

# What's the Market Potential for Your Idea?

By Diane A. Garrod

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What does it take to make an idea profitable? It's as simple as planning and implementation. Putting an idea into action: That's what makes the difference between an idea preserved in amber and one that sprouts wings and takes flight.

Once you've planned your idea, which includes brainstorming execution strategies, resource planning and a promotion strategy, you'll need to determine the market potential for your idea.

You need to know this -- your market size, sales projections and cost margins -- before you can acquire investors and start implementing.

## Research the Market for Cheap

Solid market research will help you find and keep customers. It's not necessary to hire an expensive market research firm to conduct extensive interviews and surveys. You can do it yourself. Remember to keep records of your research.

To research your industry and your audience, gather information related to your business concept, look for potential competitors, identify leading experts to interview that are in your industry or target market. You can use the Internet or ask a research assistant or librarian to help you.

Here are some strategies to get you started:

Interview experts. Experts can provide valuable feedback on your concept. Many people hesitate to discuss new ideas with experts because they fear they'll be stolen.

While you do need to be careful with whom you share your idea, there's a big gap between having an idea and executing it. Anyone can come up with an idea; few will do the hard work to implement it.

Read up on industry trends. Newspaper, magazine and Web articles are excellent sources of information on current trends in small business. You might even find articles that specifically address the market you plan to enter. Don't forget to look at trade journals.

Use business directories or Yellow Pages. Online (and off-line) business directories can help you find professional networks or associations related to your concept, and they can help identify potential competitors.

Use these questions to guide your exploration:

Are there customers for the product/service I want to offer?

Who are they, what do they want and how many are there?

Are other businesses serving the same, similar or related needs?

If so, who are they, and how are they serving those needs?

What will it take to build and/or sell my product or service? (Consider not only dollars but time, energy and materials.)

Of the businesses providing a similar product or service, what is it costing them?

After completing your research, evaluate your idea by asking yourself these questions:

Does my idea meet an unmet market need?

Are there enough customers who want what I'm selling and have money to pay for it?

Can I distinguish my product or service from others in the marketplace? How?

Is my idea distinctive enough to drive a successful business, one that I'll enjoy?

How practical is my idea? Can I afford to develop and sell it?

Put It to the Test

Testing your business idea will help you determine its viability, whether there are customers who need your product or service and will pay for it. Further, trying out your concept before executing it can make the difference between success and a major money and time sink.

When testing your idea, ask your test groups everything you want to know: Does the concept appeal to them? Would they use it? Would their friends or associates use it? How much would they be willing to pay for it? What do they think of your potential advertising and marketing plans for it?

Use the following resources to find test groups, present your questions and fine-tune your business concept:

Online chat groups, discussion lists or other venues where you can receive immediate feedback.

Online surveys.

Focus groups. Bring together individuals who represent your target market and gather feedback on their interests, needs and opinions. Focus groups can be as informal as friends or business colleagues you chat with over lunch, or as formal as questionnaire respondents. Both are available online as well as off-line.

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