

A STEP-BY-STEP GUIDE TO MARKET RESEARCH



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Market research is a fundamental part of any entrepreneurial project. Here we are going to introduce you to the different steps required to carry out market research.

1. Brainstorming – define your project before doing market research

Before carrying out market research, it is essential to clarify your idea and define your project. At this stage, we suggest that you create a definition of your product or service that is as precise as possible: its usefulness or its added value, its strengths and even at this stage, its potential weaknesses.

Step A: Get your idea down on paper

What stage are you at? Do you have an idea that is already well-defined or is it still vague?

Regardless of your project's state of maturity, it is useful to put your idea into writing. Before you conduct market research, the process of writing

it down will force you to objectify your ideas and to move from an abstract state to a concrete state.

This objectification will be of use to you in the next step, when it comes to presenting your idea to your friends and family. This way, you can be sure that you deliver a consistent message and the answers you get from your friends and family will always be based on the same idea.

At this stage, a few lines (10 maximum) that summarise your idea will be sufficient – the type of customers you want to reach, the benefits to them and what makes your idea better than what is currently on offer.

Step B: Test your idea prior to doing market research

Don't be afraid that someone will steal your idea. This is an irrational fear that will deprive you of valuable feedback.

On the contrary, in the earliest phase of your project, well before carrying out market research, we strongly encourage you to test your idea



among your friends. What do they think? What are their positive and negative opinions? Ask them specifically what negative sides they see to it.

It is easy to fall in love with your own idea. Beware. This is where failures are born. When you become too convinced by it, you end up no longer being able to see the potential mistakes and pitfalls. We have heard too many entrepreneurs tell us that they were so familiar with their market that they did not need to conduct market research. Difficulties and setbacks soon reared their ugly heads.

Step C: Hold a design thinking session

After gathering the opinions of your friends in an informal manner, it is time to move to a more concrete phase. Holding a working session will allow you to structure your ideas and lay the foundations of what your product or service will really be like.

Before performing market research, we encourage you to use the Design Thinking method to hone your ideas and, after one or two days of intensive

work, achieve a precise definition of the product, the expected points of differentiation, the design...

Question the participants in order to understand how they use your product or how your service is useful to them. Also identify their points of dissatisfaction to then create different prototypes

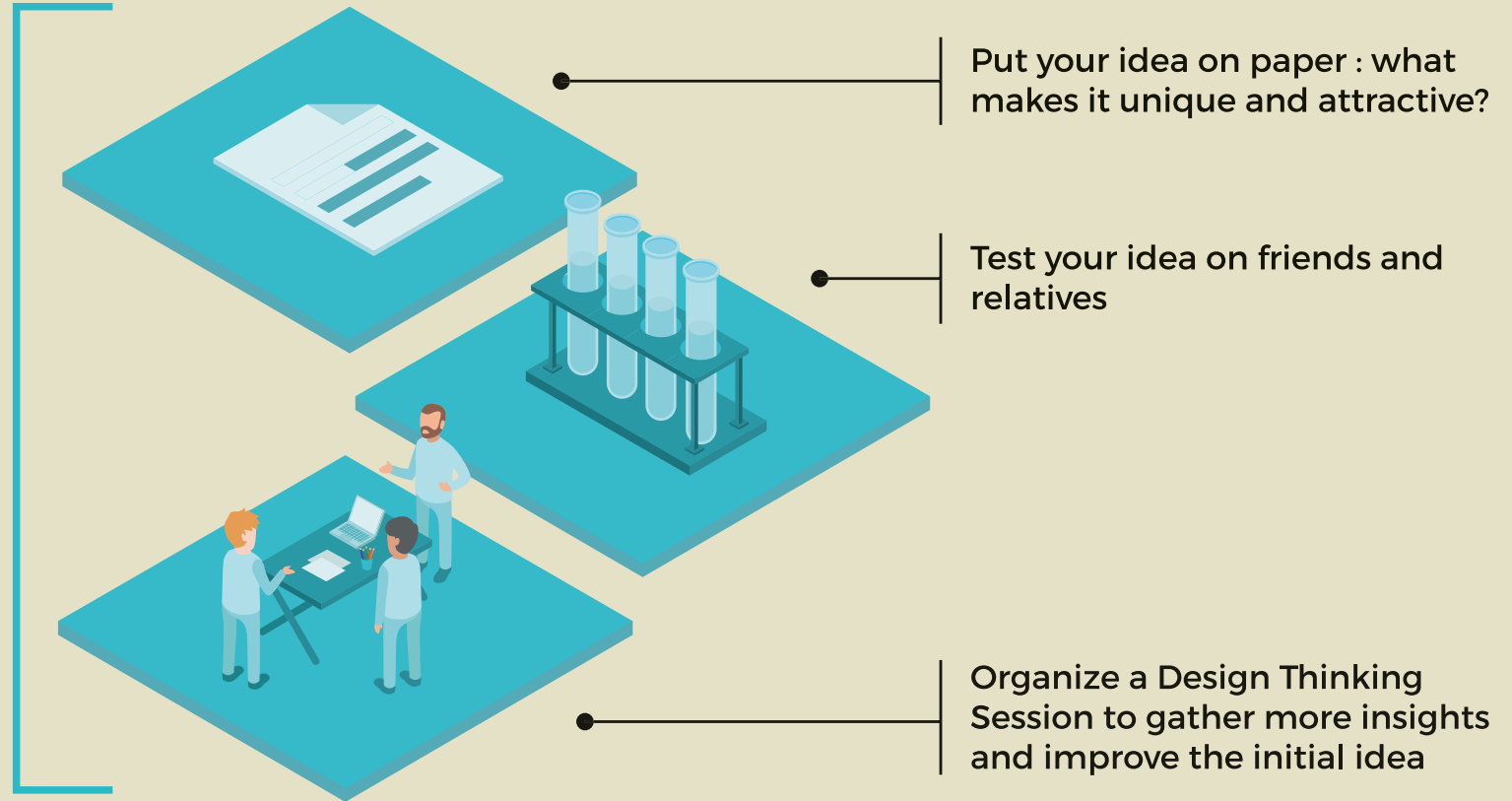
Now that your project is well-defined, an initial synthesis is required before turning your idea into a prototype.

By testing your idea, the questions to ask and problems to solve will be revealed and consequently, your market research methods



1: TEST YOUR IDEA

Don't be afraid to talk about your idea to gather external feedback (especially negative one).





2. Test and improve your idea before doing market research

Once you have put your ideas into writing, it is now time to define the problems that you want to solve and the responses that you want to bring to them. This will allow you to choose the right research methods for you.

