



The Market Research Resource Kit For Small Business Owners

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I. WHY MARKET RESEARCH?

According to the U.S. Small Business Association, only 66% of all small business startups survive the first two years and less than 50% make it to four years of existence. Unfortunately, a critical component to a business strategy that business owners often overlook is market research. Market research is essential for making informed decisions whether you're just starting or expanding your business. This **Market Research Resource Kit** will provide you the necessary skills and tools to conduct your own secondary research so that you can make more informed business decisions.

Even if your business is operating at a comfortable pace, it is always necessary to think about the future. How is your industry changing and what are the implications of these changes on your business? Have you noticed that your customers' tastes, behaviors or attitudes changing? How do you need to position your business? How will you expand your current product or service offerings maintain value delivery to consumers while still being profitable.

II. WHAT IS MARKET RESEARCH?

Marketing research is the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services.¹

When do you need to perform Market Research?

- Starting a new business
- Expanding an existing business (adding a new product or service)
- Assessing customer satisfaction
- Uncovering causes relating to business downturn
- Determining the best pricing strategy
- Determining the best advertising strategy
- Determining the advantages/disadvantages of your business against the competition
- To understand behaviors and attitudes of current and potential consumers/markets
- Determine best use of business budget

¹ Definition from the American Marketing Association

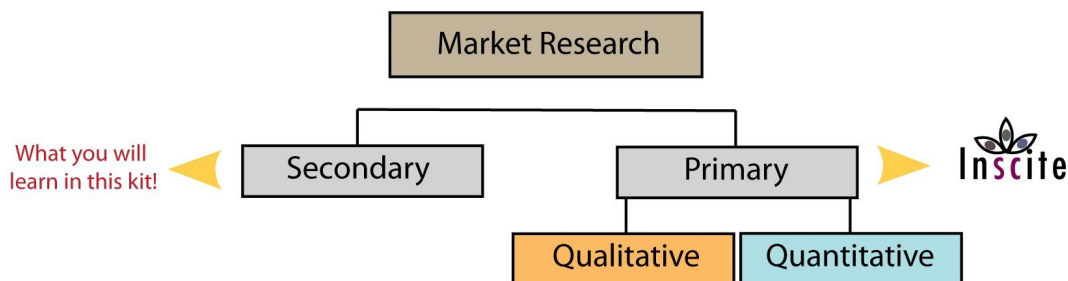


Characteristics of Market Research: Scientific, Actionable, Continuous

- **Scientific:** True market research should be performed as a scientific process. You must gather facts and opinions in an orderly, objective way to find out what people want to buy, not just what you want to sell them.
- **Actionable:** Market research enables you to understand your customer's needs and wants, distinguish your business' strengths and weaknesses, minimize risks and maximize your return on investments.
- **Continuous:** Market research should be performed on a constant basis. Remember that market research deals with people and their constantly changing feelings and behaviors, which are influenced by countless subjective factors.

III. METHODS OF MARKET RESEARCH

Market Research can be categorized as either primary or secondary. In this research kit, you will be focusing on collecting secondary research for your business but is important to know about the implications of both:



Primary Market Research: Primary research is performed when the business commissions a study themselves to directly find out how their customers feel about the business's product or service and the competitors' offerings. Since it is difficult for a business to be objective when contacting customers directly, it is recommended that businesses employ the services of professional market research firms to assist in gathering primary market research. While these services require an upfront cost, the expertise of a professional market researcher will save you from making any costly mistakes and can maximize your bottom line.



Primary research can be categorized as either Qualitative or Quantitative²

	Qualitative	Quantitative
Purpose	Qualitative research is more exploratory in nature and helps the business understand underlying reasons and motivations of consumer. Qualitative research provides insights into the setting of a problem, generating ideas and/or hypotheses for later quantitative research. It also uncovers prevalent trends in thought and opinion	Quantitative research provides direct conclusive numerical research that is statistically accurate, however, often lacking in contextual detail. The researcher must know clearly in advance what he/she is looking for.
Characteristics	<ul style="list-style-type: none"> - Subjective: based on individuals' interpretation of events ,e.g., uses participant observation, in-depth interviews etc. - Qualitative data is more 'rich' since you are directly finding out about consumers' opinions and desires - Can be time consuming, and less able to be generalized. 	<ul style="list-style-type: none"> - Objective: seeks precise measurement & analysis data - Quantitative data is more efficient since you are able to test hypotheses - Limited contextual detail. While you may be able to spot a trend quantitatively, you may not be able to logically explain why without further qualitative investigation.
Method	<ul style="list-style-type: none"> - Focus Groups: group discussions - In Depth Interviews - Online Discussion/interviews 	<ul style="list-style-type: none"> - Online Surveys - Computer Assisted Telephone Interviewing (CATI) - Mail Interviews - Mall Interviewing
Data Collection Methods	<ul style="list-style-type: none"> - Unstructured or semi-structured techniques e.g. individual depth interviews or group discussions - Facilitates a small sample size 	<ul style="list-style-type: none"> - Structured and planned techniques compiled in a form of a questionnaire - Can facilitate a large sample of respondent interviews
Outcomes	<ul style="list-style-type: none"> - Develop an initial understanding and sound base for further decision making - Findings are not conclusive and cannot be used to make solid conclusions about the population of interest 	<ul style="list-style-type: none"> - Structured and planned techniques compiled in a form of a questionnaire - Used to recommend a final course of action

² Snap Survey Ltds. <http://www.snapsurveys.com>



Secondary Market Research: Secondary research involves studying what others have learned about your market. Generally, this involves reading external sources about your industry of interest in trade journals, other business publications, or reports generated from studies that others have commissioned.³

Inscite has developed an extensive resource list to help you find the information you need. Please see Section V, on Page 11-13.

