



Market Research

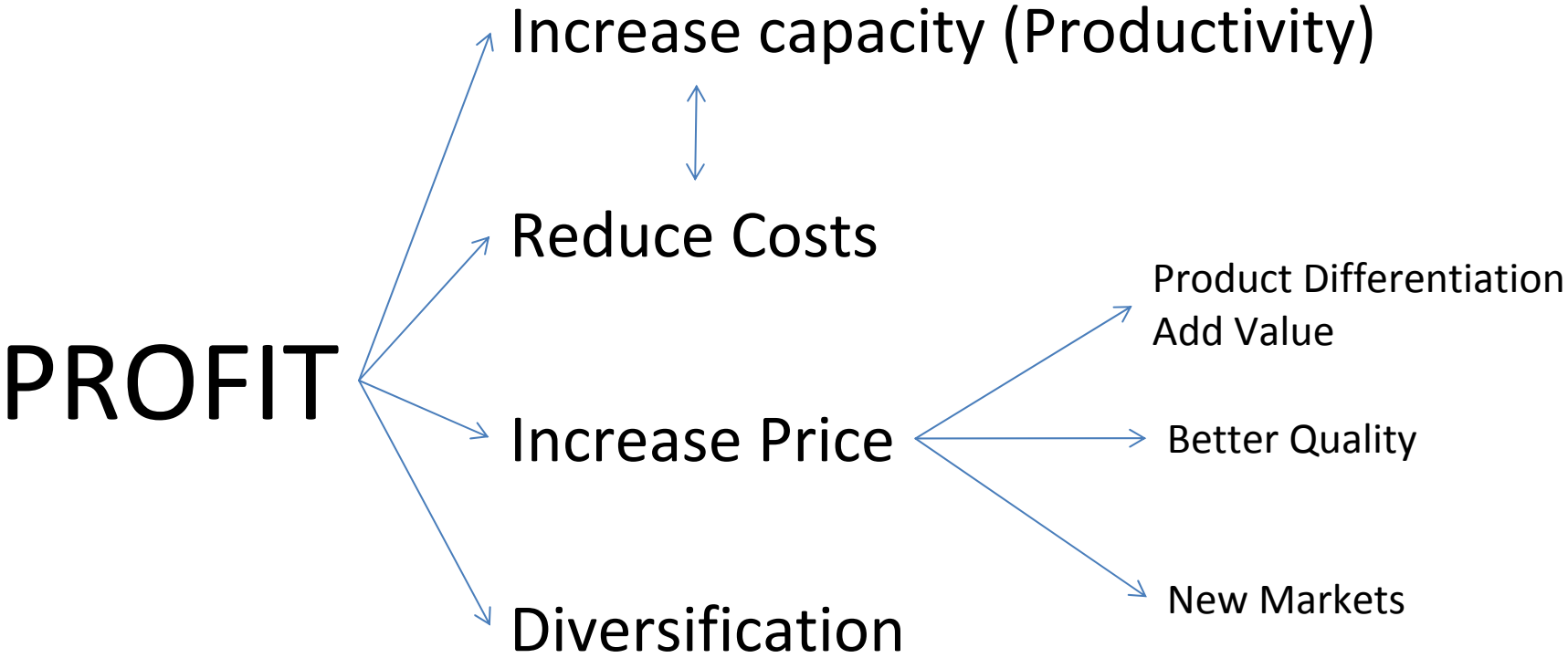
Frank Lam

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- The Inter-American Institute for Cooperation on Agriculture is a specialized agency of the Inter-American system, whose purpose is to encourage and support its Member States in promoting agricultural development and prosperity for rural communities.
- Its headquarters are in Costa Rica, and it has offices and development projects in all 34 countries of the Americas.



Market Research

- In a business, market is everything. Why?
- Like Goldilocks in the home of the three bears, most customers are seeking **the product that is "just right" for them.**
- For entrepreneurs, the challenge is to understand what makes a **product "just right enough"** to satisfy the needs of a large enough group of customers.

