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MODULE 3

Qualifying your business idea – *the importance of Tools of Research*



USING OUR COURSE- IT COVERING 9 KEY MODULES



MODULE 1

Your creativity, where do business ideas come from ?

MODULE 2

Personal Development: what are your goals?

MODULE 3

Qualifying your business idea - the importance of research tools

MODULE 4

New ways to be in business – introduction to private, social and community enterprise

MODULE 5

Entrepreneurship on a shoestring

MODULE 6

Let's get practical, managing and raising project finance, legalities for starting a business

MODULE 7

The HOW and WHERE of being In business, making product and service

MODULE 8

Sales are the engine of your business

MODULE 9

Marketing on a shoestring





**THIS MODULE WILL
HELP YOU UNCOVER
YOUR BUSINESS IDEA -
THE IMPORTANCE OF
TOOLS OF RESEARCH**






MODULE 3 CONTENT:

- Learn How to Develop and Define Your Business Idea
- Qualify Your Business Idea
- 9 Ways to Validate Your Business Idea in 30 Days
- Evaluate and Test Your Business Idea
- Introduction to Market Research
- Identify and Define Your Target Market
- Research and Test Your Target Market
- How to Check Out the Competition
- Get Control of Your Financial Parameters





In this module, we will cover what it means to Qualify Your Business Idea;

- **Step 1:** Develop a business idea
 - **Step 2:** Define a business idea
 - **Step 3:** Qualify and test your business idea
- 



DEVELOPING A BUSINESS IDEA

IN Module 1, you learned about finding great business ideas. We now need to go a little deeper into **QUALIFYING** that idea – basically, is it a **VIABLE** idea, will it make money for you.

A business idea is a concept that can be used for financial gain that is usually centered on a product or service that can be offered for money.

An idea is the base of the pyramid when it comes to the business as a whole.





DEVELOPING A BUSINESS IDEA

Looking for a business idea? Start mastering the process of idea generation itself. Look at many different angles.

- **Scratch your own itch**; create a solution for something annoying or painful or create a better solution e.g. more efficient, less expensive, more enjoyable
- **Read, research constantly**; e.g. market trends, this will expand your knowledge so ideas come naturally
- **Become an idea machine**; train your brain to come up with ideas and write about one topic every day
- **Upskill**; on your own skills, do online courses you are interested in, collaborate with like minded people





DEVELOPING A BUSINESS IDEA

A business idea is a starting point for any current or future entrepreneurs. It is essential because it is the beginning of the life of a business and the life of an entrepreneur.

Qualifying a business idea; is how you test out your business idea before you start your business. The characteristics of a promising **business idea** are: Innovative. An idea is not only important in the initial stage of a startup. The results from good business ideas will feed into all phases of the development of your business , but also a large part will form your type of enterprise and entrepreneurial activities.

It is how you research, evaluate and decide if your idea has business potential that is the vital next step. Let us take you through it.





STEP 1: DEVELOPING YOUR BUSINESS IDEA

As we saw in Module 1, the business starts with developing your business idea and that idea needs to be validated before you move forward. Here's how you develop your business idea;

1. **Uncover a problem;** find opportunities in your own community through personal observation start looking locally, look for issues that concern your local community. Uncover the problem. When the idea is forming, look at the problem it solves.
2. **Draw on your own personal experiences;** many of the most powerful world changing ideas come from the experiences and challenges an entrepreneur has faced in their own life. Take a moment to consider the problems you are currently dealing with. Chances are, you're not the only person facing these issues.
3. **Look for ideas that get other people involved;** it may not be just a new product or service. It may be a way a person lives their life.



“ *The best businesses come from people's bad personal experiences. If you just keep your eyes open, you're going to find something that frustrates you, and then you think, 'well I could maybe do it better than it's being done,' and there you have a business* ”

Richard Branson





STEP 1: DEFINE YOUR BUSINESS IDEA



Before you **QUALIFY A BUSINESS IDEA** you need to **DEFINE** your Business Idea; A key skill for any entrepreneur is to be able to effectively explain his or her idea to others. As you business takes off, you will need to explain your idea to potential customers, employees, mentors, banks and finance etc., in a way they will clearly understand and buy into your idea with full confidence.



STEP 1: DEFINE YOUR BUSINESS IDEA



Some key tips....

1. **Keep it short.** Your explanation should not be more than a few sentences.
2. **Identify the problem you are solving.** In one sentence, explain the problem your potential customers are experiencing.
3. **Simply explain your solution.** In one sentence, explain how you solve the problem you've just outlined.





STEP 1: DEFINE YOUR BUSINESS IDEA

4. **Explain what your solution means for your customers.** In one sentence, what is the end result of your service or product? Does it save money, make their life easier or give them new opportunities?
5. **Personalize it.** If at all possible, make your explanation relate to the person you are speaking to. Has the problem you are solving affected them? Do they know anyone with this problem? The more interactive you can make your definition, the higher the chances that your audience will be receptive to it.

Link [here](#)





QUALIFYING A BUSINESS IDEA

STEP 2 :HOW TO TEST YOUR BUSINESS IDEA

Many entrepreneurs lose valuable time and money in developing a concept, product or service only to find that that it isn't needed, doesn't address the problem the best way, isn't seen as valuable to the users

It is important during this process to keep an open mind and don't be afraid to change direction.



