

# Market Research Guide

## An Introduction to Market Research Recommended for Education Startups

# Market Research Guide

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## Introduction to Market Research

One definition of market research is as follows:

*“The process of gathering, analysing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face.”<sup>1</sup>*

Accurate and thorough information is the foundation of all successful ventures because it provides a wealth of information about prospective and existing users, customers, the competition, and the industry in general. It allows business owners to determine the feasibility of a business before committing substantial resources to the venture. Market research provides relevant data to help solve marketing challenges that a business will most likely face; this is an integral part of the business planning process. In fact, strategies such as market segmentation (identifying specific groups within a market) and product differentiation (creating an identity for a product or service that separates it from those of the competitors) are impossible to develop without market research. Good market research is an essential component of validating a business idea. It is particularly useful when funding is required because it gives potential investors confidence that the team has acquired deep domain expertise and insights into the market that are not readily available, and that they are driving the business model – and hence increasing chances of success.

The first step in market research is to collect and analyse the information that exists already, such as statistics about your target market. This is called **Secondary Research** or Desk Research.

Good secondary market research can save time and money. It can help a startup learn from best practices in comparable markets and from other people's experience, and it can inform the design of primary research. Examples of possible *topics* for secondary research include:

### Global market dynamics

- Who are the players with similar products/services? Who are their customers?
- What has their evolution process been?
- What are current best practices?
- What benchmarks exist?
- Customer experience

### Design and technology

- Patents
- Technology trends
- Review of applicable standards
- Customer use cases

### Local market dynamics

- Market size and demographics
- Target market need/spend profiling
- Exploring the market gap
- Shortcomings of alternate solutions
- Challenges and opportunities

**Primary research** is the direct gathering of information (usually from individuals) by the startup itself. It is especially important in Pakistan where there are gaps in existing data, especially information about the market for education innovation and information about target group the IIm Ideas 2 programme is trying to reach i.e. poor and marginalised children age 5-16.

Primary research should be focused on answering questions you cannot answer from secondary data. Since reliable secondary data can be hard to find, the startup is often reduced to defending the major assumptions of their business plan with primary research. The research will validate the business

<sup>1</sup> Source: <https://www.entrepreneur.com/encyclopedia/market-research>

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model and help design a pilot that will refine the market strategy.

The following are *examples* of the type of information collected and questions answered via primary research:

- Identifying the customers, who they are, what they need, how much will they pay and where are they?
- Validating and enhancing user profiles
- Investigating buying behaviour, including major factors in the buying decision
- Validating the technology adoption curve for target market
- Validating the price elasticity curve for the target market
- Identifying the special needs and considerations of the target market
- Validating the business plan
- Identifying sales and marketing campaigns
- Identifying the types of testing required for assessment related to validating learning outcomes
- Identifying the customer satisfaction factors for the target market?
- Assessing and ranking of the need for this product/service in relation with other target market priorities
- Assessing the need for this product/service in relation to other comparable product/service
- Validating the minimum viable product
- Validating and rating of the service delivery design
- Validating the marketing tools and campaigns
- Rapid prototyping of the product/service and feedback testing with target market profiles

There are many free resources online about **how to conduct primary and secondary research**, and it is recommended that you consult them.

In general, research is needed at all stages of the enterprise development, including:

- Validation of the market gap
- Customer need/adoption framework/willingness to pay
- Market dynamics/competitive positioning/benchmarks/segmentation
- Product/service packaging, pricing and promotion design
- Product field testing for customer satisfaction
- How to build competitive advantage
- Products and service roadmap development

Market research is therefore a core competency which needs to be developed in the enterprise. The process of research comprises the following steps:

- Brainstorming to create a list of *key* questions that need to be answered by research, to validate the business model and/or add to the value proposition of the product/service. Since research is time consuming and expensive, ideally this list should be developed after consultation with mentors and other domain experts.
- Segment the list into exploratory questions that increase relevant domain knowledge (examples include market opportunity, challenges, industry best practices, technology options, target market characteristics) and specific questions (examples include validation of specific assumptions relating to target markets, insights that would add or result in modification of the value proposition and design of the product/service and/or business model)
- Conduct secondary research first to build a picture of existing global and local knowledge relevant to the required research. Use the secondary research to develop a hypothesis that can be validated by primary research.
- You might not be able to conduct your primary research all at the same time. Break it into several phases, keeping in mind when you will need the data.

