

Marketing and Advertising Designs

Ask most small business owners the best way to improve sales of their products or services, and you will probably hear a wide range of responses: “Reduce the prices,” “Increase your advertising,” “Improve service” and so on. One unlikely reply, however, would be: “Conduct some marketing research.” While marketing research has been a driving force in large companies for years, small businesses have been reluctant to use it. Marketing research can be the key to future success for many small businesses if the buyer or user of the research understands its parameters, strengths and limitations. Failure to conduct and use marketing research correctly, on the other hand, can result in useless, or even worse, damaging information.

What Is Marketing Research?

Businesses of all sizes are constantly seeking information about their customers, their competitors and the market environment in which they operate. Marketing research is basically the gathering of this data. However, all “gathering of information” does not qualify as marketing research. The American Marketing Association defines marketing research as the “systematic and objective approach to gathering marketing information which—when processed, analyzed and interpreted—will help identify problems and opportunities that allow for better-informed, lower-risk decisions.” The key to this definition is that the information is gathered, processed, analyzed and interpreted in a systematic and objective fashion. Marketing research stresses how the information is obtained and evaluated as much as what is actually gathered.

At first thought, it might not seem too difficult to obtain marketing information. For example, the owner of a video store might ask some customers whether they would rent more movies if the price were reduced by one dollar. Using this feedback, the owner might decide to reduce the price, thereby increasing the number of rentals and, overall, making more money. Unfortunately, the people queried may not be typical of all customers. Even if the owner were lucky enough to talk to a representative sample, how does s/he know that the customers are telling the truth or that they will, in fact, rent more

movies? This instance of collecting marketing information lacks the objectivity and uniformity necessary to be classified as marketing research. The owner in this case may actually lose money by acting upon it.

How Is Marketing Research Used?

Marketing research can be used to meet nearly all the marketing information needs of the small businessperson. Every area from developing a business plan to designing an effective advertising program can benefit from the use of carefully planned and executed research. Let's take the example of developing a business plan. When you first sit down with that blank piece of paper and dream of owning your own business, you should be asking yourself questions such as: What am I going to sell? Will people buy what I sell? How much should I charge? Where should I locate? How much competition is there and who are they? Questions such as these should be at the heart of any effective business plan, and marketing research can help you answer them.

Let's say, for example, you've decided to turn your passion for fishing into your livelihood, and you open your own tackle and equipment store. You feel there is a need for such a service and are ready, willing and able to jump at the opportunity. One of your first steps might be finding out how many other tackle shops are in your area to get a feel for the level of competition. A quick glance through your local Yellow Pages would readily supply you with this information. Congratulations! You've just completed your first marketing research project. As the questions become more difficult to answer, however, the marketing research must become more sophisticated. For example, although you might be able to partially determine the demand for a fishing tackle shop by talking to your neighbors and "fishing buddies," their interest won't tell you how all the people in your area feel (and you know how those fisherman lie!). A better approach would be to commission or conduct a scientific survey of a representative sample of all local consumers. Much of the background information necessary for a useful, working business plan can be collected using marketing research. Consider the following other examples of where marketing research can be of benefit: