

Five top ways to research your market

It's easy to come up with a number of business ideas but to make sure your idea is viable and can be run at a profit, you'll need to do quite a bit of market research. The good news is that doing your own market research is not as hard as it sounds. Here are five top ways to research your market.

1. Ask for feedback

It's easy to get excited about a business idea or eureka moment you've just had. But before you quit your day job or sink your savings into your new venture, it's a good idea to talk to people – lots of people – to get their feedback.

Use your friends and family as sounding boards to see if your idea really has potential. Ask them if they would buy what you're considering offering and how much they would be prepared to pay. Then consider whether you would be able to run a profitable business at that price.

There is a possibility that your friends and family might want to be supportive and tell you what they think you want to hear, rather than the truth. To counter this, ask them to play devil's advocate for you and find any loopholes and potential problems. This should give you a more rounded impression of what will work, and where you might encounter problems.

Remember, for the feedback to work, you need to be prepared to listen – but still trust your judgment. If a number of your friends don't think your idea will work, it's probably not in your best interests to forge ahead – unless you're sure they don't understand your market or new technological breakthrough well enough.

If a number of your friends think your business has potential, then do some more in-depth research to validate your business idea.

2. Internet research

The Internet is a very useful tool for researching your market. Run search queries to find out if anyone else is in your intended line of business. Where are they situated and what do they charge? Visit their website and figure out what market they target and find out anything else about them that you can.

You'll also want to research the population demographics of your intended location. Are they likely to want what you plan to offer, and can they afford to pay the price you'll need to charge to run at a profit?

If you've decided to move into bicycle retail, for example, you'll need to research the bicycle industry too. How stiff is the competition? Is the market in your area large enough to support another business? Is your location suitable? With the focus on sustainable development, the demand for bicycles should be improving. But if your city is very hilly or doesn't have cycle lanes, you might not have enough customer support to run a profitable business.



Business guide

3. Talk to potential customers

Before you commit to your business idea, you should also talk to potential customers. The people who actually use a product like yours will probably provide you with an added perspective and insights that your friends would not think of.

Apart from finding out if potential customers would want what you plan to offer – and the price range they would pay for it – you'll want to identify what your target customers' needs are. Are you setting up in a low-income area where your customers want basic, affordable bicycles for everyday transport or are you in a more affluent area where people cycle for recreation?

Talk to people on the street in your planned business location, or use your social media networks to run an online survey. Find out what the needs of your potential customers are – their insights will probably help you refine your product or service range, and help to ensure that you start a profitable business.

If possible, get a few people to trial your product or service and give you feedback.

4. Get help

You don't have to do all the market research yourself. You might be surprised how much research will already be done for you. Talk to associations formed around your industry to find out if they've commissioned any industry research. Cycling clubs and forums will be able to provide valuable information, for example.

Similarly, the [Australian Bureau of Statistics website](#) should also be able to provide information to help with your market research, and the US government supplies a range of business and economic information free of charge.

If you can't find the information you need, you can also consider commissioning research – or encouraging your local industry to conduct research on your behalf.

5. Talk to suppliers

Your potential suppliers will have a good working knowledge of your industry. They should have a good idea of market trends and the latest innovations, as well as insider knowledge on the volume of purchases (and therefore sales) of your competitors – both locally and internationally.

While the main reason you'll want to talk to potential suppliers is to research the costs for your potential business – and the terms they'll give you – you'll also want to find out as much about the industry and your market as you can.