



THE GUIDE TO MARKET RESEARCH FOR SMEs

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Market research isn't just for big business. SMEs have a lot to gain from researching their customers so long as they are prepared to hear the bad as well as good feedback. This guide change to This Guide to Market Research for SMEs takes a tour through the best ways for smaller organisations to conduct effective research.

Market research can have a transformative effect on SMEs, helping smaller businesses to develop new products, improve customer retention and increase profit. Research means being prepared to re-evaluate your intended path when you hear what your customers, and potential customers, have to say. Knowing what to fix is often the key to transforming the fortunes of a small organisation.

At its heart, market research works out who your customers are, how to attract more of them and how to make them happier. Happy customers buy more: the probability of selling to your current customers is about 60–70% while selling to a new one is only 20%. And if that's not enough to convince you a study by Bain and Co showed that improving customer retention by 5% results in a 25% increase in profit.

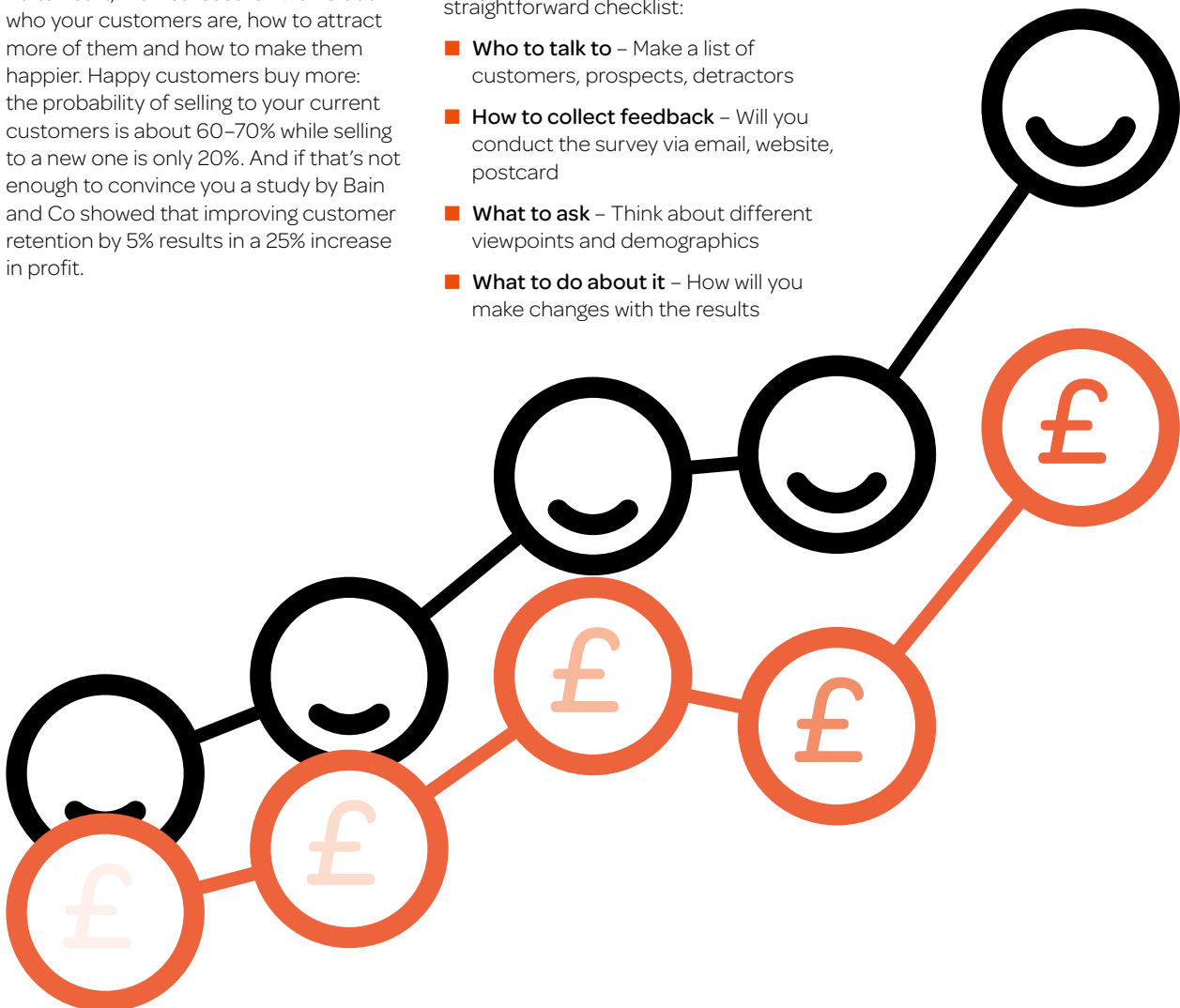
STARTING OUT

You will have undoubtedly been the recipient of many research approaches yourself, but where do you start when you have never conducted market research before? The best research is often the simplest. Alex Johnston, a member of MRS and director at Jigsaw, and Phil Morrison, MD of Whycatcher, with over 25 years' experience of SME research, recommend starting with a straightforward checklist:

- **Who to talk to** – Make a list of customers, prospects, detractors
- **How to collect feedback** – Will you conduct the survey via email, website, postcard
- **What to ask** – Think about different viewpoints and demographics
- **What to do about it** – How will you make changes with the results

It's key to speak to those who actually put their hands in their pockets to pay for your products and services. So the parent not the kids. And choose active customers who have used your services most recently to get a real time snapshot of how the market views your business.

