

ASSESSING MARKET SIZE AND PENETRATION FOR SMEs

Larger companies are always at an advantage when assessing market size and market penetration. In a world where everything is a lot less hand to mouth, data may be shared amongst competitors (through a third party so not contravening competition rules of course), a trade association may collect and publish it, or a research company may sell the data. So how can a small company have access to this information and why does it need it? And as a secondary question, how can a smaller company get more detailed information to help it improve its marketing?

The short answer to the question of why this information is needed is that it provides you with an answer to a very important question: you are doing well but could you be doing better? And of course the other side of this question is: you are doing badly, but could you be doing better? The answers to both could lead you to radically re-think your marketing. Unless you have market size and market penetration data you can't honestly answer either of these questions. You may be growing strongly but your main competitor may be growing more strongly still. You may be struggling but your main competitor may be having an even worse time so you may actually be doing well in a declining market.

So what can you do about it? One possibility is to consider whether you can use an on-line panel to give you a rough and ready measure of market size and your penetration within the market. This may give you the information you need at modest cost. So how does it work?

Panels have been set up by a number of companies with a view to selling their services to companies like yours either directly or through an agency with experience of handling this type of survey. Mostly these are consumer panels. As an example the one recently used by Marketing Assistance Ltd has 70,000 members all of whom are enrolled members and have provided their socio economic and demographic information. So we can question 70,000 people across all areas of the country, across all age ranges from age 16 upwards.

These are all people who have agreed to complete surveys in return for some form of remuneration: usually some form of points scheme with points being redeemable for products selected from a catalogue. It is in their interest to complete the survey quickly as it may be closed once the quota is filled.

There are disadvantages of course. The panel is self selected in that members have elected to join. This is overcome by the sheer number of members as 400 responses out of the 70,000 will be representative of the population of the UK as a whole (see our sample size calculator at: www.marketing-assistance.co.uk/sample_size_calculator).

And, of course, they must also have internet access so the over 55 age group may be unrepresentative but these are usually fairly easy to recruit. But if you can live with these limitations the advantages may outweigh the disadvantages. These include speed – you may get raw data back in a week for example – and control of costs in that you can close the survey as soon as you have enough sample.

There are also advantages shared with some other forms of research such as street interviews. One is the ability to present visuals to the respondent and so get qualitative comments. Logos and packaging can all be displayed on-line.

One variation of this basic methodology is to combine the use of panels with using on-line databases. For example, using the panel you can send out an invitation to panel members to participate and a link to an on-line questionnaire. We then collect the raw data on our specialist software where it is converted at the push of the proverbial button directly into tabulated results. The whole process is quick, simple and very cost effective.

Effectively this means that an SME can get an assessment of market size and market share as well as attitudes to its products/the brand/the company and also competitors' products/brands for as little as £3000. Obviously there are many caveats about that price but it does give an indication of how cost effective this process can be.

In addition there is the ability to break down this data so you for example have a north/south viewpoint, a male/female viewpoint, different opinions held by different age groups, the options are legion. There is also the opportunity to explore issues about why you are not selling as much as your competitors and what you can do to sell more. Opening Pandora's box can be the start of a new chapter in the history of the business.

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