**MARKET RESEARCH WORKBOOK**

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Rose Wilson Consulting LLC

(802) 649-1000

[www.rosaliewilson.com](http://www.rosaliewilson.com)

rosalie.wilson@earthlink.net

**Market Research** is a core component of business planning and the foundation upon which to build effective marketing campaigns. Once you have defined what you would like to do, you need to determine if there is a market for it, who that market is, how to reach and appeal to them, how much they will buy, in what frequency and at what price.

Your Market Research goals are to:

1. Identify who would be most likely to respond to the benefits the features in your brand, product or service provide. This is known as market segmentation. What needs or wants does your product or service fulfill, and to whom do these appeal?
2. Understand how and where to most effectively communicate this message. Where do they go for information? Where do they shop? What motivates them to buy?
3. Assess the feasibility of your market. What is the size and scope of your target market? What is the expected rate of purchase at the anticipated price points? Based on purchase rate, price point and number of prospective customers, can you meet the sales projections and needed sales volume for the business plan to be viable?

Successful businesses do not try to appeal to everybody. It is expensive, inefficient, and ineffective.

Prioritize your marketing budget and resources on targeted messages that resonate with particular audiences.

Consider the following example:

What features are being communicated?

What benefits are being communicated?

Who are they appealing to?



Photo credit: www.target.com

As the local food movement matures you must understand what motivates your consumers, how to communicate with them, remain in regular contact, and follow through. Quality, in product and in service, and communication are key.

Market Research can be a unique strength enabling you to adapt to changing audiences, trends, needs and wants. Staying on top of your market, understanding the nature of product life cycles, understanding how the market impacts the business plan, and adapting your strategies as markets change will better position you for surviving and thriving in a maturing market.

**History has proven that having the best product or service does not guarantee success if no one knows about, can’t get to it, or won’t pay for it. Having a well-researched and implemented market campaign CAN tip the scales in your favor.**

There are four important objectives to Market Research

1. **Define Your Market Segments** (Know who you are going after)
2. **Learn their Motivating Factors** (Know how your product fulfills their Needs/Wants)
3. **Understand how and where to Communicate** (Learn how to communicatethem in a meaningful way: where do they go for information, where do they shop, where do they spend time)
4. **Understand their Purchasing Habits** (price points and frequency)

**WORKSHEET 1: BACKGROUND INFORMATION FROM YOUR BUSINESS PLAN**

**What are the goals of your business?**

**Financials**

*Ideal*

What is your sales goal for the year?

$

At your price point, how many units of product do you need to sell to achieve this?

*Break Even*

Based on your projected Cost of Goods Sold and Expenses, what is the minimum sales needed to break even?

$

At your price point, how many units of product do you need to sell to achieve this?

**WORKSHEET 2: MARKET RESEARCH**

*Product*

What is your product or service?

What are the features of your product?

What need or want are you addressing (what benefits do the features of your product or service convey?)

*Target Market Segments*

To whom? (Who will value or appreciate these benefits?) Be specific: what types of people would be interested in which benefits? Not all segments of the market will resonate with all benefits.

What is your desired geographic range?

How many consumers that fall into each market segment you have identified, exist in your geographic range?

What are the purchasing habits of each target market segment (at your price point, how frequently would they buy the product, where do they shop)?

What are the communication habits of each target market segment? (where and how do they learn about new products, where do the spend their time, what mediums do they use to obtain their news and communicate)?

**WORKSHEET 3: MARKET FEASIBILITY**

Based on the number of customers in each market segment within your desired geographic range, at their expected frequency of purchase and price point for the product, what are your projected sales?

For each segment conduct the following exercise

# Customers X # Units/Yr X Price Point = Sales/Yr

\_\_\_\_\_\_\_\_\_ X \_\_\_\_\_\_\_\_\_\_\_\_ X $\_\_\_\_\_\_\_\_\_ = $\_\_\_\_\_\_\_\_\_\_\_

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 TOTAL SALES PROJECTED = $\_\_\_\_\_\_\_\_\_\_\_

(sum up the above)

Does your market research demonstrate ability to meet your break even?

(see worksheet 1)

Does your market research demonstrate ability to meet your sales goal?

