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Market Research Methods

It is tempting to conduct too much secondary research and too little primary research. Secondary research, which was introduced in Module 2, involves sifting through data that already exist and should serve as a starting point for primary research. Primary research takes you right to the source, that is, to people you deal with directly such as customers, competitors, vendors, and distributors. This research provides you with the most current and useful information about the viability of your product or service.

Primary Research

Primary research is critical for filling in the gaps left after secondary research is complete. Primary research involves gathering information directly from the source. You can collect this information through various channels such as interviews, questionnaires, surveys, and conversations with industry experts, prospective customers, and competitors. E-mail is a great way to communicate with people in the industry to gather information, but it cannot replace the value of face-to-face meetings. Participating in Internet discussion groups or posting questions on an Internet bulletin board for people in the industry can also prove helpful.

This type of research is time-consuming, and obtaining sufficient unbiased primary data is difficult. Still, primary research is necessary to ensure the best results from your market research efforts. It is important that major issues be clearly defined prior to conducting your research. This helps avoid gathering too little information or superfluous information that does not assist in critical decision-making.

Preparing good questions is key to gathering solid and useful market research. Ask open-ended questions of how, why, what, when, and where that allow the interviewee to talk. After the first few interviews, reassess your questions and make changes where appropriate. During primary research you are not there to sell anything; rather you are there to collect data.

Creating Customer Surveys

A customer survey, or market survey, is a method of collecting information from current or potential customers by having respondents answer a questionnaire administered by telephone, mail, e-mail, or in person. Surveys are a convenient, relatively inexpensive method of gathering marketing information. The number of respondents surveyed may be small or large depending on the requirements of the research.

On the other hand, surveys can be difficult to design, and depending on the dissemination method, costly to use. However, there are now many online tools that help entrepreneurs design and host their surveys online and have instant access to the data at all times. When conducting a survey, it is important to have an accurate sampling, so survey respondents must be selected very carefully. In assessing the value of survey results, the amount and quality of the marketing information is compared with the costs of obtaining it.

Tip Focus on the key issues that provide the greatest assessment of your product or service viability, and listen more than you speak. Confirm an assumption each time you talk with a potential customer, competitor, or distributor.

Tip When defining your B2B customers, also define their customers so you can identify the need your customers must fulfill for their buyers.

Planning a Survey

Time spent in the planning stage can save time and money. Consider the following planning steps:

1. Develop a clear, detailed goal statement for the survey. What type of information do you need? What is your desired outcome? How will the information be used?
2. Based on the goal of the survey, design a questionnaire with specifications as to who should complete it. If the survey is to be administered by telephone or in person, be sure to include instructions for the person conducting the interviews.
3. Test the questionnaire by conducting several test interviews with people who can advise you about necessary changes. After making the changes, test the revised survey as well.
4. Start interviewing (by using an online form or by mailing or e-mailing the surveys).

Improving Response Rates

Market survey response rates vary considerably. The average return rates for market surveys can be between 10 and 20 percent, although some questionnaires have received up to a 75 percent response rate.

A number of factors influence the level of response you can expect. Consider these factors that improve response rates:

- Survey respondents with a high level of interest.
- Telephone the respondent prior to mailing or e-mailing the questionnaire.
- Personalize letters and envelopes.
- Enclose a hand-signed cover letter.
- Provide or promise an incentive for survey completion.
- Use first-class postage.
- Provide a postage-paid, self-addressed return envelope.
- Develop a short, high-quality, attractive questionnaire.
 - Use dark ink on light paper.
 - Select a clear, easy-to-read type style.
 - Use a short, attractive cover letter.
 - Use easy-to-read fonts in e-mails.
 - Use an easy-to-view, user-friendly Web-based survey.
- Help the respondents complete their responses by using guides such as lines and arrows.
- Provide specific directions for each type of question.
- Number all questions.
- If using e-mail, keep it short, and send only to a qualified list.

Focus Groups

A focus group is a form of primary research which uses a small-group discussion format to obtain information from people who represent the company's target market. The group discussion is centered on a specific, predetermined set of questions. A typical focus group session includes six to 10 participants and lasts about two hours.

Focus groups are typically used by B2C companies but can be used by B2B companies as well. If you are going to conduct a focus group, you may want to search out an expert facilitator to ensure that you get really helpful information from the group.

A focus group can be used any time you wish to obtain qualitative information from your potential customers. Focus groups are frequently used to:

- Identify new ideas for products and services.
- Develop questionnaires for statistical research.
- Identify new uses for existing products and services.
- Identify new advertising or packaging themes.
- Test alternative marketing approaches.
- Diagnose competitors' strengths and weaknesses.
- Discover how others judge the uniqueness of your product or service.

There are, of course, both advantages and disadvantages to focus groups. A focus group is a good way to obtain valuable, quick, low-cost marketing information directly from potential customers. On the other hand, the results from a focus group are not statistically significant. Because of the small size of the sample group, the information cannot be projected to the entire target market. In addition, the information obtained may be misleading, and results of focus groups are often difficult to compile. Sometimes people tell you what they think you want to hear, or say they would buy, but wouldn't in actuality. Planning and conducting focus groups can also take a great deal of time.

Planning for the Focus Group

Conducting a successful focus group involves a great deal of planning. Consider the following steps:

1. Before you plan any focus groups, be sure to document your goals. What type of information do you need? What is your desired outcome? How will the information be used? Goals will help keep the focus group on track, which saves company time and money.
2. After you understand your goals, develop a facilitator guide. This guide should include lists of questions to be covered during the session, arranged by topic for easy reference. When the facilitator uses specific, predetermined questions, it helps to reduce any bias on the part of the facilitator and helps in compiling and comparing the results from different focus groups.
3. Select a location that provides a convenient, comfortable atmosphere for participants. Tape recorders or video recorders to capture the responses of the participants should be as inconspicuous as possible.
4. Choose participants who are actual or potential buyers or who match the relevant characteristics of the target market.



Facilitating Focus Groups

Facilitating a focus group can be very difficult, especially when you are facilitating a group discussion for your own company.

Remember the following tips when facilitating a focus group discussion:

- Allow the participants to freely speak their opinions. Encourage them to contribute their responses as they go rather than holding their thoughts until the right time.
- Don't provide feedback on participants' responses and recommendations. For example, explaining to participants why their suggestions would not work will discourage further contributions.
- Be aware of possible cultural issues that could affect the comfortable exchange of information.
- Try to reach the goals of the focus group, yet remain flexible.
- Be sure to keep the discussion as close to the topic as possible. There may be times when the discussion will take an unexpected turn. Redirect the topic, if necessary.

Record the session and study the tapes several times after the completion of the focus groups. Have additional people study the tapes and provide their feedback.

TIP As it is frequently difficult to be unbiased and accepting of others' suggestions, you should consider using the services of an outside, neutral third party to facilitate the group discussion.