

Market research



Have you checked the consistency of your project against your own constraints and personal assets?

You must now ensure its commercial feasibility by conducting a market research.

This fundamental step is a necessary step for any future entrepreneur, insofar as it allows you:

- ✓ To better know the main trends and the players in your market, and to check the opportunity to launch,
- ✓ To gather enough information that will allow you to set revenue assumptions, to make the best commercial choices to achieve your goals,
- ✓ To set, as consistently as possible, your "product", "price", "distribution" and "communication" (marketing mix) policies,
- ✓ To provide concrete elements that will help you to draw up a provisional budget.

Yet market research is neglected by many creators who are unaware of its usefulness.

If it does not represent a guarantee of absolute success, its vocation is to minimize the risks by allowing you to better know the environment of your future company, and thus to make appropriate and adapted decisions:

"I know my market, so I am able to decide."

Summary

1. Increase knowledge of major market trends as well as its players and check the opportunity to get started
2. Establish revenue assumptions
3. Making the best choices to achieve its goals
4. Get the most consistent marketing mix possible
5. Provide concrete evidence to be used in the preparation of the provisional budget
6. How to conduct your market research?

1. To better understand the main trends of the market as well as its players and to check the opportunity to launch

The term "market research" may intimidate those who do not feel competent enough to prefer to avoid or neglect this stage. However, a market study remains above all a matter of method and common sense! It would be unwise to embark on a project without answering the following questions:

- What are the major market trends? First of all, clearly identify your market:
market for businesses, individuals, leisure, consumer goods?
developing market, stagnating, declining?
What does it represent in terms of sales volume and turnover?
- Who are buyers and consumers?
What are their needs ?
How do they buy?
Where do they live ?
How do they behave?
- Who are the competitors?
How many are they ?
Where are they ?
What do they propose?
At what prices?

- What is the environment of my market? This involves identifying:
 - the innovation processes and technological developments in your market?
 - its regulatory and legislative framework (authorizations required, diploma to be owned, etc.)?
 - its social, economic and political environment And ecological?

- What are the constraints of my market and the keys to success?
 - What are the opportunities and possible threats?
 - What do you need to master, hold, acquire to succeed in your market?

- Is there, yes or no, an opportunity for my project to succeed?
 - Does your project have a place on the market?
 - Will it bring a "plus" to the competition?
 - Will it respond to a need not yet covered by competition?

2. Establish revenue assumptions

After analyzing the market methodically, you must be able to evaluate a forecast turnover.

This amount will allow you to fund your financial forecast to determine whether your project is financially viable. Attention, these are only hypotheses ...

There is not one, but several methods of calculation to achieve a forecast turnover:

- one of them is to study similar projects in your area or other geographical areas
- another to evaluate, in the context of a field survey, the purchasing intentions of potential customers,
- another to test your project in life size. The ideal is to use several methods to bring out a low hypothesis and a high hypothesis.

3. Making the best choices to achieve its goals

With regard to understanding your market, you will have to determine the means to reach your customers. We are talking about determining the strategy. Learn more about the usefulness and purpose of the strategy.

The strategy is in fact the guiding thread that will enable your company to reach the turnover that you have set beforehand.

It is a question of opting for the best angle of attack taking into account competitors, customers and the project.

By defining your strategy, keep in mind how you will achieve your goals by integrating your business in a sustainable way, while taking into account the specificities of your business!

4. *Get the most consistent marketing mix possible*

A marketing mix is the set of marketing decisions taken by the company at any given time on a product or throughout its range to influence and satisfy its customers.

These decisions concern:

The product: what product (s) or service (s) will you propose to your future customers?

The price: at what price do you sell?

The distribution: how are you going to sell it? What will be your distribution networks (live, with intermediaries, via internet)?

And communication: how are you going to make yourself known?

Example of lack of consistency: would you accept to buy bread 30% more expensive than elsewhere, whereas this one would not be of better quality than that of the other bakers?

5. Provide concrete evidence to be used in the preparation of the provisional budget

After defining the different elements of the marketing mix, you are able to quantify the cost of the actions you plan to implement to get started.