Advantages and Disadvantages of Secondary Research ⁴	
Advantages	Disadvantages
<ul style="list-style-type: none">• Cheap and accessible - especially with the internet and public libraries• Often the only resource, for example historical documents• Only way to examine large-scale trends	<ul style="list-style-type: none">• Lack of consistency of perspective• Biases and inaccuracies can not be checked• Published statistics often raise more questions than they answer (for example, what does church attendance tell us about religious beliefs?)• The concern over whether any data can be totally separated from the context of its collection• Research is not specific to what you might want to find out.

Remember, although secondary research is less expensive than primary research, it's not as accurate, or as useful, as specific and customized research. For example, while secondary research will tell you how much consumers spent on candles last year, it will not tell you how much they're willing to pay for the candle design your company has in mind.

³ www.findlaw.com

⁴ Dunsmuir and Williams (1992)



IV. STEPS FOR PERFORMING MARKET RESEARCH

1. Identify Business Problem or Opportunity

You may already have a specific business dilemma that you want to solve or precise opportunity you want to pursue. However, sometimes you may not even know what information you need to obtain to improve your business. It is always best to first think about basic issues surrounding your business. Here are some questions to help you think about your current business model and uncover some potential challenges before you begin.

- Who are my customers?
 - Age
 - Income
 - Location
 - What are their needs, likes and dislikes?
 - Satisfaction/Dissatisfaction with similar products and services?
 - What price are they able and willing to spend for my product or service?
- Who are my competitors?
 - How long have they been in business?
 - What is the size of their firms?
 - Where are they located?
 - What other products and services do they offer?
 - What is their price structure?
- What are the trends within the industry?
 - How is technology playing a role? (i.e. are internet stores replacing brick and mortar businesses?)
 - How are social trends playing a role? (i.e. the green movement, environmental, social consciousness)
- How is the country's economic climate affecting my industry?
- Impact of political/social/media events on business?
- My Business
 - How would customers react if I were to introduce a new product or service?
 - How are my customers' attitudes and behaviors changing
 - Do my customers pay attention to my advertisements
 - What are my customers' primary sources for learning about my business?



- Am I using the appropriate advertisement channels to reach my target customers?

2. Establish your Research Objective

Once you define the areas of problems or opportunity in your business you can now design research objectives that address the issues. The research objective determines exactly what you hope to accomplish through your research. It is critical to create a research objective – as it will be your guiding force when carrying out the rest of the research process.

Example:

Identified problem: Business is not gaining any new clientele

Research Objectives:

- Understand consumer perceptions of current advertising.
- Analyze consumer attitudes & behaviors in the industry to identify any changes.
- Evaluate competitor and industry advertising standards.

3. Assess Your Budget, Timetable and Available Resources

You now may have your research objectives in mind, but how much time and money do you have to accomplish them? If your budget is very limited or non-existent, YOU will be your own market researcher unless you have a market research professional in-house. **It is highly recommended you seek the assistance of a professional to effectively and efficiently carry out the research. Having a research professional can save you time and money in the long run.**

If you have no budget for market research, secondary research is the most cost effective option. Evaluate what your available resources are to obtain the information you need. Please see Page 11 to 13 for a detailed list of secondary research resources that can help you along the way.



4. Select Appropriate Research Methods and Techniques

Primary and secondary research each have their own methods of conducting research associated with them as you learned in section III. Secondary research is usually faster and less expensive to obtain than primary research. Gathering secondary research may be as simple as making a trip to your local library or business information center or browsing the Internet. In this kit, we will be focusing on how you can effectively obtain the information you need using secondary research sources.

Designing Primary Research Studies:

The most common primary research instrument is a questionnaire. While there are some Internet resources that provide free survey templates and free survey software that allow self survey design, designing effective surveys requires extensive training and experience. Basing a major decision on an unprofessional survey may not only produce incomplete results but **even worse**, inaccurate results.

Please contact Inscite to determine the best and most cost-effective primary research solution for your business needs. Email us at Sasheec@insciteresearch.com

5. Collect Data

Primary Research Data Collection:

To help you obtain clear, unbiased and reliable results, collect the data under the direction of an experienced researcher. Before beginning the collection of data, it is important to train, educate and supervise your research staff. An untrained staff person conducting primary research will lead to interviewer bias. It is important to be as scientific as possible in gathering your information.

