

The Small Business Approach to Market Research

Running a small business or launching a start-up company is very time consuming. Most of the time it feels as if there aren't enough hours in the day to get the job done. Because of this, many small businesses skip some of the most important details in securing their success. Market research is one of these crucial steps that many businesses omit. How can you go ahead with a plan to sell a product when you don't know if it's going to sell? How can you set a price when you don't even know your customer's price sensitivity or your competitors' prices? Market research, although time consuming and frequently omitted by small companies, is largely necessary to ensure a business's success. This article will define market research and provide a step-by-step approach to tackling the subject as a small business.

Market Research - An Introduction

Market research is the process of collecting data on consumers, competitors, marketing and sales channels, and the forces affecting your industry. Consumer research usually contains data on basic customer characteristics and their buying behavior. Competitor research includes gathering data on product lines and pricing, competitors' current advertisements, and some perceptual mapping. Channel research simply means that you must view the overall picture. How do you fit into the industry value chain? Who are the best suppliers, distributors, and retailers? How will your product reach the end consumer? Finally, gathering industry research involves analyzing Porter's Five Forces along with market history and probable forecasts. Legalities and any political issues that may concern your business fit in here as well.

Step 1: Set Goals for Yourself

As with any project, your first step towards completing quality market research is to set some goals. What do you want to accomplish while doing the market research? These goals should focus on the process itself. Setting dates in a timeline is always a good idea if you've outlined multiple steps for your market research campaign. Here are some ideas for goals:

- Segment your market by age, income, and location
- Test interest in new products and services through product comparisons
- Improve customer relations
- Develop new strategies to hedge competition
- Optimize product prices

Step 2: Turn Goals into Results

Now that you've outlined all the goals for your campaign, transform your ambitions into the results you want. Where as the goals focused on your accomplishments during the market research, the results focus on what you want to get out of the market research. Think of the ways you envision your business improving after the research is done. Some examples:

- You can target the best customer segment possible
- You set the best price to ensure high product movement
- You close sales more quickly by knowing customer psychographics
- Your business has contingency plans
- You are more responsive and you move faster than your competition

Step 3: Start Your Research

All the preparation is done. You have your goals and your desired end results. The task of doing all the market research may seem daunting, but start small and start easy. Start with the easiest category "customers" and ask every possible question. Who are they? How old are they? How much do they make? Do they have families? Are they risk takers? Etc, etc. Move on to "competitors", "channels", and "environment" while still asking about all of the details. Answer as many questions as possible. Here are a few brief topics for each category to start your research:

Customers - Look at the demographics, psychographics, behaviorist, and geographic of your customers. Demographics are the basic ones like age, sex, income level, and marital status. Psychographics are the ways your customers perceive the benefits of your products and their motivations for buying. For example, two people with the same demographics may buy two SUVs for two different reasons: usefulness and style. Behaviorist is the ways your customers acts. How they spend their free time and what hobbies they have fall under here. Finally, geographic are simply the locations of your customers.

Next look at the type of buyer your customers are. Are they innovators, early, adopters, early majority, late majority, or laggards? What groups are they influenced by and who do they influence? Also determine the level of involvement your customers will have with the product. Is it a high risk product based on their income level? Is the purchase time too great?

Competitors - Start researching your competitors' products. See what they offer and look at their prices. Do some reconnaissance work and call them up seeking information. One way to get good results is to say you are a local college student who is doing a profile on the industry this competitor is in. Ask for basic financials if you can. At least see if you can obtain their product costs and profit margins for your "project".

Also look at the current advertising and promotions your competitors are doing. See how they are affecting customers. Get opinions on each business and develop strategies to hedge the competition. Create a perceptual map to determine how customers see the major competitors in the industry. Find a point where you can position yourself in the best possible way.

Channels - Start researching manufacturers, suppliers, distributors, and retailers. Are there ways you can cooperate with any of them? Do you need to go through a distributor or can you even sell factory direct items? Discover the fastest and most cost effective ways you can do business. Do not be afraid to question your current business model.

Environment - Begin by analyzing Porter's Five Forces. Look at the strengths and weaknesses your buyers and suppliers have. Determine if it is easy or hard to enter your market and if you need to be wary of potential entrants undermining your business. Are there substitutes that your customers may switch to? Are there costs associated with switching products for the customer? Be sure to research any political and legal problems that may come up with your product. Keep an eye out for new laws that may affect your industry and your products

7 Internet Marketing Mistakes That Can Destroy A Business

Below are 7 Mistakes which you can constantly see many internet businesses making over and over again. Each of these mistakes can easily cost your business thousands or tens of thousands of dollars yearly.

