

Introduction to Market Research: When and How to Start

Author : lydiamelby

Categories : [A Comprehensive Guide to Market Research](#)

Welcome back to our introduction to market research! As you probably remember, we first [introduced the idea of market research](#) by comparing it to solving a mystery. Though the end results are different (we imagine your market research won't conclude with someone shouting "Mr. Green, in the Library, with the Candlestick!"), the basic processes are the same:

- First, you'll need to identify the question (or questions) you need answered
- Then, methodically gather the clues you need
- Finally, compile what you've learned to form the entire picture

In part one, we discussed what market research is, and why it's so vital to steering a successful business, launching a new product, and staying a step ahead of your competition. **Now, let's talk about the importance of timing, and give you an overview of the process—the "when" and the "how."**

When should you start researching your market?

One way to answer this question is to simply say: "At every stage of your business journey." However, the answer should be more complex than that, and it's always useful to have examples. Maybe you'll recognize your current stage of business and think, *Now is my moment*.

Before you open your business

It's incredibly helpful to do market research before even launching your business. It will help you answer some fundamental questions, like, "is there even a market available for my product?" or "is this market big enough to sustain my business over the long haul?"

Doing market research in the early stages also helps you establish "the four Ps":

- **Product:** Gather clear data on customer pain points, needs, and buying habits. This consumer information will help you consider aspects of functionality, features, appearance, and more to produce the most valuable and desirable products or services for your target market.
- **Price:** Carefully consider the price point of your product or service here. Through market research, you should gather data on factors like competitors' prices, common profit margins, and knowledge of what your market is willing to pay. This way, you can make

informed decisions not only on your product price, but also on things like shipping and handling fees, returns, and financing options.

- **Place:** You'll need to consider place in regards to many areas of business. After all, you'll have to decide where your product will be manufactured, where it'll be stored before it sells, where you'll set up points of sale (online, retail, wholesale), where you'll advertise, and even where the product will be placed in a merchandise or webpage display. Sounds exhausting, right? Don't worry—market research will help you decide each of these things.
- **Promotion:** Finally, market research will help you determine the most effective strategies for advertising, marketing, and sales to drive traffic to your business. It will clarify, for instance, whether you should invest in promoting your products on social media, or can rely on organic traffic. It will give you insight into which channels to utilize to reach your market segments, and what language and tone to use in your promotions.

As your business grows

After you've launched your business, you'll want to do market research as frequently as possible—or at least, as frequently as is valuable. Continual research will keep your finger on the pulse of your industry, so you can recognize shifts and changes before your competition does. Consumer demand isn't static, and neither is our economy or your competitors' marketing strategies, products, or financial numbers. Staying in the know will keep your business agile and ready for any changes.

Market research will also help you answer the questions that come up as your business matures:

- What's current the perception of our customer service right now, and how could it be improved?
- How can we earn brand loyalty and repeat business from new customers?
- What opportunities do I have to increase sales with existing customers?

Research before you pivot

Finally, it's essential to conduct market research any time you're considering making a change in your business. Whether you're...

- Considering introducing a new service or offering a new product
- Opening an online store or a new brick-and-mortar location
- Changing your prices
- Launching a new ad campaign
- Redesigning your logo and branding
- Increasing production levels
- Choosing new vendors for your shipping
- ...Or embarking on any number of other changes to your business or products

The bottom line is the same: Market research will help you anticipate whether the proposed change is truly a viable opportunity for your business.

The "how" of market research: phases and methods

Now that you know a bit about what market research is, why you should use it, and when it's important, you're ready for the real action: how you can actually do it. We'll cover the basics here, and then really dig into the details in the rest of this guide.

As we see it, there are four steps to conducting market research:

1. **Make a plan.** To get an answer, you'll need to start with a question. Formulate the questions you need answered so you know what you're looking for.
2. **Determine your data sources.** Once you have your questions, you'll know who to ask, or where to look, for the answers. Determine what sources and methods you can use to gather the information you need.
3. **Collect the data.** Whether you're [sending out surveys](#), interviewing top consumers, or studying a competitor, be methodical and be precise. Record everything you learn and organize your data to be sure you get the whole picture.
4. **Analyze the data.** Once you have the facts, [analyze what you've learned](#) and draw your conclusions. You have your answer now, so go ahead and act on it!

Of course, this is a cyclical process. The questions you formulate in your market research plan this month might be very different from the ones you formulate six months down the road to optimize a different aspect of your business.

Getting the data you need

Our third step here—data collection—will be the most time-consuming phase of your research. Your methods of data collection (and your data sources) are probably many. Don't worry, because we've got more information and advice for you about data collection later on in this guide.

There are hundreds of types of market research out there, but the most common methods fall into these categories:

- [Surveys](#)
- [In-depth interviews](#)
- [Focus groups](#)
- [Observation](#)
- [Secondary research](#) (including [competitor research](#))

The first four items on that list are all different forms of **primary research**. We'll dive into more detail about each of them soon.

Where to start

The complexity and depth of your own research efforts will depend on many factors, including (but not limited to):

- What questions you want answered
- The type of business you run
- The nature of your industry and market
- Whether your business model is complex or straightforward
- How much time, effort, and money you can spend on your research

If you own a restaurant, for example, you'd probably want to start researching the quality of your food, your customer service, and the special options you offer, all in comparison with your local competitors. On the other hand, a software company will have a very different focus in their research.

Our final recommendation before diving in is that you don't just do market research because you think you have to. Research your market because it will help you refine your business strategies, maximize the potential of your current activities, and create a plausible, data-driven roadmap for future growth. But most of all, do it because you care about your audience and your customers, because you want to learn more about them, and because you want to serve them better.

If you do your research well, with both kinds of care (concern for your prospects *and* attention to the process), your ROI will far surpass the expenses of the research itself.

The most valuable thing you can do for your business before diving into market research is to take an honest look at where you are—where you're succeeding and where you could improve. Then, set your goals based on this candid assessment. In our next section, we'll show you [how to conduct a situation analysis](#) to prepare for the first phase of market research.