The way you research customers depends on your customer base. Do you have a database of 2,000 prospects or do you know your 50 customers personally? Online quantitative surveys are a better fit for larger numbers where you want to gather general trends and opinion whereas for a smaller base consider qualitative research such as a focus group where you can dig deeper into what your customers feel.



THE ART OF SURVEYS

Designing a quantitative research survey and collecting the feedback used to be the expensive part of research but with the advent of email surveys, mini website surveys and electronic feedback forms, this has significantly reduced in price and complexity.

Ideally research questions should be as simple and straightforward as possible. "Research isn't rocket science, but it is about intelligent process that enables people to interact with you in the easiest way," advises Phil Morrison.

It's more fruitful to have 5 minutes from 100 people than 100 minutes from 5. An incentive, such as a £100 prize draw, often encourages customers to answer and is an effective way to encourage people to take part. It's also good to get feedback anonymously especially to give any disgruntled consumers a voice.

Example questions for a survey

- How satisfied or dissatisfied are you with our service (on a scale of 1 to 10).
- How likely or unlikely are you to be a customer in a year's time? If not, why not?
- What do you like, dislike, could be improved about our service?
- What services do use?
- How long have you been a customer?
- What is your age, location, experience etc?

And finally make sure you check the legal stuff first to ensure you have the relevant permissions. There is nothing worse than contacting customers about improving customer service if they have specifically asked that you never contact them for research! This will become increasingly important in the light of the upcoming EU General Data Protection Regulation which come into force in May 2018.

GO FOR ACCREDITED RESEARCH

If you don't fancy running the research yourself or would like the input of research expertise there are a range of qualified agencies and suppliers specialising in SME research. But look out for MRS-accredited organisations and members as listed in the Research Buyers Guide – the only guide that lists UK and Ireland suppliers that abide by the MRS Code of Conduct. www.theresearchbuyersguide.com

Smaller businesses sometimes assume that commissioning research will be too costly for them. But when it comes to research, there is always something useful that you can do whatever your budget. A professional researcher can guide you towards the most robust and effective ways of finding the answers you need on a limited budget.

Research consultant Ruth Stevenson advises: "There is no substitute for talking to your customers and making business decisions based on their needs. The more systematic your approach to research, the more confident you can be in what it is telling you."

However the biggest single factor to successful research is not the results themselves, but what you do with them. Bear in mind that issues most frequently mentioned as areas for improvement are the ones most likely to result in satisfaction.

It's also important to involve your team or staff so they can understand the feedback. Use the results as a springboard for discussion and to build an action plan. And make sure you tell your customers what you are doing. Being brave enough to go through the market research process – warts and all – will help propel your SME to bigger opportunities.

FIND A RESEARCH AGENCY WITH RBG

The Research Buyers Guide lists organisations in the UK and Ireland that abide by the MRS Code of Conduct. www.theresearchbuyersguide.com



TOP TIPS FOR SME MARKET RESEARCH

- 1 Listen to what customers are saying most often
- 2 Don't be defensive
- 3 Share the results with your team
- 4 Work with your team to think of ideas
- 5 Develop an action plan to make the changes
- 6 Tell customers you've listened and acted



TURNING AN SME AROUND

When Edinburgh based photo website Blipfoto ran into trouble, it turned to market research to help reverse its fortunes. “Blipfoto had a loyal following but it had run out of money, explains its commercial director, Ian Stevenson. “After setting up a community interest company, we wanted to talk to the customers about how to make it sustainable.”



Ian and three other directors stepped in February last year initially to build a crowd funding campaign to bring in the much needed revenue. Raising a healthy £160,000 through crowdfunding, highlighted Blipfoto’s popularity but the team needed a workable income stream to keep things going.

The research consultant’s view

Research consultant Ruth Stevenson explains how she saw the issues. “Blipfoto came to me with a clear question: What new membership model will make us financially viable without driving away our existing members?”

Working with the team, Ruth designed a survey to identify different customer groups, their attitudes and what features could be included. They presented five theoretical models a couple of which were designed to be provocative but they helped to test everyone’s assumptions. With over 1,300 responses Blipfoto extrapolated what revenue could be raised for the different membership levels.

“Quantitative research is all about asking the right people the right questions. The research enabled us to understand exactly how the potential market was prepared to engage with Blipfoto,” explains Ruth

The results

The 1,300 responses highlighted a key insight. Whereas a vocal minority of Blipfoto customers only wanted paid membership, more than half felt there should be a free option as well. So Blipfoto offered both, developing a new paid-for grade to attract those who were keen to take advantage of additional benefits.

Blipfoto relaunched its membership package last October and within one month had generated enough income to sustain the company for a year. “Market research give us insight into what our customers really wanted,” Ian enthuses. “The results turned our fortunes around.”

blipfoto

www.blipfoto.com

USEFUL RESOURCES

- The Market Research Society www.mrs.org.uk
- The MRS Code of Conduct https://www.mrs.org.uk/standards/code_of_conduct
- Research Live www.research-live.com
- The Research Buyers Guide – the only source of accredited research suppliers in the UK and Ireland www.theresearchbuyersguide.com
- Fair Data mark www.fairdata.org.uk