

# Conducting Your Market Survey

Understanding your industry gives you an advantage over your competition, so it is important to ask as many questions as you can during the start-up phase. Much of your required information can be found through secondary research sources, but there is no substitute for primary research obtained by speaking directly with your potential customers. The following document will introduce the elements of a good market survey.

## **Developing Your Hypothesis**

By the time you are ready to conduct a customer market survey, you should already have a good idea of the type of business you plan to run. Furthermore, you should select a particular demographic of customers that you plan to sell to, known as your target market.

A successful hypothesis combines both of these factors together, to create an assumption that a particular group of people will find value from purchasing your service or product. As an example, a hypothesis might be that married men living in Westmount who make \$50 000 or more will want to purchase my product.

From here, an effective market survey can prove or disprove your hypothesis, and provide new insights into your market and your industry.

## **Introduction and Keying**

Start your questionnaire with a brief written introduction stating the purpose of your survey. People are generally uninterested in completing surveys, but a proper explanation which conveys how you hope to learn from one's expertise to further understand a core component of your business plan will lead to a better response rate and more honest results.

Secondly, make sure you have a "key" or an identifier on your surveys to differentiate when/where they were taken and by which method. It is understandable that different locations or methods will yield different results, and it can be very helpful to tie this information to what we know about those particular respondents. Furthermore, it is always good practice to record a respondent's postal code so that we may later look up their estimated income range and other information.

## **Selecting Your Respondents**

The accuracy of your data depends in part on the size and makeup of your survey group. In general, the larger the group, the less chance of error. Your group must also reflect, as accurately as possible, the makeup of your target audience. You must be careful not to unconsciously make choices that bias your survey results.



3. Why do you prefer this brand? \_\_\_\_\_

**Improving Your Survey Questions: Avoid Ambiguous Questions**

Which beverages do you drink?

- Tea
- Coffee
- Pop
- Water
- Fruit Juice
- Other (explain) \_\_\_\_\_

This question is inadequate for several reasons. First, it doesn't make it clear whether the respondent may check a number of boxes, or whether he or she is supposed to select only one. Since the question says beverages, plural, you might think it's obvious, but it isn't. When confronted with multiple choices, a lot of people automatically assume they are only allowed one. You must be explicit about instructions.

Second, the question is too broad. Confronted with this question, most of us would be justified checking off every box. After all, haven't most of us, at some time or another, drunk most of the listed drinks?

Here are a few ways the question could have been improved:

- Which beverage or beverages do you drink in an average day? (Check all that apply)
- Which beverages do you drink regularly? (Check all that apply)
- Which beverage do you drink most frequently? (Check only one)

**Improving Your Survey Questions: Avoid Leading Questions**

It's very important to ask questions in such a way that you get the respondent's true views, not the answer you want to hear. There are many factors that can influence the person taking the survey: for example, the interviewer's attitude or tone, the setting, and so on. Do your best to control them all. The best place to start is with your questions.

Typical leading questions:

- Did you like our convenient layaway policy? \_\_\_\_\_
- Many people have told us they like our selection of merchandise. Do you agree?
- Do you believe our competition is too high priced?

Here's how to make those questions less leading:

- Did our layaway policy meet your needs?
- Was our selection of merchandise (circle one)  
Excellent      Very Good      Good      Fair      Poor
- How did our prices compare to those of similar business (circle one)?  
Lower              Same              Higher

**Performing Analysis and Taking Action**

Remember that raw numbers must be given "meaning" through your interpretation (trends, similarities, contradictions, odd groupings). From the survey results, we want to look for opportunities revealed by the data (comments, weaknesses of competition, likes/dislikes). However, it is important to remember that survey information is not 100% reliable, especially if you are interviewing people you already know.

Once you're confident of the meaning of your data, go back and revisit your hypothesis. If you've proved your hypothesis to be true, this is a good indication that your business idea might be on the right track. In many cases, you may find after doing initial research that a modified version of your hypothesis is more accurate, and this must be supported by gathering more information. If you have disproved your hypothesis altogether, it is time to revisit your business plan.