QUALIFYING A BUSINESS IDEA

STEP 2: HOW TO TEST YOUR BUSINESS IDEA

Qualify Your Business Idea is the process of testing and validating your idea prior to launching your business, product or service. It can also be used to test your business name and branding.

Qualifying your business idea is designed to give you reasonable certainty your business will have a sustainable, growing, paying customer base in a sort time period, rather than wasting months or years building a final product nobody will pay for. **It's as much a way of thinking, as it is a step-by-step process.**

- Identify Target Market
- Research and Test Target Market
- Research Competition
- Conduct Financial Feasibility Analysis





QUALIFYING A BUSINESS IDEA

STEP 2: HOW TO EVALUATE/TEST YOUR BUSINESS IDEA

There are a number of ways you can research, evaluate and decide if your idea has business potential;

- Create a profile of your paying customer
- Describe the features/benefits of your product/service
- Define the geographic area you intend to sell to during your first year
- What competitors are selling to this geographic area?
- What price do these competitors charge?
- Estimate what price you can charge and still remain competitive
- Why would your customers buy from you instead of your competition?.....

[Download this useful Guide to Evaluating your Idea.](#)





KEY TIPS...

1

LOOK FOR IT

Does it already exist? Even the simplest search for the keywords of your product or service idea on [Google](#) or [YouTube](#), can yield interesting results. If it does exist do not give up on your inspiration. Perhaps there are ways to improve on the existing product?

- Can you offer value to the business already producing it?
- Could the market be satisfied better/ smarter?

If you answered "yes," move to the next step.





KEY TIPS...

2

THE MACRO TEST

Validate the big picture first

- How large is the market?
- Who are your potential competitors?
- Are you differentiated enough?

Check [Google Trends](#). Sign up for [Google Alerts](#). Sign up for [Google AdWords](#) and use the [Keyword Planner](#) tool for inspiration. Google “XYZ industry report” or “XYZ market analysis” to get stats and data about your market. Pay attention to the related [search](#) terms Google shows you at the bottom of your search result page. Do research on a company that does something similar to yours and its competitors. Google “product X versus.” Research!!

READ [How to use the Keyword Planner tool effectively](#)





3

CAN YOU ANSWER YES TO THESE QUESTIONS?

What you want to find at this stage is not necessarily a large market size but rather ...

- ✓ Is there an upward trend and industry growth related to your idea?
- ✓ Can you find existing businesses in your market that are already doing well to demonstrate there's indeed market demand?
- ✓ Are there meaningful differences between what's in the market and what you're thinking of offering? ("Seems to be" is good enough for now).

KEY TIPS...





4

THE MICRO TEST

Now it's time to, as [Steve Blank](#) put it, *"get out of the building."* Go and talk to 20 people about your idea.

Open with *"Hi, I'm a researcher doing a project on XYZ. Can I ask you a few questions?"*

Ask your trust worthy honest friends and family to ask them for their honest feedback.

KEY TIPS...





KEY TIPS...

4

THE MICRO TEST

If they say yes, the next question is to ask their consumption habit in your product category.

- Do they use XYZ product (your competitor)? Why or why not?
- When do they use XYZ? Is there anything frustrating about using XYZ?

Their answers will tell you if they are your target customer and if there is anything missing in the market that you can offer. Once you understand who you are talking to, explain your idea to them succinctly, ask “what do you think of this” and then shut up and listen. Be very suspicious when people tell you “that’s a great idea” this could be a thumbs down, if it is – ask why.





QUESTIONS TO ASK....

Here are a few of the top questions you should be asking your target market, with the goal of learning more about their motivations and needs as it pertains to your business idea:

- What are you most looking to achieve (as it pertains to your topic area)?
- What are some of the current solutions you're using, or have used in the past?
- What frustrates you most about current solutions out there?
- What features would you most like to see (as it pertains to your topic area)?
- Do you have any fears (as it pertains to your topic area) holding you back?
- Would you be willing to pay for a solution that does XYZ for you?

Use [Google Sheet](#) to keep track of your feedback group, so that you can add notes with their answers to these key questions, get graphs, filter information etc.



TASK THE MICRO TEST*

Good ideas can be validated from discussions amongst communities-of-interest. Start by getting early feedback from your target market to make sure you are doing/building something they actually need and want enough to pay for.

Step 1: Develop an initial list of consultees

(min 20) what they think about your idea so you get a good idea what your key selling points are, the main problems you are seeking to address, finding out about your competitors, identifying frustration

Step 2: Be prepared and write up a

list of specific questions starting with how, what, why, when, who, where (**Who** was involved? **What** happened? **Where** did it take place? **When** did it take place? **Why** did that happen? Robinson has developed a list of 20 key questions that you can adapt.





TASK* QUALIFY YOUR BUSINESS IDEA ASK YOURSELF THESE QUESTIONS

Treat the questions like a check list, they can be answered at different stages of your startup process. Here are some of the questions to get you started:

1. What problem are you solving?
2. How many specific benefits for your product or idea can you list?
3. Can you state, in clear language, the key features of your product or service?
4. Who are your potential competitors?
5. What key features does my product have that others will have a hard time copying?
6. Do you have access to the various resources you need to launch a business?

