

[← Back to all topics](#)

## Plan your business

Market research and  
competitive analysis

Write your business plan

Calculate your startup costs

Establish business credit

Fund your business

Buy an existing business or  
franchise

[Home](#) / [Business Guide](#) / [Plan your business](#) / Market research and competitive analysis

# Market research and competitive analysis

*Market research helps you find customers for your business.*

*Competitive analysis helps you make your business unique. Combine them to find a competitive advantage for your small business.*

---

## Content

[Use market research to find customers](#)

[Use competitive analysis to find a market advantage](#)

[Free small business data and trends](#)

---

# Use market research to find customers

Market research blends consumer behavior and economic trends to confirm and improve your business idea.

It's crucial to understand your consumer base from the outset. Market research lets you reduce risks even while your business is still just a gleam in your eye.

Gather demographic information to better understand opportunities and limitations for gaining customers. This could include population data on age, wealth, family, interests, or anything else that's relevant for your business.

Then answer the following questions to get a good sense of your market:

- **Demand:** Is there a desire for your product or service?
- **Market size:** How many people would be interested in your offering?
- **Economic indicators:** What is the income range and employment rate?
- **Location:** Where do your customers live and where can your business reach?
- **Market saturation:** How many similar options are already available to consumers?
- **Pricing:** What do potential customers pay for these alternatives?

You'll also want to keep up with the latest small business trends. It's important to gain a sense of the specific market share that will impact your profits.

You can do market research using existing sources, or you can do the research yourself and go direct to consumers.

Existing sources can save you a lot of time and energy, but the information might not be as specific to your audience as you'd like. Use it to answer questions that are both general and quantifiable, like industry trends, demographics, and household incomes. Check online or start with our [list of market research resources](#).

Asking consumers yourself can give you a nuanced understanding of your specific target audience. But, direct research can be time consuming and expensive. Use it to answer questions about your specific business or customers, like reactions to your logo, improvements you could make to buying experience, and where customers might go instead of your business.

Here are a few methods you can use to do direct research:

- Surveys
- Questionnaires
- Focus groups
- In-depth interviews

For guidance on deciding which methods are worthwhile for your small business, the U.S. Small Business Administration (SBA) provides counseling services through our [resource partner network](#).

## Use competitive analysis to find a market advantage

Competitive analysis helps you learn from businesses competing for your potential customers. This is key to defining a competitive edge that creates sustainable revenue.

Your competitive analysis should identify your competition by product line or service and market segment. Assess the following characteristics of the competitive landscape:

- Market share
- Strengths and weaknesses
- Your window of opportunity to enter the market

- The importance of your target market to your competitors
- Any barriers that may hinder you as you enter the market
- Indirect or secondary competitors who may impact your success

Several industries might be competing to serve the same market you're targeting. The Department of Justice provides [a diagram of Porter's Five Forces](#) as one way you can differentiate your competitive analysis by industry. Important factors to consider include level of competition, threat of new competitors or services, and the effect of suppliers and customers on price.

## Free small business data and trends

There are many reliable sources that provide customer and market information at no cost. Free statistics are readily available to help prospective small business owners.

Consider the following federal business statistics in your market research and competitive analysis:

Focus	Goal	Reference
General business statistics	Find statistics on industries, business conditions.	<a href="#">NAICS</a> , <a href="#">USA.gov Statistics</a> , <a href="#">Statistical Abstract of the United States</a> , <a href="#">U.S. Census Business Builder</a>
Consumer statistics	Gain info on potential customers, consumer markets.	<a href="#">Consumer Credit Data</a> , <a href="#">Consumer Product Safety</a>

Demographics	Segment the population for targeting customers.	<a href="#">U.S. Census Bureau</a> , <a href="#">Bureau of Labor Statistics</a>
Economic indicators	Know unemployment rates, loans granted and more.	<a href="#">Consumer Price Index</a> , <a href="#">Bureau of Economic Analysis</a>
Employment statistics	Dig deeper into employment trends for your market.	<a href="#">Employment and Unemployment Statistics</a>
Income statistics	Pay your employees fair rates based on earnings data.	<a href="#">Earnings by Occupation and Education</a> , <a href="#">Income Statistics</a>
Money and interest rates	Keep money by mastering exchange and interest rates.	<a href="#">Daily Interest Rates</a> , <a href="#">Money Statistics via Federal Reserve</a>
Production and sales statistics	Understand demand, costs and consumer spending.	<a href="#">Consumer Spending</a> , <a href="#">Gross Domestic Product (GDP)</a> .
Trade statistics	Track indicators of sales and market performance.	<a href="#">Balance of Payments</a> , <a href="#">USA Trade Online</a>
Statistics of specific	Use a wealth of federal agency data	<a href="#">Statistics of U.S. Businesses</a>

industries

on industries.

## Need help? Get free business counseling.

*Connect with a SCORE, Small Business Development Center, Women's Business Center or Veterans Business Outreach Center adviser today.*

**FIND COUNSELORS**

**Next**

Write your business plan



### Connect with Us

Contact SBA

Upcoming Events

### About SBA

SBA Team

SBA Locations

### About the Site

Site Map

Privacy Policy

### Open Government

Freedom of Information  
Act

### Oversight

Inspector General

Advocacy

### Tools and Resources

Online Training

Social Media	Initiatives	Linking Policy	No Fear Act	Hearings and Appeals	Qualify for Government Contracts
Media and Press Relations	Blog	Plain Language	Open Data Sources	Ombudsman	
	National Resource Guides (English/Spanish)	Accessibility	Policies and Guidance	WhiteHouse.gov	
		Disclaimers	Budget and Performance	USA.gov	
				Regulations.gov	



U.S. Small Business Administration | 409 3rd St, SW. Washington DC 20416

**Sign up for SBA email updates**

**SUBSCRIBE**