

**ENSURING MARKET:
MARKET SURVEY AND
RESEARCH**

1. Why Market Survey?

For a new entrepreneur the risk of setting up an enterprise and managing it successfully depends mainly on how he makes his decision in conditions of uncertainty.

- Uncertainty involves both risk and opportunity.
- Market for the product of his venture must therefore be examined and analysed thoroughly before plunging into it.
- Market Research/Survey is a tool through which though it may not be possible to eliminate the risk or guarantee an opportunity, its intelligent and systematic use can reduce risk and improve the probability of success.
- Markets are becoming increasingly dynamic and competitive, their successful exploitation calls for greater investment and more frequent INNOVATIONS.
- Decision making, therefore, must be faster and less susceptible to many of the needless errors of INTUITIVE judgment.
- Thus instead of a hasty decision to start ventures, it is advisable that detailed market survey is undertaken to understand the 'market' and feasibility of marketing your products.

2. What does it involve?

Market Research or Survey may be defined as an objective and systematic collection, recording, analysis and interpretation of existing or potential markets, marketing strategies and tactics and the interaction between markets, marketing methods and current or potential products/services. Thus it helps to apply a truly analytical approach to decisions which have been taken.

The objective of the survey should be to answer the following questions:

- a) What is the size of the market and share anticipated for a product/service in terms of volume and value?
- b) What is the pattern of demand?
- c) What is the market structure?
- d) What are the buying habits and motives of buyers?
- e) What will be company's strong points in marketing?
- f) What are past and future trends?

3. Steps in the Market Research/Survey

For new entrepreneurs, the process involves all the following steps. Though complete sequence may not adhere to, an attempt should be made to cover all information.

- 1) Defining objectives of the study
- 2) Working out details of the study
 - . a) Identifying sources of obtaining information.
 - . b) Time and cost involvement for the study
 - . c) Working out methodology and action plan
- 3) Selecting samples and deciding contacts and visits
- 4) Preparing questionnaires and plans for surveys and interviews. *A model questionnaire is given in Annexure - '1'*
- 5) Collecting data and analysis of data.
- 6) Preparation of a report with findings

The operational work can be divided into three major areas :

a) Table work

b) Field work

c) Report writing

For new entrepreneurs a major problem in conducting market survey is **not knowing sources and contacts for getting information**. The best way is to try for it, without having fear of not getting information. It is because the information itself is not the only important element. What is more important is to get the feel and direct experience of market during personal visits.

The information sources can be divided into:

. **(1) Primary Data Sources**

This is information which originates as a result of the contacts with those who are directly involved in relevant activity e.g. in survey for plastic toys, information obtained from toy manufacturers or traders would be a primary data.

. **(2) Secondary Data Sources**

The data which already exists and may be used for the investigation. They have not been collected for a specific purpose. This information may be obtained from those who are indirectly involved e.g. trade or manufacturer's associations or published data are secondary sources.

4. Tips for conducting market survey

- It is important to note that for entrepreneurs the survey and getting information is very important, but not for those who are going to supply the information.
- Thus, intelligent efforts will have to be made to get information out of them.

Following tips can help entrepreneurs in conducting the survey effectively and systematically.

- (1) **Do not be prejudiced or status conscious.** Your own prejudices towards education, caste, communication and your own status consciousness can act as a negative factor in collecting information from various levels of people.
- (2) **Keep cool temperament and be patient during the survey, so as not to unnecessarily enter into hot arguments with others.** You will have to continuously try to get information with great persistence.
- (3) **Keep in mind that you are going as a surveyor and not to collect information for other's use.** Do not pass on information to others.

(4) Make a habit of writing down the information immediately after you visit someone. But try to avoid writing or referring to your papers when interviewing someone.

(5) Sequencing of questions, your involvement and commitment to get information are the key factors for your success.

(6) The best way to approach your competitors is to go there as their client, showing interest in selling their products.

At the end of the survey; detailed report on findings must be prepared in written form.