TASK [Validate Your Business Idea by Answering these 20 questions.](#)





MARKET RESEARCH - Why it is Needed

help provide the business with marketing answers; the potential of the market and the types of demand for what types of products.

assist and improve decision making

can provide us with practical, implementable solutions and suggestions that are required to tackle problems






Qualifying Your Business Idea

Next Step: Market Research

Identify and Define Your Target Market

Identifying a target market helps your company develop effective marketing communication strategies. A target market is a set of individuals sharing similar needs or characteristics that your company hopes to serve. These individuals are usually the end users most likely to purchase your product.



IDENTIFY YOUR TARGET MARKET

You can't afford to target and market to **everyone**. Targeting a specific market does not mean you are excluding people you are focusing your marketing and messages. This is much more effective, efficient, affordable to reach customers and generate business.



IDENTIFY YOUR TARGET MARKET

Potential customers base; Who do you see as your customers? Do you think they will buy from you? Why? Look for common characteristics and interests. Which ones will bring the most business?

Check out your competition; Who are they targeting? Who are their customers? Don't go after the same market. Go find a niche market they are overlooking.

Analyse your product/service; write out a list of your features and benefits. Make a list of people who have a need for these. Describe them, consider their; age, location, gender, income level, occupation, ethnic background

Consider their personality, attitudes, values, interests, hobbies, lifestyle , behaviours

How you fit their needs; how and when they will use your product? What is most appealing to them? What media do they use to get information?



IDENTIFY YOUR TARGET MARKET

Evaluate your decision; Once you've decided on a target market, be sure to consider these questions:

- Are there enough people who fit my criteria?
- Will my target really benefit from my product/service? Will they see a need for it?
- Do I understand what drives my target to make decisions?
- Can they afford my product/service?
- Can I reach them with my message? Are they easily accessible?

Don't break down your target too far! Remember, you can have more than one niche market.



DEFINE YOUR TARGET MARKET

The narrower you can define your target market, the better. This process is known as creating a niche and is key to success for even the biggest companies. There are two basic markets you can

Sell to consumer (B2C) and business (B2B).

Lynda Falkenstein promotes a seven-step process, **five of which are relevant to us:**





1

MAKE A WISH LIST

Geographic location* i.e.,
Where are they? Where do they live? Where do they visit? Where do they buy?

DEFINE YOUR TARGET MARKET

With whom do you want to do business? Be as specific as you can: Identify the **geographic location*** and the types of businesses or customers you want your business to target. If you don't know whom you want to do business with, you can't make contact.

"You must recognize that you can't do business with everybody"

Otherwise, you risk exhausting yourself and confusing your customers.



2

FOCUS

Clarify what you want to sell, remembering:

- a. You can't be all things to all people and
- b. "smaller is bigger." To begin this focusing process, use techniques to help you:
 - Make a list of **what you do best and the skills* essentially needed** in each. List your achievements and what training you may need to attain the necessary skills required
 - Identify the **important lessons you have learned in life** that can assist you with your idea, use them to your advantage
 - Look for patterns that reveal **your approach to resolving problems**, be aware of this, you may need additional help
 - Your **niche should arise naturally** from your interests and experience and what you are passionate and good at

Examples of skills* needed; curiosity, time management, strategic thinking, efficiency, resilience, communication, networking, finance, branding, sales

DEFINE YOUR TARGET MARKET



3

DESCRIBE THE CUSTOMER'S WORLDVIEW

A successful business uses what Falkenstein calls the **Platinum Rule**:

"Do unto others as they would do unto themselves."

When you **look at the world from your prospective customers' perspective***, you can identify their needs or wants. The best way to do this is to talk to prospective customers and identify their main concerns.

The customers perspective is always first the business follows

Customers Perspective* measures the business idea through the eyes of its customers, so that the company retains a careful focus on customer needs and satisfaction. To achieve the best in business performance, you must incorporate reasonable customer needs and wants consistent with your mission and must take them into account in all company decisions.

DEFINE YOUR TARGET MARKET



4

SYNTHESIZE

At this stage, your idea should begin to take shape as your ideas and the client's needs come together to create something new. A good idea has five qualities:

- It takes you where you want to go -- in other words, it is in agreement with your long-term vision.
- Somebody else wants it -- namely, customers.
- It's carefully planned – in all business capacities
- It's one-of-a-kind, the "only game in town", this creates higher demand and you become the 'go to'
- It can evolve, allowing you to develop different profit centers and still retain the core business, thus ensuring long-term success

DEFINE YOUR TARGET MARKET



5

EVALUATE

Now it's time to **evaluate your proposed product** or service against the five criteria in Step 4. Perhaps you'll find that the niche you had in mind requires more development resources than you're ready for. That means it doesn't fulfill one of the above criteria. Scrap it, and move on to the next idea.

DEFINE YOUR
TARGET MARKET





Qualifying Your Business Idea

Next Step: An Introduction to Market Research





MARKET RESEARCH – what you need to know.

It is important to market research before starting a new business, launching a new product, or service as it gives you real figures = data = power.

Market Research; is the most important step for your business research. It is a process of acquiring **detailed** information of all the areas of your potential customers or target market, their needs and preferences. It allows you understand why they need it, when and where people buy certain things and how they use them.