Secondary Research Data Collection:

The internet is the best resource to begin your secondary market research search. Inscite has provided you with an extensive list of secondary market research data sources available on the internet. We have categorized this list by general data sources, demographic information sources and industry specific sources.



6. Organize, Analyze & Interpret Data

Now that you have collected the necessary data you need to meet your research objectives (defined in step 2), it is necessary to do a thorough analysis and interpretation of the findings you obtained. Are the findings what you expected? How will you have to change your business practices based on the research you found? It is important to come up with a precise plan of action you can implement into your business practices that reflect research findings. Analysis of findings may take some time – do not rush or be quick to implement drastic changes without doing a thorough analysis. Remember objectivity is key! Hire an independent researcher who can provide thorough and objective analysis if necessary.

Some helpful tips for organizing and analyzing data⁵:

- Look for relevant data that focuses on your immediate market needs.
- Rely on subjective information only as support for more general findings of objective research.
- Analyze for consistency; compare the results of different methods of your data collection. For example, are the market demographics provided to you from the local media outlet consistent with your survey results?
- Quantify your results; look for common opinions that may be counted together.
- Read between the lines. For example, combine U.S. Census Bureau statistics on median income levels for a given location and the number of homeowners vs. renters in the area.

⁵ Guide to Marketing Research Basics, www.smallbusiness.com



V. SECONDARY MARKET RESEARCH RESOURCES

General Sources for Market Research Data: ⁶

- FedStats: <http://www.fedstats.gov/>
Provides a full range of official statistical information produced by more than 100 agencies that provide data and trend information on such topics as economic and population trends, crime, education, health care, aviation safety, energy use, farm production and more.
- USA.gov: http://www.usa.gov/Business/Business_Data.shtml
USA.gov for Businesses and Nonprofits: Business Data and Statistics -- Information and resources on economics, crime, occupations, trade data and much more.
- Statistical Abstract of the United States:
<http://www.census.gov/compendia/statab/>
An authoritative and comprehensive summary of statistics on the social, political, and economic conditions in the United States.
- Small Business Research and Statistics:
<http://www.sba.gov/advo/research/>
SBA Office of Advocacy provides research reports and statistical information on small businesses conditions in the United States.
- STAT-USA: <http://www.stat-usa.gov/>
For a subscription fee, you can access authoritative business, trade, and economic information from across the federal government. Produced by the U.S. Department of Commerce.
- Research Info: <http://www.researchinfo.com/>
A comprehensive web site for free market research resources
- Global Market Research:
http://www.export.gov/mrktresearch/exp_mr_index.asp
Are you a US export? This resource will assist you with a wide range of market research needs.

⁶ Small Business Center Network of North Carolina
(<http://www.sbcn.nc.gov/resources/marketResearch.aspx>)



Demographics: People and Population

- American FactFinder:
<http://factfinder.census.gov/home/saff/main.html? lang=en>
This service of the U.S. Census Bureau provides access to a wealth of population, housing, economic, and geographic data.
- State and County Quick Facts
<http://quickfacts.census.gov/qfd/>
Provides frequently requested Census Bureau information at the national, state, county, and city level.
- Current Population Statistics
<http://www.census.gov/cps/>
A monthly survey of about 50,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics.
- Labor Demographics
<http://www.bls.gov/>
The Bureau of Labor Statistics (BLS) make significant amounts of data available for specific demographic categories. Demographic categories used by BLS include sex, age, race, and ethnic origin.
- Social Security Fact Sheets for Demographic Groups
<http://www.ssa.gov/pressoffice/factsheets/demographic.htm>
Fact sheets for all demographic groups including women and young people.

Industry Information

- Hoovers
<http://www.hoovers.com/free/>
Hoover's online offers company information, detailed business reports and industry profiles and overviews.
- Biz Stats
<http://www.bizstats.com/>
Free business statistics, industry statistics, and financial ratios.



- Industry Research Desk
<http://www.virtualpet.com/industry/>
Tools and a method for researching industries, specific companies and manufacturing processes.
- Thomas Register
<http://www.thomasnet.com/>
A comprehensive resource for finding information on suppliers of industrial products and services in North America.
- Encyclopedia of Associations
<http://library.dialog.com/bluesheets/html/bl0114.html>
Provides contact information, description, and functions of national and international associations of every sort. Published by Gale Research, Tel. 800/877-GALE. Available at most libraries. Can be accessed online via DIALOG
- MarketResearch.com
<http://www.marketresearch.com/>
Business market research reports and industry analysis.
- Hospitality Industry
<http://htrends.com/>
Research hospitality industry trends and review market reports
- National Restaurant Association
<http://www.restaurant.org/research/>
Economic and statistical information about the US restaurant industry, including sales, employment, articles about trends and more.
- Zap Data
<http://www.zapdata.com/>
The company lookup feature will enable you to gain a better understanding about competitors and/or potential vendors.
- PR Newswire
<http://www.prnewswire.com/>
News and press release distribution service for small business. Great source to monitor for current news and press releases with a specific industry and market focus.



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