(see worksheet 1)

**TIPS FOR CONDUCTING MARKET RESEARCH**

**First Hand Research**

You need to connect with prospects within each market segment to obtain feedback on your assumptions. First hand research is the most powerful and accurate form of market research. You will learn directly from your prospective customers whether you have the potential for success, and how to shape your plan to ensure it.

First hand research can consist of cold calling, focus groups, surveys, sampling, demos, open houses, events, etc. You need to consider your market segment, and based on the characteristics and geographic scope of the market segment, develop an approach that is best suited to yield results.

First hand research allows you to quantify and qualify the sales potential of actual prospects and assess the feasibility of your Goss Sales goal.

**Third Party Research**

Third party research supports your first hand research. Third party research can substantiate or refute your assumptions about your market segments and can help you extrapolate the size and scope of the market potential, provide insight into new or upcoming trends, competition, and hurdles or issues to consider.

Third party research gives you a broad overview of the market, but is less reliable because it does not provide feedback from actual prospects within your market segment and thus should only be used as supportive evidence.

**MARKET RESEARCH: GETTING STARTED**

1. **Build a contact database**

Create a list of prospective customers or people who represent the characteristics of your market segment.

1. **Identify how best to reach out to them**

Will you cold call them, conduct a survey, host focus groups, schedule demos or samplings, attend or organize an open house or event? What will be the most effective way of engaging your audience? It could be a mix of several.

1. **Create a list of questions you want to answer. Focus on Qualifying and Quantifying Demand, Learning what Benefits appeal to them (what messages will resonate), Where and How to communicate, and Where to Place the Product for Sale.**

Would this product be of interest to you? Why/Why not? **(product potential)**

What benefits “are appealing” or “appeal to you” and why? **(motivating factors)**

What need or wants do these benefits fulfill? **(motivating factors)**

At $\_\_\_\_ price for \_\_\_\_ product (unit of size), would you consider purchasing this product? Why/Why not? **(pricing)**

At this price, how frequently would you buy it and in what volume? Would your frequency or volume increase if the price or product size were different? If so, how? **(frequency and volume)**

Where would you shop for this type of product? **(product placement)**

How do you prefer to learn about new products? How do you prefer to communicate? email, telephone, FB, Twitter? **(communication)**

What media do you read, watch or listen to (be specific - what radio stations, what TV channels, what printed publications, what internet sites?) **(communication)**

Do you attend events? What types of events? What specific events? **(communication)**

1. **Conduct and document your first hand research.**

It is helpful to create a spreadsheet so you can quantify responses. For example: how many said yes, how many said no? What was the average price of all responses, what were the highs and lows? What was the total volume demand?

1. **Conduct and document your third party research.**

Explore community, regional, state, and federal organizations, industry and educational organizations and sources for publications, studies, data that provide supporting information and statistics, such as demographics, population information, and industry trends.

The goal is to search for additional evidence that further quantifies and qualifies market demand, and to search for insight on trends, opportunities, barriers or concerns in the market category.

1. **Competitive Research**

Take time to understand your competition. Emulate those doing a good job, identify weaknesses you can exploit in others, identify overlooked/untapped opportunities in the marketplace.

Seek to quantify total sales for the product category. Try to quantify the market share of competitors, how are they positioned, and the rate of growth in the product category. Come up with strategies for how you can carve out market share, and using the industry’s average growth, project your potential for annual growth.

For your competitive research, make a spreadsheet listing:

Who They Are

Their Product

Their Features & Benefits (Motivating Factors)

Their Strengths/Weaknesses

Their Price Point

Their Market Segments (look at their messaging, product placement, pricing)

Their Product Placement and Geographic Range

**APPENDIX**

**Market Research Tools**

The Art of Cold Calling

Sample Cold Calling Template

Sample Resource List for Third Party Research

**The Art of Cold Calling**

The cold call is not only a step in your market research, it is also the first step in a long term sales relationship and must be treated as such. The goal of the cold call is not to make a sale, but to contact a potential customer to understand their needs and see if your product might be a future fit.

If you or the potential customer determines that your product or service might meet a need or desire they have, then they will look forward to continuing to communicate with you and will be more receptive to a future sales outreach.

In the meantime, use this initial call as a pleasant way to break the ice. If conducted cordially and professionally, you have nothing to lose, and they have nothing to be upset about. You are not trying to sell them anything; be respectful of their time and ask them about their needs and buying habits so that you will know whether it would be an effective use of time and resources to try to sell to them in the future.

