Market Research

The process of identifying your potential customer Decision Marketing Units (DMUs), determining your market segments, and then developing a targeted strategy is called market research. This research involves gathering additional information about customers, competition, and overall market potential.

Before you invest any money in your project, you need to determine:

1. VOLUME
   The projected volume of sales of your goods or services and the price you might realistically expect to charge for them. You will need this information to analyze profitability and cash flow potential.

2. CUSTOMERS
   Who are your potential customers? What are their ages, income levels, and when and where do they shop? Why would they buy your product rather than your competitors’ product?

3. COMPETITORS
   How many competitors are there for this market? What are their strengths and weaknesses?

4. MARKET
   What is the total market size for products like yours and what share of that market might you expect to capture?

5. TRENDS
   What are the trends for consumption, competition and pricing in your market?

Answers to these questions will help you better understand what your potential customers, your “target” audience wants. This information about them is called demographic information.

Having answers to these questions will help you determine your market niche and facilitate writing your business plan. Remember that the purpose of your business is to sell products at a profit, not to make products and hope they might sell.

Conducting market research is part science, part research and part intuition. While large companies contract with consultants to conduct extensive market research before developing a new product, small businesses with limited capital need to keep the process simple and objective - beyond your family and friends.

Of course, there is no better market feedback than repeat sales. If possible, consider offering your product as a free sample to a targeted group and collect feedback to determine how to proceed. Collect and incorporate into your product your customer feedback on product quality, quantity, packaging, appearance, etc.