

MARKET RESEARCH

Marketing research can give a business a picture of what kinds of new products and services may bring a profit. For products and services already available, marketing research can tell companies whether they are meeting their customers' needs and expectations. By researching the answers to specific questions, small-business owners can learn whether they need to change their package design or tweak their delivery methods--and even whether they should consider offering additional services.

"Failure to do market research before you begin a business venture or during its operation is like driving a car from Texas to New York without a map or street signs," says William Bill of Wealth Design Group LLC in Houston. "You have to know which direction to travel and how fast to go. A good market research plan indicates where and who your customers are. It will also tell you when they are most likely and willing to purchase your goods or use your services." When you conduct marketing research, you can use the results either to create a business and marketing plan or to measure the success of your current plan. That's why it's important to ask the right questions, in the right way, of the right people. Research, done poorly, can steer a business in the wrong direction. Here are some market-research basics that can help get you started and some mistakes to avoid.

Types of Market Research

Primary Research: The goal of primary research is to gather data from analyzing current sales and the effectiveness of current practices. Primary research also takes competitors' plans into account, giving you information about your competition.

Conducting primary research can include:

Interviews (either by telephone or face-to-face)

Surveys (online or by mail)

Questionnaires (online or by mail)

Focus groups gathering a sampling of potential clients or customers and getting their direct feedback

Some important questions might include:

What factors do you consider when purchasing this product or service?

What do you like or dislike about current products or services currently on the market?

What areas would you suggest for improvement?

What is the appropriate price for a product or service?

Secondary Research: The goal of secondary research is to analyze data that has already been published. With secondary data, you can identify competitors, establish benchmarks and identify target segments. Your segments are the people who fall into your targeted demographic--people who live a certain lifestyle, exhibit particular behavioral patterns or fall into a predetermined age group.

Collecting Data

No small business can succeed without understanding its customers, its products and services, and the market in general. Competition is often fierce, and operating without conducting research may give your competitors an advantage over you.

There are two categories of data collection: quantitative and qualitative. Quantitative methods employ mathematical analysis and require a large sample size. The results of this data shed light on statistically significant differences. One place to find quantitative results if you have a website is in your web analytics (available in [Google's suite of tools](#)). This information can help you determine many things, such as where your leads are coming from, how long visitors are staying on your site and from which page they are exiting.

Qualitative methods help you develop and fine-tune your quantitative research methods. They can help business owners define problems and often use interview methods to learn about customers' opinions, values and beliefs. With qualitative research, the sample size is usually small.

Many new business owners, often strapped for time and money, may take shortcuts that can later backfire. Here are three pitfalls to avoid.

Common Marketing Mistakes

Using only secondary research. Relying on the published work of others doesn't give you the full picture. It can be a great place to start, of course, but the information you get from secondary research can be outdated. You can miss out on other factors relevant to your business.

Using only web resources. When you use common search engines to gather information, you get only data that are available to everyone and it may not be fully accurate. To perform deeper searches while staying within your budget, use the resources at your local library, college campus or small-business center.

Surveying only the people you know. Small-business owners sometimes interview only family members and close colleagues when conducting research, but friends and family are often not the best survey subjects. To get the most useful and accurate information, you need to talk to real customers about their needs, wants and expectations