Target Market; is a particular group of customers which your product is service is aimed at. It is this group you aim to market your product or service. It is part or a subset of the total market for products and services. You want to focus on ‘target’ this specific group of people





MARKET RESEARCH - Why it is Needed

Market Research is a logical and systematic search for new and useful information for your business. It is extremely important and useful to;

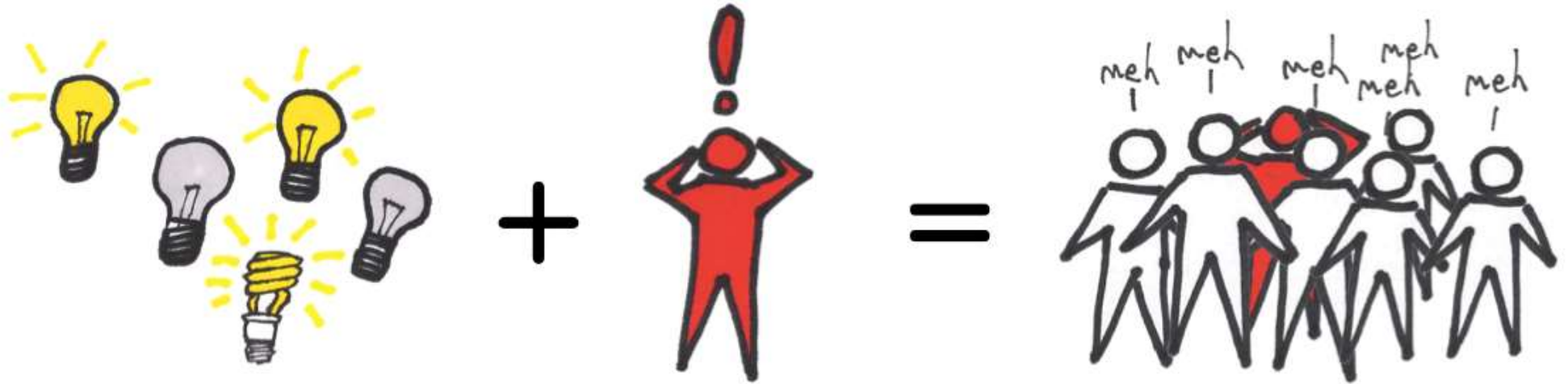
measure the risk; so you can decide if the risk is worth it or you should proceed or not with your business

inform you who your target audience is; who is the most profitable and valuable and allow you to align your products and services to their needs and wants

Asking your audience specific questions will get you valuable and honest feedback directly



MARKET RESEARCH - The Different Types



Two main types of market research - qualitative research (the WHAT) + quantitative research (the WHY), each with different types of techniques, tools, and methods.





MARKET RESEARCH

Quantitative V Qualitative Research

Quantitative Research;

Get reliable, **standardized facts and statistics** to guide key business decisions e.g. how **many** target customers care about this benefit? Must be **organised, analysed** and communicated simply. This is the **'what'**

It involves collecting **data** through desk research, surveys, questionnaires.

Qualitative Research;

The purpose is to get a **deeper understanding and insights** to a customer reason to purchase or behaviour. This is the **'why'**. e.g. what they like/dislike, what they think of a product etc

It determines **customer motivation or decision making through close observation** e.g. in a small group, interviews or face-to-face encounter.





MARKET RESEARCH

Quantitative V Qualitative Research

Typically, robust market research will include both quantitative and qualitative research methods. They equally provide valuable insights.



- Determine **what information** the business needs first. What is **the purpose** and what do you hope to achieve i.e. insights, information?
- **Who needs** to be researched and how many?
- **How long** do you have ?





MARKET RESEARCH

Research Tools & Examples

Research Tools; anything that helps to collect information for your business. A research tool is **how you carry out the research.**

Research Tools examples; case studies, checklists, interviews, observation sometimes, and surveys or questionnaires, email enquiries are all research tools, used to collect data. It is important to decide the most suitable tools for your research because **research is carried out in different ways and for different purposes.**

We will go through the different types of Tools of Research in this Module






Qualifying Your Business Idea

Next Step: Market Research

Research and Test Your Target Market

This section focuses on **Secondary Research**

Conducting secondary market research will give you the information that is easily attained. It will help you to decide if or not you need to conduct primary market research i.e. tell you what you are missing. It will tell you what your business needs or should do, provide market and customer information so you can make you the right decision.





MARKET RESEARCH - Business Data



Business data; the information about people, places, things, business rules, and events **in relation to operating a business. Data is filled with potential if you can learn to get at it.** The role of data is to **empower you to make decisions** based on facts, trends and statistical numbers. But with so much information out there, you must be able to sift through the noise, and **get the right information**, so that you can make the best decisions about strategy and growth





MARKET RESEARCH

Primary V Secondary Research

PRIMARY RESEARCH is research you **conduct yourself** (or **hire someone** to do for you.) It involves **going directly to a source** – usually customers and prospective customers in your target market – to ask questions and gather information.

- Can be expensive
- Direct contact with customers
- Usually conducted after secondary research

Examples of primary research are:
Interviews (telephone or face-to-face)

SECONDARY RESEARCH involves the summary, collation and/or synthesis of **existing research collected by someone else's primary research.**

- Very little cost involved
- No contact with customers
- Usually conducted before primary research

Examples of secondary research are;
researching the internet, newspapers articles and company reports.





