

Research Techniques

Three methods to uncover the data needed to make informed decisions

Market research in our experience is carried out for two primary reasons:

1. To validate a hunch, or a directive from top management
2. To find new business opportunities

Regardless of the reason, market research must uncover data that will assist management in making the right decision at the time of the evaluation. Research projects must be executed systematically. Note that we're not talking about internal research, such customer service performance. We are talking about external market research, which will help answer questions of the following nature:

Who will buy - What do customers require - What price will they pay - How do they buy – How often will they buy, etc.

For this type of research, a **primary research technique** such as focus groups, surveys sent out online, surveys taken in the street, interviews, will work best. This is also referred to as **Qualitative Market Research**. The type of information derived from such a technique is not statistically significant, as the number of respondents is usually kept small, often for cost reasons. This is what most companies use to validate a hunch, and this should be used as a starting point, not as the final answer. The findings of such research will help design the follow-on project, which will be quantitative in nature.

Secondary research techniques simply refer to uncovering information that has already been compiled in some form. Today, the internet has become a wealth of such information. The challenge of course is to craft the searches and questioning lines that will return the most relevant information. Some good sources of secondary research data are government agencies, chambers of commerce, trade associations, libraries, and other organizations.

Once sufficient data has been uncovered, i.e. further research is warranted, then it's time to design a **Quantitative Market Research** project. This will let a company obtain statistically significant information, and it's best used when the initial hunch has been validated.

Whether you choose primary or secondary research techniques will often depend on your budget. The decision to perform qualitative versus quantitative market research however depends on where you are in your research phase. The two are not interchangeable. They will generate different type of data, and you will need both in order to make the best decision possible.

So what then is the third method? We're almost hesitant to mention it, after having described the above techniques. But a company always has the option to simply **go to market and do a live test** of the business idea. This works best for soft services, such as consulting services, and not for products that have a signification manufacturing component. However, in a small scale, testing the market with prototypes is still very much a valid option.