

HOW TO CONDUCT AND USE MARKET RESEARCH

BC Ministry of Agriculture Marketing Guide Series



Understanding the Marketplace is Critical

Successful business owners use market research to make informed decisions and build a sound marketing plan that results in sustained sales and growth for their company.

Understanding the highly competitive marketplace is critical and is accomplished by thorough and well-considered market research.

WHAT IS MARKET RESEARCH?

Market research is a process of gathering and analyzing information to gain an understanding of the changing marketplace in which your product competes.

The process includes four main steps:

Step 1: Set market research objectives.

Step 2: Gather information.

Step 3: Analyze the information.

Step 4: Use market research.

Market research provides insight to:

- Understand your target market;
- Identify opportunities;
- Recognize market shifts;
- Monitor the competition; and
- Mitigate risk in business decision-making.

Tip Focus on realistic objectives.

STEP 1: SET MARKET RESEARCH OBJECTIVES

Market research requires focus. The best way to stay on track is to have clear and achievable objectives. Focus on the key areas that are relevant to your product category.

Key areas of research may include:

- What are the market trends?
- What is the size of the market?
- What are the competitive products?
- Who are the consumers?
- What key benefits do consumers want?
- Where do consumers buy these products?
- How do consumers expect to receive product information?
- What kind of packaging is required to make the product stand out on the shelf?
- What are the retailer requirements?

Make sure your objectives are achievable; for instance, it may be more realistic for a new company to focus its research on competitive products in local markets rather than products from all over North America.

STEP 2: GATHER INFORMATION

The next step is to gather information. Market research can take a great deal of time. Focus on your research objectives so that you remain on track.

This step includes gathering secondary and primary information.

Secondary information is already existing information that was developed for other purposes and provides specific data and insight useful to your company.

Examples of secondary information include: existing statistical or market information on demographics; mobile usage by grocery shoppers; and market analysis reports.

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Secondary Research Uses Existing Information

Start your secondary market research first as it can help guide additional research and is generally less expensive than primary research. The key to doing research is to keep focused on the task at hand.

Sources of **secondary market information**:

- **Industry Publications**
e.g. Food in Canada, Euromonitor, NewHope, Prepared Foods, FoodNavigator, Ecommerce Foundation
- **Product and Sales Tracking Organizations**
e.g. Mintel, Innova Market Insights, SPINS
- **Industry Associations**
e.g. BC Food Processors Association, Small Scale Food Processor Association, Canadian Food Exporters Association, associations in countries of interest
- **Government**
e.g. BC Ministry of Agriculture, BC Ministry of International Trade, Agriculture and Agri-Food Canada, Canadian Trade Commissioner Service, Statistics Canada, USDA's Agricultural Marketing Services

If you are looking to enter an export market the availability of information can vary considerably depending on the market of interest.

The BC Ministry of Agriculture, the BC Ministry of International Trade, Agriculture and Agri-food Canada and the Canadian Trade Commissioner Service can help access information and may be able to make some initial inquiries on your behalf.



Primary information is new data gathered directly from a specific source or sources to fulfill research objectives.

Examples of primary information include: results of an online survey conducted to determine shopping patterns of the target market; reports on interviews with potential customers.

Primary market research should begin after at least some secondary research has been conducted. What is learned through secondary research can help guide primary research and save time and money.

For example, once the target demographic has been determined based on secondary research interviews can be set up to gather information regarding specific needs. Doing secondary research first can narrow down the scope of primary research.



Doing secondary research first saves time and money.

The key advantages of gathering primary information are that it is current information and addresses the company's specific research objectives. The disadvantages are that it can be costly and take time to complete.

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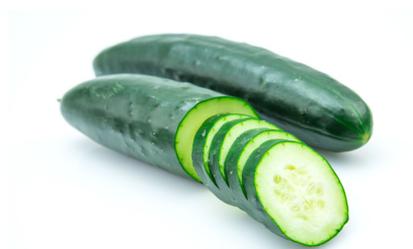
Primary Research Seeks Answers from the Source

There are many methods to gather primary information. The following table lists an overview of the advantages and disadvantages of several methods:

Research	Advantages	Disadvantages
Surveys	Potential for large number of responses Anonymity	Low response rates Questions may be open to interpretation
Focus groups	Provides opportunity to explore target market reaction in-depth	Limited representation of target market
Interviews	Can explore key issues and explanations for responses	Possible interviewer bias Limited number of responses
Observation (attending trade shows, store-visits)	Increases knowledge of the market and your competitors Increases business network	Requires resources (time and money for travel)
In-store and market demos	Good opportunity to secure direct customer feedback Increases likelihood of purchase	Limited access to mainstream markets

For companies interested in exploring export opportunities, primary research should include a market visit to the country of interest.

Contact the Ministry of Agriculture's Market Development and Trade Department for advice and assistance in setting up a visit.



Tip

Talk to other companies who are already in the market. Explore their experiences: the challenges and opportunities they have had; contacts and recommendations they can offer; and most importantly, the key lessons learned (e.g. what they would do differently if they had to do it again).

STEP 3: ANALYZE THE INFORMATION

To analyze the information gathered, summarize the key conclusions and determine if the original objectives have been met. Verify conclusions by comparing them to other research results and discussing them with industry experts: academics, buyers, consumers, consultants, distributors and/or government staff. If the research does not provide sufficient information to answer the original objectives, you may need to conduct further research.

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Analyze Information Objectively

Once research objectives have been answered, the next question to ask is: What are the implications of the research on my business? If, for example, you set out to identify the size of the market for your product, the next question is: How much of the market can I expect to capture? Be realistic, if your production capacity is limited you must factor this in when determining how much of the market you can supply.

Set milestones to work towards; for instance, a certain percentage will be achieved in a specific time period, a greater percentage in a longer time frame. Measure success and if milestones are not met determine why not and find a solution. For example if the objective was to capture a 5% share of the market and only 1% was captured a contingency plan might be to identify more or different retailers or expand the target market.

STEP 4: USE MARKETING RESEARCH

At this stage, a company applies the information to their marketing plan. The results can be used to build the value proposition, better define the target market or determine best sales opportunities.



MORE INFORMATION

See the Ministry of Agriculture's Marketing Guide Series for more information and additional topics by visiting <http://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/statistics/market-analysis-and-trade-statistics>

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Market research is an on-going process. Successful companies set up a process to track market research and changes that continually occur in the market. This process can be as simple as setting up an excel spreadsheet to keep track of current and new competitors: their strengths and weaknesses in the marketplace; their communication; and their multi-channel presence (various places and methods of selling the product).

The goal is to base your marketing plan on knowledge not speculation.

TODAY'S MARKETPLACE

Just as you conduct research on the market, the market and particularly consumers will be researching you!

Today, extraordinary access to information provides consumers the ability to conduct their own market research on food and its origins; in other words, they will be researching your products and company. To ensure that consumers can find you, make sure your website is mobile friendly, is easy to find and share. For more information, refer to the Ministry of Agriculture's guide on "How to Develop and Use a Social Media Marketing Plan".