

DO I NEED MARKET RESEARCH?

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Many people believe they have life-changing business ideas that will make them millionaires in just a short period of time. But what separates these want-to-be-entrepreneurs from real, successful business owners? There are a handful of factors, but it starts with market research. Market research is the leg work to discover if there is a need for a product/service, who the target audience would be, and what competition is already out there. It includes understanding industry factors and challenges, and how the business idea would solve a problem.

The intended audience for this paper includes anyone with a business idea and small business owners. It describes the need for market research, no matter the size of business.

Identifying the Need for Your Product or Service

The first step is to assess the market demand for the product/service and determine if there is a gap or opportunity. If the need is already being met, then a competitive advantage will need to be developed. If there is not a need in the first place, then the need should be created, or the idea dropped.

Tools and techniques for gauging customer interest include community surveys, interviews, focus groups, and online polls. Focus groups are particularly helpful because they can take place in certain locations that will help determine the best place to sell. They are also in-person and usually provide some sort of immediate compensation to the participants, which increases participation.



Here are some key questions to ask about the problem the business idea solves:

- What specific problem does my product or service address?
 - Why is this problem important to solve?
 - How does it impact their daily life or business?
 - How are potential customers currently solving this problem?
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- What makes my solution better or more effective than current options?
 - What value will customers gain from my solution?
 - Is this problem likely to persist or grow over time?
 - Are there any obstacles or challenges in delivering the solution?

Understanding the Target Audience

It is important to identify and segment your target audience. The age-old adage that one should write what they know also applies to selling. If someone once had a problem but then had it solved by a product, they would be a great advocate for that product. The reason is because they were once the target audience, so they understand the target audience.

Creating buyer personas (a detailed profile of the ideal customer) can be helpful. It can be updated as needed and used as a guide for all proposals and marketing assets.

Look into these methods for collecting demographic, psychographic, and behavioral data on potential customers:

Demographic Data

- Surveys/Questionnaires
- Census Data
- Social Media Analytics
- Customer Databases
- Market Research Reports

Psychographic Data

- Focus Groups
- Customer Interviews
- Social Media Listening
- Surveys with Psychographic Questions
- Personality Quizzes/Assessments

Behavioral Data

- Website Analytics (e.g., Google Analytics)
- Customer Purchase Data
- Heatmaps and A/B Testing
- Email Engagement Metrics
- Loyalty Programs
- App Usage Data

Analyzing the Competition

Understanding the competition is just as important as understanding the target audience. And everyone has competitors whether they are obvious and direct, or not. After all, a hamburger joint is a competitor to a hotdog cart because they both sell lunch, even though they are not selling the same product.

How to research and assess competitors in the market?

1. Identify and list the key competitors within the industry or market.
2. Categorize competitors based on size, market share, and relevance.
3. Create detailed profiles for each key competitor, including company background and history, product or service offerings, market presence and geographic reach, strengths and weaknesses, and competitive advantages and differentiators.
4. Analyze each competitor's market positioning, brand perception, and unique selling propositions.
5. Evaluate the features, quality, and innovation of products or services offered by competitors.
6. Assess marketing and promotional efforts of competitors, including advertising, social media presence, and content marketing.

Industry Factors and Challenges

It is also important to understand key industry trends, regulations, and barriers to entry. The economic, social, and technological factors affecting an industry should be analyzed. Understanding all of this allows for planning the challenges, such as changing market conditions or new competitors.

Through all of this, remember that **data convinces others**. The best way is to use data validate your business idea. Each of these areas can be backed up with data, which will make seeking investors and partners a hundred times easier.

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