Step A: Define the problems

At this stage, an initial synthesis is required. You must write down the lessons learned and conclusions drawn from the first phases. We recommend that you prepare a “one-pager” (an A4 page summary document) that you can take everywhere and which summarises the following elements:

- i. Your business idea in one sentence
Defining the idea may seem simple to you, but explaining it in one sentence that everyone

can understand is an exercise that is more difficult than it appears.

Among other things, it will get you thinking about your future “pitch”, the exercise which consists of presenting your idea orally to get banks, investors... on-board.

- ii. Your future market and its problems

It is useful to briefly describe your market (its players, its dynamics, your competitors, your customers), in order to force your mind to create an initial mental mapping of the universe in which you want to project yourself.

Writing things down forces you to materialise and objectify thoughts that would otherwise remain abstract and incomplete.

- iii. The key questions that will guide your market research

Key questions for the success of your future business have undoubtedly resulted from



the points discussed during the Design Thinking exercise, fuzzy areas that it will be absolutely necessary for you to clarify or confirm within the framework of your market research. Now is the time to put these questions in writing and thereby define the research perimeter. This research will in turn influence the choice of **which market research methods you will use**.

Some aspects of your future market may turn out to be non-relevant and there will be no need to “reinvent the wheel” or invest time in activities that will not offer you added value.

Step B: Develop a prototype

Now that the initial formalisation has been carried out, it is time to move to a practical phase: the development of a prototype. Whether your idea involves a product, an innovative mobile application, a revolutionary website, a new brand... believe it or not, a prototype can always be developed.

The development of this prototype is essential: it allow you to face reality (your product might

not be as easy to create as you thought, your application is not as innovative as you imagined, your website not as easy to navigate as you anticipated, etc.).

The development of a prototype is therefore a powerful mirror for your thought process, a foundation step in our method for better market research. In fact, why carry out market research into an idea, a concept, a product or a service that is not yet complete when you have the opportunity to optimise your efforts by waiting a little longer.

In the end, as is often the case in marketing research, it all comes down to doing things over and over until you get them right. There is no need to rush.

Step C: Test your prototype

In the same way that you asked your friends and family for their opinion during the definition of the project, testing your prototype is crucial in order to turn your idea into something real and move on from the abstract stage.



Demonstrating the prototype of a mobile application (known as a mock-up) and testing it will, for example, make you aware of problems of ergonomics that you had not detected (we have had the opportunity to test and have tested dozens of prototypes of mobile applications: even those developed by specialised agencies revealed obvious errors during the test phase; don't believe that you will be immune to such things).

This step is therefore important in our method for your market research. It involves gathering initial feedback about your prototype in order to detect the major problems. There is no need to waste time during the qualitative interviews detecting problems that could have been corrected upstream. The qualitative interviews are a vital step, so you don't want to spend time concentrating on anything other than the most important aspects, the ones that require more thorough analysis.

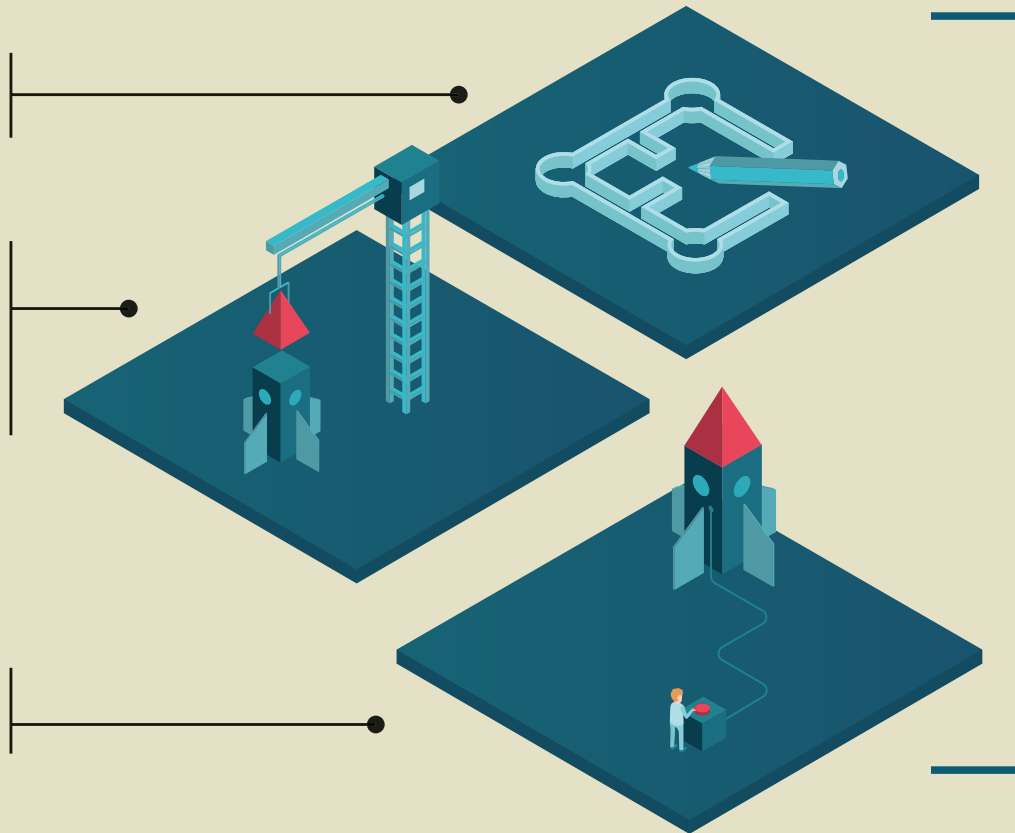




Define the customers' pains you want to solve

Develop a prototype to explore customers interactions with your product / service and detect problems

Test your prototype and collect real feedbacks



2: IMPROVE YOUR IDEA

Fix the most obvious flaws to improve your initial idea and develop a MVP (Minimum Viable Product)



3. Choose a precise method for your market research

At this stage you can now isolate which analyses to carry out from the range of those available within the framework of market research. They will depend on the problems and opportunities that you have detected during the previous steps. Prefer market research methods that will ease your doubts.

At this stage, you need to abandon the idea that market research boils down to an on-line questionnaire. Unfortunately it is difficult to combat this idea, as some marketing agencies have imprinted

this fallacious short-cut into their clients' minds, making them forget the rich and complementary nature of other available methods. This part is called "research design" and it is your plan of attack.

In the next part, we describe in detail a textbook situation. We will take market research methods and walk you through all of the stages in order to end up with a marketing strategy that is outlined in the business plan and reflected in the financial plan.

