

How to do market research on a small budget

Small companies can benefit just as much as big conglomerates from gaining insight into their customers and marketplaces when rolling out new ideas. Although market research sounds expensive, there are ways to achieve valuable knowledge without a huge outlay

By **Lucy Tesser**



Pukka uses free online research tools such as Google Analytics and Facebook Insights to access data

When launching a new product or building a brand, companies have to understand their audience to truly meet customers' needs and expectations for the long-term. Although large companies such as Unilever, Procter & Gamble and Coca-Cola spend many millions of pounds on research and development each year, smaller firms must assess market opportunities on a considerably tighter budget.

Marketing Week explores six ways that marketers and entrepreneurs can do market research on a shoestring without cutting corners.

> 1. Opt for quality over quantity

The key is knowing what to invest in and when, says Tom de Pass, head of communications at herbal tea brand Pukka.

"Obviously, budget restraints affect either the quantity or the quality of the research," he says. "If it's the former, it's always worth asking 'do we really need to know this and are we going to take action as a result of it?' By doing this you focus the research on answering the questions that will have the biggest impact."

This is sound advice according to Jane Frost, CEO at the Market Research Society (MRS), who says brands should always opt for quality over quantity.

"A lot of brands have a huge amount of information but it is not insight until it is interpreted," she says. "If you are on an economy drive, you should limit the amount of data you collect; I would suggest doing this even if you aren't on a tight budget because it's better to have a thousand pieces of good data analysed by a human being than a million pieces of bad data analysed by a machine."

In light of this, she suggests brands begin by mining their own internal data before investing in any external research because it will lead to "a much tighter brief, which is focused on your needs and outcome requirements".

> 2. Take advantage of free data

Frost points out that there is also a huge amount of free starter data that brands can source from the census, which records all the country's residents once a decade, as well as from local authorities and other organisations.

"If you're thinking of using mail, for example, the Royal Mail has a very good accessible database, and you wouldn't believe how far you can mine the census for free," she says.

Brands can also learn a great deal by using free research tools such as Google Analytics and Facebook Insights, which de Pass

at Pukka says provide “no end of interesting data” without needing to incur any cost (see Top tips, page 24).

> 3. Ask the right questions

One of the best places to start with research is talking to prospective customers and doing live testing, an exercise that Gemma Clarke, CMO of hairbrush brand Tangle Teezer, believes is invaluable. “How people initially react to your product is important; finding out exactly who your primary customer will be is essential,” she says.

As a hair colourist, Tangle Teezer’s inventor Shaun Pulfrey was in a position to test early prototypes on clients in a hair salon environment, enabling him to receive immediate feedback from his target consumer. He was also able to listen to reactions at trade shows, and get first-hand opinions from stylists.

“Having worked in salons for over 20 years he had a ready-made network of former colleagues to test his brushes and provide advice and feedback,” says Clarke. “By tapping into your network of friends and associates on Facebook or LinkedIn you can build a great deal of research at little cost, often just postage, and it works because nearly everyone likes to be asked for their advice. Our research budget in those days [ahead of launch] was under £1,500 – the cost of tweaking prototypes over three years.”

Likewise, former Tesco marketer Hari Ghotra, founder of an online Indian cooking hub that bears her name, says her budget was “virtually non-existent” when she was launching the business so she relied heavily on hands-on research.

“Defining your audience is an essential part of launching any new startup. My passion for authentic Indian food led me to run cookery classes on weekends, which I fitted in around my full-time job as a marketer,” she says. “As my classes became more popular, I expanded into supper clubs and dinner parties. This hands-on experience of cooking in people’s homes proved invaluable and gave me a strong insight into what consumers are looking for in cooking Indian food.”

Ghotra also spoke to groups of peers, colleagues and mums, as well as looking at what other cooks were doing in this space. As a result the entrepreneur discovered a gap in the market for sharing Indian food knowledge via digital channels.

> 4. Use social media to test the market

Social media can also play an important role for smaller businesses and those looking to grow, according to Tangle Teezer’s Clarke. “Asking questions on social media, especially Twitter, can work really well,” she says.

However, Clarke warns brands to be careful not to make customers feel as if they are being used. “People love to give their opinion, but don’t want to feel they’re being manipulated,” she explains. The brand has previously used social media to build a profile of customers by finding out which product colours are most popular and asking which celebrity hairstyles they aspire to.

Likewise, Ghotra says social media plays a “huge role” in her research strategy as it provides “rich information about who is

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Jane Frost, Market Research Society

interested and interacting” with her brand. “The data is continuing to grow,” she says. “It’s not just about getting lots of followers and likes; it’s about building engagement and advocacy.”