SECONDARY MARKET RESEARCH – Main Techniques

Secondary Research is usually done on-line and by yourself, examples;

- **The market itself**; read about your niche in trade magazines/national press/consumer media but always trace back to original source.
- **Sector bodies** e.g. food, craft and design, retail, engineering – at regional and government level also **Industry associations for these sectors**
- **Our friend Google** which can lead you to market research reports such as Mintel, Foresster





QUALIFY YOUR BUSINESS IDEA

You will be expected to be knowledgeable (and honest) about your market

When you are carrying out your market research bear in mind to find information to convert a potential reader to become a supporter, a customer or an investor in your business.

Market Segment*

Market segmentation is the activity of dividing a broad consumer or business market into sub-groups of consumers based on some type of shared characteristics

Examples of where to start; Start with Quantitative Research
Size Of The Market (and market segment*)

Do you know the size of the market you are targeting ?

e.g. Ireland - Central Statistics Office www.cso.ie Population Census and Household Budget Survey e.g. spending on clothes, technology, going out

Start with entering these questions in your Google Search;

How much of your product was sold in last year?

How many competitors are there out there?




Qualifying Your Business Idea

Next Step: Market Research

Research and Test Your Target Market

This section focuses on **Primary Research**

Primary research is important to individuals conducting research because it is important to have unused, fresh and data to determine what or how they should make their product. Secondary research: Secondary Research is used to check that your primary research is correct and is used to save time.





PRIMARY MARKET RESEARCH – Main Techniques



- Depth Interview
- Focus Group
- Market Research Online Communities (MROC) e.g. LinkedIn Groups
- “Listening Platforms” i.e. blogs, forums etc
- Questionnaires / Surveys - Online, face to face, telephone or post
- Mystery Shopping
- Observation





PRIMARY RESEARCH

One to One Interview or Focus Groups

ONE TO ONE INTERVIEW

- ✓ Conduct a one to one interview by asking your interviewee a set of semi-structured, probing questions usually face-to-face.
- ✓ You need good interpersonal and listening skills
- ✓ Advantages: flexibility, can collect lots of in-depth info from one person.
- ✓ Watch for your own interviewer bias

FOCUS GROUPS

- ✓ Recruit relevant participants
- ✓ Pick convenient venue, day and time (Can be in some-one's living room, evenings etc)
- ✓ Facilitator is key role (someone you trust)
- ✓ Plan topics to probe and set schedule
- ✓ Welcome participants, permission to record
- ✓ Interviewer sets atmosphere and tone of evening
- ✓ Thank-you, reward



PRIMARY RESEARCH

Using Quantitative and Qualitative Research



QUANTITATIVE MARKET RESEARCH

All findings are factual, often numerical

Examples; numbers, statistics, data, charts

Example Question;

Is the market big enough and growing? Can the market grow? What is the value of the market?

QUALITATIVE MARKET RESEARCH

Based on your own market research, not statistically valid

Examples; hearts, minds, opinions, motivations, attitudes

Example Question;

Does anyone want it? Will they buy it? What do they think? How do they perceive my offering? What is their opinion or attitude?



PRIMARY MARKET RESEARCH EXAMPLES

In this section you will learn the a few Primary Market Research Methods;

1. Questionnaires (on/offline)
2. Mystery Shopping & Observation
3. Market Research Online Communities (MROC)





THE POWER OF QUESTIONNAIRES

QUESTIONNAIRES ARE;

- Easy to analyse
- Large numbers of targeted customers can be contacted at a relatively low cost
- Easy and affordable to administer
- Format is easy and familiar to respondents
- Can get a great variance of large amounts of information in a short period of time
- Gives customers a chance to respond in their own time

CONSIDER WHEN DEVELOPING

- ✓ What are the key pieces of information you need?
- ✓ Aesthetics & flow– it must be appealing and user friendly. Consider the logical flow of these questions
- ✓ Are they yes/no answers, multiple choice or do you need more information?
- ✓ Use variety of styles to keep interest levels up. Start with general easy questions and move on to more sensitive ones
- ✓ Encourage Response Rates - Appeal to ego, forewarning, respond by dates, incentives, prizes, confidentiality



RESEARCH & TEST TARGET MARKET

Online Research Tools



BENEFITS

Speed; in one place on the web, just need a computer with internet, no travel required

Affordable; costs next to nothing

Accuracy; ability to receive information directly from your audience eliminates errors.

Customers more likely to be honest. So you get the exact data you need. Make sure you ask the right questions in the right way

Easy to use, design, flexible, look professional



THE POWER OF QUESTIONNAIRES

FREE Online Research Tools

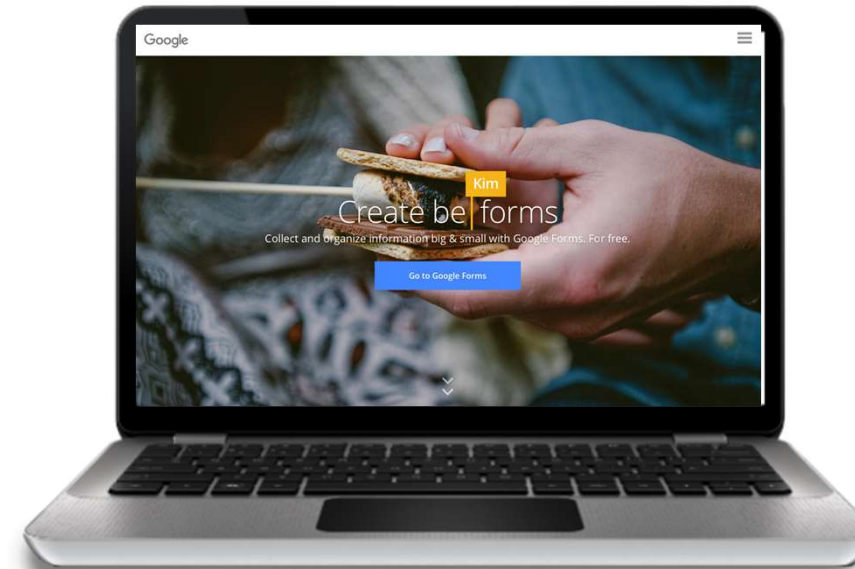


FREE Online Package

Easy-to-create surveys and forms for everyone

Create custom forms for surveys and questionnaires at no cost.