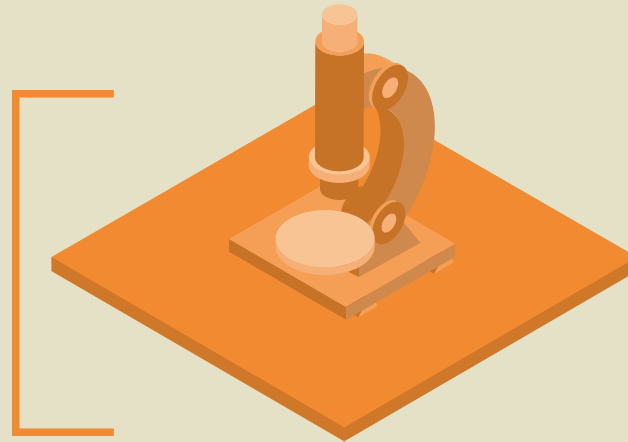
The first market research techniques we will be introducing are **trend analysis and PESTEL analysis**.





3: PLAN YOUR RESEARCH

Good market research is based on the use of complementary methods, not just an online survey



Determine which methods you need to use for your market research



4. Analyse trends and the environment (PESTEL analysis)

After putting your ideas down on paper, testing your idea with the help of a prototype and choosing the methods to use for your market research, the time has come to enter into the heart of the matter. We are now going to tackle the question of studying market trends and environmental studies (also called PESTEL analysis).

Step A: Studying market trends

Whether you have an idea or are still looking for one, studying market trends will allow you to understand:

i. Market dynamics as a whole

- What are the prospects of the market in which you are interested: upward, downward, stable?

- Is it a local, regional or national market with prospects for going global?
- Or is it already a global market?
 - In this case, is there a particular dynamic within the leader countries? Therefore, could geographical location represent a key factor for success?

Where to find data about market dynamics

Analysis of general market trends can be found in any magazines focussing on the economy. But what you really need are the trends related to the geographical zone in which you are active.

To take a simplistic example, what use are worldwide figures on yoghurt consumption to you if you are producing and selling an artisanal yoghurt product in a shop in Edinburgh? In this case, the trends that concern the British market (even better the Scottish market) are the ones which will be most relevant.

If these statistics exist, your best chance of finding them will be by contacting a regional or national federation.



ii. Specific market trends and innovations

The approach to this part is much more complex than the preceding one. The data is much more difficult to obtain and requires greater effort. However, this should not be a reason to ignore it, because it is just as important as the others. Awareness of market dynamics is essential to conducting market research, but identifying buoyant trends within the market is just as important.

Example 1: Study of trends in the restaurant business

Let's take a simplistic example: the restaurant business. Imagine that you want to open a restaurant. There are multiple possibilities open to you, in particular about the style of food you want to offer.

Did you know that certain types of cuisine, certain meals, and also certain décors and interior designs are “trendier” than others? Wouldn't it be interesting to choose the winning combination ahead of the pack, the one that will give you the best likelihood of success?

Example 2: What will be the next fashionable dining concept?

A trend analysis can also help you identify the next fashionable concept, the one that will soon be all the rage in your region or country.

To perform market research, you will need to identify trends in other countries. The major North American cities (New York, Los Angeles, San Francisco) and Scandinavian countries (Denmark, Sweden, Finland, Norway), along with the United Kingdom are laboratories for new ideas which, when tested in an urban setting, sometimes catch on.

Being at the forefront of these outbreaks can provide you with a competitive advantage in the marketplace. That is what is known as “Competitive Intelligence” or “Marketing Intelligence”

Step B: Environmental analysis (PESTEL analysis)

A business can be subjected to a number of constraints. Unfortunately, some of them



may not be within the control of the head of the company: the economic health of the country, the political situation, taxation and its multiple changes, social mores and other constraints of a legal or regulatory nature, technological developments...

Many of these uncontrollable factors can play an important role in the fate of a company, whatever kind of company it may be.

Start-up companies that are more fragile in the early phases and generally undercapitalised are therefore particularly susceptible to these risks and they should be studied systematically before launching.

This is the purpose of the PESTEL analysis. Each of the letters of this acronym represents a component of these risk factors that are beyond the control of the business founder: Political, Economic, Social, Technological, Environmental and Legal.

To carry out your PESTEL analysis (which is basically a canvas on which you can systematically review all the types of risks), you will

have to think about certain aspects that you may otherwise have neglected.

And that is the purpose of market research: to force you to reflect upon and identify risks in order to reduce them (or to take them into account) in a conscious and proactive way.

By now, your idea should be well-defined, the research questions for your market research laid out and the first analyses (study of trends and PESTEL analysis) underway. We are now going to look at **competitor analysis**. If you think that you don't have any competitors, we strongly advise you to read on.

Step C: Competitor analysis 4 steps to analyse the competition and carry out successful market research

In market research, competitor analysis is an essential step, even if you don't think you have any.

"I don't have any competitors".



We've heard this a thousand times. A thousand times, entrepreneurs have assured us that their idea didn't face any competition and we have contradicted them a thousand times.

Competition is not necessarily on your doorstep. Nowadays it is worldwide, globalised, and can sometimes be hidden within complex value chains whose mysteries are difficult to penetrate.

i. Identifying direct and indirect competitors

At this stage, reasoning in terms of needs can be useful. Your product may well be innovative and have no exact match, but it definitely has indirect competitors. Competition with a substantially different product or service, but one that responds to the same need.

Let's take a trivial example: people can quench their thirst with any number of drinks. An entrepreneur who is launching a new drink will therefore be up against all other drinks manufacturers even if his or her drink is unique (we encountered exactly this kind of case in 2015).

ii. Defining the competitor analysis criteria for your market research

Starting with the data you collected, it can be useful to draw some first conclusions: who are your main competitors, the ones who could make your life difficult on your immediate market?

At this point, an analysis of Porter's Five Forces will be necessary, allowing you to clinically identify the competitive forces acting on the market.

In order to fully understand your competitors' strengths and weaknesses, you may want to have a mystery shopping phase.

You pretend to be a customer and gather valuable information about the quality of the service, the price (which may be different to official prices as we recently saw during an operation about retirement homes), etc. All this information will allow you to better position your offer and better match consumer expectations.



iii. Looking for and finding information about your competitors

To perform market research, you will obviously need information about your future competitors.

Fortunately, in the Internet age, this kind of information is much more easily accessible than it was 20 years ago. Your competitors' websites will be the perfect place to start and you can gather a great deal of information there.

Next, it is essential to check their financial health on the basis of official information (commercial courts, national data banks...).

A third method is to pretend to be a client in order to collect information. This is what is known as mystery shopping.

iv. Benchmarking (comparison with the competition)

The best way to analyse the competition is to create a large Excel table and enter your analysis into it.

