

Advice for your childcare business

Market Research



A close understanding of the local market and your customers' needs is essential in order to succeed in business. Performing market research on potential customers and your competitors will help you to gain this vital knowledge.



Through doing market research you will be able to find out:

- Who is likely to buy your services?
- How much would they be willing to pay?
- What services do you want to provide and do they match the needs/wants of your potential customers?
- What is the competition like?
- Is your location in an area of need?

And therefore answer the question:

Are you able to compete with new and existing childcare businesses and will there be a market for your business?

If you are buying an established business much of the information should already be available, such as occupancy trends and running costs. If you are setting up a new business you will need to use market research in order to accurately predict financial forecasts for income and expenditure. Your childcare business adviser can help you with this.

Good market research will bring together information from various sources using a number of research methods.

Customer research

This allows you to find out what your potential customers want in terms of quality, price, flexibility and service. If you can work out how they choose their childcare, you can tailor your services to fit their needs.

Perhaps the most valuable information is from your potential customers.

Try to find out:

- Who they are and what groups they fall into?
- How many potential customers there are?
- How many childcare sessions per week do different groups of parents use on average?
- The factors customers consider when choosing childcare?
- When and where they want their childcare?

Questionnaires are a useful tool for doing this and allow you to gain specific information about your customers' needs.

Designing a questionnaire

Questionnaires can help you research new markets, measure customer satisfaction or even find out more about people's perceptions of your service.

In order to get meaningful results here are some tips:

1. What are you trying to find out?

Start by writing down exactly what you want to know and then write the questionnaire around this.

2. How are you going to use the information?

Make sure you know why you are asking each question and how you are going to use the results. There's no point conducting research if the results are not going to be used.

3. Quantitative or qualitative?

Quantitative research provides statistical information – for example, how many potential customers there are, or, 75% of respondents thought...

Qualitative research is used to gain an in depth understanding of attitudes and behaviours, asking *how* and *why* questions.

4. Telephone, postal or face-to-face?

Self completion postal questionnaires can be a cost effective way to reach a wide audience. Both closed and open questions can be used. Response rates tend to be lower than other methods. Telephoning can be more costly but often generates a higher response rate, gives a fast turn around, and allows for further questioning. Face to face is usually the most costly and is time consuming, however this method can generate the fullest responses and enables you to target specific groups such as parent and toddler groups.

5. Keep it short and simple.

If you are going to ask your customers to answer your questionnaire make sure the questionnaire takes no longer than 10 minutes to complete (for face-to-face this will be about 10 to 15 questions).

6. Test your questionnaire.

This will allow you to time your questionnaire, make any final changes, and get feedback from your colleagues.

7. Data Protection.

You should state that information will be treated confidentially and provide details of how it will be used and stored. Respondents should be given the chance to receive feedback.

8. Analysis.

When you have gathered all the responses you must analyse the information. If the response rate was particularly poor you might need to send out more copies in order to have realistic data on which to base your planning.



Who are your competitors?

It is helpful to build up as much information as you can on local childcare businesses. Find out about their service, prices, and reputation as well as how busy they are. If spaces are available, perhaps there are already enough childcare places in the area. Find out how they advertise and promote themselves. Get a copy of their prospectus.

Use the information gathered to produce a comparison table listing everything that might affect what you decide to offer, for example, opening times, facilities and extra services. This should help you to see what customers' value and you may identify a gap in the market.

Secondary research

This is information and research gathered by other organisations and may include:

- The number of children in the appropriate age group in the area.
- The number of childcare businesses in the area and what services they offer.
- The number of childcare places in the area.
- New housing developments in the area.
- New businesses in the area.
- Current and emerging trends in childcare.

Much of this information can be found in the Audit of early education and childcare provision in Surrey. This gives information about numbers and spread of businesses offering pre-school, out of school, and early education places. It also provides data on population demographics. This gives an indication of the supply of childcare in any area.



The audit is available online at www.surreycc.gov.uk/earlyyears or for a printed copy contact the Early Years and Childcare Service on the number listed in the contacts section.

Information regarding new housing and businesses can be accessed from the local planning office.

Your childcare business adviser and your early education and childcare officer will have information about local childcare businesses and trends.



Interpreting results

It is through the thorough analysis of your market research that you will be able to develop realistic and achievable business aims. While it can be tempting to pick out results that confirm what you want to hear, and ignore the rest, this approach is likely to damage your business. By making informed business decisions you will ensure that your business has the best chance of success.

Further advice

For further advice regarding market research for a childcare business, or details about training, contact your childcare business adviser on: 01372 833833 or email: childcarebusinessadvice@surreycc.gov.uk

Surrey County Council
County Hall
Kingston Upon Thames
Surrey KT1 2DN



Produced by:

Early Years and Childcare Service

Fairmount House

Bull Hill

Leatherhead

KT22 7AH

www.surreycc.gov.uk/earlyyears

Tel: 01327 833833