

Understanding Your Markets

Business development agencies often quote some alarming statistics about the rate of failure of new business ventures.

So what goes wrong?

Reasons abound, but one more commonly found is remarkably simple; that is that what the business owner originally saw as a terrific idea, didn't actually enjoy the same enthusiasm in the marketplace. This doesn't necessarily mean that the product or service offered was bad; it simply means that the product didn't meet what it was that the customer was wanting and prepared to pay for. Markets are notoriously fickle. It might have been that it was the wrong price, or the wrong size, or the wrong presentation or packaging, or simply the wrong colour.



It might have been that there was genuine market demand, but that the size of that market niche was insufficient to sustain a dedicated business.

Lots of things can be wrong, but invariably the common wrong is that the business owners didn't do their basic market research. The product or service was developed by the "heart" rather than the "head".

To run a successful business, you must know your market thoroughly. Strong market research can provide you with a range of information about your customers, your industry, and your competitors. In your start-up phase, it will help you determine how feasible a business idea is. As your business expands, you can use research to hone your marketing program, target and differentiate your product or service, look for new growth opportunities, etc.

The challenge for many small business owners is to do your research on a tight budget. While direct mail questionnaires, in-depth telemarketing campaigns, focus groups, and other techniques are effective methods of surveying your customers and prospects, they can also be quite costly. Instead, you might want to try some informal but cost effective versions of these methods:

Speak directly to your target customers

Hold an informal meeting. Invite 5 -10 of your customers to lunch, and tell them that you're looking for an off-the-record, informal appraisal of your product and service. Similarly, you can have someone in your office phone 15 or 20 customers and ask them the same survey questions. While you won't get scientific results, you will get honest answers and genuine feedback as well as input on market trends. You may even get some new customer-driven ideas. An indirect benefit might be increased customer loyalty, as they take some personal interest in your future.

Use students

Get in touch with the university and ask if there are students who might be interested in working on a market research project. In addition to saving you money, working with students could also net you fresh ideas about ways to design and conduct your market research.

Use Government offices and libraries

The Queensland Department of State Development office maintains a wealth of research reports and is also ever ready to assist in referring to other sources of intelligence. Public libraries have a wealth of facts and figures available through various industry directories, government abstracts, and other reference guides. And don't forget the university library. The librarians are also a great point of reference to other sources.

Surf the net

The World Wide Web is a wonderful research tool, for almost any research enquiry. If it doesn't have exactly what you're looking for, it will certainly provide direction to other sources.

Use trade associations

Trade associations are regularly gathering information about their industries. These surveys often cover issues like typical company operating costs, industry growth trends, new market opportunities, etc.

These research reports are often available only to association members, so you may have to join to get access.

Read trade publications

Reading trade journals, magazines, newspapers, and industry newsletters is an excellent way to learn about trends in your industry and keep ahead of the curve. They often report on industry trends and other key issues before they're picked up by the general press. You also will find a wide array of information about your competitors. In addition, trade publications also commonly write articles about recent research data (for getting trend figures) or may even conduct proprietary market research.

Cheers

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