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- Carefully consider the best methodology to use. Keep in mind your own capacity to conduct research. Also keep in mind how much data you need. At the start of your enterprise, you are unlikely to need large amounts of data.
- Interviews, focus groups, short surveys and/or targeted questionnaires provide perspectives and insights into the interests, needs, acceptance factors, buying behaviour and other characteristics of the target market. You can build on the profiles and hypothesis developed after the secondary research and later phases focused on validating and improving the product/service design and business model.

While secondary research is relatively easy to conduct, designing and conducting primary research is more complex. Ideally, primary research should be planned and implemented with inputs from professionals with relevant domain experience (in business, education, research and so forth). For large scale primary research, there are specialised firms. However, most of them expect you to provide the key questions to be answered by the research.

## Example outline for a Market Research Plan

Before beginning market research, it is recommended that you develop a research plan. This following is a suggested outline for such a plan.

### Rationale, purpose and outcome of the research

Provide a brief statement on why the research activity is being undertaken, and what the purpose and intended outcome is.

### Key questions for secondary research

Formulate a list of critical questions that your secondary research seeks to answer. For example:

- What are key research and activities relating to the market gap or problem in other countries

and global research institutions including academia?

- What are the key research and activities relating to the market gap or problem in Pakistan academia, relevant government research institutions and other sources?
- What are the key insights regarding value proposition of your product/service? What is the type of customer most likely to need it the most?
- What is the adoption model?
- What are the insights regarding product/service design – what kind of features are needed for this to be competitive?
- What are the price, packaging and promotion guidelines from what others are doing in this or related space?

### Methods for secondary research

Describe the potential sources of secondary research information, as well as methods for conducting secondary research. For example, content on the web – articles, relevant websites, reports, surveys, databanks etc., trade magazines, academic journals, informal conversations or formal interviews with domain experts, patent searches on keywords related to the topic. Be as specific as possible.

### Work plan for secondary research

- What are the key activities?
- Who is responsible?
- When? Provide deadlines.
- What resources are required (e.g. transport)?
- How much will it cost?

### Minimum expected results of secondary research

State the results that would be acceptable and be useful to the startup, and how you will determine if research is satisfactory.

### Key questions for primary research

List the critical questions that your secondary research seeks to answer.

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Generally speaking, the questions for primary research can be grouped together into two broad categories: exploratory and specific questions.

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*Exploratory questions* - These are questions that help understand the overall market need, preferences and other factors of the target segment relevant to the overall business and value proposition.

*Specific questions* - These are questions that help determine the absolute and relative importance of specific features, functions, willingness to pay, packaging, promotion, what they consider as competition and other factors relevant to the product/service design.

## Methods used for the primary research

Describe the methods you will use to conduct your primary research. For example, focus group discussions, interviews, surveys.

Explain the rationale for your methodology and how you will process and analyse the data you collect. Append the tools you develop (for example, questionnaires) to the market research plan.

Also, include information about the sample for each of your research activities. For example, how many people will you interview? What is their profile and how will they be selected?

## Work plan for the primary research

- What are the key activities?
- Who will do it?
- When will it be done?
- What resources are required (e.g. transport)?
- How much will it cost?

## Minimum expected results of primary research

State here the results that would be acceptable and be useful to the startup, and how you will determine if research is satisfactory.

## Example Outline for a Market Research Report

The research report is the document that presents the findings of the research and bridges them with analysis into useful insights that can be used for decision making to improve the startup. The following is an example outline for such a report.

