



Business Market Research and Planning: What Size and Composition is your Market?

By Adrian Pepper

Even for well-established companies, I find many businesses have difficulty defining their target market. Yet the size and value of your market is key to planning your marketing, to setting your sales targets and to raising money from your investors.

Since precise information is rarely available, I help my clients to make educated guesses based on as much market research as they choose to afford.

How many prospects do you have?

If you can recognise your potential customers, you can probably count them in various groups and sectors:

Socio-economic - by money, and status

Demographic - by age, gender, racial group, religious belief, education level, and risk attitude

Geographic – by state, region, county, and post code (or zipcode)

Life styles – such as yuppy, dinky, single parent, 2P+2K, empty nester, and personal drivers

Quite often, the data (for the past year) is available from various sources: from government statistical reports, from media circulation audits and advertising surveys. To conflate data from several sources (often with differing periods), you will need to generalise the numbers into thousands and millions or fractions and percentages, so that the statistics become usable.

How much do they spend?

For each major group, you can then estimate their sales behaviour:

What each customer group prefers.

How much each customer group spends.

How often they tend to buy within a year.

To help you guess well, I suggest that:

You survey your existing customers to calibrate your experience.
You check your competitors' turnover to compare your performance.
You google the web to find who is researching your industrial and market sectors.
You read market analyses (available from your industry association, chamber of commerce and business investment agencies) to pick up ideas from others.

What market share do you want?

Based on this data, you are now ready to set your sales targets and plan how you want to get there.

If you want to double or treble your volume, this is a project for which you need dedicated resources to add to your work team.
If you choose organic growth, you can adopt the best marketing strategy for small businesses: learn a bit about your market, then do some targeted sales; then learn more ... and sell more.

You might also look for a business coach to help you define your goals well and to create an achievable action plan.

How often do you plan your marketing?

At each exploratory step in your market, as you target your sales, you will gain a better return by focusing your marketing effort on the customers who most benefit from what you want to sell.

For some businesses, you will find that an annual market planning exercise is most appropriate. Where your industry is in technology flux or is changing size quickly, you might find that you need to re-plan several times a year.

I find that clients who persist in researching their market, showing curiosity about customer trends, are more effective in targeting their market. This leads to more sales and better profits because these clients know what size their market is.

Adrian Pepper specialises in helping small business to sharpen their marketing, increase their sales and grow their income. You can contact him through Help4You Ltd, through his website at <http://www.help4you.ltd.uk> or by phone +44-7773-380133. At <http://feeds.feedburner.com/help4you>, you can listen to his podcast for small businesses.

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