

Market Survey Guideline

The goal of a market survey is to identify a potential customer/client base for your new product and/or service idea. Surveys, if prepared correctly, can give you a comprehensive view of your target market; this information will be a tremendous help when you begin to compose your business plan.

To assist you in developing your market survey, the Indiana Venture Center has created this Market Survey Guideline to point you in a direction where you can gather the most useful data. Follow the below steps to create a functional market survey.

STEP 1: DEFINE THE PROBLEM/PURPOSE

- You need to give a description of your business:
 - Goal of your proposed product and/or service.
 - Particular product and/or service.
 - Potential customer base.
 - Where you will do business.

STEP 2: DETERMINE AUDIENCE AND TARGET SIZE

- To understand your market, you need to use both primary and secondary data:
 - Primary data is what you collect (market survey).
 - Personal interviews are the most successful way to conduct a survey.
 - Telephone surveys have a 70% success rate.
 - Mail surveys are least effective surveys with approximately 20%-30% return rate.
 - Secondary data is industry surveys and reports.
- Before creating the survey, you need to determine the survey audience.
 - Preferably, you want to survey those who will be purchasing your product and/or service.
 - You will want to gear your questions to your potential customer base (the survey audience), using language and terminology that they understand.

STEP 3: CREATING THE SURVEY

- When creating your survey, you need to keep it as simple and easy to comprehend as possible:
 - Avoid a lengthy survey – too many questions will deter the participants.
 - Avoid high intellectual language.
 - Avoid double-barrel questions.
 - Avoid open-ended questions when possible.
 - Keep questions as short and specific as possible.
 - Make sure the questions assess what you are trying to measure.
 - Test the survey on a few people before administering it in public.

- Types of questions:
 - Demographics.
 - Demographic data segments your market on variables such as age, gender, race, income, education, location, etc.
 - The goal of these questions is to describe your target market for business development – to effectively market your product/service, you need to understand your target market’s basic characteristics.
 - Factual.
 - Survey questions pertaining to previous experience/use, amounts, and Yes/No questions.
 - Provide ranges instead of asking for actual amounts – people are not comfortable with giving exact amounts.
 - Attitude.
 - Questions using a rating scale format that assess feelings/emotions, such as propensity to act, likes/dislikes, and levels of importance.
 - Rating scales are usually 1 to 5 where 1 is not at all likely and 5 is very likely.
 - These questions are extremely important and provide significant information.
 - Open Ended.
 - These questions are used to initiate comments and wrap up statements.
 - Only use these questions when necessary. If you must use open-ended questions, place them at the end of the survey.
 - The answers to these questions are very hard to analyze and/or quantify remarks.
 - Many participants ignore these questions.

STEP 4: ANALYZE RESULTS AND WRITE REPORT

- How you want to use your survey data will determine what analysis method you use.
- Several ways exist to analyze and/or correlate your survey results:
 - Averages.
 - Frequencies.
 - Percentages.
 - “Content analyzing” -- the number of times certain issues are mentioned in open-ended questions.
- Record your results:
 - Make your numbers/results more meaningful:
 - Look at your results as though they are more than numbers.
 - Sixty-seven people out of a hundred could be referred to as nearly 70%, over 65%, or approximately two-thirds.
 - Draw assumptions:
 - Features to be included with the product/service.
 - Target market.
 - Sales projections.
 - Cure for “pain”: overt benefit; reason to believe; and/or dramatic difference.
 - Can be used in your business plan and/or feasibility report.

***Information for the Concept Feasibility Guideline was taken in part from the Ball State University Midwest Entrepreneurial Education Center’s Idea Accelerator Initiative program.*