



Primary Market Research

Most small or micro businesses cannot afford to commission their own market research. This is not necessarily a problem since most people have a good idea of the sort of person they are aiming at. For instance, a person setting up a market stall selling costume jewelry may know instinctively that most of their customers will be women on a below average income. He would also be able to ascertain that they are likely to be living in the immediate area surrounding the market and are likely to be influenced by price.

How you set about researching your target market will depend greatly on the sort of resources at your disposal and the kind of business you intend to operate. You should have some idea of who your target audience might be, and the above example gives some broad assumptions but the more you understand about your potential customers, the more likely you are to connect with them and increase sales. Along with your lecture notes, the following guidance notes should help you compile an effective research questionnaire.

Consider the data you really need

Encourage people to respond by being general wherever practical. For example, instead of asking for a person's address, use postcode or area, place ages into broad ranges and occupation gives a broad idea of salary. Consider asking about pastimes, news media or TV programs.

Be open with your questioning

Ensure that the questions allow more information to be given, avoid closed questions which encourage straight yes or no responses; unless this really is all you want to know. Make questions as open as possible without being vague. Take the example of a butcher intending to make his own sausages. If he asks how many sausages customers buy in a week, he will not reveal type, flavours, price, fat content or cooking methods which would allow him to produce exactly what the customer desires.

Ensure that your sample is representative

Don't get caught in the trap of only speaking to people in your own circle. A huge mistake of many new businesses is to assume that because they love the idea, enough other people will do too. Be sure to speak to as wide a circle of people as possible, ensuring that they are relevant. It is recommended that a survey consists of at least 150 responses to be statistically valid.

Ask about the competition

This will work in tandem with your competitor analysis to provide you with a real understanding of the competition's strengths and weaknesses, both real and perceived.

Interpret data impartially

One of the most challenging things about conducting your own market research is the instinct to view the data through rose-tinted spectacles. It is also difficult to pick out the true meaning of what can appear wildly conflicting results. It is important to strike a balance between quantitative and qualitative research by ensuring that questioning is SMART.