

# The Technique of Market Analysis<sup>1</sup>

Examples of Analysis by Questionnaire, by Investigation, and by Statistics  
of Sales, Salesmen and Prospects

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THERE is probably no question in your minds as to what is meant by the term "market analysis." One way of expressing this activity is to say that a market analysis is a study of the sales possibilities of a given product for a given concern. In addition to uncovering the possibilities, the analysis should also suggest the selling machinery needed to secure the amount of business shown possible.

The need for a market study becomes evident in a business. If the business is standing still, it may resort to a market analysis for a remedy. A market study should reveal where and how more orders might be secured. If a business is losing money, a market analysis may uncover expensive and unnecessary sales practices. If a going business needs a greater volume of orders, a market analysis can point to the source very clearly. It will also give new selling arguments, new and better advertising ideas; it will suggest changes in design of a product, new ways of wrapping and shipping; it will outline merchandising plans not before used. You can see that the function of a study of this kind is very broad.

There are three ways of approaching a market analysis: by questionnaire, by personal investigation, and by the use of carefully chosen statistics.

First, consider the questionnaire method. A carefully selected list of questions is prepared and printed on a convenient form and sent to a selected list of individuals for reply. This is sometimes done with a view of determining the attitude of the general public toward the product. It may be that the concern would like to know the major criticisms directed against the product. The concern may like to know what effect competing articles are having in its own market. They may wonder what methods competition is using. Another important item is to learn what the probable sale is of a new product. These can all be made known by sending out printed

<sup>1</sup>Paper presented at a meeting of the Taylor Society, New York, December 6, 1924.

questionnaires in large enough volume so that a sufficient number of replies may be secured.

One questionnaire revealed that a certain make of automobile was highly regarded in every feature except one; that was quality of the painting. The owners of this car were very frank in informing the manufacturer what they thought of the finish. Beside this criticism, however, the manufacturer secured fine endorsements and favorable commendation as well.

Another questionnaire gave the manufacturer hundreds of reasons why he could say he was giving the greatest value per dollar. Each reason was signed with a name.

The book "America's Big Small Town Market" is the result of a questionnaire. It has over 300 pages of figures. The Household Magazine, a publication reaching over a million and a half people living in towns of 2500 and under, printed a questionnaire on one of its pages and asked subscribers to fill it in and send it to them. Over 31,000 readers tore out the questionnaire and answered it.

What is the object in having this kind of a questionnaire filled in by readers of a magazine? Publishers endeavor to show to probable advertisers in their columns the markets they have among their subscribers. One of the best ways in which they can enlist the interest of an advertiser is to show him something of his market among the readers of the magazine. The figures in this book are astounding and do show the great possibilities for sales of all kinds of articles.

The interesting point about this questionnaire is that 31,461 subscribers to this magazine tore the questionnaire form out of the magazine and filled it in and returned it to the publisher. There were over 100 questions to be answered, all dealing with the living conditions of the signee. I will give just one illustration which will show you how successfully the publisher has uncovered tremendous markets for all

kinds of products among his readers. Two of the questions he asked were: "Do you have running water in your home?" and "Do you have a fully equipped bathroom?" Forty-three per cent of those answering said they had running water, while only 27 per cent reported fully equipped bathrooms. An honest conclusion can be drawn, namely, that the difference between 43 per cent and 27 per cent or 16 per cent of the total subscribers to this magazine are prospects for fully equipped bathrooms. Expressed in figures this amounts to 266,194 prospects.

This questionnaire reveals a wide market among the families in small towns for many different products. For example, there is a market among their subscribers for 630,000 oil stoves and 175,000 electric vacuum sweepers.

The second method of approaching the analysis of a market is through personal investigation. A crew of men is sent out to gather specific items of information such as will best meet the needs of the business at that time. They go out with a carefully studied approach and a list of questions which they ask as skillfully as they know how.

In this way the concern arrives at the personal opinions of its prospective buyers; it learns which are favorable and which are not; it can classify its prospects according to their requirements. Personal investigation accomplishes results similar to those gained by the questionnaire method, but is a much more expensive proceeding and is used only where the number of supplies sought is not excessive.

One company wanted fifty of the largest concerns in Detroit called on. The information they sought could not be secured through their own salesmen. These concerns would not have given any salesman the confidential information which was being asked for. An outside firm made the survey and only a few concerns refused to give out any information. This manufacturer's chief ambition was to learn what those fifty leading and representative concerns thought of competing machines, how many of them they had purchased, where they were using them and why they had purchased them. You can see that data such as this coming into the home office may cause the executives to change radically some of their fundamental practices along most any administrative line.

A few experimental calls were made for a typewriter manufacturer to learn what the situation was in a certain city. The aim was to secure ammunition that might be used as selling arguments and adver-

tising copy. One of these reports follows; you can determine how well the end sought was accomplished.

Report of Call Made on The Detroit Business University

Saw Mr. L. W. Tremain, Principal.

They use about 100 machines in the school and rent out about 200 others. Most of these machines are Remwoods.<sup>2</sup>

Mr. Tremain is about the most enthusiastic Remwood booster I have run across. He says, "There is nothing like the Remwood." Operators on many occasions prefer to use old Remwoods rather than new typewriters of other makes.

First he spoke of its strength and durability. In a school like his, machines receive all kinds of treatment from inexperienced and new operators but he claims that even with this almost mistreatment, the Remwoods still do not break down or give trouble, as compared with other machines. Because of a simpler design, with fewer parts, most anyone can make the minor repairs. "It is easy to get into," and even girls sometimes make their own adjustments.

He said: "It is a Ford for durability, wear and dependability." When it is necessary to typewrite, the machine is ready for use. The bolts and nuts do not become loose and the mechanism is not out of adjustment just when you want to use the machine.

In speaking of a competitive make and the fact that it had what was called a dustproof panel, Mr. Tremain explained that when the dust does get in, the dust panels make it impossible to take it out. He spoke of the fluff which comes off the paper and seeps into the base of the machine through the opening where the type hits the paper. With the Remwood this dust is easily removed. With the others it is a difficult operation. Mr. Tremain mentioned that he supposed they had more trouble with his 20 competitive makes than with 100 Remwoods.

The big selling feature is the speed of the machine. He claims that when a fast operator uses the other makes, the type piles up. No matter how fast they operate the Remwood, they do not have this trouble. Moreover, it seems that girls like to have a speedy machine, even though they are not fast operators themselves, like the automobile driver who likes to know that his car can travel 70 miles an hour, even though the law forbids him to go over 35.

Mr. Tremain thought that advertising carried in The Gregg Writer, which we find has a circulation of about 58,000, would pay out.

Let us refer to the definition we have of market analysis. A market analysis is a study of the sales possibilities of a given product for a given concern. Having determined this, it should also indicate the selling machinery that is necessary, to secure this maximum amount of business. There may or may

<sup>2</sup>I have changed the name of the typewriter manufacturer for obvious reasons.