You can specify the different factors to be analysed in the different columns (turnover, price, number of associates, type of customers, employees, geographical markets served, as well as all other, more specific criteria relevant to your research). Assign one line to each competitor you have identified and now all you have to do is fill in the cells in the table.

An important criterion for retail businesses and in a general way for any market research that involves physical points of sale is what is called the catchment area. This is the geographic zone in which the majority of customers can be found. The area can be more or less large depending on the type of point of sale: a radius of a few hundred metres for a fast food outlet, or hundreds of kilometres for destination businesses.

Our market research for the N5 wine bar in Toulouse demonstrated that customers were sometimes willing to travel 500 km to visit what was voted in 2017 the best wine bar in the world.



Now we are going to tackle a stage of market research that is truly vital: qualitative market analysis.

We will begin by laying the groundwork and answering some frequently asked questions before getting into more detail about performing a qualitative interview.



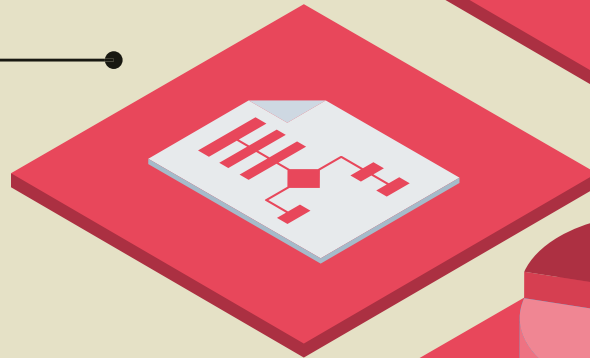
4: OBSERVE THE MARKET

Take an external look at the market to understand its dynamics, identify competition, your competitor's strengths and weaknesses

Analyze current and future market trends



Conduct a PESTE(L) analysis to understand the impact of external market factors



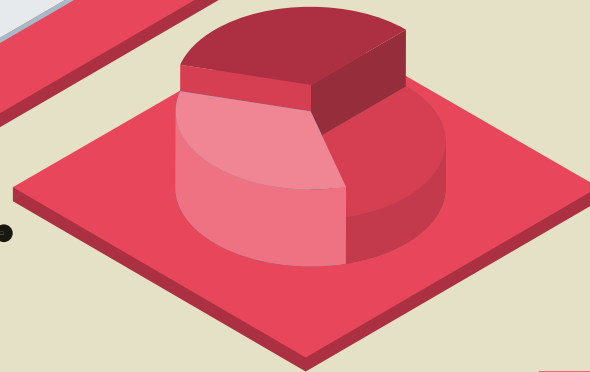
Analyse the competition

Identify your direct and indirect competitors

Define the criteria to benchmark your competitors

Search relevant information about your competitors

Benchmark your competitors





5. The qualitative phase — how to successfully prepare and carry out the qualitative phase of your market research

We have now completed the observation phase and the competitive analysis after first completing the trend analysis and the PESTEL analysis.

Now we have arrived at the crucial stage of your market research, one which could influence the success of your future enterprise: qualitative market research.

Here we are only going to cover individual qualitative interviews, leaving more specialised or anecdotal methods to one side. However, at this stage, you should remember that focus groups are not a recommended method for extracting the essence of qualitative market research.

Individual interviews are much more effective than a focus group and they will allow you to get more information for your qualitative market research.

First, we are going to prepare the qualitative phase of the market research by answering a few questions that we are frequently asked and also by giving you some tips and advice. How to perform the qualitative interviews will be addressed in the next chapter.

But before anything else, let's start with a short summary

The different stages of a qualitative interview

Usually, a qualitative interview is a face-to-face between two people: the interviewer and the interviewee.

Performing a qualitative interview involves accepting a certain number of rules, in particular the one about not skipping steps. It involves good preparation, and conducting and analysing the interviews in order to draw some interesting insights.

Here is a summary of the different stages of a successful qualitative interview:

1. Prepare the interview guide
2. Prepare the coding guide



3. Carry out the qualitative interview
4. Immediate debriefing
5. Transcribe the interview
6. Code the interview using specialised software

These 6 steps are repeated for each interview. At the end of your series, the software in which you have performed the coding will allow you to analyse all the interviews at once and draw some robust conclusions.

Remember that an individual interview allows you to gather 10 times more information than you would from an average focus group. Thorough organisation is therefore essential

in order to analyse this mass of information and to make use of it as you move forward with your market research.

We are well aware that it is difficult for a project promoter or an entrepreneur to follow all of these instructions to the letter (this is why we offer guidance services starting from €249/month). But if we had just one piece of advice to give you on the subject of individual interviews, it would be to not spare the expense of a well-written interview guide. Don't believe that you can conduct interviews without one. This is pure fantasy, and you can be certain that your interviews will serve no purpose.





Who should I interview for my qualitative market research?

The answer is obviously the following: interview your future clients in priority!

In fact, in a B2C market, it is vital. In complex markets (B2B for example), the situation is significantly more complicated because many stakeholders can play a role in the value chain.

For your qualitative market research, you may find it interesting to interview the end users (those who will be using your product or service) as well as other upstream stakeholders (buyers, distributors...) whose decisions may affect the success or failure of your business.

In B2B, it is not enough to have a product that is appealing to

final consumers; you will need intermediaries (distributors for example) to put it on sale.

There are therefore more barriers to overcome other than reaching the end consumer, and you are well-advised to take this into account before you start. Indeed, what is the use of developing an attractive product for a client if no intermediaries agree to sell it? You will find yourself at a dead end that will put an end to all your hopes and efforts.

During your qualitative market research, don't hesitate to interview the clients of your direct competitors. They could offer you valuable information about your rivals' strengths and weaknesses.

B2C or “**Business to Consumers**” is a generic term used to describe companies that sell their products or services to individuals.

B2B or “**Business to Business**” refers to businesses trading with other businesses. So, a baker falls under the title of B2C, while an industrial cleaning company will come under B2B.

The qualitative interviews will inform you about certain competitors you may not otherwise have noticed, highlight purchasing habits, factors of satisfaction, and also those of dissatisfaction.

This knowledge will be valuable when drafting your business plan and in particular when drafting your marketing strategy.



Can I interview professionals for my qualitative market research?

It is perfectly possible to question professionals during the qualitative phase of your market research.

You can even imagine that the interviews take the form of a prospection meeting during which you will try to sell your product or service and you can note any signs of interest (or lack of interest) as well as direct feedback about your idea (which will allow you to improve it accordingly).

These interviews are different from those that you might conduct in a neutral setting (a meeting room, for example), because they will be carried out on location, in other

words in the same environment as the field of qualitative market research. Be aware however that by immersing yourself in your future professional environment, you may well change it. You will no longer be a neutral, non-participating observer.

