



Says

What have we heard them say?  
What can we imagine them saying?



Thinks

What are their wants, needs, hopes, and dreams?  
What other thoughts might influence their behavior?

A market analysis is a thorough assessment of a market within a specific industry. These analyses have many benefits, such as reducing risk for your business and better informing your business decisions. A market analysis can be a time-intensive process, but it is straightforward and easy to do on your own in seven steps.

Market analysis can be time-consuming. Market analysis can take precious time away from more directly business-related tasks. You can analyze one area at a time – say, buying patterns or competition – to free up your day-to-day schedule.

A detailed market analysis will usually be part of your business plan, since it gives you a greater understanding of your audience and competition. This will help you build a more targeted marketing strategy.

Market analysis can be expensive. If you're not as familiar with marketing concepts such as market volume and customer segmentation, you might want to outsource your market analysis. Doing so can be great for your analysis's quality, but it can also leave a big dent in your budget. Narrow your market analysis to a certain group – perhaps current customers – to lower your costs.

Market analysis can require extra staff. Some larger companies retain in-house market analysis staff, and you can follow their lead. Doing so, though, comes with all the usual costs of hiring a new employee. The question then becomes: Do you conduct your market analysis yourself, outsource it, or hire in-house? The more expensive options can often yield more meaningful insights.

Market analysis can be narrow. The most successful market analyses use actual customer feedback, which analysts often get through customer surveys. These surveys may reach only a portion of your entire customer base, leading to an inaccurate sample size. The result is that market analysis may not fully detail your customers and what you should know about them.



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Analysing Spending Behaviour and Identifying for Growth

Where market analysis is broad and comprehensive, conjoint analysis focuses on how customers value what you offer. Surveys are often the backbone of conjoint analysis – they're a great way for customers to share what drives their purchases. Product testing is an especially common application of conjoint analysis. This method can yield insights into pricing and product features and configurations.

Sentiment analysis goes beyond number-driven market and conjoint analysis to identify how customers qualitatively feel about your offerings. It can show you what customers are happy and unhappy about with your offerings or buying process. You can also wade into deeper emotional territory such as anger, urgency and intention, or you can dig up descriptive feedback. It's a great tool to use alongside market analysis, whereas conjoint analysis is all but included in market analysis.

There are many reasons you may be conducting a market analysis, such as to gauge your competition or to understand a new market. Whatever your reason, it's important to define it right away to keep you on track throughout the process. Start by deciding whether your purpose is internal – like improving your cash flow or business operations – or external, like seeking a business loan. Your purpose will dictate the type and amount of research you will do.

Map a detailed outline of the current state of your industry. Include where the industry seems to be heading, using metrics such as size, trends and projected growth, with plenty of data to support your findings. You can also conduct a comparative market analysis to help you find your competitive advantage within your specific market.

If you have the time to conduct a market analysis yourself, go for it – this guide will help. If you don't have the time, hiring an in-house expert or outsourcing your analysis is often worth the cost. Your analysis will help you figure out who to target and how – and that's a huge part of business success.

When conducting marketing analyses, information is your friend – you can never have too much data. It is important that the data you use is credible and factual, so be cautious of where you get your numbers. These are some reputable business data resources:



Does

What behavior have we observed?  
What can we imagine them doing?



Feels

What are their fears, frustrations, and anxieties?  
What other feelings might influence their behavior?