Gather everything in a spreadsheet and analyse data directly in Google Sheets



THE POWER OF QUESTIONNAIRES

FREE Online Research Tools



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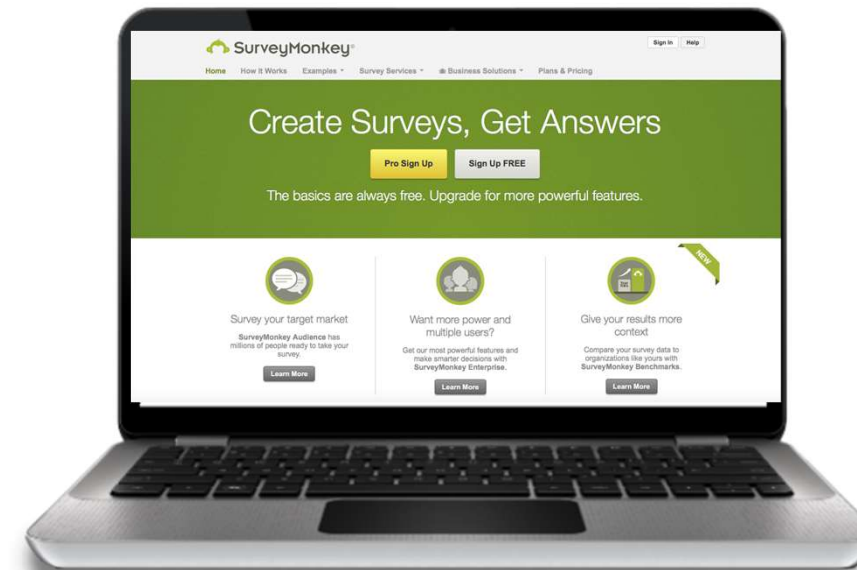
Cost; FREE. Enhanced plans with additional services circa €200 per annum

What It Is; an online survey and opinion poll service

How to Use It; you can create surveys free of charge for your own audience. For a fee, you also can get feedback from your target audience via SurveyMonkey's own samples

Get the Most Out of It; beyond the answers to survey questions, respondents may provide additional insight in their open-ended comments

www.surveymonkey.com



How to Find People to Interview




- **Cold calling:** The **most direct** method is cold-calling companies. Ask for the person with the appropriate title and tell them that you are **seeking their advice on a new product**. People are more likely to talk to you if you are seeking their advice than they will be if you are trying to sell them a product.
- **Advertising:** On-line advertising is the **fast and very targeted**. To find the right audience through use advertising in an electronic publication that goes to your target market. You **may need an incentive** for people to sign up for the interview.



How to Find People to Interview

- **Use your network;** your industry contacts and their contacts. Be sure to let your interviewees know when you plan on conducting the interviews. Set up appointments as soon as possible and let them know how much of their time it will take. It is ideal to do some number of the interviews in person.
- **Direct contact;** you will **always get more information** from someone who is sitting in front of you than you will get over the phone. **Web surveys** come with a word of caution - the type of information that you are trying to get is too





PROBLEM!