Be sure to trace the entire chain of distribution (from manufacturing to purchase), in order to identify the most important players. These are the people you will need to approach to interview them. Use your network of relationships to convince them! But don't be surprised if it is difficult to get

a meeting. Professionals are busy people with little time to devote to this kind of exercise. In general you will need to contact 10 people in B2B in order to get a single appointment.

Interviewing end consumers will prove to be a much easier task. Once again, your network will be invaluable in unlocking these doors. To facilitate making appointments, we can also recommend offering some form of small financial compensation in order to encourage them. This is compensation for the time spent with you, as a qualitative interview can easily take up to 90 minutes.



What financial compensation for a qualitative interview?

The question of financial compensation is central to carrying out qualitative interviews, a crucial stage in market research.

Financial compensation (when it cannot be replaced by “in kind” compensation, i.e. in the form of products), must be high enough to compensate the respondents for their time, but not too high, as this may attract respondents who are only interested in the money.

We therefore advise you to compensate respondents to a qualitative interview lasting one hour with €30 when possible and to never exceed €50.

How many interviews should I hold for my qualitative market research?

This is a recurring question to which there is no ready-made answer. Scientific studies into the subject show that the ideal number of interviews varies from 5 to 60. Isn't that helpful!

A universal principle does however apply: conduct interviews to the point of exhaustion. We don't mean that you will be exhausted by the exercise, but that all the themes that may emerge during the discussions (see next paragraph) will be exhausted. If the 11th interview reveals nothing new compared to the 9th one, you can consider that you have reached the point of exhaustion and a 12th interview will not be necessary.



Now let's dive into the heart of the matter: conducting these famous qualitative interviews. Including qualitative interviews in your market research is a crucial step.

Let there be no misunderstanding: an interview must be thoroughly prepared in advance. It is definitely not an improvised discussion. It must be well structured to offer you the new information (or confirmations) that you are looking for.

Step A: Preparing the qualitative interview

Preparing the interview begins with writing an interview guide. The interview guide is a document which allows you to formulate, in advance, the questions that you would like to ask in order to better understand the behaviour of your future customers: what are their current habits, what are their problems, what are their hopes, are they receptive to your idea, what do they think of your prototype, ...

Most of these issues come as a natural result of step 3 during which you undoubtedly identified

the main problems to which you will need to find the answers.

Step B: Writing the interview guide

Writing the interview guide is a repetitive learning process. In other words, the interview guide is not set in stone, and it can vary from one interview to the next. On the contrary, you should update the document after each interview, taking both your discoveries and your difficulties into account.

The interview guide consists of open questions which will allow you to follow a general line of enquiry without having to stick to the same questions in the same order from one interview to another. Consider the interview guide to be a kind of memo pad that will allow you to deal with every situation without forgetting anything.

The questions that you ask will of course be based on the problems that were thrown up by the research in Step 3, but they will also be based on a literature review. The literature review involves examining what has already been published on the subject(s) in which you



are interested to ensure that you don't miss any of the important aspects.

Step C: Conducting the qualitative interviews

Interviews will be carried out face-to-face, insofar as possible, in the context of the analysis. An alternative is to carry out the interviews in a neutral environment. Under no circumstances should you perform the qualitative interviews in a noisy environment in which the respondent may get distracted.

The interviews must be recorded (audio or video) so that they can be transcribed. You will also want to obtain prior agreement from the respondent for the recording.

Refer to the previous chapter about preparing the qualitative phase of market research, for tips about the people to interview and how long the interview should last.

Step D: Transcribing the interviews

The first thing to do is to retain your first impressions. As soon as an interview ends, we advise you to immediately record your impressions on your voice recorder. This will be useful afterwards when it comes to analysing your interviews.

Once the interview is over and you have made a note of your first impressions, it is time to move on to transcribing the interview. Transcribing means writing down word for word everything that has been said (some marketing researchers even transcribe hesitations, repetitions and other kinds of language idiosyncrasies used by respondents).

In order to be analysed, the interviews will have to be transcribed word for word. This is essential for the coding phase which follows.

In practice, you can do this job in Microsoft Word with a line break every time a new person speaks. For reasons of confidentiality, we protect the identity of respondents and only identify them



with a code. In this way, we get a sequence that looks something like this:

- Interviewer: ...
- Respondent 1: ...
- Interviewer: ...
- Respondent 1: ...

Step E: Coding and analysing the qualitative interviews

Once the transcript is down on paper, you are ready to start coding the interview. This is a laborious, but extremely rewarding phase. If you can, we advise asking a third party to carry out the coding in order to eliminate any possible bias. This is how we proceed with our clients: one person prepares and conducts the interviews, another transcribes them and a third person performs the coding.

Coding is a manual phase that allows you to identify, in the transcript, words, phrases or partial phrases that relate to a particular theme.

Ideally, you should create a coding guide that covers all of these themes. This list will evolve in line with the discoveries you make during

each interview and they will lead you back to the previous interviews to check for the presence or absence of these themes. We strongly advise using specialised software to help you with this task.

There are several programmes available: Maxqda, Nvivo, Atlas.ti.

Once the coding has been carried out, these programmes can perform a multitude of analyses. For example, software such as Maxqda can calculate correlations between themes. This feature is particularly useful for identifying the most important themes and the existing links between them.

This way, you can easily classify and categorise the most important aspects of your research and include them in the quantitative phase.

Now we are going to tackle a stage that is specific to local retail, the question of where to locate your business.

If you intend to position yourself in the B2C market and you plan to have a point of sale, this will be of particular interest to you.



Location market research for retail businesses

If your project is in local retail, analysing where to locate your point of sale will prevent you from making any fatal errors.

If you are planning to open a physical retail outlet (i.e. a shop), nothing could be more important than its location. We are now going to tackle this issue.

“Location, location, location” is what the real estate agents say to better highlight the all-important choice of where to set up your business in relation to all the other variables. Do not skip over this analysis, because it will allow you, among other things, to check the potential of your catchment area and the balance between the customers you will find inside

the area and the market segment you are targeting.

i. Step A: Counting flows

Location analysis will initially be based on a study of the flows of passers-by. This is particularly important in cases in which the catchment area is quite contained (food outlets for example: restaurants, takeaways...).

Studying flows consists of counting the numbers of people who pass by your point of sale and evaluating the capture rate, in other words the percentage of those people entering your shop. This is why the busiest thoroughfares in big cities command the highest rents, because their turnover will be directly related to the flows of passers-by.

