



MARKET PROFILING: A NEGLECTED TOOL

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Market profiling: underrated and underutilised

Within the world of market research and insight much of the discussion focuses on conducting research using new technologies (online, mobile), on social media monitoring and on big data. However there is a valuable tool which, in our view, is hugely underrated and underutilised, namely market profiling. Market profiling is the analysis of a market or sector to inform and enhance business planning. Because market profiling typically uses traditional tools, notably secondary (desk) research and qualitative B2B interviews, it tends to fall off the radar at conferences and in market research publications.

It is our view that the market profile itself deserves a much higher profile.

What is market profiling?

For the purposes of this paper, market profiling has been defined as the analysis of a specific market or sector to determine, typically, its size, value, characteristics, key players (including competitors), drivers and inhibitors. Market profiles also explore trends and forecasts relating to those key components.

Market profiles can be used in a number of ways:

- To provide a brief profile of a target organisation prior to a business meeting
- To give a snapshot of a market or sector to aid business planning and investment
- To identify opportunities in current or potential new markets or sectors
- To monitor competitor activities and performance
- To better understand the drivers and inhibitors within a market.

Ultimately market profiles are designed to make you better informed when making decisions and planning.

Actually market profiles take a number of forms, from a quick snapshot through to a more extensive analysis incorporating segmentation and key driver analysis, depending on your needs, the time you have to complete the exercise and the budget available.

How is market profiling done?

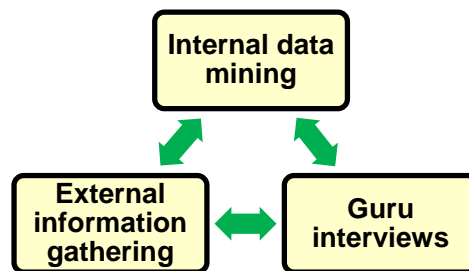
Market profiling sits on the edge of market research. It draws on a number of research disciplines, notably secondary (desk) research, but often also qualitative interviews with experts and practitioners and, more occasionally, primary quantitative research. It tends to be a B2B activity but can involve consumer research.

Desk research has enjoyed a comeback in recent years as organizations look to market intelligence that they already hold (research and other information such as sales data) or that is available in the public domain. Exploiting the availability of that information is an efficient and cost-effective way of providing a market profile.

Although desk research is a 'traditional' research tool, it does increasingly include the monitoring of social media to explore the dynamics of a market, key themes being discussed and perceptions of organisations active in the sector.

You may have the time and skills to compile the profiles yourself or you may wish to bring in an expert.

We have a tried and tested approach in the form of a structured research programme, incorporating an intensive set up and planning phase at the beginning, data gathering in the middle and an integration, analysis and reporting phase at the end. Data collection takes three main inter-related forms.



Internal data mining involves the exploration of market intelligence already held within your organisation. That may take the form of previous research, market data or just anecdotal feedback.

The second component, external information gathering, involves the identification and analysis of market intelligence in the public domain. This will include existing market research, official (government and regulatory) data and general commentary on the markets (trade associations, trade and general media, etc.). Such data can be sourced from the Internet and from business libraries.

There will inevitably be gaps in the information gathered and some of the information available is likely to be out of date. 'Desk research' is a somewhat misleading term, in that exploring information already available is often supplemented by consultation with bodies or personnel who have relevant knowledge or expertise, such as trade bodies, leading market commentators and specialist consultants/agencies. Guru interviews will also serve to validate and bring up to date the secondary research findings. Guru interviews will in turn suggest useful sources of information so that the whole data gathering process is symbiotic.

Not all projects will require all three of these components. Sometimes market profiling may involve just one of the components, such as a literature search or analysis of previously conducted primary research. However many projects will involve two or three of those components, allowing us to cross-reference findings from each method and validate our overall findings and insights.

What are the pitfalls?

Conducting desk research is a quicker, less expensive alternative to conducting primary research, and you can either do it yourself or find a researcher to do it cost-effectively.

However the reliance on desk research has its drawbacks. Firstly it's not necessarily that easy to do. You might get lucky and find reports that are up to date and give you exactly what you want. You might be VERY lucky and find a single report that does that. However it is often the case that secondary data is not as detailed or relevant or up to date as you need. Or it throws up contradictory intelligence.

There is a lot of information out there and trawling through it, synthesizing the information and summarising and reporting can be extremely onerous. It can therefore take a lot longer than you think.

In addition, relevant information is not always free or inexpensive.

What does the future hold?

Despite the pitfalls discussed above, the potential rewards from conducting market profiles are considerable.

There will always be a need for organisations to better understand their markets. Market profiling through desk research and guru interviews offers a (usually cost-effective) way of doing that. It is usually cost-effective in that it can be done by you or externally within a smaller budget than is generally required for primary research.

Market profiling fits in nicely with a number of topical areas, such as social media monitoring and big data. Social media monitoring is a key element of understanding the dynamics of a market. One of the benefits of big data is indeed the opportunity to explore and 'sweat' information that is already available.

In our view, market profiling should be rated more highly and its use should be more widespread. We hope that this paper helps to make that happen.

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