

# What is market research?

Business



Simply put, market research is the study of consumer demands and desires. Every company needs customers — otherwise, they're just running an expensive hobby.

Which means, all companies should dedicate time to researching their market. Because if you don't know why consumer buy products... why should they buy yours?

## **Market research is crucial**

No matter the industry or product offered, every business has customers. But are they happy? Are you giving them what they want? Because if you don't — a competitor will jump at the chance.

Competitors are also included in the market research. They go hand-in-hand. Studying what works for the competition may shine a light on what attracts consumers to similar businesses. The information gathered will make better strategic decisions.

There are four key areas of interest:

- **Product:** Improve existing products and develop new prototypes based on customer demands. If no one is asking for it, you'll have a hard time selling it. That is just a waste of resources. Key things to consider: Packaging, design, policies and customer support.
- **Price:** If you've competitors, then your products have to be priced competitively. Too high and customers may turn to other brands. Too low and they may wonder what the catch is. Key things to consider:

You also have to consider prices based on profit margins, payment options, shipping & handling, and customer input.

- **Placement:** How are you going to sell your product — online or offline? Maybe both. Again, depends on consumers. Teenagers and young adults turn to buying from online vendors because of convenience. Older consumers may shy away because they're not as tech-savvy. Key things to consider: Location, accessibility, and customer demands.
- **Promotion:** If a product is built, but no one sees it — does someone buy it? No. You have to first address who your customer is — Kids? Parents? Sports fans? Mothers? Then decide on a marketing approach based on where they hang out. Key things to consider: Branding, traditional social media channels, online advertisements.

These are considered the four P's in business. Your market research helps address them to build a better, stronger business. Being able to answer the P's confidently is the focus behind data-mining.

## **When to do market research?**

First business? Developing new product? Experiencing a decay in consumer interest?

Then it's market research time.

Truthfully, you don't have to do market research with every new product launch or when a problem arises.

But some companies — especially startups — should spend a vast amount of time studying consumers, the industry, and competitors.

If you're writing a business plan, one section should be dedicated to new findings within the market. This includes buyer personas and target markets, which all fall under market research.

And if any significant changes are to happen to your company, it's smart to do the research. If the company is expanding into a new region, studying the demographics will help prevent unwanted surprises from popping up.

## **Market Research Tools**

Google is our other best friend. You can find competitors online and search through reviews and social media to understand their brand. But you can also use strategic tools:

- PEST analysis identifies political, economic, social and technological factors that influence businesses.
- SWOT identifies strengths, weaknesses, opportunities and threats to capitalize on advantages and minimize the effect of negativity.
- Competitor analysis studies companies who share the same industry as you, offering similar products or services to consumers.

On this website you'll find plenty of information, including how-to articles, templates, and examples of these analyses used on modern businesses and industries.

Everything you need to conduct an informed market research and analysis is at your fingertips.

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