



A Small Business Owner's and Franchisee's Guide to Market Research

How to identify the right questions, use the information you already have, and determine
when market research can support a business decision

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INTRODUCTION

Why local customer understanding matters

“Market research” can sound like something reserved for national brands with dedicated consumer insights teams. It isn't.

When making business decisions or running their business, many small business owners and franchisees rely on experience, their gut or information provided by their franchisor, industry association or other sources. Others believe custom market research could be valuable but hesitate for fear of not knowing where to start, what it may cost or what value it could provide.

Some may not have even considered custom market research because they are unaware of its benefits. Others may consider market research as something only large corporations can afford to do.

Yet broad industry or national data does not always reflect the customers, competitors and market dynamics affecting an individual business or franchise territory. Custom market research can help owners to better understand who their customers are, what influences their decisions, and how their local market differs from the broader system. With that knowledge, owners can make more informed decisions and increase the return from their business investment.

WHAT YOU WILL LEARN

- ✓ When you should consider market research
- ✓ The types of information that you already have available to you
- ✓ Different types of market research and how to match the method to the decision
- ✓ The 5 steps to clarifying your research need
- ✓ When you can conduct research on your own versus hiring a professional
- ✓ How to evaluate the market research investment and how to get started

When should you consider market research

Market research can be conducted routinely to monitor areas such as customer satisfaction, brand perception, and changing customer needs. It can also be especially valuable in certain business situations when a franchisee or small business owner faces an opportunity, decision or challenge, such as:

- Introducing a new product or service
- New competition entering their market
- Declining business revenue due to unknown reasons
- Planning new advertising
- Tailoring national marketing plans to their local market
- Local business results not mirroring national franchise results
- Increased negative sentiment in business reviews

Custom market research can deepen your understanding of your market or territory

Small business owners and franchisees can use research to answer practical questions about their customers, competition, advertising, and local markets.

Some specific things a well-designed custom market research study can tell business owners include:

- Unaided and aided awareness of their business and competitors among target customers
- Perceptions of their business and competitors in their local market among target customers
- The journey customers take and the key decision points along the way before making a purchase decision
- Product or service differentiators that are most important to potential purchasers
- Media channels that are most relevant to potential purchasers seeking to buy your product or service
- Messaging that resonates most strongly with potential customers and differentiates your business from competitors

SECONDARY RESEARCH

Start with information that already exists

Before commissioning new research, take a close look at the information already available to you. Researchers call this “secondary research,” but it simply means learning from data that has already been collected.

Existing information is a smart place to start because it is data that is at your fingertips and it can help you identify the deeper questions worth exploring next. Small business owners and franchisees that are just getting started may have limited customer data, online reviews and social media to review. However, a deep understanding of your territory can be gathered from the U.S. Census Bureau data.

This is often an inexpensive and underused starting point.

SOURCES OF SECONDARY RESEARCH:

1. **YOUR OWN CUSTOMER AND BUSINESS DATA.** Your customer database, lead sources, call records, website analytics, bookings, complaints, loyalty activity, and sales patterns may already contain useful clues. For example: Which services are growing or declining? At what point are potential customers dropping out? Which locations, days, or services generate the most complaints? Internal data can show you what is happening, although you may need additional research to understand why it is happening.
2. **SOCIAL MEDIA LISTENING.** Monitoring conversations about your brand, category, and competitors can identify recurring concerns, emerging topics, and the language customers use when discussing their experiences. Social media listening may also reveal potential reasons people consider or reject a brand. As with online reviews, however, social media users are not necessarily representative of everyone in your market.
3. **CENSUS AND DEMOGRAPHIC DATA** Once you have defined a realistic trade area or territory, publicly available data from the U.S. Census Bureau can help you understand local income levels, household composition, age distribution, housing characteristics, and population growth. Defining the trade area matters. Depending on the business, it might be based on ZIP codes, a drive-time radius, customer addresses, or the actual geographic area from which the location draws most of its business. Market trend studies may also be available online. Secondary research serves as a starting point; however, it may not always perfectly reflect your audience.

4. **ONLINE REVIEWS.** Reading and analyzing your reviews and your competitor's reviews can reveal patterns that are easy to miss when reviews are viewed one at a time. Look for specific words used to describe what they value or recurring sources of dissatisfaction. Reviews are valuable sources of unprompted feedback, but they do not necessarily represent your entire target audience. People with especially positive or negative experiences may be more likely to post. Inputting your reviews into a LLM can help to quickly summarize reviews and identify themes and trends.

RESEARCH METHODS

Choose the method that fits the decision

Quantitative Research: Understanding the “how many”

Quantitative research measures attitudes, behaviors, preferences, and differences across a defined group. Qualitative research can then help explain why those patterns exist.