What will be the cost of manufacturing or producing the product, for example?

What will be the costs of marketing?

Or, what will be the cost of promotion or communication?

All these figures will be reinstated in your company's financing plan.

6. How to conduct your market research?

First of all, by acquiring a minimum of knowledge on the concept of "market" and on the means of actions to act on a market.

Then, following an orderly and structured approach: researching information, conducting surveys, synthesizing and analyzing the information gathered, writing a report, estimating the forecast turnover, etc.

Overview of the approach

1 - Search for information

Search for existing information
Make a questionnaire
Conduct interviews

2 - Synthesize and analyze the information collected

Verify the veracity of the information
Strike the questionnaire
Analyze the answers of the interviews

3 - Writing the report

Identifying market opportunities and risks
Defining the keys to success and market constraints

4 - Estimate the estimated turnover

Take several assumptions
Establish forecast accounts

The plan to follow

The study should focus on four topics:

- 1) The market: what are its major trends and potential?
- 2) The demand: what type of clientele? What are its needs and expectations?
- 3) Supply: Which competitors? Do they represent a threat?
- 4) The environment of the project: what are its possible developments that could act favorably or not in your market?

1. Definition of the market

The objective is to make a general photograph of the market (its identification and evolutions) :

On which market (s) will the company evolve? The market of tourism, well-being, finance, dependency, etc?

Who will be the customers or the users (the customer, the one who pays, is not necessarily the user)?
Businesses, individuals, etc.?

What is the geographic dimension of the target market (s)? International, national, local?
What are the market developments in terms of value and volume? Growth, slowdown, stagnation, decline.

Directly or indirectly competing products or services?
What are the directly competitive products or services?
Which products or services are indirectly competing, ie who can substitute?

Players

Who are the main players in the market? Competitors, customers, users, buyers, prescribers, producers.
distributors, subcontractors, etc.?

2. Demand Analysis

The first step (definition of the market) gave the broad outlines of the demand, but one can not be satisfied with it. More information is needed in order to make decisions.

Overall demand evolution:

What is the size of the market and what quantities are sold? (In terms of value and volume)?
How many customers are on the market? How does this figure evolve (Up, down) ?

Client and user behavior

Who are they ? On what occasion does it buy (the customer) or does it use the product and / or service you offer? How? Or ? Why ? Are they satisfied? What are their motivations? What are their brakes? What is their perception of the product and / or service? What are the characteristics of the product and / or service that might favor the act of purchase or use (price, size, mode of purchase, etc.)?

Segmentation of demand

The objective is to select from among all customers or even identified users which ones to target in the first place to market your product and / or service. Depending on the nature of your market, the criteria may vary widely. For individuals, you can use distinctive criteria such as: gender, socio-demographic criteria, modes and styles of consumption, etc. For companies: workforce, activity, turnover, location, etc

3. Analysis of supply

Overall evolution of supply:

What products and / or services and companies are on the market?

What are the leaders?

Characteristic of supply and competing firms (Analyze in detail the direct and indirect competitors):

Who are they ? Where are they ?

What do they propose?

At what prices?

How do they sell?

How do they communicate?

What are their financial results?

Who do they sell?

What are their competitive advantages?

What is their market share? Are customers / users satisfied? Etc.

4. Environmental Scan

It is about identifying factors that may have a favorable influence on your market and your business. The issue is whether the size of your market could reduce or increase. This work involves analyzing the following 6 dimensions:

Policy

What is political stability? Are there any special tensions? What is the regime in place? What is the policy on taxation, trade, ...? Etc.

Economic

What is the current economic situation? What is the unemployment rate? What is disposable income? What is its evolution? Etc.

Social

What is culture? What are the values and standards? What is the level of education? How is demography evolving? What are the habits of consumption? Etc.

Technological

What are the technological developments to come? Are they frequent? Which sectors are concerned? Etc.

Ecological

What is the sensitivity to the challenges of sustainable development? What measures are being taken in favor of the environment? What treatment is reserved for waste? Etc.

Legal

What is the legislation that governs your business? How can it evolve? What is the role of government? What is the role of influential groups and professional organizations? Etc.