

The Underground Marketer Podcast – Episode 20 – Full Transcript

Introduction 00:00:03 Marketing, explosive growth, and revolutionary secrets that can catapult your business to new heights. You're now listening to The Underground Marketer Podcast with your host, Tudor Dumitrescu. The one podcast devoted to showing new businesses how to market themselves for high growth.

Tudor Dumitrescu 00:00:24 Welcome to the underground marketer. This is the place where we deliver the real truth about marketing and explore big ideas that can help new businesses thrive and grow into big ones.

Tudor Dumitrescu 00:00:34 I'm your host, Tudor. And today I want to discuss a very important topic when it comes to business and that's market research. And I've seen that a lot of people, especially when they're new to business, they're new entrepreneurs. They don't really know how to do market research, on one hand, and on the other, they don't really understand the importance of market research. And I would say that when you're starting a new business or a new venture, or you want to launch a new product, or you want to expand your existing business in a new direction, there's nothing that's more critical to your success than market research. And market research, basically at its foundation, is investigating both sides of the market. So what do I mean by both sides? So each market has suppliers, people who supply the service and they also have people who demand the service, so buyers and sellers.

Tudor Dumitrescu 00:01:32 So you need to investigate the sellers, the competitors, and you also need to investigate the buyers, what they need, and so on and so forth. The goal of market research ultimately is for you to be able to uncover some sort of gap in the market. You know, some needs that are not currently addressed by your competition, or maybe a sub-niche of the market. That's not well addressed by the competition where you can bring extra value and where you can win those customers over. So that's very largely speaking what market research is about. So why is this important? Why does market research matter? From what I've seen, people who are not good at market research, they end up producing "Me Too" businesses and they typically end up going in fields that are very crowded and there's nothing that differentiates them from anybody else in that field.

Tudor Dumitrescu 00:02:29 And that means that they're basically not able to charge premium prices. They're in a situation that's very close to what's known in economics as perfect competition, where profits tend towards zero. So it's very difficult to make a living. You know, these are people who have a lot of potential typically, but because they don't do their research, right? They're not actually able to maximize that potential and to create the differentiation they need on the market to actually win and to be able to win business more easily. And obviously at higher profit margins, which is the goal to begin with. So starting to do market research involves two different phases. The first phase is that you're going to check out what your competitors are doing and what sort of offers they're making. It's very important here when you do this to actually check out for competitors who are winning, you know, and by that, I mean, competitors who are providing an offer that special, that's gathering a lot of demand.

Tudor Dumitrescu 00:03:38 That's making a lot of sales, you know, especially if you find a competitor that's growing very quickly, it's very likely that the strategies that they're using are effective and you should look into that. You should see what sort of funnels they're running,

what sort of, sort of services they're offering, or products they're offering. And of course, what sort of promises they're making in their marketing because clearly, they're doing something right that resonates with their customers. Now, how can you find your competitors? You know, a lot of people, they asked me, you know, how do we define who these competitors are? So there are several ways to do it, but fundamentally it's a mindset. You have to put yourself in the mindset of being a buyer. If you are a buyer for the, that product or that service or in that industry, how would you go about looking for these people?

Tudor Dumitrescu 00:04:30 You know, so, um, for example, you might search on Google. You might search on Google or for that specific type of product you might search directly on Amazon. You know, so whatever it is, just put yourself in the shoes of the buyer and see what they would do. So Google is a great way to go. Amazon is a great way to go for many products and you also have other different websites that can be popular depending on the business. So for example, landscaping companies, restaurants, and so on stuff like Yelp and other such listing websites can be very good for them. Obviously, Google my business is also, um, a place where you can go Facebook. There's a whole bunch, but ultimately you have to put yourself in the shoes of your customer and go out there and take the steps that they would take to become a customer of those businesses.

