

Undertaking your own market research

Business Advisory • Accounting • Taxation • SMSF



✉ 08 9380 3555
🌐 www.omnisgroup.com.au
📧 admin@omnisgroup.com.au





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Whether you're thinking of starting a new business, considering adding new products, opening a new branch, or increasing the services you offer, it's common sense to research your market to make sure there is sufficient support for your idea.

There's little point adding the latest top-of-the-range spa pool to your product range, for example, if you're running a DIY store in a low-income area. A year from now, you'll be selling them at cost, or below, to recoup your investment.

A little market research – such as asking your customers (or potential customers, for new businesses) if they would buy the new products or services you're thinking of adding – can stop you making this sort of costly mistake.

Paying an agency to conduct market research on your behalf is likely to be cost-prohibitive for most small businesses, but the good news is that it's relatively easy to find the information you need.

Areas to research

The first step is to identify what you want, or need, to know about your market. This could include:

- Market size – how many people living or working in your market area fall into your customer profile? You might want to break this down into market segments if different products or services appeal to different groups.
- Customer motivations and expectations – what do your customers need or want? If you have several outlets, this might vary by location depending on the demographics of the nearby population and the proximity of your competitors.
- Competitor intelligence – who are you competing against, what portion of your market buys from them, and what are their strengths and weaknesses?
- Industry structure, statistics and trends – how is your industry structured, how well is it performing, and how well is it likely to perform in the short, medium and long term?

Conducting your own market research

You will probably be able to source a fair amount of information about your market, and your industry, online. The government supplies a range of business and economic statistical information free of charge, including population demographics, economic indicators and forecasts, income and earnings, production and sales, and trades statistics. You can access this on the [Australian Bureau of Statistics website](http://www.abs.gov.au) to help you with your research.

Your industry association is likely to have similar industry-specific information, and often conducts formal research within the industry to keep abreast of trends. They would also be good people to talk to about future growth, trends, and insights about potential technological innovation that could radically change the market.

Customer research

If you have existing customers, there are a number of ways to canvass their opinion and get feedback about their needs, loyalty, motivations for buying from you, and more. Depending on the information and feedback you are looking for, this could be as simple as informally talking to customers when they visit your business or as complex as a multi-page carefully worded survey.

A start-up business could survey potential customers by approaching strangers walking past the likely location of their first shop front. You could:

- Conduct an in-store or street survey – ask relevant questions and record the answers. (If you can use this opportunity to build a database of customers or potential customers, that's even better).
- Send a personalized email to your top customers asking them for specific feedback – such as whether they would buy a fancy spa pool (don't forget to mention the price to get a realistic response).
- Conduct a short poll on your Facebook business page, or within a relevant group of potential customers on LinkedIn or on your website.
- Prepare a formal survey for clients or potential customers to fill in. This could be printed and posted, emailed or conducted online using an online service.
- Get feedback using models, show prototypes for feedback or offer trial products for consumer testing before finalizing your offering. Crowd funding sites such as Kickstarter (www.kickstarter.com), Indiegogo (www.indiegogo.com) or RocketHub (www.rockethub.com) provide a new and innovative way to pitch your product to the general public in return for market validation in the form of pledges similar to pre-orders.

Competitor intelligence

You'll want to identify who your competitors are, work out what percentage of your market buys from them (and why), and identify their strengths and weaknesses on a regular basis. This provides you with information that allows you to operate competitively and profitably.

To identify all your competitors or to see if a new competitor has moved into your market, scan the telephone books and online business directories at regular intervals. Try an online search for industry key words or set up a Google Alert to monitor when your competitors are in the news online.

Talk to friends and family to find out what they think of your competitors, visit their websites regularly, sign up for their marketing newsletters, shop at their stores or hire someone (even a friend) to do a mystery shop and report back to you, and read their adverts carefully with the purpose of understanding who they are targeting with their marketing.

Include questions about the competition in your customer surveys to find out how your customers perceive them, and what drives their shopping decisions (price, convenience, location, customer service, product range, or after-sales service, for example).

Talk to people in your industry, and in your industry supply chain. A casual chat with your suppliers, whether they supply raw materials, stationery or transport, might surprise you and reveal useful competitor information, such as order volumes increasing or decreasing.

Using your research

Once you are armed with your market research, you'll have an idea of the size of your market and your share of the market relative to your competitors (or the potential for muscling in on the market as a start-up).

You'll know the strengths and weaknesses of your competitors and how to position yourself in the market to take advantage of this. You'll know how loyal your customers are, what they want and what drives their buying decisions – all of which will help to increase customer satisfaction and your bottom line.



We hope this guide has been useful to you.

If you require more detailed or more tailored advice and support, call us today at **(08) 9380 3555** and book a **FREE no obligation meeting**. We can catch up for a coffee and discuss your individual needs.

You can access further tools, guides and calculators at



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