Ghotra got financial backing for her business from digital marketing agency Jellyfish last year, which supported the brand with social media and content campaigns, YouTube videos, search marketing and display advertising.

“This activity allowed us to gather data, which we could use to develop our market research,” she says. “We were able to define key audience groups who were interacting with my brand across a multitude of digital platforms and social networks. We gained a deeper understanding into what they feel about Indian food, what type of cook they are and how they interact with Hari Ghotra.”

> 5. Trust your instincts

Although it may not be the most scientific method of research, Pukka’s de Pass says the brand’s founders Tim Westwell and Sebastian Pole relied on “gut instinct” when launching the business. “Tim was a successful businessman, looking to step out of the corporate world to find a way to express his passion for nature and desire to contribute to a more positive world using his business skills. Sebastian was an ambitious herbalist who wanted to change the world by introducing people to the power of herbs,” says de Pass.

“It wasn’t a case of ‘we think there’s a gap in the market, let’s test it to see if there is’. It was more a case of ‘we want to bring herbs into people’s lives and we think organic teas and supplements is the way to do this’. Tim and Sebastian didn’t do any research – everything was done on gut instinct with their passion for herbs at the core,” he adds.

Although intuition plays a big role in how the brand is developed, Pukka’s approach to research is changing as the organisation grows, particularly as it looks to expand into new and existing categories. “We are aware that we need to know much more about our customers, so we have increased our research budget,” says de Pass. “For the first time we are considering qualitative research and we have roles internally that are responsible for research across different areas and categories.

Top tips for market research on a budget



Tangle Teezer

Gemma Clarke
CMO



More than 85% of all Tangle Teezer hairbrushes are sold outside of the UK.

We used ecommerce platforms such as Amazon and eBay in the early days to test global markets and to see which products, colours

and price-levels would work in those countries. It worked perfectly. Whenever we saw online orders increasing within a country it told us that the time was right to launch. Building that awareness and traction through social media and ecommerce channels before entering a market is an opportunity that simply didn't exist 10 years ago. It means that startups can be born global these days and that's very exciting.



Pukka

Tom de Pass
Head of communications

At Pukka, we do buy in data to map our performance in the market against our competitors but we also do our own research using online survey tools to save costs.

DIY research might not be as reliable or valid as paid-for agency research but it can be a great way to give a quick and dirty view to test a hypothesis or track a campaign.

Other online research tools, such as Google Analytics or Facebook Insights, provide no end of interesting data for free.

Ultimately, the greatest tool in any brand's armoury is simply to listen and observe. Our website is built specifically to enable Pukka customers to discover a world of content. We learn a great deal from the way they do that.



Closely monitoring customers' needs has been critical to the growth of café Lady Dinah's Cat Emporium

"We are conscious that we already have a lot of data, particularly online, so we are focusing on using this to inform future digital marketing strategies. We are also using research to prove the effectiveness of herbs."

Lauren Pears, founder of Lady Dinah's Cat Emporium – a café in east London where guests can enjoy a cup of tea surrounded by resident cats – also relied heavily on intuition when launching the business but gained a lot of early insight about interest from potential customers through its crowdfunding campaign.

"It made me realise that there was interest in what we were doing, as it fulfils an emotional need," she says. "Some businesses just wouldn't get the interest but we realised people were really excited by the idea and wanted to see it happen."

> 6. Observation is a valuable tool

Paying close attention to customers and how their needs are changing has been critical to the growth of the business too, says Pears. "Once we opened we got a lot of anecdotal information from people coming into the café. We found customers changed very quickly; we had a lot of novelty-seeking customers at the beginning but we knew they weren't the right people to base the business model on," she says. "We started noticing people were coming for birthdays and special events, so we have started to cater the business towards being a place you go for special occasions."

By simply observing customers in this manner she believes any small or medium-sized business should be able to change and adapt very quickly. It may sound obvious, but Frost at the MRS says brands can learn a lot by watching the market and listening to their customers in this way. "Most brand managers need to observe more and count less," she says. "There is no substitute for watching good qualitative research or participating in a co-creation exercise because you are there with the people that you need to attract."

When Frost used to work brand-side as a product manager at Unilever, she insisted all her brand managers read *The Sun*, despite them predominantly being readers of *The Guardian* and *The Telegraph*, because that was the paper of choice for the demographic they were trying to reach. "There are things you can do about your own behaviour and you can easily encourage moderated observation that costs little," she adds.