For businesses in the field of HoReCa/HRC, we generally carry out measurements during uninterrupted periods of 3 hours (for example 11.30am – 2.30pm for customers eating lunch) over 7 days. In particular we monitor events that can have an influence on the numbers (weather, school holidays...).

ii. Step B: Qualifying flows

But analysing flows is not simply a matter of counting. You also have the opportunity to observe passers-by and thereby determine whether they correspond to the type of customer you want to target.

In a study conducted in a European capital for a point of sale



targeting 12-25 year olds, we rapidly realised that the chosen location did indeed attract a lot of people, but that only a very small proportion of the passers-by matched the desired target group. This explained the poor results of the point of sale and confirmed the importance of doing a new business location study before signing a lease.

iii. Step C: Analysing the flows of passers-by

Analysing flows is one of the market research methods that involves both qualitative and quantitative methods.

When you count the numbers of passers-by and recreate flow diagrams corresponding to the time of day (we recommend that you

convert your count every 15 minutes), you are performing a quantitative analysis.

If you observe the passers-by and classify them, you are also carrying out a qualitative analysis.

Non-participative observation techniques fall under the heading of ethnography. Using them you can easily classify passers-by in terms of age and other criteria that may be more or less difficult to determine (for example, in a 2017 study carried out for a HoReCa business, we succeeded in distinguishing tourists from people living in the area).

Represent the flows on a graph (Microsoft Excel has the perfect tool for this) in order to explore the data in a visual manner. Ask yourself the following questions:

Is the number of customers passing by my point of sale sufficient to generate the expected turnover?

Is the flow of passers-by different from one side of the street to the other? Does sunlight play a part in these differences?

Does the flow of passers-by move in one direction? Do passers-by notice your shop? (Some locations, at the entrance to shopping centres for example, or on a side street, can be particularly unfortunate, because they have poor visibility if passers-by are mainly moving in a direction which causes them to turn their back to the shop window.)

- What eventual influence can public transport stops or street furniture have on the flow of passers-by.



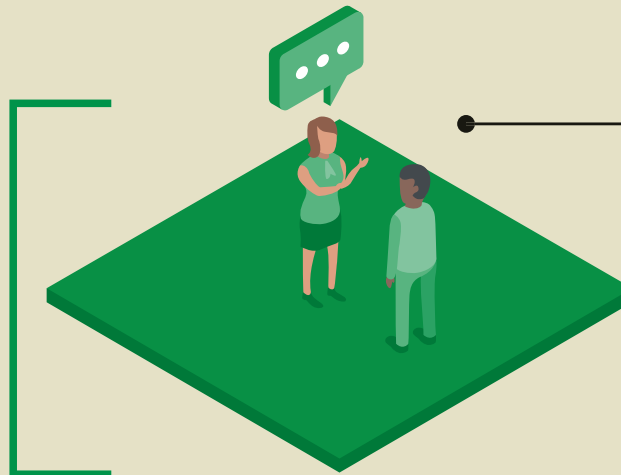
Now we are going to look at a subject that is often poorly and insufficiently handled: that of quantitative studies.

Quantitative market research often constitutes “poor man’s market research”. We will try to explain how to do it out properly, and the preventive measures to take to avoid messing it up.



5: QUALIFY THE DEMAND

Use qualitative techniques (observations, ethnography, focus groups, interviews) to better “qualify” the demand



Conduct in-depth interviews to better understand your future customers.

- Preparing for the Qualitative Interview
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6. Using online surveys — establishing a questionnaire for quantitative market research

The quantitative survey is one of the last stages in market research. Problems need to be qualified before they can be quantified.

Now that you have improved your original idea using Design Thinking, created and tested a prototype, analysed trends, checked the various environmental parameters (PESTEL analysis), better understood the expectations of your future clients, and studied the strengths and weaknesses of your competitors, you are finally ready to quantify customers' receptiveness to your ideas. **This quantitative market research**

will deliver valuable information that will feed your business plan and your financial plan.

Step A: Write the questionnaire for your quantitative market research

Preparing a good questionnaire for your quantitative market research represents a challenge and it will, once again, require some method and some work.

You need to start by writing good questions (and translating them correctly if your survey is conducted in several languages and/or in several countries), and then make sure that the questionnaire you submit is not too long for your respondents, before putting the questions to a representative panel of your future customers.





9 rules to observe when drafting your market research questionnaire

1. Avoid sensitive issues
2. Avoid negatives when writing your questions
3. Only include questions that are strictly necessary for your market research
4. Check that a single question is enough to obtain the information you seek
5. If one question or aspect is essential, include a similar question (but phrase it differently) at another place in the questionnaire in order to confirm the answer to the first question
6. Ask yourself if the interviewee can provide the information
7. Ask yourself if the interviewee wants to provide the information
8. Do not exceed 20 questions or 10 minutes
9. Preferably use a Likert scale

Step B: Test your quantitative market research questionnaire

Once your quantitative market research questionnaire has been developed, it is time to test it.

Statistical methods exist that allow extensive testing and ensure the validity of the questionnaire for the purposes of deduction. We will not be discussing these extremely complex methods here. All we can do is recommend that you test the questions on a small sample of individuals in order to observe how they respond and to detect any potential difficulties related, for example, to poorly formulated questions before moving forward.

You should pay special attention when writing the questions to make them as unambiguous as possible.

If you feel that your questionnaire is ready and in the case where several languages are required, carry out a double translation. This will ensure the consistency of the text in the different languages.



Step C: Administer your quantitative survey

To “administer a survey” means asking people to answer your questions. This can be done in different ways.

The most common one nowadays is to launch an online survey using one of the many tools available. However, you still need to reach the targets that you want to question.

There is no point in performing a survey on a convenient sample of your friends and relatives if they are not the target. This may seem obvious, but how many times have you seen requests to respond to online surveys spring up on social media?

If you have a few hundred euros to invest, use them to rent a panel of online respondents whose profiles will match those of your future customers.

Step D: Analyse the results of your quantitative market research

Most online surveys services have dashboards with trustworthy graphs, averages and intervals.

This is more than sufficient for the market research needs of a start-up. If you are a larger company and are looking to establish statistical correlations or even to build an econometric model, further analysis will be necessary. If this is your situation, please contact us so that we can advise you.

The end of the tunnel is in sight! Your market research is almost complete!

The next stages will be to synthesise the results of your research, to identify the buoyant segments and to quantify the potential before writing your business plan and your financial plan.



Implementation study (only for brick-and-mortar businesses) : assess flows and define catchment area

- Count the flow of pedestrians
- Qualify the flows
- Analyze the flow of pedestrians



Quantitative phase

- Write your Quantitative Questionnaire
- Test your quantitative questionnaire
- Administer your quantitative survey
- Analyze your results



6: QUANTIFY THE DEMAND

Use findings from the qualitative phase to quantify customers' needs



7. Synthesise the results of market research before the business plan

Once you have done your market research, you will need to summarise the results in order to include them in your business plan.