The three basic questions

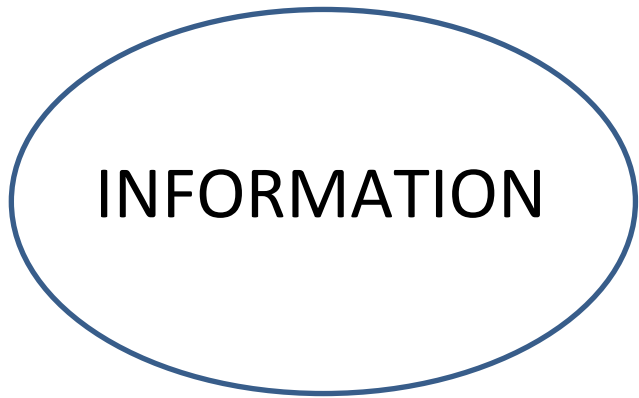
- Who, if anyone, has a real need for the thing I propose to sell, and how many of those potential customers are there?
- How much, if anything, are they spending to address that need today?
- Does my product meet that need in a manner that either saves or makes them substantial amounts of money?



MARKET RESEARCH!!

What is Market Research?

- Process of investigating a market in order to find out the sales prospects for a product and how to achieve success with it.
- In other words, it is the set of activities necessary to obtain the information required about the market.



Why Market Research?

- Low selling prices of competitors
- High fixed costs
- Product and packaging quality
- Failure to identify the right business opportunities
- Failure to identify potential problems

Market Research Sequence

- Assessment of information needs
- Market research to obtain this information
- Primary research with wholesales, retailers and other majors buyers
- Primary research involving questions to consumers
- Research of existing sources (Secondary)

Sources of Information

- Keep abreast of events that influence the marketplace, watch for announcements of specific projects, or simply visiting likely markets.
- Analyze trade and economic statistics.
- Obtain advice from experts. There are several ways of obtaining this advice:
 - Contact experts at the U.S. Department of Commerce and other government agencies.
 - Attend seminars, workshops, and trade shows.
 - Hire a trade and marketing consultant.
 - Talk with successful entrepreneurs of similar products.
 - Contact trade and industry association staff.

How much, where and when
can be sold?

(1)



Retailers and wholesalers are often happy to collaborate with your research

The Potential Market Area

- How perishable is the product?
- Who consumes the product?
- What is the competition?
- What transport is available?



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How much of the product can be sold?

- What quantities of the product are already being sold in the area?
- What quantities of similar products are being sold, and at what prices?
- Are there any that people may stop buying in order to buy your product?

How much of the product can be sold?

- Is the existing supply adequate to meet the demand, or is there a shortage?
- Does the market have different segments according to the type and quality of the product or consumer?
- Is demand seasonal?

At the end of this stage

- Carrying out this stage of the market research can help you to decide:
 - whether or not there is a potential market for your product.
 - If appears practical for you to supply that market.

Researching consumer
attitudes to your products
(2)



It is important to test people's reactions to your products before going into full-scale production

Consumer Survey

- Who buys certain products and where they buy them?
- What people think of competing products?
What do they think about products that will compete with yours?
- How people buy competing products? What size do they prefer?

Carrying out a survey

- Carry out interviews in a relevant location
- Carry out interviews in a systematic way
- Use simple sampling techniques
- Limit interviews to potential customers
- Stratify
- Minimize the cost

Tasting Tests

- Have people compare your product with another that is already available
- Ask people to fill a questionnaire to give you the comments on the product
- The tastings should reflect the way in people normally consume a product
- The samples should be as fresh as possible
- Keep things as simple as possible
- Hygiene is an important element
- Reactions to packaging and labeling

How can your product
be may attractive
to consumers?

