Module 2: Opportunity Identification & Market Research

Topic 3: Market Research—Understanding Your Customer

Market research is the process of gathering, analyzing, and interpreting information about a market. It is the bridge between a "good idea" and a "sold product." Without research, an entrepreneur is essentially gambling.

1. The Goal of Market Research

The primary goal is to answer three critical questions:

- **Who** is my customer? (Demographics)
- **What** do they actually need? (Pain points)
- **How much** are they willing to pay? (Pricing)

2. Primary vs. Secondary Research

There are two main ways to get your data:

A. Primary Research (Field Research)

This is information you collect yourself, directly from the source. It is "fresh" and specific to your business.

- **Surveys/Questionnaires:** Asking a set of questions to a large group.
- **Interviews:** One-on-one deep conversations to understand feelings and motivations.
- **Focus Groups:** A small group discussion led by a moderator.
- **Observation:** Watching how people behave in a store or how they use a specific app.

B. Secondary Research (Desk Research)

This is information that already exists. It was collected by someone else for a different purpose.

- **Government Reports:** Census data or economic surveys.
- **Internet Articles:** Industry blogs, news reports, and trade journals.
- **Competitor Websites:** Analyzing what others are already doing and saying.

3. Defining Your Target Market (Segmentation)

You cannot sell to "everybody." Attempting to do so usually results in selling to "nobody." You must segment the market:

- **Demographic:** Age, gender, income, education level.
- **Geographic:** Where they live (urban, rural, specific neighborhood).
- **Psychographic:** Their interests, values, and lifestyle (e.g., "tech-savvy," "environmentally conscious").
- **Behavioral:** How often they buy, brand loyalty, and what benefits they seek.

4. Competitor Analysis

You must know who else is fighting for your customer's money.

- **Direct Competitors:** Businesses offering the same thing (e.g., two bakeries).
- **Indirect Competitors:** Businesses offering a different product that solves the same problem (e.g., a bakery vs. a fruit stall—both solve hunger).

5. Validating Your Idea: The MVP

Before spending all your money, create a **Minimum Viable Product (MVP)**.

- An MVP is the simplest version of your product that allows you to start the learning process.
- **Example:** If you want to start a gourmet restaurant, your MVP might be a small food stall at a local market to see if people like your recipes.

Student Tip: Avoid Confirmation Bias

When doing research, don't just look for people who tell you your idea is "great." Look for people who will be honest about why they *wouldn't* buy it. Negative feedback is often more valuable than praise because it helps you fix problems before you launch.