- Contents of the report are outlined in Annexure II

ANNEXURE-I

Questionnaire For Market Survey

The following questions and information will help entrepreneurs to collect information and in turn enable them to understand the nature of his business. Here the market survey has been suggested with broader perspective, so that entrepreneur's may have all-rounded commercial information.

(1) For raw Materials

- (a) Who are the major manufacturers/suppliers of the materials?
 - (b) What time is required to get the materials after ordering? Which terms of supply prevail?(Tax structure, price, packing, payment terms etc.)
 - (c) What is the standard/minimum packing or minimum order quantity?
 - (d) Is the material freely available?
 - (e) Are there any shortages (created) in the market at any particular time of the year?
 - (f) What was the trend of price changes and availability in the past? (At least for last 2 years)
 - (g) Will any government decision affect the availability and the price of the material?
 - (h) Will it be advantageous to procure the material locally or purchase from outside?
- type of machines have been supplied?

(2) For Machinery/Equipments:

- a) Who are the manufacturers/suppliers?
- b) What capacity, specification, specifications and makes (brands) are available in the market?
- c) What is the price of machines?(consider all applicable taxes, transport, accessories etc.)
- d) What electrical, like motor, starter, switches etc. are required?
- e) What guarantee/warranty of performance is given by manufacturer?
- f) What is the normal repair/maintenance cost per year? Which spares or parts would be frequently required?
- g) What are the terms for ordering-payment, advance, delivery time etc.?
- h) Before taking delivery of machine, whether inspection can be done at the factory?
- i) What is the market standing of manufacturers and list of parties to whom same

j) Will special type of transport and handling be required?

k) What are the overall outer dimensions of machines and working (floor) area requirements?

l) What average (maximum) quality standards and output (production) can this machine give?

3) For Market:

(A) From Manufacturers-Competitors:

a) What is the general factory layout and space occupied?

b) Their range of products, installed capacity and utilised capacity and selling price.

c) Their normal terms of business.

d) What are their future plans for expansion/diversification?

e) Salient features of the units like technical skill, finance, other resources etc.

f) Their market area and practice

g) Any other special problems faced by the units?

(B) From Supplier (Trader)

- a) Who are the present principal traders in the item? Range of products dealt with and general business terms, commissions etc.
- b) His market area and annual turnover estimates.
- c) Duration and type of his relations with principal.
- d) Possibility of trading with him and his expected business terms.
- e) Normal level of stock he is maintaining and any specific problems he might have in stocking goods.
- f) His future predictions/comments on business conditions.

(C) From Consumers (Customers)

- a) What is the annual consumption and requirement?
- b) What are the present sources of supply?
- c) Customers' loyalty to Brand (Make) and preferences like price, quality, payment terms etc.
- d) Whether he is satisfied or dis-satisfied with present product and supply?
- e) What are his purchasing criteria and what purchasing power he holds?
- f) What is the consumption pattern? (Basis of calculating his requirement)
- g) What changes in his future consumption is expected? In quantity, quality due to changes in technology etc
- h) What is the size of his average order quantity and at what time and frequency he places orders?

ANNEXURE- II

Key Components of Your Market Survey Report

Introduction: End Products, End users, Suitability and strength of selecting particular product

Product: Specification, sizes, brands, packing, selling price etc.

Assessment of Demand: Class and type of consumers/clients, Patterns of consumption and frequency of purchase, Product life cycle and present status, Past demand pattern, Future anticipated demand projections, Buying criteria and influencing factors

Supply Position: Current availability of and production Capacities Vs utilization Present indigenous and imported supply sources, their price comparison service etc.

Marketing Practices: Present prevailing marketing practices Distribution, Packing - Forwarding, Credit Policy , Delivery, After Sales Services, Selling price, taxation structure and Commission patterns, Purchasing procedures time and practices, Prevailing

Own Marketing Plans: Own market share of supply - demand gap and Strategies Strengths and special services to be offered if any, Possible clientage and their likelihood of buying from you.