### Executive summary

Summarize the rationale and findings of the report. This section should answer the following questions:

- What is the rationale and purpose of the research?
- What are the key questions for market research?
- What research methodology was used?
- What were the results of primary and secondary research?
- Did it validate your hypothesis?
- Were there any surprises?
- Did it provide any unique insights?
- What are the implications for the business plan?

### Key questions for secondary research

List the key questions here.

### Research methodology

Describe how the secondary research was conducted. It is customary to cite the sources that have helped you firm up your market understanding and shape your product and service.

### Analysis of results

Provide evidence for supporting your business proposition, including market need and product/service design. The following questions need to be addressed:

- The key findings related to the market need relevant to the business and how you will factor them into your business plan
- The key findings related to the product/service and how you will factor them into your business plan.

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- The key findings related to direct and indirect completion and you will factor them into your business plan.

## Unique insights from secondary research

Mention new insights that help you improve your understanding of the market and your product/service design, as well as their implications on your product/service and business plan.

(Unique insights are those that most other people don't know which could provide a competitive advantage now or later in the product/service development cycle.)

## Key questions for primary research

List the key research questions here.

## Research methodology

Briefly describe how the secondary research was conducted. What methods were used to get answers to your research questions?

If one-on-one interviews were used, how were the participants selected? If focus groups were used, how were they formed and what was the process of getting feedback? If short surveys were employed what was the process used? If questionnaires were developed, then what was the process of their development, how was the recipients selected and what was the high-level strategy at getting insights?

## Analysis of results

Present and analyse your research findings in relation to your business plan.

- What are the findings that support, negate, or give a new perspective on the research questions?
- What are new questions that need to be addressed by subsequent research (if any) and what is the plan for making that happen?

## Unique insights from primary research

Discuss any new insights that may help you improve your understanding of the market or your product/service design along with implications on product/service and business plan.

What are unique insights that most other people don't know which could provide a competitive advantage now or later in the product/service development cycle?

## Conclusions and impact on business model

Explain the major learnings on both the value proposition and the product/service design, and their impact on the business model. The discussion needs to be business oriented and the purpose of research is to learn what to sell, who to sell to, how to sell and where to sell.

In this final section you might discuss for example:

- How your product/service compares with best practice
- The minimum viable product/service in your target market
- Market segmentation and customer profiles in terms of need, spending behaviour and other factors (identify) relevant to your business model
- The adoption model
- The price elasticity curve for your product
- The marketing strategy for different segments in the market

## Next steps – the design of your pilot

As an annex to your report, provide an outline of the pilot design, and link this to the conclusions and analysis of your research.

Key questions to think about and explain in your plan for the pilot included:

- What is the product/service?
- How will it be marketed?
- How will it be delivered to the customer?
- What will be the price?
- What support is there to help the customer if she has questions/has complaints?
- What are the benchmarks for success?
- How will data be collected to determine success/failure?
- How will the learning be used to improve the product/service?



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## Appendix 1 - Sample Market Research Questions

### *Validation of the market gap*

- What do the customers need?
- Why do the customers need it?
- When do the customers need it?
- Where do the customers need it?
- What are others saying about this?
- What are the other efforts in this regard?
- What is the market gap you have identified?

### *Research into design of product/service*

- What do the customers need?
- Who are the customers?
- Where are the customers?
- How much will they pay for it?
- How will they buy it from you?

### *Concept testing*

- What type of customer will need this most?
- How will she judge the effectiveness of the solution?
- What will you do to make this more/less appealing?

### *Rapid Prototyping testing*

- Feedback from customer segments
- What needs to be changed in design/service delivery/marketing?

### *Pilot*

- Set operational benchmarks
- Gauge customer response

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## Appendix 2: More Information

### Source:

<https://www.outsource2india.com/kpo/articles/how-to-conduct-first-secondary-research.asp>

*What are the prerequisites and types of secondary research?*

Secondary research makes use of data that is not collected by the researcher themselves. Therefore, if you want to conduct secondary research, you need to get your hands on primary research data.