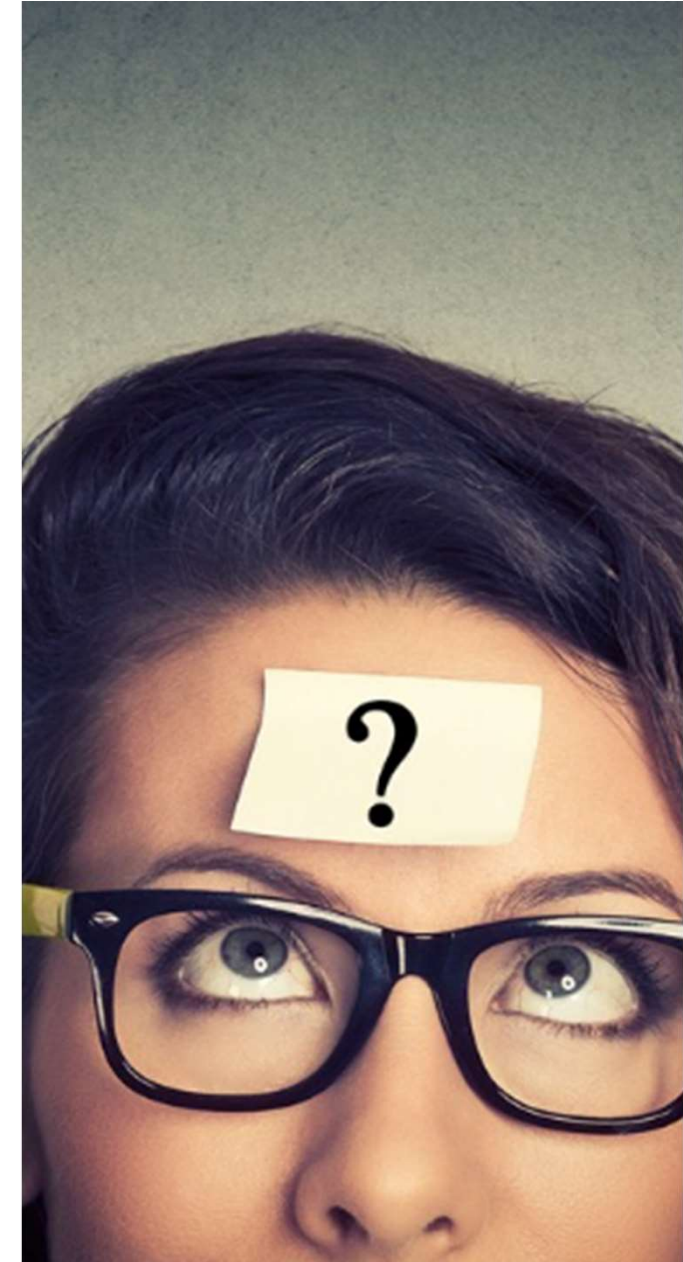
Building the Question Set

- Questions are important; the most important part of the market validation is the questions that you ask and how you ask them. Unlike a scientific survey, you are **trying to understand the emotions** of your target market. You will want to ask **open-ended questions** that get them to talking about how and why they do things and what will make them buy your product.
- Whether you are trying to validate your target market or your positioning, a fundamental question that you should always ask is, "**What keeps you up at night?**" The answer may have nothing to do with your product, but it will tell you where their priorities will be when considering any product or service.



Building the Question Set

You will want to have many questions that are specific to your product including questions about their environment (which will tell you how easy it will be to add your product to their environment), cultural issues (which will tell you how easy it will be to adopt your product), and budgeting (which will tell you if people actually have the money to buy your product).





Building the Question Set



Beyond the basic first question, you will need to construct questions that allow you to try out your **product positioning and/or target market**. Here are some example questions:

- Will you have a need for the [product/service]? Can you tell me what this is? Am I missing anything?
- What do you most desire/need/want?
- What frustrates you most about...?
- Are you planning on purchasing or looking for something like...?
- Don't forget to ask them; Who they are? What they do?, What they want? What their budget is? How much they are willing to pay? Etc.



TEST TARGET MARKET VALIDATIONS

Testing the Question Set

It is important to test the question set; I have never had it completely right the first time. Also the first couple interviews will probably make you realize that there is other information that you want to gather.

Run three to five test interviews; then review your questions and make sure that you are getting the results that you want from the questions.

The following are some things to consider during this review:

- Are the questions open-ended enough to start a dialog?
- Are some questions unnecessary?
- Is this the right target market?
- How long are the interviews taking?
- Have I uncovered something in these interviews that I need to ask some more detail about?
- Which questions were misunderstood and how can they be reworded?



TEST TARGET MARKET VALIDATIONS

Conducting the Interviews

You should be present; ideally you as the business owner and marketer, should be conducting the interviews. Since you have the most intimate knowledge of the product and the market, you will gain the most from talking to the interviewees. You may want to probe, extend or elaborate on some questions once you stumble on an unexpected response.

However, this may not be possible for a product that will require a large number of interviews. You should certainly be involved in the first few interviews to understand if the right questions are being asked. If you can't conduct the interviews yourself, try to sit in on some of them.





RESEARCH & TEST TARGET MARKET

Mystery Shopping & Observation

One of the most valuable ways to understand your market is to spend time in retailer outlets, portfolio websites and trade fairs to see at first hand who your competitors are and what they are doing.

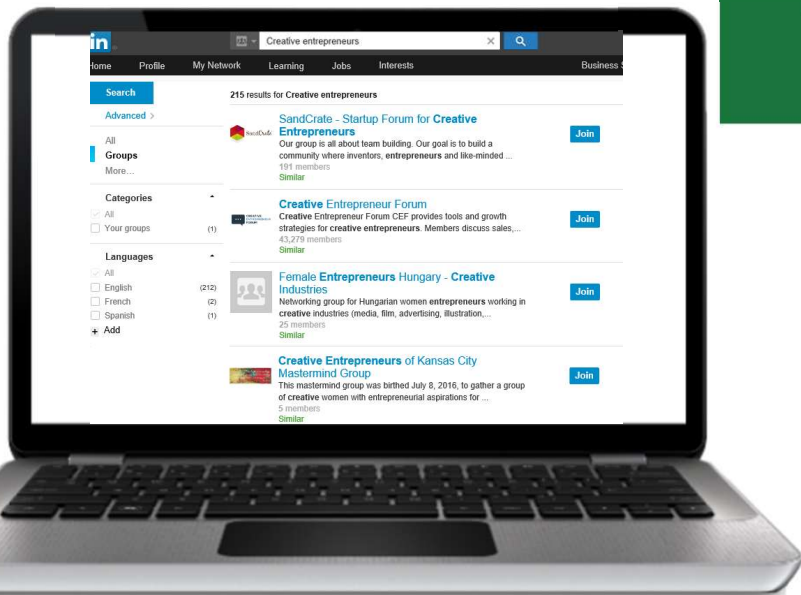
- Are there many new products being launched?
- What is the brand leader doing?
- Are there many promotions?
- Which lines are being given most space/coverage? (These are usually the best sellers!)