Surveys are the most common quantitative tool. They use structured questions to collect information from a larger group of people.

Quantitative research is appropriate when you need to know:

- What percentage of people in your market are aware of your company
- How your awareness compares with that of local competitors
- Which factors matter most when customers choose a provider
- How customers rank specific attributes such as price, convenience, speed, quality, and trust
- Which potential messages resonates most strongly among potential customers
- Identify differing customer needs or expectations across different markets

A large sample alone does not guarantee useful results. The value of a survey depends on collecting data samples that reflects your territory demographically, recruiting them appropriately, asking clear and unbiased questions, and obtaining enough completed surveys to have enough confidence in the data to support the decision being made. This is where a professional market researcher can help to ensure your research is designed correctly.

Qualitative Research: Understanding the “why”

Qualitative research explores the reasoning, emotion, attitudes and context behind customer decisions.

It can answer questions that a multiple-choice (quantitative) survey often cannot:

- What made one company appear more trustworthy than another?
- Why did an advertisement connect with them or fail to connect?
- What would make them return or recommend the business?
- What needs or frustrations are not being adequately addressed?
- How does a product or service fit into a customer's life or routine?

Several methods can be used to explore these questions.

METHOD	BEST USED WHEN
Focus groups	Group interaction and reactions to ideas are important; often used to explore attitudes or reactions to messaging, advertising, pricing and new products or services
In-depth interviews	The subject is personal, sensitive or difficult to discuss in a group; allows for greater depth of discussion and follow-up questioning
Online vs. in-person	Online methods make it easier to include multiple markets/reduces travel and facility costs. In-person is useful when the setting, product interaction or face-to-face dynamics are important.
Ethnographic research	This method allows for observing customers. Observed behavior is more useful than reported behavior as it can reveal frustration and habits customers may not think to mention.

Mixed-Methods: Combining depth with measurement

Some business questions are best answered with a combination of qualitative and quantitative research.

There is no single order that every mixed-methods project must follow.

In some cases, qualitative research comes first. Interviews or focus groups explore the issue in depth and identify the themes, language, and potential answers that should be measured in a survey.

In other cases, quantitative research comes first. A survey identifies patterns or differences across a market, and qualitative research then explores why those patterns exist or how customers respond to ideas developed from the findings.

CASE STUDY

Helping Garage Door Repair Company Test New Advertising

Quantitative Research, Followed by Qualitative Approach Helped Shape Advertising

We used a mixed methods approach for a garage-door-services franchisee who was seeing different results in a newer market than in the location where he had built the business.

We began with an online survey of nearly 400 homeowners across the two markets. The survey identified which qualities and messages built the most trust and revealed who the franchisee's real competitor was in the underperforming market.

The findings were then used to develop new advertising. Follow-up online focus groups explored homeowners' reactions to the creative and helped the franchisee understand whether a storytelling-led or humor-led approach connected more strongly and why.

The survey measured what was happening across the two markets. The focus groups helped explain the reactions behind the results.

Together, the methods provided a clearer picture of the local market and helped shape advertising around what mattered to homeowners.

Matching the method to the question

Many business owners aren't sure where to start. The place to start is to define your objective and ask yourself, "What decision am I trying to make?" The research method should follow that business question.

- **Want to know what is already happening in your business?** Start with customer, sales, lead, website, and operational data.
- **Want to know what people are saying about you and your competitors?** Analyze reviews and relevant social conversations. Consider additional depth of understanding with quantitative or qualitative research.
- **Want to understand why customers choose you, leave, or respond to an idea?** Use qualitative research.
- **Want to know how common an attitude or behavior is across your market?** Use quantitative research.
- **Facing a major decision such as a new campaign or market expansion?** A mixed-methods approach may provide the most complete answer.

Not every business question requires a large research project. Sometimes the right starting point is a closer analysis of information you already have. In other situations, a handful of interviews may be more useful than a survey. A major advertising investment or market expansion may require several methods. Making sure that your objective is clear from the beginning makes your research targeted and saves time and money.

PLANNING YOUR RESEARCH

Five steps to clarify your research need

When we begin a conversation with a client, these are the questions that we usually start with. Thinking through them for yourself can help you better understand what you need to learn, what you already know, and where important gaps remain. They can also help you identify whose perspectives you need to understand and how research might help your business.

