

MARKET RESEARCH

Understanding the market landscape is one of the most important prerequisites in strategic decision-making. More often than not, the key to competing and outperforming competitors lies in a better understanding of the key growth areas and market trends.

A rigorous market study helps to support strategy development by providing valuable insights on:

- Industry structure and trends
- Market segments, size and growth potential
- Demand driver dynamics and their implications
- Competitive landscape – customers, competitors, suppliers
- Service, product differentiation and branding
- Market entry modes

A good market analysis comprises at least 5 important parts.



Part 1: Objectives of the Research

The researcher has to provide the rationale for undertaking the study. The tasks associated are:

- Scope of work
 - e.g., prepare for new product introduction, evaluate competitors, look for new market opportunities, etc.
- Application of the information obtained in the Market Study
 - e.g., support a marketing plan, measure and evaluate previous marketing decision, competitive research program, etc.

Part 2: Description of the Market

- General Description
 - a summary of the market being studied
- Target Market(s)
 - Geographic areas selected for analysis
 - Population analyzed (e.g., demographics, psychographics, behaviors)
 - Benefits sought (i.e., what points-of-pain or problems are being solved)
 - Factors affecting purchase or use decision
 - Attitudes about the products/services currently offered
 - Product use
- Products and Services that appeal to the target market
 - In general terms (not particular brands) what is currently appealing to this market
 - What types of products/services may appeal to this market (i.e., what is used now to solve the problem).

Part 3: Market Metrics

Included in this section are:

- Size estimates (current and future) for:
 - Overall market
 - Current size
 - Potential size
 - Actual penetration of current products/service within the total market
 - Individual market segments
 - Current size
 - Potential size
 - Actual penetration of current products/service within the total market
- Growth estimates (current and future) for:
 - Overall market
 - Individual market segments
 - Relation to GDP growth

Part 4: Competitive Analysis

- Summary of Current Competitors
 - Listing by market share ranking (by each target market if possible)
- Current Competitors - full analysis of top competitors including:
 - Products & Services (e.g., description, uniqueness, pricing, etc.)
 - Market share
 - Current customers
 - Positioning and promotion strategies
 - Partnerships/Alliances/Distributors
 - Recent news
 - SWOT Analysis - Strengths, Weaknesses, Opportunities & Threats
 - It is extremely important to focus attention on the SWOT section of this report. While most other information in this report can be gleaned from company and secondary materials, much of what appears in the SWOT section is based on the researcher's own perceptions of the competitor based on the information collected. Consequently, this is often one of the hardest areas of the report to write.
 - And other information (as: general company information, summary of business, business overview, recent news/developments, financial and market share analysis, marketing, and other issues like technology capability or partnership arrangements)
- Potential Competitors
 - Explanation (though not as detailed as Current Competitors) on who they are or maybe and why they are seen as potential competitors

Part 5: Additional Information

This section of the market study includes other information including

- Extraneous Variables
 - Discuss factors that may affect this market (e.g., technological, social, governmental, competitive, etc.)
- Market Trends
 - What is expected to happen

This article was contributed by Lucia Martínez, Research Assistant at PEC Consulting Group.