Secondary data can be categorized into two types, internal data and external data. You can leverage the following types of data, to conduct your first secondary research:

*Internal Data* is the data gathered from internal databases, applications and tools of the researcher's firm, and is often the first line of enquiry, as competitors can't have access to it, and is exclusive to the firm. It's the most convenient, fastest available and cheapest source of market research information.

Examples of internal secondary research data:

- Departmental records
- Records of previous advertising / marketing campaigns to see what works and what doesn't
- Old copies of invoices and sales figures to spot and predict future trends
- Loyalty cards to help researchers understand customer buying patterns and design promotional campaigns effectively

*External data* comes handy if a project is new and when there is no internal data to bank on, or if the internal data is incomplete or irrelevant or has become obsolete. In such cases, you can rely on the following types of external secondary data sources:

- Media sources
- Data compiled by government (for example, the Annual Pakistan Bureau of Statistics)

- Data accumulated by commercial market research organizations
- Competitor data, gathered through company reports, websites
- Data published in trade publications and trade associations
- Information published in newspapers, magazines, and other general media

*What is the Best Method for Conducting Secondary Research?*

There is no 'best method'. It depends on what you want to find out. You can follow the methodology below to help you get started.

1. *Identify research topic and where to get the information from.* Before commencing secondary research, define the area of research and list questions you need to answer by the end of the process. Basically, you need to narrow down your search topic, identify the research domain and finalize which information source to use to obtain the required data.
2. *Gather existing data.* Once the area of research and source is decided, you need to start collecting the existing data and break it down into keywords and synonyms, to get concrete results.
3. *Compare data from different sources, and normalize it.* In most cases, the data retrieved from different sources will be in different formats, so you need to normalize it as a uniform database.
4. *Analyse the data.* Review the findings and determine whether you have got all the answers to the questions you had in step one, and repeat all the steps again if you feel the need to dwell further for actionable insights.

*Guidelines to follow while conducting Secondary Research*

Ideas or concepts discussed during the brainstorming sessions for Secondary Research can hold the key to future secondary research. So, make a note of each

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and every conversation held at different stages of the creative process.

- Cross-verify the credibility of any data gathered.
- Online data can be modified without a prior notice, so if you use websites as the source of your secondary data, take screenshots for future reference.
- Go through the appendix and references to check the credibility of reports and statistics.
- Pay more attention to detailed references, as that data is deemed more credible.
- There is no point in spending too much time on copying or summarizing secondary research data, as it gains value only when this data is critically reviewed by the researcher, and actionable results are drawn.

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## Source:

<http://designresearchtechniques.com/casestudies/secondary-research>

## Overview

Secondary research is a common research method. It involves using information that others have gathered through primary research. This technique is also known as Desk Research.

## Advantages

- The information already exists and is readily available so it is easy and quick to access and low cost.
- It helps guide the focus of any subsequent primary research being conducted.

## Limitations

- The information lacks specificity or does not exactly address question of concern
- Some external secondary data may be of suspect quality or outdated
- Internal secondary data such as sales reports and customer databases may only describe existing customers
- Information is less likely to exist, particularly in developing countries, due to the lack of primary research conducted in unpopular markets or strict media control from the governments

## Purpose

This technique is performed in order to:

- Assess data that is easily accessible and low-cost;
- Clarify the research question;
- Help align the focus of primary research on a larger scale and help identify the answer; and
- Rule out potentially irrelevant project proposals (e.g. the proposed work may have already been carried out).

## Variations

There are two types of secondary research hence two types of data collected from this technique:

- Internal Secondary Data consists of information gathered within researcher's firm (i.e. customers databases and reports from past primary research)
- External Secondary Data consists of information gathered outside of researcher's firm (i.e. government statistics and information from media sources)

## Using the Technique

Secondary research can be conducted at any stage of the creative process. Each secondary research process involves four steps that can be repeated as necessary:

- Identifying the subject domain and where to acquire the information;
- Gathering existing data;
- Comparing data from different sources, if necessary and if feasible; and
- Analysing the data

## Identifying what and where

Before starting any secondary research, it is helpful to define the research topic/domain. Next, the researcher would prepare a list of questions to be solved by the end of the process. This step helps narrow down the topic and also allows the researcher to have an active role in conducting the research. After identifying the research domain, the researcher would look at various sources of information and decide where to obtain necessary data.