Tudor Dumitrescu 00:05:23 And then you're actually going to see how all these people market themselves and try to become a customer, you know, reach out to them, speak with a salesperson, pretend that you want to buy from them and see how the process looks like. You know, you will see immediately how they sell to you, what they say to you to convince you what sort of responses they have to objections and so on, and just analyzing your competitors. You're going to gather a lot of market intelligence, you know, because especially when you're first starting out in business, you want to find out as quickly as possible in that industry. What are the best practices? You know, what is working well, and what's solid, you know, maybe you don't know how that product or that service is being sold. You know, let's say that you're going to be a mindset coach or whatever.

Tudor Dumitrescu 00:06:15 You don't know how mindset coaching is sold. You don't know what makes for an effective discovery call with somebody, for example. So you have to find out and you can find out by trying it yourself and trying, you know, a hundred times and seeing what works and what doesn't, but that's sort of very inefficient because there are people who have already gone through the permutations, you know, and they have developed some best practices. So your best bet is to learn from them, you know, and you don't actually have to pay anything. Most coaches are going to offer a free initial session. So take that session and in the session, ask them as many questions as you can, you know, pretend that you don't have enough money to buy them and, and tell them, you know, look, I would love this service, but I simply don't have enough money and see how they answer that.

Tudor Dumitrescu 00:07:03 Objection, you know, tell them that you need to talk it with your wife or with your husband and see how they answer that objection. You will get a sense of their sales process. And you can even ask for many people in this scenario, you know, for you to record the call, just because you want to reference it back to make a decision. And most of them aren't going to say yes. And if you do that, you can even analyze it after the fact and see exactly how their whole argument played out in how they try to convince you, what are the biggest selling points, and so on. And obviously feeling wise, you're going to feel what sort of arguments resonated best with you? What seemed the most plausible, what didn't seem plausible at all. So you're going to be able to get a lot of insight from that.

Tudor Dumitrescu 00:07:47 Even if you are in a product-based business, you can do similar things. You know, first of all, you can start by looking at other people who are selling similar things, you know, how are they doing it? Are they running ads? Are they, um, advertising on Facebook? Are they doing SEO? Figure out what they're doing to be successful and try to replicate that at first and see what sort of results you get. The point here isn't to mimic your competition a hundred percent. It's just to get the best practices for them. And then of course, you're going to start trying to improve upon them and make them better and deliver more and more and more value to the market. So that's pretty much one side of it. You know, we talked about the competition, why it's important to research them, and how much value you can truly get by doing that.

Tudor Dumitrescu 00:08:41 And you know, it's going to in the long run, you know, people are like, oh, market research takes time. It's difficult. I need to spend a lot of time doing this. I just want to start my business. I don't feel like doing this, but the truth is then in the long run, the market research that you do, and the time that you spend doing it is actually going to save you time. You know, you're going to get the best practices much faster. You're going to learn what works and you're going to be able to do that for yourself. Now we have to move on to the buyer's side. It's also very important to see how buyers interact with sellers and what they like about it, what they don't like about it, what could be better? What resonates with them, what doesn't resonate with them.

Tudor Dumitrescu 00:09:28 That's the sort of thing that you're looking for. You know? So, um, when you're looking at the buyers, the best way to do this initially is by searching for reviews. You know, so search for, for example, one-star reviews and see what people are saying. They might be saying, for example, uh, this company never answers their phone, or I have to call 10 times for them to pick up once or whatever it is. They're going to be complaints there. And that's where you uncover things that aren't going, right? And things that you can actually improve to deliver a better service because the, the end goal here, and the reason why you're doing both analyzing both the sellers and the buyers is because fundamentally, what you're trying to do is you're trying to solve a problem and you're trying to solve it better than anyone else on the market.

Tudor Dumitrescu 00:10:21 You know, and that's what you get rewarded for. Many people think that this approach of solving a problem, blah, blah, blah, only applies to software businesses or to technology startups or whatever. But I think that that's actually false. It's true that this sort of view of scientific view of business comes from Silicon Valley, but it's only because there's a lot of money involved there. And when there's a lot of money involved, people actually have to be successful. So they've studied what makes for success in business and what doesn't. So when we approach the market from the pro, from the perspective of we're trying to solve a problem, we have to look at how other people are trying to solve this problem, the competitors, and what the people who are facing the problem actually need. Now for some actual tactics that you can employ to figure this stuff out.

