

Market Research for Small Business on a Shoestring: Surveys and Focus Groups

by Chuck Fuller

Understanding your target market of potential customers is vital to starting a business that really sells. And making assumptions about what those potential customers want is a dangerous game to play, so it's important to do some digging and learn straight from the horse's mouth what their interests and needs are through **market research**. You might be surprised by what you learn!

Some of the key things you need to learn about your target market include:

- What are the demographics of your target customers (i.e. age, gender, occupation, household income, geographic location)?
- How big is the market right now (annual revenues your competitors are currently generating, or your projection of potential customers and market size if you are introducing a new product)?
- How big is the market projected to be in five to ten years?
- Are there specific groups (segments) within your target market on which you want to focus some special marketing attention?

Your first stop for information about your target market should be your local library and the U.S. government. Many of the sources from which you derive your competitive market analysis are also great sources of data on the people you hope will buy your product or service.

Beyond publicly available research, the primary means of gathering invaluable, specific information about your target audience are by conducting **surveys and focus groups**, and you can do both for a lot less than you think:

Surveying the field

You can spend a lot of money to get professional help in the area of market research surveys, but if you don't have the cash, don't worry. It's easier than ever to design surveys yourself.

Internet sites such as SurveyMonkey.com allow you to set up a small-scale (100 or fewer respondents) online survey for free, or you can plunk down the \$20 monthly fee to run a

larger survey. It's up to you to decide what you're trying to find out, so start by clearly **defining what you want to know**. Is there market interest in your type of product? Are people dissatisfied with current solutions to a specific problem?

Think about the format for the questions as well. For example, open-ended questions provide subjective and anecdotal answers - you won't have real statistical data, but you can draw in a wide variety of customer opinion. On the flip side, scaled and multiple choice questions provide specific and, in most cases, quantitative answers. Each type of question is worthwhile; you just have to choose which types meet your end objectives for the survey.

Some rules of thumb to follow in creating your survey:

- Write **clear, precise and short questions**. A sure-fire way to bore your respondents is to write expansive questions that require a great deal of reading. You also run the risk of biasing their answer or at the very least confusing them.
- Focus the questions so that each asks for just **one piece of information**
- **Beware of bias!** By bias we mean that the wording of your question points to a preference for a certain answer. Survey respondents will invariably want to please you, and will be more than happy to follow your lead, effectively squashing the value of your results. So edit your questions carefully for bias.
- **Vary your question types** frequently, because an unending string of similar question types will almost always lead to a string of similar answers.
- Make sure anyone taking the survey can feasibly complete it within **ten minutes**. If it takes longer than ten minutes, you run the risk of respondents losing patience and giving any answer to simply finish the survey.

To find a group to survey, keep it online and look for groups that are interested and passionate about your target market. It's become accepted practice to use listservs, discussion boards, and other online community resources where your target market congregates, simply by submitting a request to the group for survey participants. Of course, if you can afford to provide a small giveaway to entice participation, you'll likely guarantee a larger number of respondents.

Put together a focus group

Focus groups provide a great way to evaluate products or concepts to learn how well they'll be received by your target audience, and can usually be done on the cheap. Tap into your friends and family, assuming you can assemble a diverse enough group. And remember that a focus group can be as small as 5 or 10 people, as long as it's representative of your target market.

Invite your group over for hors d'oeuvres or lunch—it's a small price to pay for valuable feedback. Clearly map out what questions you want to ask them about your product, and make sure you know how you plan to gather that information from them. Once you have

their attention, clearly present your product or concept to them, and ask for their feedback about things such as:

- Is the price you're proposing right?
- Do they love / hate / not care about the product?
- Why do they love / hate / not care about the product?
- What would they suggest as improvements?

Our Bottom Line

Every entrepreneur needs to fully understand their potential customer base in order to build a successful business. Surveys and focus groups are two great means to obtain **market research**, and neither of them has to max out your budget, especially with the availability of online survey tools. Think creatively about survey and focus group techniques and you'll be able to equip yourself with top-notch data to start a business on the right foot.

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