Good sources of information include:

- Internal data such as databases, sale reports, past primary research;
- Government statistics and information from government agencies
- Information resources companies
- Different media such as articles from respected magazines and newspaper, reports from university research centres or non-profit agency

## Gathering existing data

At this step, the researcher looks at the topic and breaks it down in to keywords and their synonyms. For

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example, when looking at the topic: “What are the trends in the women’s clothing market?” the keywords would be “clothing”, “women” and “trend”. Accordingly, their synonyms would be “apparel”, “female” and “fashion”. Using these words to search can save researcher a lot of time in finding valuable data and also warrant no important information to be missed out.

## *Normalizing data, if needed*

Sometimes researchers may want to normalize the data to make it easier to analyse later on.

An example for this step comes from a research project of area household income data in the US. The collected information came from three different sources: US Census Bureau Data (1997), a telephone survey of area residents (2000) and a published article (2007). By shrinking the categories into six income scales and converting all data to percentage form, the information was then much easier to compare and analyse.

## *Analysing data*

At this final step, the researcher should seek actionable findings to move the project forward. It is important to look back at the list of research questions from the first step and ask if they have all been answered and if any new questions have been raised.

The most important goal is to come up with future actions for the project.

## *Inputs:*

- Most of the time, secondary research would start during or after the brainstorming process. Brainstorming brings in ideas or concepts/themes that would become the topic of secondary research.
- Topics for secondary research can also come from different stages of the creative process; basically, anytime a new question arises in the creative process, secondary research can be used to find the answer.

## *Outputs:*

- Secondary Research provides answers to the uncertainties and questions, and will narrow down the subject domain making

## *Other Points of Note*

During the step of gathering data, researcher should make sure to verify the credibility of the information coming from the Internet. Screenshots or another method for saving important websites should be used for reference since the online data might be changed without notice.

For data such as reports and statistics, the best way to verify their credibility is to consult the appendix and references. Generally, the more detailed the references, the more trustable the data.

On its own, copying or summarizing information identified by secondary research has no value as far as the project is concerned. Secondary research is of value when information is compared and analysed, when the researcher performs a critical review of the data, and when the researcher comes up with actionable findings to move the project forward.

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## Source:

<https://www.entrepreneur.com/encyclopedia/primary-market-research>

## Primary research

*Definition:* Primary research involves the collection of original primary data. It is often undertaken after researchers have gained some insight into an issue by reviewing secondary research or by analysing previously collected primary data. It can be accomplished through various methods, including questionnaires and telephone interviews in market research, or experiments and focus groups (Modified from Wikipedia).

When conducting primary market research, you can gather two basic types of information: exploratory or specific. Exploratory research is open-ended, helps you define a specific problem, and usually involves detailed, unstructured interviews in which lengthy answers are solicited from a small group of respondents. Specific research, on the other hand, is precise in scope and is used to solve a problem that exploratory research has identified. Interviews are structured and formal in approach.

Source: [www.smallbusiness.chron.com](http://www.smallbusiness.chron.com)

### *Advertising and Marketing*

Marketing research is usually the first step in the marketing process, after ideas for products are conceived. Small companies conduct marketing research to obtain information from the marketplace. They use it to solve problems, obtain information on competitors and determine the needs and wants of non-paying consumers and customers. Marketers then analyse the data and develop various marketing strategies. There are several main types of marketing research.

### *Focus Groups*

Focus groups are usually conducted at focus group facilities. These facilities have one-way mirrors so managers can listen to consumers' feedback about their products and services. A moderator, or special

interviewer, usually runs the focus group. She develops a discussion guide of five to 10 questions related to the product. She then asks participants various questions about the product. The ideal size for a focus group is six to 10 people. A moderator may speak to customers about a small restaurant's new chicken sandwich meal. She may ask them if they like the idea of a new chicken sandwich, how much they would pay for it and whether or not they would purchase it. Companies often use focus groups to narrow several versions of a product down to the best offering -- the one the customers like.