To help you perform the cold calling, both as an aid for when you get nervous, and as a tool when the conversation gets side-tracked, I recommend drafting a template of the anticipated dialogue and questions. In this way you can ensure a professional, polite, and consistent demeanor and be sure you are asking the same questions of all the individuals you contact.

After each call, compile the answers into a spreadsheet so that you can prioritize your prospect database and use the information to quantify and qualify the potential of your market segments.

**Cold Calling Template**

Hi my name is Rose Wilson. I am calling from Rose’s Giant Pumpkin Farm. I was wondering if I may speak with the person who makes your cheese purchasing decisions?

If Yes: Great, thanks.

If No: Oh, ok, do you know who I should ask for and if there is generally a good time to catch them? (wait for their answer). Thank you.

Next step (on the phone with the decision maker)

Hi my name is Rose Wilson. I am calling from Rose’s Giant Pumpkin Farm. I’m calling because we are exploring the possibility of bringing a new line of farmstead cheeses to market and we would appreciate your input on some questions we have. Do you have a few minutes or is there a good time I could call back? If you prefer e-mail, I’d be happy to send you an e-mail with the questions if that is easier.

Do you have a few minutes? Great. Ok, well, to start, Rose’s Giant Pumpkin Farm is a certified organic, family owned dairy farm in Cooka Monga, Vermont. All of our products are made with our own cows’ milk right on the farm. Our goal is to be the leading local choice for GMO free cheese for health conscious consumers in Vermont and New Hampshire.

We specialize in hard cheddar for everyday eating and a soft, brined cheese for special occasions.

We are calling because we would like your input on our idea for a local GMO-free, certified organic cheese for everyday and special occasion needs.

Is non-GMO of interest to you and your consumers?

Would a non-GMO cheese be of interested to you and your customers?

Do you have any current suppliers of Non-GMO cheese? (listen and write down who).

Would you or your customers be interested in Rose’s Giant Pumpkin Farm local GMO-free cheese? If not, why not.

If so, what sort of price point do you envision would be successful? What would be an appropriate price for your consumers, and at that price, what price would we need to supply it for?

1. The everyday cheddar
2. The soft, brined, special occasion

At this price, how much do you think might sell per week?

1. The everyday cheddar
2. The soft, brined, special occasion

Do you think demand might fluctuate over the year? If so, how?

What type of packaging do you prefer?

How and when do you prefer to receive deliveries?

What is your procedure for ordering?

Are there any sales and marketing tools that would be helpful?

Are there any other considerations in your cheese purchasing decision-making that we should be aware of?

Do you think Rose’s Giant Pumpkin Farm non-GMO Cheese is a product you would consider ordering once it is available? If no, why not?

Would you like us to contact you with more information & bring samples?

If Yes: Great! When would be a good time to stop by? Thank you very much for your time. We’re looking forward to meeting and sharing our cheese with you! Thanks again, we’ll be in touch!

If No: Thank you for your time, you’ve been very helpful and we appreciate it.

**Sample Resource List for Third Party Research**

Census Bureau www.census.gov/#

Chambers of Commerce

 Vermont [www.vtchamber.com](http://www.vtchamber.com)

 Montpelier [www.montpelierchamber.com](http://www.montpelierchamber.com)

State Departments of Marketing and Tourism

 Vermont accd.vermont.gov/tourism\_and\_marketing

Relevant industry associations

 Vermont Fresh Network www.vermontfresh.net

 NOFA www.nofavt.org

National Restaurant Association www.restaurant.org/Home

International Dairy Foods Association

Vermont Grocers Association www.vtgrocers.org

Specialty Food Retailers Association www.specialtyfood.com

Vermont Cheese Council www.vtcheese.com

Commercially produced data

 Mintel data www.mintel.com

 SPINS data www.spins.com

Maponics data www.maponics.com

Some paid data sets maybe available to residents of states with land grant universities. I believe for example that any Vermonter can access Mintel data from the UVM library system free of charge.

University libraries

 UVM  [library.uvm.edu/about/](http://library.uvm.edu/about/)

[primo.uvm.edu/primo\_library/libweb/action/search.do?vid=UVM](http://primo.uvm.edu/primo_library/libweb/action/search.do?vid=UVM)