Tudor Dumitrescu 00:11:18 The, the first thing I would say, which you can also use for the competitor analysis is to go on a website like Semrush, or Google trends, or even something like Similarweb. In Similarweb, for example, you can enter one of your competitor's websites and it's going to give you all their stats, right? So it's going to tell you where their traffic is coming from. Is it organic? Is it ads? Is it ads from Facebook? Are they getting referrals from other websites or affiliates? And you're going to be able to quickly see how their business is

organized and where their traffic is coming from. That can be very useful. It tends to work well. If you look at large competitors, many small competitors, they're not going to be on websites like Similarweb. Nevertheless, coming back to what we were saying, you can use stuff like SCM rush or Google trends to do keyword analysis and to see what sort of stuff people are searching for.

Tudor Dumitrescu 00:12:18 You know, that's how you sort of see what demand there is for it. You know? So, uh, for example, let's say that you, you search for the keywords by men's tennis shoes on Google trends. The most important thing is not just the total value, but when you see results, historically, as you see on Google Trends, and you're going to see a chart with how interest in that keyword varies over time, you want to see that demand is growing. You know, so if you see that demand is growing for whatever service or problem you're searching for and keyword combination, you're searching for, that's a positive sign. You can also use the keyword planner to search for, to check what sort of search volume you have. You know, that's basically the people who are interested in that sort of thing. So that's the idea, that's the overarching idea of how you're going to get the main insights that you need about what sort of demand level there is and how you can access it.

Tudor Dumitrescu 00:13:21 Apart from that on the buyers" side, you also need to figure out what's not working well. You know, so we mentioned reviews another very good way, you know, and this is not going to work for all industries, but it is for some, is to go on a website like Amazon and search for related books, you know, books that are related to whatever problem you're trying to solve. You know, if you're trying to solve a marketing problem related to a marketing problem, if you are trying to solve a, um, let's say a problem by business, organization's two books about business organization and whatever search for the best sellers there. And see, look at the way I prefer to do it. To be honest with you is to look at the three-star reviews on Amazon because the three-star reviews are going to come from people who are not biased.

Tudor Dumitrescu 00:14:12 You know, you have the people who just give five stars just because they can't be bothered much. Right? And they don't think critically about it. They just love it. They're feeling excited about the product or the book or whatever it is. And they just give five stars and they leave a great common there. And you also have the haters, you know, people who live one star, they, they're not really thinking critically. They just hate it for whatever reason, they just leave one star. But the three-star reviews are very useful because they actually think critically, you know, and they sort of say, what's working, what's not working. What can be better? And if you look at those reviews on products and you check what the customers are saying, you're going to be able to start identifying a lot of problems in the market. And these are problems that you probably never even dreamt that exist.

Tudor Dumitrescu 00:15:03 And I know that many of you are going to be tempted not to believe me. You know, you're going to be tempted to think that you have a very accurate understanding of your market and you're on top of it. And you pretty much know what's going on and what people want and what people desire. But I will caution you to be very, very careful because it's very easy to deceive yourself that you understand your market when you truly don't. And I mean, this is why the lean methodology, when it comes to startups has developed in Silicon Valley. Either the point of it is that you have to test your assumptions at every step of the way. And the point there is that you don't know what your market wants, and you have to find it out and you have to keep finding it out continuously.

Tudor Dumitrescu 00:15:57 You know, you never understand your market fully. So it's much more effective. If you start from the perspective that you don't truly know your market, and then you do your research from that perspective because you're actually going to notice things. And if you approach them with the opposite mindset thing that you know, you're going to skim over them, because you're going to think, oh, this complaint is just a small thing. It's nothing major when in fact it is, uh, you know, so listen to your market. It's very important to, to understand that you don't know, and the people who know what problem they have and what a good solution would look for them are your customers. So that's who you actually want to go after, after you do this initial research by reviews, and by looking at what people are saying online on forums, you can also search groups, Reddit, and stuff like that.

