associations
- Ask competitors about other competitors
- Visit similar companies in other markets
- Interview a company in a similar but not competing industry

STEP 5. Analyze The Information and Make Decisions

- Go over research info and compile all useful information
- Interpret what the raw numbers mean regarding prices, products, place
- Look for opportunities, needs that are not met by a competitor
- ***Take action based on what you learnt***

As a result of this market research you should fundamentally understand your market. Above all, you must thoroughly understand who your potential customer is and what makes them tick. Likewise, you should be able to describe where you are in relation to the customer, your environment and your competition.

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WHAT SECONDARY DATA DO YOU NEED?

CATEGORIES OF SECONDARY DATA

Check the categories of secondary data that you might need. Use the blanks to elaborate. Don't be limited by our categories. There's room to add your own at the bottom. Remember, all the information you need may not come from secondary sources.

Demographic statistics: _____

Scientific study data: _____

Media survey data: _____

Public polls: _____

Patent and trademark information: _____

Legal information: _____

Address and phone numbers: _____

Information on business procedures: _____

Prices and specifications: _____

Other: _____

Other: _____

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WHO ARE MY CUSTOMERS?

1. PROFILE:

Economic Level –

Psychological Make-up-

Age –

Sex –

Income Level –

Buying Habits –

2. LOCATION:

Live –

Work –

Shop –

3. MARKET SIZE:

4. COMPETITION:

5. OTHER FACTORS:

CUSTOMER NEEDS	WHAT CAN I OFFER?

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SAMPLE QUESTIONNAIRE FOR A PRODUCT

I am developing a new product and am contacting a few people in your neighborhood for an important and quick survey. I hope you will take a moment to tell me how you feel about board games.

1. Do you play any board games? Yes No
(If NO, please go to #7)

2. What is your favorite board game?
(Only one answer)

Backgammon Checkers Pictionary Life
 Clue Monopoly Sorry Other

3. On the average, how often do you play board games?
(If conducting phone or personal interview, insert name of game stated in question)

Less than once a month Once per month
 Twice per month Once per week
 More than once per week

4. Would you consider playing a new board game about the Stock Market?
 Yes No Maybe I don't know

5. How much would you pay for a board game about the stock market?
 \$6.00-\$10.00 \$10.01-\$15.00 \$15.01-\$20.00
 Over \$20.00

6. What is the first word that comes to mind when you think of the Stock Market?

7. On the average, how many hours of television do you watch per week?
 Less than one hour 1 - 3 hours 3 1/2 - 6 hours
 6 1/2 - 9 hours 9 1/2 hours or more

8. Do you clip coupons from the newspaper? Yes No

9. What radio station do you listen to most often? _____

10. What is your age?
 18-24 years 25-34 years 35-44 years 45-54 years 55+years

11. What is your sex? Male Female

12. What is your average household income?
 Under \$10,000 \$10,001 - 20,000 \$20,001-30,000 \$30,001 - 40,000
 \$40,001 - 50,000 \$50,001 - 75,000 Over \$75,000

Thank you for your response. The following information is helpful to my study, but is optional:

Name _____ Address _____
City _____ State _____ Zip Code _____

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SAMPLE QUESTIONNAIRE FOR A SERVICE

I am developing a new service and am contacting a few people in your neighborhood for an important and quick survey. I hope you will take a moment to tell me how you feel about take-out food.

1. Do you order take-out food? Yes No
(If NO, please go to #9)

2. What is your favorite take-out food?
(Only one answer)
 Chinese food Mexican food Pizza Deli food
 Burgers Other

3. On the average, how often do you order take-out food?
(If conducting phone or personal interview, insert name of food stated in #2)
 Less than once per month Once per month
 Twice per month Once per week
 More than once per week

4. Would you be interested in full course take-out meals? Yes No

5. Would you be interested on home delivered meals? Yes No

6. How much would you be willing to pay for a full course, home-delivered meal?
 \$5.00 \$7.50 \$10.00 \$12.00

7. What is the first word that comes to mind when you think of full course, home-delivered meals?

8. On a scale of 1 – 5 , with 5 signifying very important, please rank the following items as they relate to your feelings about take-out food:

Containers.....1 2 3 4 5 (please circle one)
Combinations of foods offered.....1 2 3 4 5
Temperature when served.....1 2 3 4 5
Taste.....1 2 3 4 5
Delivery Time.....1 2 3 4 5

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