The synthesis phase of market research is important when it comes to drafting a good business plan.

What you write will be the central core of the business plan, its foundations. The effort that you put into writing this synthesis will not be in vain. Above and beyond the exercise itself, pieces of information that you bring together at this stage can be reintroduced directly into the framework of your business plan.

Step A: Synthesise the results of the market research

Visual tools can be of assistance when summarising the results of your market research.

Commonly used methods are, for example, the **SWOT analysis, analysis of Porter's 5 Forces and the "Blue Ocean" strategy**. In addition to their usefulness when summarising, they are also very popular with banks and investors.

SWOT analysis (which stands for Strengths — Weaknesses — Opportunities — Threats) is a way to categorise and view the essential information about your project. This backdrop is often included in the business plans.

The Porter's 5 Forces analysis was "invented" by the expert in marketing Michael Porter. It allows you to represent the competitive situation in a market by studying the 5 forces that act upon it.

You can then **follow the breakdown proposed in this guide** (market trends, environmental analysis, qualitative and quantitative analysis of the request, competitive analysis...) to structure your overview and enhance your written words with the visualisations suggested above. They will reassure your interlocutors as to the seriousness of your work.



Step B: Identify the most promising market segments

Armed with all these scorecards, you now have a much clearer view of your market and the difficulties that await you.

But the opportunities should also be much more clearly visible. For example, it may have come to your attention during the quantitative survey that one segment (i.e. a homogeneous fraction of your future clients) responded particularly well to your product or service. Focusing your efforts on this segment of customers might be a good idea to maximize your start-up's chances. Following too many leads may be a waste of energy; when they don't materialise quickly enough, you could find it discouraging. And when it comes to a start-up, small victories are essential to boost morale and keep moving forward. That is why you should choose the segments that can be most easily "converted" or those with the highest yield.

Identifying promising segments can be facilitated by a Blue Ocean-type analysis, a technique appreciated by external investors and bankers,

because it demonstrates that you are up to date with modern analytical methods.

The **Blue Ocean strategy** is a paradigm that was proposed by Kim and Mauborgne in their now-famous book.

In this book, the two authors propose looking at the market spaces that have been left blank by companies that prefer to fight in oceans that are tinted red with the blood from their competitive battles.

Kim and Mauborgne suggest using an interesting canvas in order to measure the value for the customer of an idea and to detect the presence of a blue ocean (we have used this canvas on several occasions while conducting our market research for business plans and its effectiveness persuaded us to make it a tool that we now offer to our clients).



Step C: Evaluate the size of the market for the selected segments

The second-last step is now on the horizon, quantifying the potential of the segments that you selected in the previous step.

Let's take a simple B2C example. Imagine that you have identified the 55-65 year old segment as the one on which you want to focus your initial efforts.

Quantifying the size of this segment involves knowing how many people are aged between 55 and 65 years in the target country(ies) and evaluating the fraction of those people likely to be interested in your product or services.

The same kind of analysis can be carried out in B2B. There are national statistics and company directories that allow you to categorise companies in terms of multiple criteria (number of employees, age, turnover, sector of activity...). Each variable offers the possibility of an additional segment that you can take advantage of.

To use this data in your financial plan and make some projections, you will need to define

a conversion rate. What proportion of the market will you succeed in conquering with your product or service? What is the time frame for you to make this conversion?

Defining a conversion rate — a potentially hazardous exercise

How can you project yourself into an uncertain future and determine in advance the percentage of your future prospects who will be won over by your offer?

There are several possibilities, the best being to base it on a solid quantitative survey. Therefore, you were quite right to wonder about the relevance of doing a quantitative survey earlier in the market research (implementation study for local shops).

Why not do it later? There is no right or wrong answer to this question. Ideally, you should repeat the survey (on- or off-line) when you identify the most promising market segments (remember that market research is a repetitive learning process), but perhaps it will not be necessary.



Indeed, the initial phases of the market research (design thinking, qualitative interviews) may already have led you, without you noticing, to reduce the scope of your research to certain segments that you have already surveyed automatically during the quantitative phase.

If your sample in the implementation study is large enough, you may be in a position to extrapolate the results from a segment of this population.

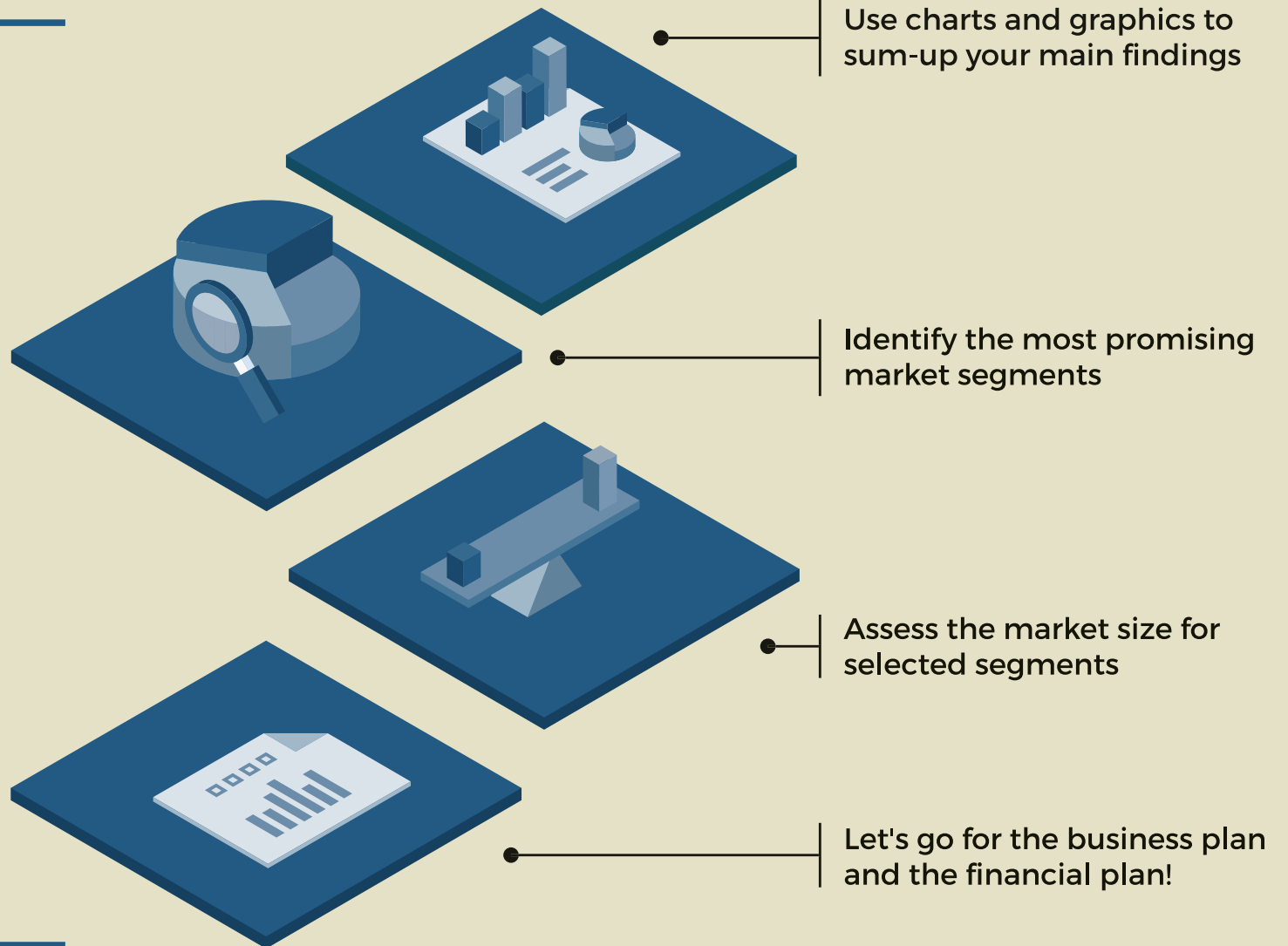
Step D: Next step — your business plan and financial plan!

