



SCRIPT

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WHAT IS MARKET RESEARCH?

Let's start with closer look at definitions of market and research.

According to Investopedia **market** is a place where parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical, like a retail outlet, where people meet face-to-face, or virtual, like an online market, where there is no physical presence or contact between buyers and sellers¹.

Research is a detailed study of a subject, especially in order to discover (new) information or reach a (new) understanding².

¹ <https://www.investopedia.com/terms/m/market.asp>

² <https://dictionary.cambridge.org/pl/dictionary/english/research>

And finally getting to the point **market research** is the process of evaluating the viability of a (new) service or product through research conducted directly and/or indirectly with potential customers³.



Remember that by conducting market research you must gain knowledge about your present or potential (future) customers' impressions, needs and expectations.

MARKET RESEARCH – WHY? WHO? WHEN?

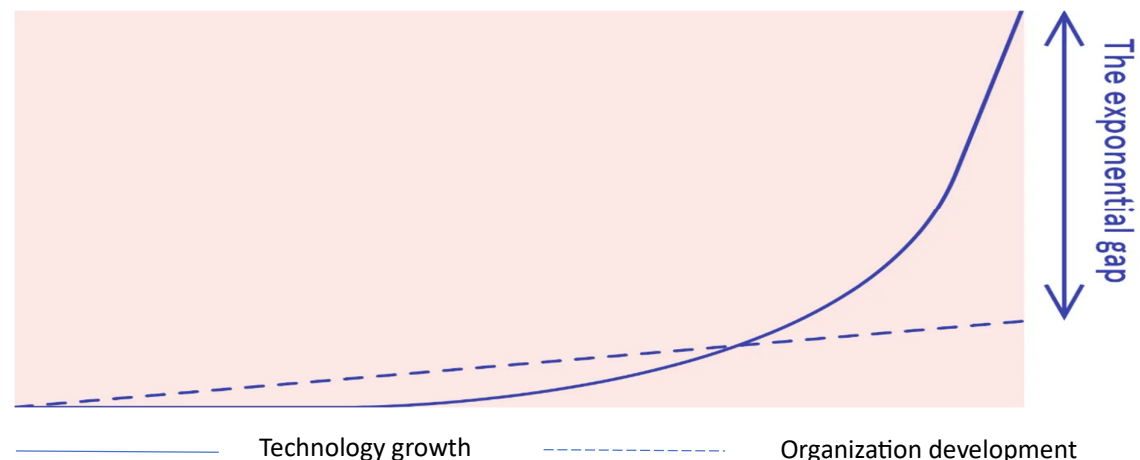
The answers to the above questions are probably obvious, but let's leave them out to be sure that we understand them in the same way.

WHY?

1. **For a better understanding of the market**, by gaining knowledge coming from your clients
2. **For a better understanding of your own business**, to make sure that you really understand what is your value proposition (what you are really offering) and if you run your business in a way that answer the needs of your clients.
3. **Because the world is changing constantly** but the speed of the changes in different areas of economy is not the same.

We shall get back to the case of better understanding of the market further in the script when we take closer look on business model analysis.

Now we will focus on the last point which regards to changes. The competitiveness of companies all over the world is strongly connected to the technology development and ability of adaptations to the changes. Even if the company operates on the traditional market (let's say it's barber shop) and it doesn't develop new technologies by itself, the company must follow the changes and use the technologies to cover client's needs. And here the company faces the challenge which may be key factor vital to its existence – the technology changes on exponential rate but the organizations are still growing linear. This divergence between the old and the new is one example of what is called the exponential gap.⁴



³ <https://www.investopedia.com/terms/m/market-research.asp>

⁴ <https://www.wired.co.uk/article/exponential-age-azeem-azhar>

Being aware of the exponential gap between the technology and organization growth should encourage each companies to provide reliable market research in order to rise the adaptability and strengthen the competitive advantages.

WHO?

Everybody! No matter what kind of business is run, no matter the branch everybody should provide market research.

WHEN?

For sure at the very beginning of the project when the company is deciding whether to provide new service or product or not. But also on the later stages the questions about product and services, and the way they are offered should be asked so make sure that they are still up to date and aren't worse than those offered by the company competitors.

PRIMARY AND SECONDARY MARKET RESEARCH⁵

Primary research is research you conduct yourself (or hire someone to do for you.) It involves going directly to a source – usually customers and prospective customers in your target market – to ask questions and gather information. Examples of primary research are:

- Interviews (telephone or face-to-face),
- Surveys (online or mail),
- Questionnaires (online or mail),
- Focus groups,
- Visits to competitors' locations.

When you conduct primary research, you're typically gathering two basic kinds of information:

1. **Exploratory.** This research is general and open-ended, and typically involves lengthy interviews with an individual or small group.
2. **Specific.** This research is more precise, and is used to solve a problem identified in exploratory research. It involves more structured, formal interviews.

