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Do-it-Yourself Market Research

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Market research can sound intimidating to anyone embarking on a new business venture, especially those technical wizards who understand science but not the art of building a science-based business.

As tempting as it might be to hire someone else to do this job, it's probably beyond the reach of most new businesses, which typically operate on a shoestring and — until they secure capital or other funding — consist of the founder and perhaps one or two part-time technical professionals. Most new ventures can't afford to pay a consultant to research the industry in which they plan to work or to delegate the task to an employee.

That might be all for the better, however. Besides cost savings, there are other compelling reasons for the entrepreneur to consider this job a do-it-yourselfer.

No substitute for experience

Industry knowledge is critical for starting and building a successful business —and for obtaining capital funding. Market size, trends and competitors need to be researched, and paying someone else to do it means that nuances that could affect the product might be overlooked.

Entrepreneurs seeking funding must be able to talk intelligently about their industry and market opportunities, and parroting an outsourced market report is probably not the best way to impress potential backers.

The market researcher should identify industry movers and shakers, operational issues that impact — or are impacted by — the proposed product and trends and challenges in the industry. Reference librarians at the local university or large public library are good places to start researching the market.

Face time with players

Conducting interviews with industry insiders is one way to validate a product idea, especially if that product promises to change the way business is done in that industry.

Industry insiders expect interviewers to talk on their level, and the inventor of an innovative product is better suited than a surrogate to answer an insider's technical or operational questions about the proposed product.

By talking one on one with an industry insider, an entrepreneur can discern shortcomings or weaknesses in the competition's products and pick up on important operational and economic aspects of an industry. And this information might allow the design of a better, more competitive product.

By doing one's own market research, an entrepreneur can establish contacts in the field, which is part of getting to know an industry and becoming a success. And these contacts might even be willing to test the product before it goes to market.

Who's in control?

An entrepreneur has to consider whether to start out by relying on firsthand or secondhand impressions of the industry when determining the best fit for a product. Inexperienced entrepreneurs can make mistakes doing market research, but so can hired hands; and mistakes shouldn't be feared, as they can educate a business leader and strengthen a company.

When the company and its revenues grow, the owner can relinquish some control in various operational areas, and market research is one of these. He or she can find researchers in the local university's MBA or undergraduate market-research program, where students frequently hunger for real-world projects. Nonprofit businesses and economic-development organizations are other sources of referrals to low-cost consultants in the community. And the business's own salespeople can offer feedback from the field — an informal type of market research.

Down the road, with sales firmly in hand and a small but growing staff, an entrepreneur can add market research to the job function of hired employees or pay for custom market research.

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