### *One-on-one interviews*

One-on-one interviews are conducted in a similar manner to focus groups, but with one person. One-on-one interviews go a step beyond typical personal interviews. Company managers use these interviews to watch someone actually use their product. For example, a computer software firm may want to test a new program, so they set up a computer and watch as individuals use the software. Like focus groups, managers observe behind one-way mirrors. Moderators then sit in the room with each person and ask them questions, including how they like the software, or how easy it is to use. Companies then determine whether they need to make changes to the software, based on actual consumer usage.

### *Phone surveys*

Companies use phone surveys to further validate information obtained from focus groups and one-on-one interviews. Marketers conduct phone surveys among higher numbers of consumers and customers. Consequently, data obtained from the higher number of phone surveys are more indicative of what the average consumer thinks about a particular product or service. For example, a bank may conduct 300 phone surveys to measure how satisfied customers are with its customer service. Marketers would develop a questionnaire from which to ask the questions. They may include key measurable elements like friendliness, timeliness and accuracy in the questionnaire, and then ask customers to rate those elements on a scale of 1 to 10, with 10 being the highest rating. The bank may ask customers to

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elaborate on their responses. The bank manager would then use the information to make improvements in customer service.

## Testing

Companies often take marketing research one step further with actual test marketing. For example, the restaurant company may actually roll its chicken meal out into five of its 10 local restaurants, advertising the meal on local television and radio and through coupon magazine ads. Corporate marketing managers may then track sales and profits to validate the success of the new meal. The restaurant would then know if its marketing research was an accurate indicator of success.

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## Source:

[www.designresearchtechniques.com/casestudies/rapid-prototyping](http://www.designresearchtechniques.com/casestudies/rapid-prototyping)

### *Rapid prototyping*

Rapid prototyping is the act of creating a low-fidelity object for the purpose of testing a concept. Through rapid prototyping, a designer is able to quickly test and adapt a design with minimum investment in time and the cost of failure.

### *Used When*

During solution design, rapid prototyping allows for concept testing, accelerating the innovation process.

### *Used For*

Prototypes are built using anything at hand to mock up rough concepts, giving form to early ideas and hunches. The purpose is to build tangible objects with a low initial production cost. Ideas are explored, and learning occurs faster by failing earlier and often. Permission is granted to experiment, try and stretch. Ideas are communicated and shared to enhance the team's understanding. This method quickly moves thoughts into concrete objects for discussion. Rapid Prototyping facilitates an iterative process:

design > build > test > feedback > adjust

*"The purpose of rapid prototyping is to demonstrate possibilities quickly by building an inexpensive series of mock-ups so designers are able to obtain early feedback from which they may respond to user requirements. This is particularly true in the following three types of situations: (1) cases that involve complex factors, which can make predictions difficult; (2) cases already examined by conventional methods without satisfactory results; and (3) new situations, which do not offer a lot of experience to draw from (Tripp and Bichelmeyer, 1990)."*

## Process

1. Materials. The tools used for rapid prototyping of non-product applications are usually chosen for flexibility and affordability as well as ease of

use. This is critical to keeping the initial design and redesign costs as low as possible.

2. Sample prototypes:
  - Paper mock-ups
  - Storyboards
  - Simple physical models
  - Role playing scenarios
  - Idea cards
3. Session. The process can be self-organized by a team of designers, or it can be facilitated. If the design team does not include customers/end users, a way to gather feedback on the prototypes from users will be required.
4. Record. A way to document feedback and ideas is beneficial but not necessary. In some cases, feedback will immediately be captured in a modification or a new, rough prototype during the session, so extensive documentation may not be necessary.
5. Analysis. Feedback and micro failures during rough prototyping inform direction and refinement, which can move the process into the Pilot phase.