MARKETING RESEARCH
FOR
NEW VENTURES
What is market?

It's a group of potential consumers who have purchasing power & unsatisfied needs.

**Common** elements in the marketing skills of great entrepreneurs

Marketing research  m. analysis  m. knowledge  B.P.

Increased sale
Marketing research (gathering info. + analysis)

- Defining the research purpose & objective
- Gathering secondary data
- Gathering primary data
- Interpreting & reporting the info.
- Marketing research questions
Inhibitors to marketing research

- Cost
- Complexity
- Strategic decisions
- Irrelevancy
Developing the marketing concept

- Marketing philosophy
- Market segmentation
- Consumer behavior
Marketing stages for growing ventures:
(table 8.5.)

- Entrepreneurial marketing
- Opportunistic marketing
- Responsive marketing
- Diversified marketing
Marketing planning

• Marketing research:

• Sales research: to match the correct customer profile with sales priorities

• Marketing info. System

• Sales forecasting: historical sales figures, statistical techniques

• Marketing plans: based on venture’s specific goals

• Evaluation: through measuring performance in sale volume, gross sales dollars, or market share
Tele marketing: a direct marketing tool

- Definition
- Advantages
- Pitfalls
Marketing on the Internet

• Company & brand can communicate.
• Company can cultivate new customers; Internet is pull oriented
• Internet improves customer service.
• It supports info. transfer.

But! 2 major concerns have arisen:

- Limited target audience
- Consumer resistance to change
Pricing strategies

- Affecting factors
- Psychological considerations
- Pricing 4 the product life cycle (table 8.7.)
- Analysis of the pricing strategy (table 8.8.)
Common elements in the marketing skills of great entrepreneurs

• Adapting strategies quickly & preserving long after others have quit
• Meticulous about details & in search of new advantages
• Leading from the front enthusiastically & autocratically
• Unique environmental insight
• New marketing strategies based on unique insight
• Fear of being preempted in market
• Fiercely competitive
• Screening any proposed strategy
• Risk taking
• Clear vision
Defining the research purpose & objectives

Suggested set of questions for general marketing research:

• Identify where customers go to purchase goods & services
• Why do they choose to go there?
• What is the size of the market? How much of it can the business capture?
• How does the business compete with the competitors?
• What impact does the business’s promotions have on customers?
• What types of products or services are desired by the potential customers?
Secondary data are

- Already been compiled
- Less expensive than primary data
- Internal: within the venture
- External: numerous periodicals, trade association literature & government publications
Primary data

• Methods: Observational
  Questioning: Survey (major techniques: table 8.2.)

Experimentation

• Developing an info. Gathering instrument: questionnaire
  Each question for a specific objective
  First ask simpler questions & then others
  Avoid leading & biased questions
  Avoid misinterpreting questions
  Give concise but complete direction (explain desired info.)
  Use scaled rather than yes/no questions (when possible)
Fact=
Large Quantities of Data

Organized & modeled through
Tables, Charts, &
Other graphic methods

Meaningful info.
Marketing research questions

Typical subjects: Sales, Distribution, Markets, Advertising, Products
Marketing philosophy

• Product driven philosophy: High-tech & state of the art output
• Sales driven philosophy: New auto dealers
• Consumer driven philosophy: Often most effective, although many ventures do not adopt it.

3 major factors influence the choice of a marketing philosophy:

- Competitive pressure
- Entrepreneur’s background
- Short term focus
Market segmentation: the process of identifying a specific set of characteristics that differentiate one group of consumers from the rest. Critical for new ventures with very limited resources.

Variables:

• **Benefit variable** (convenience, cost, style): helps to identify unsatisfied needs that exist within this market.

• **Demographic** (age, marital status, sex, occupation, income, location): helps to determine geographic profit of the consumers & their purchasing power potential.
Consumer behavior

- Type of consumer characteristics (table 8.3.)
  - personal & psychological
    - Innovators
    - Early adopters
    - Early majority
    - Late majority
    - Laggards
- Buying decisions according to changing characteristics (table 8.4.)
- Analysis; 5 major consumer classifications
  - Convenience goods
  - Shopping goods
  - Specialty goods
  - Unsought goods
  - New products
- Choosing channel intermediaries (figure 8.1.)
Marketing research: to identify customers & fulfill their desires

- **Useful information:**
  - The company’s major strengths & weaknesses
  - Market profit
  - Current & best customers
  - Potential customers
  - Competition
  - Outside factors
  - Legal changes

- **5 tips** (for entrepreneurs needing research but lacking high funds)
  - Establish a contest
  - Piggyback a questionnaire onto company catalog or sales brochure
  - Develop management by exception philosophy
  - Call your customers
  - Put research questionnaire in various products’ packages
• Advantages:

receptiveness/ impressions/ more presentations/ unlimited geographic coverage/ better time management/ immediate feedback/ better control/ less “piracy”/ lower salary & communication/ other lower expenses

• Pitfalls:

Danger & defeat of poor calls

Dissension between the field sales staff & telephone sales personnel

Problem of rapid turnover of telephone staff.
Affecting factors:

- The degree of competitive pressure
- The availability of sufficient supply
- Seasonal or cyclical changes in demand
- Distribution costs
- The product’s life cycle stage
- Changes in production costs
- Prevailing economic conditions
- Customer service provided by the seller
- The amount of promotion done
- & The market’s buying power.
Psychological considerations:

• The quality is interpreted by customers according to the level of the item’s price.

• Customers shy away from buying a product where no printed price schedule is available.

• An emphasis on the monthly cost of purchasing an expensive item often results in greater sales than an emphasis on total selling price.

• Most buyers expect to pay even-numbered prices for prestigious items & odd-numbered prices for commonly available goods.

• The greater the number of meaningful customer benefits the seller can convey about a given product, generally the less will be the price resistance.
Key words:

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Telemarketing
Marketing on the internet
Pricing strategies