

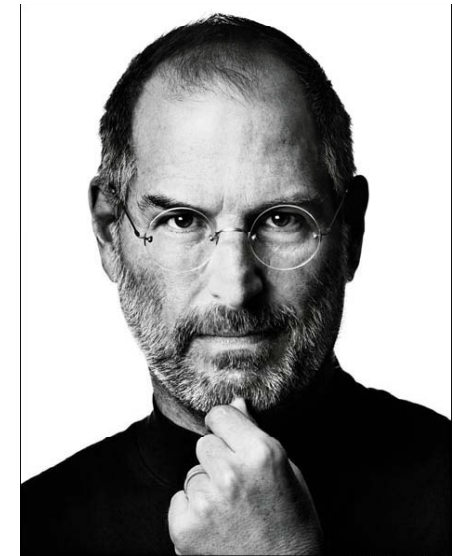
**“It’s tough to make predictions,  
especially about the future”  
– Yogi Berra**

**(a.k.a. Market Research)**

**Dean Chang**

**Mtech – Ventures & Education Director**

# Does Apple Conduct Market Research?



## If You're a Startup, You Need Market Research!

- Product development is **very** expensive
- Market research is cheap by comparison
- Know there's a market first!
  
- Investors won't take you seriously without credible market research

# Market Research for Startups

- **Who are your competitors & what are the competing products?**
  - Financials, Product Differentiation, Market Strategy, Sales Channel, Resources, Investors
- **How big is the potential market?**
  - Is this a \$1M, \$10M, \$100M, or \$1B+ market?
- **Will anyone buy your product?**
  - Who will be your first customers, and how many of them are there?

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# Types of Data: Primary vs. Secondary

- Primary data - collected especially to address a specific research objective (e.g. survey data, customer feedback, focus groups, experiments)
- Secondary data - collected for some purpose other than solving the present problem (e.g., census data, sales data, primary data collected previously)

## Secondary Data Sources

- 10-K Annual Reports/SEC Filings
  - Examples: Logitech, Apple, iRobot
- Corporate Websites
  - Examples: Sony Computer Entertainment
- Trade Associations
  - Examples: Solar Energy, Airlines, Toys, Video Games
- Newspapers/Periodicals
  - Examples: Google, LexisNexis
- Government/Census data ([www.census.gov](http://www.census.gov))
- Studies/Reports
  - Examples: NPD, Gartner, IBISWorld, Mintel
- UMD Library: [www.lib.umd.edu/cgi-bin/databases.cgi](http://www.lib.umd.edu/cgi-bin/databases.cgi)  
or [www.vbic.umd.edu](http://www.vbic.umd.edu)
  - Hoover's, LexisNexis, IBISWorld, Mintel, Factiva

# Focus Groups

Will anyone buy your product?  
Who will be your first customers?

## Focus Groups

- Format: 8-10 paid participants, 1-2 moderators, ~1 hour, one way mirror, video, etc.
- Good moderator essential to not lead participants or inhibit participant feedback
- Good for assessing user needs and feelings & evaluating product concepts
- Results should not be quantified (e.g, “6 out of 8 said they would buy it”)

# Surveys

Will anyone buy your product?  
Who will be your first customers?

# Surveys

(Eric Bradlow – Marketing Prof, Wharton)

- Use “backward approach”- What would you do with the answer if you knew it?
- Avoid complexity: Use simple, conventional language
- Avoid leading and loaded questions
- Avoid ambiguity: Be specific as possible
- Avoid double-barreled items
- Avoid making assumptions about respondents
- Avoid burdensome questions that may tax the respondent’s memory
- Avoid long questions (not more than 20 words)
- Use qualifying question if issue is not applicable to all respondents

# Order Bias: Does The Question Create The Answer?

(Eric Bradlow – Marketing Prof, Wharton)

Questions Preceding Buying Interest Question

% of Respondents “Very Much Interested” in Buying New Product

1. No question asked	2.8
2. Asked only about advantages	16.7
3. Asked only about disadvantages	0.0
4. Asked about both advantages and disadvantages	5.7

# Surveys

- Finally ...

Pre-test with small test group first

**YOU'VE ONLY GOT ONE SHOT, SO  
GET THE SURVEY PERFECT BEFORE  
EMAILING IT OUT TO DOZENS OR  
HUNDREDS OF PEOPLE!**

- Corporate Websites & 10-K Annual Reports
  - <http://ir.logitech.com/?cl=us,en>
  - [http://www.scei.co.jp/index\\_e.html](http://www.scei.co.jp/index_e.html)
  - <http://edgar.sec.gov/idea/searchidea/webusers.htm>
- Trade Associations
  - <http://www.seia.org/>
  - <http://www.iata.org/index.htm>
  - <http://www.theesa.com/>
  - [http://www.google.com/Top/Business/Associations/By\\_Industry/](http://www.google.com/Top/Business/Associations/By_Industry/)
- Business Databases
  - <http://www.lib.umd.edu/cgi-bin/databases.cgi>
  - <http://www.vbic.umd.edu/>
- Surveys & Focus Groups
  - <http://www.portigal.com/blog/bad-survey-design-please-stop/>
  - <http://zoomerang.com/>
  - <http://www.youtube.com/watch?v=pcj7QT0Abk8>