(3)



It is important to understand the quality of competing products and where your product fits into the quality range

Tasks in this stage

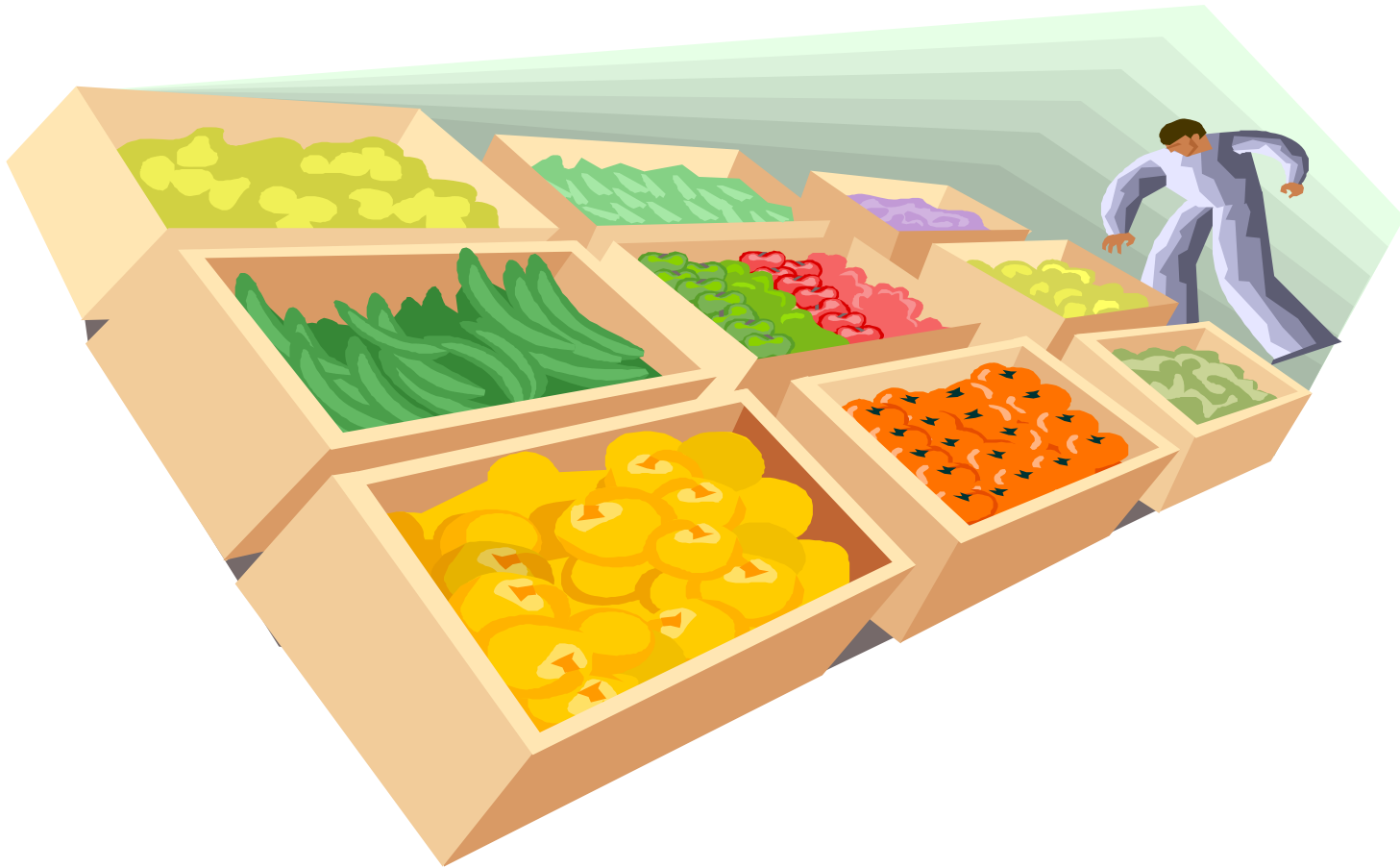
- Checking on the size units and prices of competing products, according to location
- Identifying quality weaknesses of the competition
- Examining the containers used for competing products, in relation to the types of containers you can supply
- Learning from the labeling used by competitors
- Considering the use of a brand name

At the end, you will be able to

- Set the price at which you need to sell your products in order to compete
- Understand the importance of price and quality in different locations
- Learn the different sizes in which other brands are sold
- Know the packaging and labeling requirements

How should your product
be distributed?