Tudor Dumitrescu 00:16:53 Next thing that you do is that you want to form a hypothesis. This is about your product or service, and actually tried testing it out and you test it out by trying to sell it. You know? So you, maybe you saw from your competitors, that ads are very effective in your industry. So obviously it's a good idea then to test by ads. If you see that your competitors are selling VR outbound, for example, in direct outreach, most of the time do not try to test by ads because that's probably a mistake know, oh. So if you see that most of most coaches, especially most new coaches, for example, are getting their leads and their customers via direct outreach. Then that's what you would want to do as a coach as well. You don't want to follow it. Tony Robbins, let's say and start running ads because that's not likely to go, going to work out.

Tudor Dumitrescu 00:17:46 You know, you need to start with the strategies are likely to work out for a business that in your position. So that's the way that you have to think about it. So obviously if you run an ad campaign, you don't even need to have your product ready. You know? So let's say that you're developing a SAS product. You don't even need to have it ready. You can just have a sales page where you ask for an email or maybe a credit card, and you just take the credit card. You don't charge them. And you're going to charge them when the product is ready and you can give them a discount or whatever. And you see what kind of response you have from your market. You can advertise it via ads. You can advertise it via certain forums or groups, product hunt. I knew that used to be quite popular.

Tudor Dumitrescu 00:18:31 For example, for SAS, which method you use, doesn't matter so much. But what matters is that you have a clear rationale of why you're using it and what would it take for your hypothesis to be validated? And typically if you, if you make a good hypothesis and you've done the prior research, right, and you've identified some pain points that aren't well addressed, you can sort of design a solution. That's going to happen, peel from the get-go and you just put it in front of people and you see what the market says. That's the next level test. You know, you've looked at your competitors, you've looked at the buyers. It's time to actually start putting stuff out on the market and see what sort of reaction you get. It's important to mention here that you should also be perseverant. A lot of people when they're starting out, they take very small action.

Tudor Dumitrescu 00:19:24 To them, it doesn't feel like small action, but in fact it is small action. You know? So for example, you have people who are like, I will cold call five people in a day. And if you want to cold call five people in a day to sell your idea of a product or whatever it is from your target audience, you're not very likely to get meaningful results. You need to reach much higher numbers, which takes time. And yeah, maybe you're not comfortable selling by phone or whatever it is. So you can't do it all at once. I understand that, but then you need to allow for the time so that you get comfortable with it and you can hit big numbers. And it's very

important for you to start hitting big numbers. I mean, if you think about people who got started in sales, for example, Jordan Belfort, when he was young, I can bet you that he didn't go knocking on five doors a day.

Tudor Dumitrescu 00:20:17 And that was it. You know, when he started his first business, no, he probably went knocking on a hundred points us to make all the sales. So, um, it's, it's very important. You strive to reach for the big numbers after you do your research to actually be able to properly validate the hypotheses that you create. Another very powerful strategy for market research that you can use who's here is to actually speak with prospects with customers. Of course, this may be difficult to do. For example, if you have a mass appeal product that you sell in large quantities on Amazon, like a supplement, it may be difficult to speak to a lot of people to contact them and so on and not impossible, but it just may be difficult, but it's very good to speak with your customers and to interact with them and to be able to ask them questions by video or by phone so that you see exactly what sort of needs they have, what sort of unresolved problems they have and how you can go about actually designing a solution that fits for them.

Tudor Dumitrescu 00:21:27 And I can't emphasize this enough. So this is one of the lesser-known tricks when it comes to market research. But when you can actually get to speak with a person one-on-one, you can actually get them to deliver a lot of value that you cannot get in writing or by running an ad campaign or whatever. And the reason for that is that you can ask them follow-up questions, you know? So if they say, let's say that they need the, they can't keep their schedule in order, for example, that's one of their problems that they have that they mentioned to you. You can ask them follow-up questions. What exactly do you mean by that? Would such and such help you solve that? What exactly would you need? And then you can listen to their answers and see what they tell you, and actually design a solution that's efficient for that problem.