Is your market research complete? It's time to move on to writing your business plan and financial plan. These are the last steps before you face the suspicious frowns of bankers and investors. But that's another story, one for which we will also be writing an ad hoc guide.





7: FINALIZE



A STEP-BY-STEP GUIDE TO MARKET RESEARCH

1: TEST YOUR IDEA

Don't be afraid to talk about your idea to gather external feedback (especially negative one).



Put your idea on paper : what makes it unique and attractive?

Test your idea on friends and relatives

Organize a Design Thinking Session to gather more insights and improve the initial idea

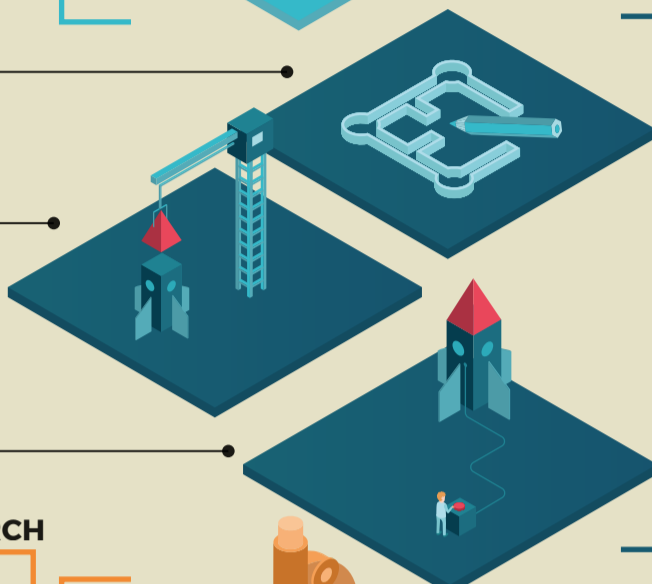
2: IMPROVE YOUR IDEA

Fix the most obvious flaws to improve your initial idea and develop a MVP (Minimum Viable Product)

Define the customers' pains you want to solve

Develop a prototype to explore customers interactions with your product / service and detect problems

Test your prototype and collect real feedbacks



3: PLAN YOUR RESEARCH

Good market research is based on the use of complementary methods, not just an online survey

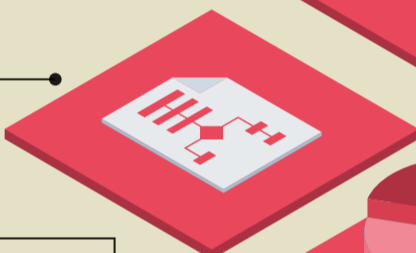


Determine which methods you need to use for your market research

Analyze current and future market trends

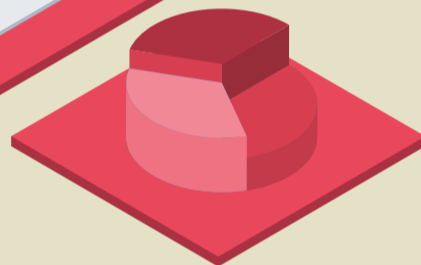


Conduct a PESTE(L) analysis to understand the impact of external market factors



Analyse the competition

- Identify your direct and indirect competitors
- Define the criteria to benchmark your competitors
- Search relevant information about your competitors
- Benchmark your competitors

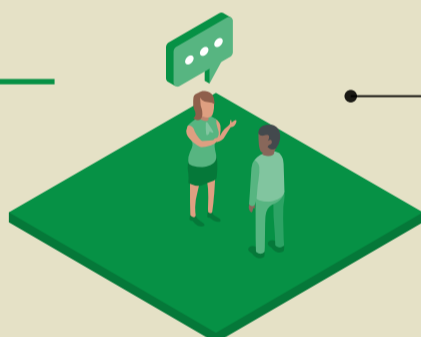


4: OBSERVE THE MARKET

Take an external look at the market to understand its dynamics, identify competition, your competitor's strengths and weaknesses

5: QUALIFY THE DEMAND

Use qualitative techniques (observations, ethnography, focus groups, interviews) to better "qualify" the demand



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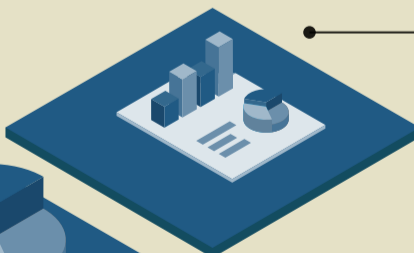


6: QUANTIFY THE DEMAND

Use findings from the qualitative phase to quantify customers' needs

7: FINALIZE

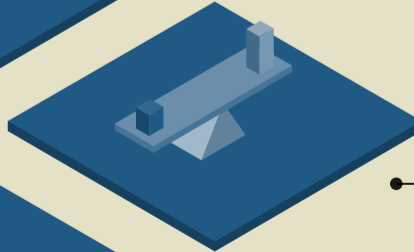
Use charts and graphics to sum-up your main findings



Identify the most promising market segments



Assess the market size for selected segments



Let's go for the business plan and the financial plan!