Secondary research is a type of research that has already been compiled, gathered, organized and published by others. It includes reports and studies by government agencies, trade associations or other businesses in your industry.

For small businesses with limited budgets, most research is typically secondary, because it can be obtained faster and more affordably than primary research.

⁵ : <https://www.thehartford.com/business-insurance/strategy/market-research/primary-second-research>

HOW TO CONDUCT MARKET RESEARCH?⁶

Step 1: Determine the goals

Each study should seek to answer a clear, well-defined problem. For example, a company might seek to identify consumer preferences, brand recognition, or the comparative effectiveness of different types of ad campaigns.

Step 2: Define your target group

Market research is an expensive process, and a company cannot waste resources collecting unnecessary data. The firm should decide in advance which types of consumers will be included in the research

Step 3: Choose the proper tools and methods

Once again have in mind costs. You should follow the „right the first time” rule. Thus you should carefully choose how to provide market research.

Step 4: Collect data

Market research is an expensive process, and a company cannot waste resources collecting unnecessary data. The firm should decide in advance which types of consumers will be included in the research

Step 5: Process data and analyse the results

The company after collecting data must process it so to be able to create conclusions which are crucial for the last step.

Step 6: Make responsible business decisions

After providing market research the decisions must be made. Leaving the *status quo* is also decision. Whether the decision is responsible and right or not will depend on the reliability of the research conducted.

USEFUL TOOLS

The Business Model Canvas

The Business Model Canvas is a strategic management template used for developing new business models and documenting existing ones. It offers a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances, assisting businesses to align their activities by illustrating potential trade-offs⁷.

By describing the company's business model in details the business itself is more understandable. In other words the management and employees know what they are selling. What does it mean? It means that the company primarily sales values:

- Producer of beverages quench the thirst in the first row,
- Razor producer allows men and women to look and feel fresh, attractive and comfortable thanks to the fact that they're shaved, etc.

⁶ <https://www.investopedia.com/terms/m/market-research.asp>

⁷ https://en.wikipedia.org/wiki/Business_Model_Canvas

Thus when looking at your products and services consider them as the carriers of the values which are seek by your clients.

The Value Proposition Canvas⁸

Value Proposition Canvas is a tool for marketing experts, product owners, and value creators.

It allows to:

- identify customer's major Jobs-to-be-done, the pains they face when trying to accomplish their Jobs-to-be-done and the gains they perceive by getting their jobs done.
- define the most important components of your offering, how you relieve pain and create gains for your customers.
- adjust the Value Proposition based on the insights you gained from customer evidence and achieve Product-Market fit.

The Empathy Map

An Empathy Map allows us to sum up our learning from engagements with people in the field of design research. The map provides four major areas in which to focus our attention on, thus providing an overview of a person's experience. Empathy maps are also great as a background for the construction of the personas that you would often want to create later.⁹

The Lean Canvas¹⁰

Lean Canvas is a 1-page business plan template that helps you deconstruct your idea into its key assumptions.

It is adapted from Business Model Canvas and optimized for Lean Startups. It replaces elaborate business plans with a single page business model.

The SWOT analysis¹¹

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. SWOT analysis assesses internal and external factors, as well as current and future potential.

A SWOT analysis is designed to facilitate a realistic, fact-based, data-driven look at the strengths and weaknesses of an organization, initiatives, or within its industry. The organization needs to keep the analysis accurate by avoiding pre-conceived beliefs or gray areas and instead focusing on real-life contexts. Companies should use it as a guide and not necessarily as a prescription.

MARKET RESEARCH – BENEFITS FOR THE COMPANY

- Information about clients' needs and opinions
- Information about the clients themselves including their potential
- Getting feedback from your clients and making new or strengthening existing relations

⁸ <https://www.strategyzer.com/library/the-value-proposition-canvas>

⁹ <https://www.interaction-design.org/literature/article/empathy-map-why-and-how-to-use-it>

¹⁰ <https://www.leanfoundry.com/tools/lean-canvas>

¹¹ <https://www.investopedia.com/terms/s/swot.asp>

- Knowledge regarding New technologies / Market development
- Knowledge about competition / competitors
- Competition advantages / disadvantages awareness
- Innovation / Development directions

THE RISKS OF MISDOING THE MARKET RESEARCH¹²

Risk 1: The company can't support fast growth
Be ready for success.

Risk 2: The product falls short of claims and gets bashed
Be sure that the product is ready.

Risk 3: The product makes low impression
Be sure that the product is ready and desired.

Risk 4: The product defines a new category and requires substantial consumer education—but doesn't get it
Be sure that clients understand your product or service.

Risk 5: The product is revolutionary, but there's no market for it.
Be sure that your clients are ready for your product or service and they need it.

¹² : <https://hbr.org/2011/04/why-most-product-launches-fail>