

## **Know your market before you leap**

*Paul B. Brown*

While it is hard to argue with Peter Drucker's much-quoted aphorism that "the purpose of a business is to create and keep a customer," it does raise a question. What is the best way to discover whether customers want what you're selling before you open your doors or before you add a new product or service to your line?

After all, you don't want to invest a lot of time, effort and money into something the market doesn't want. CVTips.com, a job-search Web site, explains it this way: "You have to be absolutely sure of market viability, and have a trustworthy idea of projected revenue. Imaginary revenue isn't much help when you need real money. Your bank and creditors won't be too impressed. Sales are where the money comes from, and you need to be very clear on what's realistic and what's not."

How do you find out if there is a market for what you want to sell? The following items offer some simple tips.

How is this different?

Despite the enthusiasm you have for your new idea, it is extremely hard to come up with an offering that is both one of a kind and has no competition.

Gaebler Ventures, a business incubator and holding company, suggests that early in the development of a new product or service you ask these questions:

"Who are your five nearest direct competitors?"

"Who are the indirect competitors?"

"Is their business growing, steady or declining?"

"What are their strengths and weaknesses?"

"How does their product or service differ from yours?"

"What can you learn from their operations or from their advertising?"

Secondary first

The people who do market research for a living divide it into two types: primary and secondary. "Primary research is firsthand knowledge you gain directly from the marketplace and often uses techniques such as focus groups and surveys," Darrell Zahorsky writes on About.com. Secondary research is everything else: published studies, work done by industry trade groups, books and the like. While primary research allows you to understand what your customer wants in real time, the background provided by secondary research is extremely helpful. After asking questions about your competition, it is probably the second step you want to take.

Primary research cheap

The least expensive way to do primary research is "to create a questionnaire and send it to members of your target market — explaining that the more you know about them, the better you'll be able to provide service to them," a marketing expert, Jay Conrad Levinson, told Inc. magazine. "Do this with both snail mail and e-mail."

Mr. Levinson adds that “you can even set up a chat room in which you conduct your own online focus group interviews.”

One to one

If you are looking for much more tailored help with market research, consider Score.org, which describes itself as “a nonprofit association dedicated to educating entrepreneurs and the formation, growth and success of small business nationwide.”

If you go to the organization’s home page, and enter the area where you’re looking for research help — “food manufacturing,” for example — a list of people who might be able to help you pops up. Pick one and e-mail a question or challenge and the site promises a response within 48 hours.

The service is free.

Last call

We began the column with a quote from a renowned businessman. Let’s end the same way.

You may think you have a wonderful new idea — something unique and truly great. But, according to the advertising icon David Ogilvy, it is ultimately only the market’s opinion that matters.

As he put it, “If it doesn’t sell, it is not creative.”

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