As a matter of fact, I see many internet businesses out there that have next to no chance of success because a couple of these problems are at the very heart of their business. If your business is built on a weak foundation, there is no way it will be able to produce maximum income for you even if it does somehow survive.

Mistake #1: You have a short-sighted vision

Do you have a long term plan for your business or are you just trying to make it through the month? I know marketers who have a 1 year plan, 5 year plan, 10 year plan, and even a 50 year plan for their business...What does your plan consist of? A lot of people are making fun of Amazon.com because of the fact that they lose an average of \$3.00 per book that they sell. Do you realize though what their long term plan is? Every single day they are using their large financial backing to take up more and more of the book market share. They are quickly becoming the most well known bookstore on the earth...and every other bookstore is beginning to feel the pressure from them. I am definitely not suggesting to you that you need to start losing money to gain customers, because most of us small businesses just couldn't afford that tactic. What I am suggesting to you is what you learn the lifetime value of a customer. It is 7 - 10 easier to sell a product to an existing customer than it is to sell to a new customer. How are you building the relationships with your current customers? Are you seeking out and finding new products that meet other needs and wants they might have? Are you treating your current customers as your most valuable asset in your business?

Mistake #2: You aren't willing to think outside the box.

For many internet marketers, they only see two types of advertising. Number 1 for them is free advertising such as free links, free classifieds, newsgroup participation, and more. Secondly, they see paid advertising such as banner ads, offline advertising, and paid links. What about finding people in your business to endorse your products or services to their customers and splitting the profits? Jay Abraham and Mike Enlow both list this as the most powerful marketing tool in existence...do you even know about it? Press releases can get traffic to your site almost overnight if you have something that people want or need...have you worked with the media to get some Free traffic? Have you considered setting up your own affiliate program? This is the quickest and easiest way to expand the sales of any successful product or business. Let other people start selling it for you!

Mistake #3: You have fallen in love with the wrong product.

Have you fallen in love with the wrong product? It is interesting to note that in the Direct Mail Bootcamp, where a Dozen Top Marketers gathered together to discuss the recipe for marketing success, one of the main reasons for failure that they all agreed upon was...falling in love with your product or service. I understand that your product may be your baby, but you will have to be willing to give it up if it isn't what the market wants. Every day the world market is changing and you have to be changing right alongside it. It may be that demand for your product is declining...if so, are you willing to give it up and find a product people want? Start asking some questions of your web site visitors or ezine readers. Ask them what it is that they want. What is it that they are looking for? You may find out that you have been barking up the wrong tree and trying to sell them something that they don't really want (Even if it is what they need). You will go broke trying to sell people what they need...if it isn't what they want! The actual statistics are that only one out of every seven products turns out to be a winner. Go with the odds and be willing to change if your market WANTS something different.

Mistake #4: You don't have a Unique Web Position.

What makes your site different than everyone else's? Why should they visit you instead of somewhere else? Why should they buy from you instead of the competition? If you can't answer those questions in one quick sentence, then you don't have the type of UWP you need to succeed in today's worldwide business environment. Spend some time and visit the competition. What is it that you do better than them? What is it that you offer different from them? For example, in the internet marketing sites out there, so many of them are only me-too sites. What are you going to do to make yourself different than the rest? Is it better prices, better services, free stuff, quicker results, etc.?

Mistake #5: You haven't researched your market enough.

Do you know what it is that your market wants? Have you ever taken the time to go back to your customers and ask them why they bought from you in the first place? Have you spent time in discussion groups, mailing lists, and newsgroups to find out what problems people may be having or what they are looking for? If you don't know why people buy from you, how can you target them correctly or write a sales letter that will hit their hot buttons? I will give you the answer to that one...you can't do it. Concept is more important than ad copy. Coming up with exactly the right concept (or angle) for your product will make OK ad copy sell like crazy. A poor concept could never be made profitable even by the best copywriters out there.

Mistake #6: You aren't dealing with people as individuals.

Don't talk to everyone...deal with individuals. I believe in automating as much of the sales process as possible, but there still comes the time that you have to deal with people like people. We run the numbers on our sales statistics, but people are not just numbers. Always remember the human element. Those aren't just email addresses out there. They are real live individuals who have wants, needs, and desires just like you. Deal with them that way. Be willing to help...Be willing to give away free information...Give away free samples...Be someone that people like.

Mistake #7: You give up too soon.

This almost goes without saying, but many individuals give up too soon. I have seen hundreds of individuals make some of the mistakes above on their sites, lose a little money, and then give up in disgust believing that the internet just doesn't work.