

MARKET EXPLORATION

WHAT OPPORTUNITIES POTENTIALLY
EXIST IN THE MARKETPLACE?



Written by:

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Given the current economy, it's oftentimes easier to expand into new markets with a current product or service portfolio than to develop new products. And yet, companies are always looking for new market opportunities to cross-sell existing products / services; or to adapt or create new, refined products / services. MarketVibes has guided several companies in assessing a new market or category, including industries such as nutrition / healthy living, office & residential furniture, automotive, consumer electronics, retail, and healthcare, among others, to assess potential new markets and determine which markets to pursue or add to their company strategy moving forward. Here's one example.

What was the business challenge?

For years, a leading U.S. furniture manufacturer had been successfully selling products such as desks, tables, workstations, seating, filing & storage, etc., via distributors, dealers, and to a limited extent, retailers. However, the slowing economy of late resulted in decreased demand for office furniture. Our client was actively looking for ways to counteract their decreasing revenue stream. The idea was to assess a potential new market and determine if they could cross-sell existing products with or without refinements (less investment), or develop new products (higher investment). But first, we needed to determine how viable the proposed new market was for this particular manufacturer.

What steps may be undertaken to answer these types of strategic business questions?

The first step was **secondary research** – Assumptions can lead to inaccurate business decisions. This type of information gathering can be helpful in understanding readily available information on the new market, products / services currently canvassing the market, trends driving the market, and competitive players, among other vital information.

In-store visits to top retailers can be used to better understand the products & services that are currently available in the marketplace, and how they are marketed to the target market (including catalogs, brochures, flyers, etc.). It is also important to understand the online presence of these retailers and competing online-only retailers (without brick-and-mortar stores).

In-home interviews, or those conducted at a place of business (for B2B studies), allow companies to get to know their potential (or current) customers intimately.

Once a participant is comfortable with the interviewer, a seasoned researcher will obtain in-depth insights regarding product usages firsthand (both general and task-oriented), product preferences, and shortfalls of products currently available in the market, etc. Another key benefit is the ability to photograph or record products as they are utilized in various environments. Journaling exercises may be helpful to further understand product use over time.

Qualitative research allows us to further understand product usage, needs, and purchase selection factors, among other specific issues. In one-on-one interviews, the participants' inputs are limited to their own thoughts and ideas. In a group setting (such as a focus group), participants will interact while they dialogue, building upon the ideas and comments of others. Qualitative research can be particularly helpful in building follow-up quantitative or measurement research. Remember though that qualitative research is subjective and thus directional at best; and yet, offers rich insights especially for understanding new markets, purchase process, selection factors, and so on.

Quantitative research then allows us to determine similarities and differences in measurement findings that are more accurate and statistically projectable. In this case, we were able to touch upon the types of furniture pieces used; product uses and needs; the purchase process key points; and workspace types & sizes. Differences were compared and contrasted across multiple market segments.

Options, options, options ...

Obviously budget can be a major factor in determining which market research steps to take. Trade-offs can be made, including picking and choosing various phases of research to undertake; or limiting study objectives, deliverables or sampling / accuracy.

Ultimately, what was the business outcome?

The new market was deemed a growing market with possible potential. And yet, our client's current distribution channels were not ideally conducive to selling to the new target market. Not only would transforming the distribution process and channels be quite an undertaking, but also in some cases, changes would surely be met with a great deal of resistance and a possible different strategic direction. Delving into this particular new market would also require product refinements / changes to meet current usages and needs, in a paramount fashion.