RESEARCH & TEST TARGET MARKET

Market Research Online Communities (MROC)



EXERCISE: Look for online communities that apply to your business idea?

Use social media, blogging, online forums, and any other community spaces you can find (online or off) to conduct your research e.g.

- LinkedIn Groups are great way to build credibility and **make new connections** that can ultimately help grow your business
- Facebook groups
- “Listening Platforms” i.e. blogs, forums etc



RESEARCH & TEST TARGET MARKET

Analyzing the Data



Analyzing the data is where it gets interesting. Bring together the useful information, arrive at conclusions and support decision-making.

It is a good idea to create a high-level summary that includes key findings and how your business responds to same.



TAKE ACTION WHEREVER YOU ARE



Many business ideas and start ups start where they are. They make a product and actually start to sell them, often from their home or garage. This is often called proof of concept*. Keep in mind that everything doesn't have to be PERFECT before you can get going on your business idea, you aim to be just almost perfect!. It's a journey. You'll learn, grow and evolve and your idea or business and it may look very different in a year or two. The key is to just start.






Qualifying Your Business Idea

Next Step: Check Out the Competition

Knowing about your competitors will help you to communicate with your target audience, distinguish your business from competitors, improve your processes, and navigate challenges in your market.



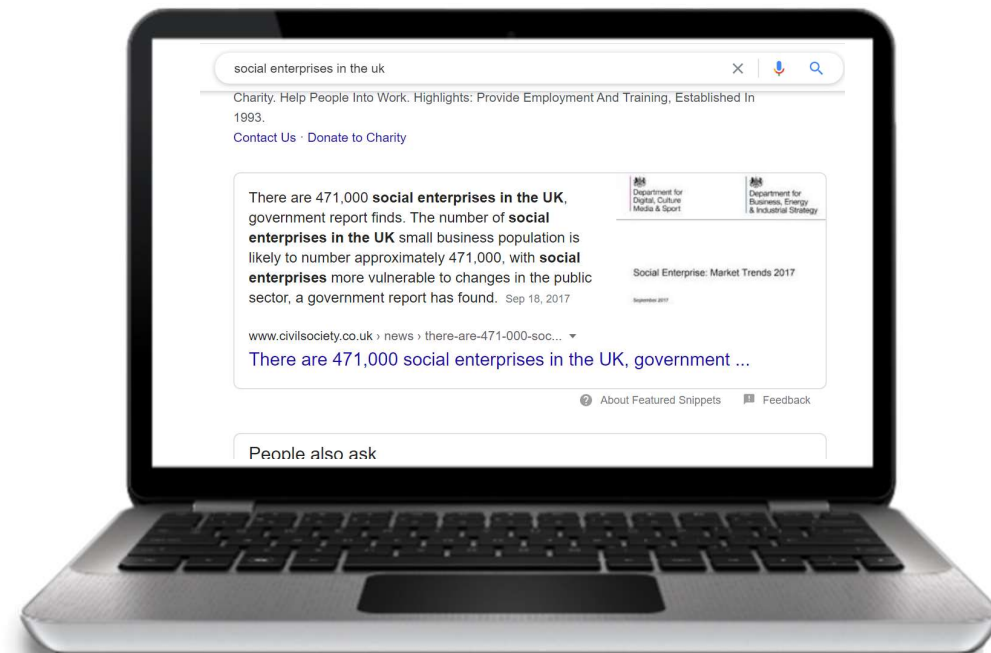


CHECK OUT YOUR COMPETITION

Understand your competitors. Knowing who your competitors are, and what they are offering, can help you to make your products, services and marketing stand out.

You can use this knowledge to create marketing strategies that take advantage of your competitors' weaknesses, and improve your own business performance.

Using the keywords of your business description, Google them, interrogate their websites, what is different about your approach. e.g. social enterprises in the UK





FOR EACH COMPETITOR CONSIDER;

- **Generic information;** year established, Size (employees, locations)
- **Target Customers/Sectors** (typically listed on website)
- **Marketing & Sales approach** (website news & events)
- **Strengths & Weaknesses;** check out reviews for patterns what they are good and not so good at
- **USPs (Unique Selling Proposition);** what makes them unique that convinces customers to buy
- **Compare;** e.g. visual table with columns comparing their different offerings feature by feature



EXERCISE

Why you have competitive advantage -
write a summary paragraph



“ “ *The biggest mistake new entrepreneurs make is not putting themselves out there. If you want to succeed as an entrepreneur, you need to show others what you're doing* ” ”

Laurence Bradford

Creator of Learn to Code with Me

NEXT UP | *Module 4*

A large, dark teal circular graphic with a white mouse cursor icon pointing at its left edge. The graphic contains contact information for 'Through Enterprise'. At the top right, there is a vertical column of yellow chevron arrows pointing downwards. Below this, on the left side of the circle, are two circular icons: a pink one with a white 'f' (Facebook) and a yellow one with a white globe (website). To the right of these icons, the text '@throughenterprise' and 'www.throughenterprise.eu' is displayed in white.

@throughenterprise

www.throughenterprise.eu



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