Market Research, pt.1: Why Do Research?

A small business must know its market in order to be successful. The process of learning about its market is called market research. As defined by the American Marketing Association, marketing research is "the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services."

Simply put, it is a business's attempt to answer the questions:
- Who will buy my product or service?
- What price will the buyer pay?
- How can I reach the buyer?

These are very important questions for someone starting a new business or trying to sustain an existing one. The answers to these questions should become the basis for the company's pricing plans, advertising strategies, product offerings, and even determining the location of the business. Asking the right questions can also uncover key information about your competitors—and perhaps reveal ways to outperform them.

Useful market research for a small business must be simple to obtain, timely, accurate, and inexpensive. The internet can be a great, reliable source for market and demographic data. Fortunately, small businesses have another built-in advantage. They are close to their customers. A business owner can watch them drive up, talk to them one-on-one, and answer their questions. A small business is not encumbered with layers of management. Timely market data IS just a conversation away for many businesses. A small business needs research that delivers what "is" needed, does not bury the business with reams of data, and does not waste time or money on informational "fishing expeditions."

How to do that? Read on.