1. **What business decision are you trying to make?** Identify the business questions you need to answer. How will answering these questions help you to move forward?
2. **What do you already know?** What data do you have access to? Review sales, customer records, reviews, complaints, website activity, leads, industry or franchisor information.
3. **What are the gaps in your knowledge?** Where do you have uncertainty? Which of your current beliefs are supported by evidence and which are assumptions that need to be tested and verified?
4. **Who is your target audience?** This could be current customers, former customers, prospects, lost leads, employees or residents of a market. Keep in mind that a person purchasing a product or service may be different than the person who uses it (and you may need to speak to both).
5. **What does success look like?** Determine how the findings will be used. What action or decision could change based on what you learn? This can guide research decisions so that it provides information that is most useful.

DIY VS. PROFESSIONAL

When to do it yourself and when to seek help

Every business question does not require a custom research study. Business owners can often begin by examining data they already have or can gather. Online survey platforms have also made it easier to gather customer feedback. However, these tools do not determine whether you are asking the right questions in an unbiased manner or interpreting the results correctly. Small choices, like wording, answer options, question order and who receives the survey can significantly impact the results.

You may be able to start on your own when:

- **You are reviewing your business information.** Customer records, inquiries, website activity and other internal records can reveal questions to explore. Customer reviews can help identify strengths, weaknesses and unmet needs.
- **You are gathering publicly available data.** Reading competitor reviews, local economic information, industry reports, census data and franchisor reports can provide useful information on your market and potential customers.
- **The decision carries relatively little risk.** Simple customer surveys or informal feedback may be sufficient when the decisions have limited financial consequence.
- **You are exploring issues rather than measuring them precisely.** Informal conversations and open-ended feedback can give you a range of opinions or generate ideas for further investigation.
- **You need to identify questions for further study.** Reviewing questions available to you can help you determine what you already know, where the gaps remain, and if you need a more formal research study.

The help of a market research professional may be valuable when:

- **The decision involves significant investment or risk.** Decisions about a major advertising campaign, changing a brand, launching a product or opening a new location require dependable information, especially when a wrong decision would be costly, or difficult to change.
- **The research requires objectivity.** An independent researcher is important for evaluating advertising, concepts, products, customer dissatisfaction, employee relations, or sensitive topics. The researcher also brings expertise to research design and interpretation for more objectivity.
- **You need to reach respondents in addition to your existing customers.** A researcher can help identify and recruit specialized audiences, such as prospects, former customers and other decision-makers.
- **The study is challenging to design correctly.** Effective research depends on the right approach and carefully developed questions. Clear, neutral wording, complete and balanced response options, logical question flow, and careful pre-testing all contribute to successful research.
- **You need credible findings to guide a decision.** A professional researcher can identify patterns, differences among groups and distinguish actionable findings from results. This provides greater confidence when recommendations are presented to stakeholders and decisions are made.

COST & ROI

Evaluating the investment and getting started

For small business owners and franchisees, managing costs is important to maintaining profitability. Research should be designed around a clearly defined business decision with thought given to its potential value.

Research costs vary depending on the objectives, number of respondents and difficulty of recruiting the target audience. A focused project addressing one decision may require a much smaller investment than a multi-market mixed methods study.

As a general frame of reference, custom research costs may include:

- **Quantitative study:** A custom study may range from \$15,000–\$30,000, depending on the number and type of people surveyed, questionnaire length and difficulty reaching the target.
- **Qualitative study:** A study involving 10 in-depth interviews begins at \$15,000, while a larger study involving 4 focus groups with 8 participants per group may cost \$50,000+, depending on recruitment, incentives, and other project requirements.

When evaluating the value of market research, consider how the findings could affect the decision at hand. How much revenue could the decision influence? How many customers would you have to acquire to cover the cost of the research? For example, a new customer may generate \$1,000 or more in revenue for a home services brand, research that improves customer acquisition or retention could help offset cost over time. Revenue alone doesn't determine the return on investment, but this calculation can provide a useful starting point.

It is also wise to consider the cost of making a major decision without sufficient information. A local marketing campaign with digital, print and TV easily can cost \$250,000 or more annually. Spending on research to test an advertising direction before launch can help a business understand whether the ad campaign communicates the intended benefits and differentiates from competitors. Research can reduce uncertainty, uncover potential problems and provide additional customer understanding before larger investments are made.

NEXT STEPS

Not sure where to start?

That is exactly the kind of question a short conversation can help answer. Nobles Research works with small business owners, franchisees and franchise organizations to understand their customers, local markets, competition, brand perceptions, and advertising opportunities.

We are happy to talk through your situation and help identify the right starting point, whether that is a custom research project or simply a smarter way to use the information you already have.

LET'S TALK ABOUT YOUR MARKET

Contact us at info@noblesresearch.com or 813-977-7700.

You can find more information about Nobles Research at www.noblesresearch.com.

