

# Improving Your Market Research

By BNET Editorial

published on BNET.com 12/03/2007

You can use information found within your organization to research customer needs and assess the likely success of your sales and marketing campaigns. By conducting a thorough analysis of your customers' business operations, you can compare your plans and their business needs to better judge whether there is a viable long-term business opportunity.

## What You Need to Know

---

### Does market research have to be independent to be valuable?

Independent market research is objective, but your own research can prove a valuable starting point by helping you identify trends that require further investigation.

### What can internal research contribute to market knowledge?

As well as providing basic information on customer buying patterns, internal research can also help you identify customer strategies and competitive strengths, as well as your own importance as a supplier.

## What to Do

---

### Analyze Customer Information

Information that can help you to identify sales opportunities is readily available in your own customer records. What, for example, do your customers' corporate brochures or annual reports tell you about them?

- What are their major markets?
- What are their most important products?
- What new products have they introduced in the last year?
- What are their plans for growth?
- What problems have they identified in their marketplace?
- What are the success factors in their market?

- Who are their main competitors?

You can get similar information from other sources:

- Ask your sales force to provide a profile of your most important customers, using the questions above.
- Maintain a file of press cuttings on your customers' activities using their trade publications as a source.
- Build a file of corporate and product literature on your customers' competitors and look for press information on their market.

This information helps to build a profile of the direction your customers' business is taking. It should prompt you to ask "How can this information strengthen our position and make us an important supplier?"

## Identify Your Most Valuable Customers

Although customer focus should be your overall objective, the greatest potential return from customer-focused activities is likely to come from your largest and most important customers, and your research efforts must be focused on this group. To identify those high-value customers, the first stage is to analyze your customer records:

- Who are your largest customers?
- What percentage of your business do they represent?
- How long have they been doing business with you?
- How have levels of business changed over the past three years?
- Are there any significant developments which have affected these changes?
- What percentage of those customers' business do you handle?
- How could you increase your share?

These questions help you to carry out a more detailed assessment of the needs of your largest customers. Size alone may not be sufficient grounds for concentrating customer service resources on them; there must be a positive reason for close relationships and there must be the potential within the customer's business to make the effort worthwhile.

## Understand Your Customers' Supply Position

If a customer is dependent on you for supplies that are essential to its competitive ability, that may put you in a strong position to benefit from customer focus. Use the information in your customer records and ask your sales force to assess your supply position:

- What percentage of the product do you supply?
- How does that compare with your competitors' share?
- How important is your product to the customer's business?
- Does your product have any specific features or benefits that cannot be substituted easily?
- Is your customer's demand for the product likely to grow?

This analysis will help you decide how to align your business to your customer's needs.

## Research Customers' Partnership Requirements

Supply vulnerability may not be the only consideration. Your customers may want access to your technology or your distributor network, or they may see opportunities in working together on joint projects to improve cost or performance. By researching customer requirements, you can identify other opportunities to build stronger relationships. Independent research provides the most objective form of information to make this type of decision, but there are other ways in which you can obtain this information:

- Conduct telephone research into customer satisfaction with a recent purchase. What were the most important factors in selecting the equipment?
- Conduct telephone research into future buying requirements. What would you look for in selecting your next product?
- Analyze recent competitive purchases of products and services. What combination of support services and products is the customer buying and what does this tell you about their requirements?
- Use published surveys of industry buying patterns. These can provide background information to the independent commissioned research, but the quality of the information depends on the willingness of leading companies to participate.

This research into customer requirements helps to answer the question, "would customer focus and closer working relationships help customers meet their most important requirements and, more important, can we meet those requirements?"

## Assess Competitive Threats

Although you may recognize opportunities to grow or protect your business by building closer relationships with your customers, you may not always be in the driver's seat. Your market research should provide you with information on competitive activity that you can use as a basis for analyzing opportunities:

- Who are your main competitors?
- What percentage of potential partnership business do they hold?
- How long have they been dealing with the customer?
- How do your products compare with competitive offerings?
- What are your competitors' main strengths?
- Have you got the skills and resources to overcome the competitive threat?
- What are customers' attitudes toward your competitors?
- How do they compare with attitudes toward your company?

Competitive analysis helps you to identify how you can protect your most important business and, more positively, how you can strengthen your position with customers in situations where your competitors are currently holding a larger share of the business than you.

## Understand Your Customers' Markets

By analyzing your customers' performance in the marketplace, you can identify their strengths and weaknesses and put forward proposals that will enable them to improve their competitive performance. Customer information such as corporate brochures, annual reports, and press information will help you to build an understanding of your customers' current achievements. You should also consider published industry surveys and research materials that show how your customers are perceived in relation to their competitors and how they meet the main requirements of their marketplace.

- What are their main markets?
- Are their markets shrinking or growing?
- What are your customers' positions in the marketplace?
- How have their position changed over the last five years?
- Who are your customers' main competitors?
- What are the long-term trends in the market?
- What new technical developments will be needed to succeed in the market?
- Could innovation help your customers to succeed?

- Do your customers need to improve their quality standards or their delivery performance?
- Are your customers aiming at market leadership or an increase in share?
- Are your customers considering entry into new markets?
- Do you have skills that are relevant to the new markets?

By demonstrating this understanding and showing how you can help your customers achieve their objectives, you can put forward positive proposals and build a relationship that benefits both parties.

## Understanding Customer Strategies

It is equally important to understand your customers' business strategies. What is their corporate direction? How do they aim to succeed? What are their key objectives? By aligning your objectives with theirs and showing how your products or services can help them to achieve their strategic business objectives, you demonstrate that you can make an important contribution to their business. The analysis of customer strategies will help you to develop a number of scenarios for improving relationships:

- Your customers want to achieve market leadership through innovation. Your technical skills and resources can help them develop the right level of innovation without investment in their own skills.
- Your customers want to become value-for-the-money suppliers and succeed through competitive pricing. You can help them reduce overall costs by improving design and manufacturing costs or by handling noncore activities cost effectively.
- Your customers want to increase their capacity so that they can compete effectively with larger competitors. You can supplement their resources by providing external skills and resources.
- Your customers want to make their operations more efficient in order to concentrate on their core business. They can utilize your specialist skills to supplement their resources and allow their key staff to focus on strategic business tasks.
- Your customers want to maintain their market position by strengthening their supply position. You can provide them with a quality-assured source of supply that provides them with continuity.

This series of scenarios shows that an understanding of your customers' strategic objectives can provide you with an opportunity to build strong relationships that increase your customers' dependence on you.

## What to Avoid

---

### **You Overlook Internal Information**

Your own records and the information available from your sales force can provide one of your most valuable research resources.

### **You Rely on Historical Information Only**

Sales records and other internal information do not just provide you with historical data. You can use knowledge of your customers' plans and strategies to develop your own longer-term plans.

## Where to Learn More

---

### **Book:**

Smith, David L., and Jonathan H. Fletcher, *The Art and Science of Interpreting Market Research Evidence*. Wiley, 2004.

### **Web Site:**

Market Research Portal: [www.marketresearchworld.net](http://www.marketresearchworld.net)