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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?
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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?

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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?
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- The factors customers consider when choosing childcare?
- When and where they want their childcare?

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 used. Response rates tend to be lower but often generate 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 1 to 1.5 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.
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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.

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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.
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