Tudor Dumitrescu 00:22:18 So when it comes to market research, if at all possible, definitely try to actually speak with your customers. And as I said before, don't think that, you know what they're thinking and don't try. This is actually another mistake that I see very often is that instead of taking what their customer tells them, many people, what they do is that they interpret what the customer has said. You know? So for example, the, the customer says that he is frustrated by, um, let's say the onboarding process that he has found with another competitor. And they take that to mean they don't ask follow-up questions and they take that to mean that somehow their own follow-up has to be different than their competitors, but they don't really know-how, and they create their own interpretation in the end, but they still use what that customer has told them.

Tudor Dumitrescu 00:23:19 So don't do that. That's a mistake. So stick to what the customer tells you, you know, if he doesn't tell you something, don't interpret by yourself and try to guess what he's actually thinking. This is not an exercise in guessing this is an exercise in discovering, what's actually going through the mind of another person and you cannot do that if you add your own interpretation to it, right? So, um, you have to restrain yourself from doing that and stick to whatever the person says. You know, that's why doing an actual interview is very powerful because you get to ask them, follow up questions and get them to explain, but never assume, you know, never try to interpret on your own and put it in your own words or whatever. It's very important in your own marketing and in your own research to actually use the same kind of language that your prospects are using, using to describe their problems.

Tudor Dumitrescu 00:24:19 And this is another trick that you can use. You know, if you find that they typically describe their problems in a specific way, you want to use the same kind of language when describing the problem. And then that's how you actually get to make it effective of straight off the bat. You know, you, you get to see how they talk about their own problems, how they think, you know, their language is an insight into their thinking. And if you can join the conversation and that's already happening in their heads, you know, as Robert Kaleo, an old copywriter used to say, you have to join the conversation that's happening in their heads. Then you get their attention and you get them to listen. So, um, to briefly summarize, we've discussed the importance of market research helps you determine your differentiation in the market and actually helps you create a product solution or service that sells in that satisfies a need.

Tudor Dumitrescu 00:25:16 That's not currently addressed on the market, or it satisfies the needs better than the other solutions out there and gives you a leg up on the competition when you try and do your sales, you know, because you can point to the differentiator and say, that's why you want to work with us and not with any of our competitors. So that's the, the main reason why it's important. Now, we also have discussed that market research is composed of two sides of the market, the buyers. So people who are, are going to buy from you, what they need, what they're frustrated about, what they can't find anywhere else, kind of stuff. We've discussed techniques to discover that such as Google trends, checking reviews, who's going on websites such as Amazon, for example, looking at reviews for similar products or other websites online, where you can find reviews, software like SEM rush can also be useful to do keyword analysis and identify how much demand there is.

Tudor Dumitrescu 00:26:12 And then on the other side, you have the sellers. So your competitors, you have to identify what sort of offers they're making, how they're making them, what promises they're making. And of course, which ones are actually growing the fastest and are winning in the market because they're clearly doing something right. And we went over the idea that there exist certain best practices in your industry, and you don't actually need to reinvent the wheel from scratch. You can take over from where the others have left, you know, so to speak, stand on the shoulders of giants. And that's the sort of thing that solid market research, both of your buyers and your sellers enables you to. And finally, we discussed the point, which is very important that you should not interpret what your customers are thinking. You should let them tell you. And then you take it at face value. Don't think that you're smarter than your customers, and you can figure out better than they can themselves, what they need. That's not how it works. And if you do that, you're going to, you're not going to create something that resonates with the market. So rather than do that, try to refrain from it, listen to your customers. If you can get interviews with prospects or with possible customers by all means do so is going to really help you out. So that's pretty much a complete overview.

Tudor Dumitrescu 00:27:36 So stay tuned guys for the next episode. And until next time, remember, keep growing your business and providing massive value to the world. You are the reason why we're all growing richer. Our freedoms are expanding and we're all living in greater prosperity till next time. Thank you, guys.