

HOW-TO'S OF MARKET RESEARCH

- 1. State the situation you face.** For example, many adults go to work without eating breakfast, and there are limited healthy food snacks at worksites.
- 2. Clearly define your product or service.** You want to market two varieties of low-fat, high-fiber homemade muffins: carrot-pineapple and zucchini-bran.
- 3. State the objective of your market research.** What do you want to find out? An objective may be to identify or verify a target market, identify or verify customer needs or wants, find new market opportunities, or estimate the size of the market. One objective may be to find out if working people are interested in more nutritious mid-morning snacks. Another may be to learn if they like your muffins, and the third may be to find out if the local high school will sell them in its snack shack.
- 4. Look at information you already have.** Research may simply mean organizing and analyzing existing information. Check sales receipts from your cranberry muffins. Maybe sales are increasing and the market is ready for more muffin varieties.
- 5. Collect additional information if needed.** Begin by doing some indirect market research. Find information in governmental or nutrition studies that look at people's breakfast habits, the importance of low-fat, high-fiber diet for good health. Then, if need be, do some direct market research. Generate information yourself by doing a taste-test of your new muffin varieties at a local supermarket or farmer's market. You need to talk to all kinds of people about your ideas as part of your research to help determine if your idea is feasible. You can be assured that the advice you get from a professional consultant or government agency will remain confidential.
- 6. Organize and analyze the information collected.** Answer the questions who, what, where, when and why so you don't jump to conclusions. Is there anything else your need to know? Who is your competition? Information from every source should be compared; i.e. what type of similar snack food is available in local and nearby markets.

Contradictions or gaps in information mean that more information is needed. You may learn that your target market is interested in nutritious snacks, but are they willing to pay 25 cents more for your muffin than a pastry?

- 7. Make decisions based on what you learn.** If all questions are answered, including customers' willingness to pay \$1.25 per muffin, make a decision to add these two new muffin varieties for a three-month trial basis.
- 8. Watch results of your decision and learn from them.** If sales receipts and customer feedback during the trial period indicate that fewer carrot pineapple muffins

are sold than your other types, you may want to further explore the reasons for this. This information will help you decide whether to scrap the muffin variety or simply make some minor recipe modifications.

Note: Steps 1, 2, 3, 4, 7 and 8 can be done on your own. Step 5 can be done at least partly on your own, and step 6 may benefit from some professional market research.

HOW TO DO YOUR MARKET RESEARCH:

First – look within your business

Check your records; look at sales records, complaints, returns and receipts. Check the reason people returned your product to see if there is a common denominator. Find out what the competition charges and compare it to yours. Cross reference addresses on receipts to tell you whether an ad the newspaper was effective. Talk to your employees. From day-to-day contact, employees can give you a good idea of your customer profile.

Second - look outside your business

Indirect market research includes government studies, food industry magazines, business magazines, business directories, newspapers, demographics, statistics computer databases and competitors literature. It is information that is there for the taking. Much of this information can be found at the library, chamber of commerce, agricultural organizations, economic development offices and tourist offices.

To ensure your indirect market research is done effectively and efficiently:

- Determine what decisions you will make as a result of information collected.
- Decide what information you need.
- Identify and find possible sources of information.
- Evaluate usefulness of information found: Who collected it? When? Why? How?
- Organize the information.
- Decide if direct market research is needed before making a decision.

Direct Market research includes surveys, group interviews, test marketing and observation are the most common market research methods used by small businesses. Because this is fairly complicated and may require certain skills or time, this may be where you could benefit from the services of a market research professional. This is especially true if you are making a major decision involving a lot of money.

To ensure your direct market research is done effectively and efficiently:

- Review the first two steps of your indirect market research. Decide what decisions you will make based on the information collected and what information you need to make the decision.

- Decide which method(s) is/are most appropriate given the objectives.
- Decide on the appropriate sample size.
- Decide who you will contact for your sample.
- Develop a questionnaire and letter needed to gather the information.
- Review the method chosen to make sure it is the most appropriate. For example, test marketing your muffins at a farmer's market may be more effective than a phone survey.
- Pre-test your survey and make changes if necessary.
- Gather the information.
- Organize and analyze the information.
- Make a decision.
- Evaluate the results of the decision.

The key to good marketing research is neither sophisticated technique nor reams of information—is useful and timely information. Do market research, but don't overdo it.

Anyone considering doing some or all of their own direct market research should learn more about the subject before doing it.

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HOW-TO'S OF MARKET RESEARCH (continued)