

# Market Research

The Foundation of Your Business Plan



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# Objectives

1. Learn the importance of conducting research
2. Develop your research plan
3. Learn how to develop effective questions & discussion guides



# Why Bother With Research?

- 1 in 5 businesses fail in the first year of operations and 50% before the third year
- Of Canadian businesses that fail:
  - 40% do not identify their niche market
  - >33% adopt a poor pricing strategy
  - >25% choose a poor location

Source: John White, GD Sourcing



# What is Research?

- Research is not:
  - Collecting as many statistics as possible
  - Proving your hunch is right
    - DO NOT ASK “Is this a good business idea?”

Source: John White, GD Sourcing



# Research is all about...

... answering the question

“How can I  
make this business idea  
work?”

Source: John White, GD Sourcing



# Research What?

- Industry
- Competition
- Customer
- Suppliers



# Industry

- What industry will my business operate within?
- History
- Trends
- What licenses are required to legally operate?
- External Factors



# External Factors

External Factor	Important		Effects
	Yes	No	
Political			
Economic			
Social			
Technology			





# Competition

- Who are the key players?
- Why are they successful?
- What are they good at?
- Where are they located?
- Who big are they?
- Weaknesses
- What strategies do they employ?



# Competitive Analysis

Competitor	1	2	3	4	5	6
Positioning						
Place strategies						
Products/Services						
Price strategies						
Promotion						
Value propositions						
Competitive advantage						



# S.W.O.T. Analysis

Competitor	Strengths	Weaknesses	Opportunities to my business	Threats to my business
1				
2				
3				
4				
5				
6				



# Customer

- Who is the target market?
  - Demographics
  - Psychographics
  - Decision makers and influencers
- Where are they located?
- What do they want?



# Customer (cont'd)

- What dissatisfies or annoys the target market about the industry, product or service?
- When will sales most likely occur during the year?
- What would cause them to change suppliers?



# Customer (cont'd)

- Where does the target market look for information about your product or service?
- Where does the target market expect to purchase your product or service?
- How much are they prepared to pay?



# Suppliers

- Who are the top suppliers?
- What is required to set up an account with suppliers?
- Secondary suppliers?



# Research Planning

- Don't go looking for the needle until you identify the correct haystack to look in.
- If you do not know what you are looking for, what are you going to find out?





# Research Planning (cont'd)

- Use a worksheet to plan your research
  - What do I need to know?
  - Who has the information?
  - What approach will I use?
  - What questions will I ask?



# Secondary Research

- Secondary data is information that has already been collected for some other purpose than the one currently at hand.



# Sources of Secondary Research

- Industry Associations
- Toronto Public Library resources
- Databases
- Directories
- City of Toronto
- Publications



# Primary Research

- Primary Research is conducted specifically for your needs through conversations with:
  - prospective customers
  - subject matter experts
  - competitors
  - suppliers



# Selecting a Sample Size

- You need statistically valid results
- Accept that not all people in your sample will respond
- 10 surveys is not enough



# Primary Research Methods

- Surveys
  - Online, in person, telephone
- Focus Groups
- Interviews
- Observation
- Personal industry experience



# Survey Considerations

- Who will you ask
- The amount of detail you require
- The time available
- The attitudes of the target market to researchers/surveys
- Sample size
- Sensitivity of the data gathered



# The Survey Process

1. Determine objectives
2. Select a representative sample ( ie. 100)
3. Choose delivery method
4. Generate questions
5. Test the questions
6. Conduct the research
7. Analyze the data, develop insights
8. Use the results to develop your business plan





# Survey Question Checklist

- Is the question focused, short and clear?
- Does the question apply to all respondents?
- Does the question require over-demanding recall?



# Survey Question Checklist (cont'd)

- Is the question as specific?
- Are any of the words ambiguous?
- Does the question have only one dimension?
- Does the question lead the respondents to a particular answer?



# Testing the Survey

- Timing/Length
- Wording of the questions
- Flow of the questions
- Effectiveness of the questions
- Any duplication of questions?



# Conducting a Survey

- Introduce yourself and the business as appropriate
- Describe the purpose of the survey
- State how much time the survey requires
- If appropriate, offer an incentive for completing of the survey



# Conducting a Survey (cont'd)

- Provide clear instructions
- Begin with simple, interesting questions
- Use the funnel approach - general questions to specific questions



# Conducting a Survey (cont'd)

- Questions should be in logical order and flow like a good conversation
- Leave demographic or sensitive questions to the last
- Thank respondents for their time



# Compiling the Data

- Tally the raw data, summarize the data
- Percentages/averages
- Charts/graphs
- Anecdotal summary



# Question Types

- Open-ended
- Closed-ended





# Dichotomous Questions

1. Were you born in Ontario? (circle your answer)

Yes

No

2. I love market research (circle your answer)

True

False

3. Poker is a sport (circle your answer)

Agree

Disagree



# Nominal Scales

From which of the following grocers do you buy most of your foodstuffs? (circle one)

Sobeys

Loblaws

Metro

No Frills

Longos

None of the above



# Ordinal Scale

Please indicate how often you take recyclables to the town's depot:

1. Once per week
2. Once per month
3. Once per year
4. Never



# Checklists

The following is a list of children's programs for boys and girls aged 10-12 to be offered by Town and Country Recreation throughout the summer. Which program(s) will your children attend? (Indicate your choice(s) by a check; you may check as many as you wish.)

- ☐ Art
- ☐ Badminton
- ☐ Drama club
- ☐ Computer camp
- ☐ Basketball
- ☐ Other (please specify) \_\_\_\_\_



# Likert Scale

The Likert scale is the type of ordinal scale question most frequently used for gathering attitude and/or opinion data.

Learning about differing methods to assess Market Research needs will help me in my work.

(Please circle one)

1. Strongly agree
2. Agree
3. Uncertain
4. Disagree
5. Strongly disagree



# Rating Scale

1. How important is it to you that this Organization offer training for career development? (circle one)

1 2 3 4 5  
Not important Very important

2. To what extent do you think a C.P.R. program would be useful to your staff (circle one)

1 2 3 4 5  
Not useful Very useful

3. To what extent would you be interested in training films shown during lunch hours (circle one)

1 2 3 4 5  
Not interested Very interested



# Semantic Differential Scale

Indicate your opinion about the small group activities by placing a checkmark on the spaces between each pair of terms.

Boring -- -- -- -- -- Stimulating

Easy -- -- -- -- -- Challenging

Theory Based -- -- -- -- -- Real-work based



# Rank Order

Please rank order the following in order of your interest in attending a session about each topic. Place a “1” beside the topic you would most like to learn about, and so on.

- \_\_\_ Managing your time for health and profit.
- \_\_\_ Supervisory excellence
- \_\_\_ Conducting effective needs assessment
- \_\_\_ Effective speaking skills
- \_\_\_ Improving your written correspondence
- \_\_\_ Other (please specify) \_\_\_\_\_





# Interval Scale

Please indicate your age group by circling the number beside the correct answer.

- 1) 11 to 20 years
- 2) 21 to 30 years
- 3) 31 to 40 years



Sound research  
Better business decisions  
Reduced risk  
Success



# Thank You



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