(4)



When deciding on which retailers to supply, you must be sure that you can keep their shelves stocked at all the time

Distribution can be..

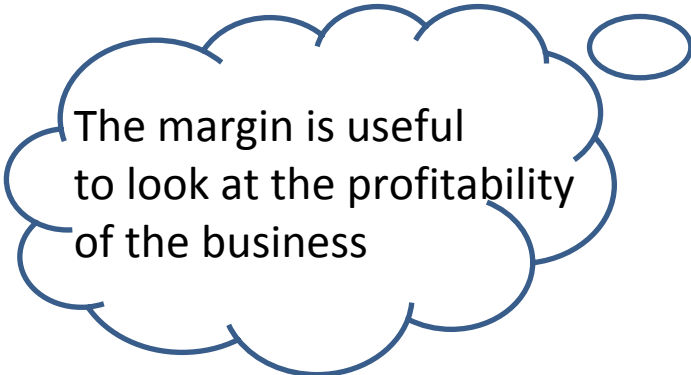
- Direct to consumers (small business)
- All suitable retailers in an area
- To supermarkets (if they find the product acceptable and sufficient quantities can be delivered)
- To wholesalers
- To institutions and the catering trade

Price depends on..

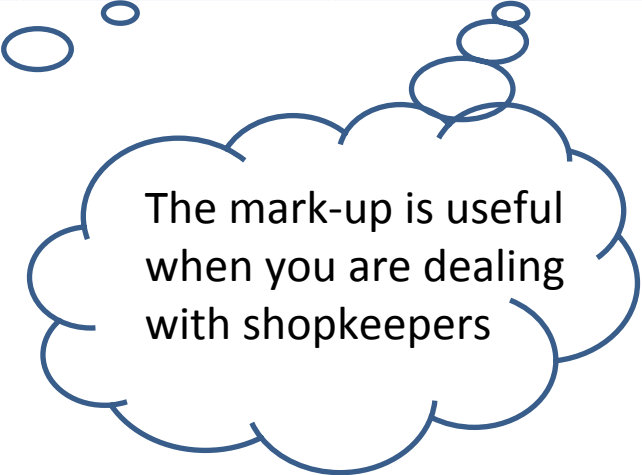
- Speed with which the product is sold
- Quantities that can be sold
- Range of products to be stocked
- The strength of the company
- The strength of the wholesaler/retailer

Pricing, Margins and Mark-ups

	Price	% of retail price	Margin (%)	Mark-up (%)
Farm price	\$0.75	62.5		
Wholesale price	\$0.90	75.0	16.7	20.0
Retail price	\$1.20	100.0	25.0	33.3



The margin is useful to look at the profitability of the business



The mark-up is useful when you are dealing with shopkeepers

How should you
promote your product?
(5)



A promotional presentation, such as a point-of-sale display, will help identify your products to consumers

Planning promotion

- Promotion: Make people aware of, and want to buy, your products.
 - Advertising
 - Point-of-sale displays
 - Free samples
 - Word-of-mouth
 - Coupons
 - Special prices
 - Free publicity



Potential Messages

- Healthy and nutritious
- Luxurious
- Smooth tasting
- Easy to use
- Full of fruit
- 100 percent natural
- A product for the élite

General Review

- How much, where and when can be sold?
- Researching consumer attitudes to your products
- How can your product be may attractive to consumers?
- How should your product be distributed?
- How should you promote your product?

Frank Lam

IICA

5757 Blue Lagoon Drive

Suite 200

Miami Florida 33126

305.260.9010

frank.lam@iica.int