

Understanding Your Market

Your business will not succeed just because you want it to succeed. Determining if there is a market for your products or services is the most critical time of planning. Once you decide on your product or service, you must analyze your market; a process involving interviewing competitors, suppliers and new customers.

However, before you begin researching your market, you should take a brief, but close, look at your product or service from an objective standpoint. In terms of a checklist, you should ask yourself the following questions:

- Is this product or service in constant demand?
- How many competitors provide the same service or product?
- Can I create a demand for my product or service?
- Can I effectively compete in price, quality and delivery?
- Can I price my product or service to give me the projected profit?

Once you are satisfied that these questions are answered, move on to performing your research.

Market research is extremely beneficial; the information gathered can increase your profit potential and the success and longevity of your business. With the rapid changes occurring in the world current information is key to staying alive and growing your business.

Market Research

- Shows alternative approaches to your market.
- Provides a more accurate base for making profit assumptions.
- Aids in the organization of marketing plans.
- Assists in the development of critical short/mid-term goals.
- Breaks down your market's profit boundaries.

Unfortunately, many entrepreneurs fail to complete this critical section of their business plan. Collecting research data can be frustrating unless you have defined your goals and organized the collection and analysis process. To prevent this from happening, you must plan how you will collect,

sort and analyze the information. Maintain a notebook and file in which to store, organize and retrieve data as needed.

Questions to Ask

Your research should ask these questions:

- Who are your customers?
- Where are they located?
- What are their needs and resources?

Is your service or product essential in their day-to-day activity?

- Does the customer recognize they have a problem and if they do, do they want to fix it or simply continue to do the work-around they are currently using?
- Can the customer afford your product or service?
- How often do they purchase the product or service?
- Where can you create a demand for your service or product?
- What areas within your market are declining or growing?
- What is the general economy of your service or product area?

Market Data

Knowing your market not only requires an understanding of your product, but also an understanding of your customers' socio-economic conditions. This information will serve as a map in letting you know what is ahead.

More market information can be found in:

- Library listings of trade associations & journals.
- Regional planning organizations' studies on growth trends.
- Banks, realtors and insurance companies.
- Competitors.
- Customer surveys in your market area.
- U.S. Government publications.

Once you have obtained and analyzed this information, it will become the foundation of your business plan. Research data is important because it supports the basic assumptions in your financial projection...your reason for going into business.

Summary

To be successful, a small business owner must know the market. Market research is simply an orderly, objective way of learning about people...the people who will buy from you.

Web Resources

Marketing Information

- [Washington Department of Commerce](#)
- [Better Business Bureau \(BBB\)](#)
- [U.S. Department of Commerce](#)
- [Bureau of Economic Analysis](#)
- [Bureau of Labor Statistics](#)
- [U.S. Census Bureau](#)
- [U.S. Census-Business & Industry](#)
- [NAICS-North American Industry Classification System](#)
- [Consumer Product Safety Commission \(CPSC\)](#)
- [Employee Benefits Security Administration](#)
- [Occupational Safety & Health Administration \(OSHA\)](#)

Economic Statistics

- [U.S. Dept. of Commerce Bureau of Economic Analysis](#)
- [U.S. Bureau of Labor Statistics](#)
- [Business & Industry Stats - U.S. Census Bureau](#)
- [Small Business Administration \(SBA\) – Research and Economic Statistics](#)
- [Journal of Business & Economic Statistics](#)