



CONDUCTING A MARKET ANALYSIS ON YOUR BUSINESS

The term "market analysis" is often confusing to entrepreneurs, especially for people who focus on a specific niche or market segment.

In fact, many small business owners don't understand the process or complain that conducting a market analysis is too complicated or too expensive and wonder why or if it is necessary.

What is market analysis?

In the most basic terms, a market analysis is an assessment of:

- A particular problem or opportunity in a market.
- The needs of the target market relating to the problem or opportunity.
- Ideas for marketing a particular product or service that fills the needs of the target market.

When should you conduct a market analysis?

- When you are starting a business.
- When you are entering a new market.
- When you are considering a new product or service.

Why should you conduct a market analysis?

- To minimize business risks.
- To understand the problems and opportunities.
- To identify sales opportunities.
- To plan your marketing/sales approach.

The process of conducting a market analysis can be divided into three parts:

Part 1 - Understanding Market Conditions

This gives you basic information about your entire market -- the size, the competition, the customers.

Part 2 - Identifying Market Opportunities

This gives you more targeted information about potential problems or opportunities in the potential market, and includes information about growth, current and future trends, outside factors and more information about specific competitors.

Part 3 - Developing Market-Driven Strategies

Here is where we get into what market research does for you. It helps you to pinpoint opportunities to grow your business. By understanding the market and knowing what opportunities are available you can create a marketing strategy that leaves your competitors in the dust!

Here are 10 questions that can help you get started:

1. What is the market I want to reach?

- Who are they? (Basic Demographics)
- What is their biggest problem in relation to this market?
- Are their needs being met by the products or services provided in this market?

2. Who is my competition in this market?

- Are they successful in this market?
- Are they marketing a similar product or service?
- What is the market share of the three biggest competitors in this market?

3. Is there room for growth in this market?

4. What is the size of this market?

- Is there room for growth?
- Is the industry growing? Stable? Saturated? Volatile? Declining?

5. How is my product or service different from the competition?

6. How can I reach this market?

- How is my competition currently reaching this market?
- Is it the most effective way?
- What are the alternative ways of reaching this market?

7. What are the business models of my competition in this market?

- Are they effective?
- Is there a way to do it differently or better?

8. What do customers expect from this type of product or service?

- What are the core competencies of this product or service?
- What would make the product "new" "different" or "better" for the customer?

9. How much are customers willing to pay for this product or service?

10. What is our competitive advantage in this market?

Knowing the answers to these questions will not only help you figure out if there is a need for your product or service, it will help you figure out the best ways to reach your customers, price your products or service and ultimately make more sales!

