

A Small Business Consortium
for Market Research

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A Small Business for Market Research Consortium

One of many obstacles to the growth of new and smaller firms is a lack of timely, relevant market information. Too small to conduct sophisticated market research themselves, many firms must rely on public sources that are not specific enough for their needs. These firms also may lack the skills required to fully exploit public sources.

One strategy for helping such "information-poor" firms has recently been developed by the Center for Urban Studies and the Cushwa Center Industrial Development at Youngstown State University. Both Centers, in partnership with private agencies such as the local Chamber of Commerce and public agencies like the local economic development corporation, have created a public consortium to conduct marketing research for small businesses on a cost-sharing basis.

Small businesses contact the agency and indicate what sorts of marketing information they require in order to promote effective decision-making. When original survey research is found necessary, each interested small business purchases a share in a survey conducted using University resources. This allows costs to be spread proportionally among a number of clients so that the information is inexpensively available.

On occasions when not enough small businesses express a need for survey data, the University contacts potential clients who might need the service but may not be aware of it. Contact is made directly or through the Chamber of Commerce and the economic development corporation.

Other market-related information is also gathered and made available to the consortium by the University. The Chamber of Commerce and economic development corporation, for example, annually conduct a survey of businesses in the community. Similarly, many departments at the University

perform research relevant to marketing. The University gathers this material, conducts secondary analyses as necessary, and makes it available to local businesses. This reduces the cost of marketing surveys which typically gather redundant information available from a variety of sources.

Marketing information in the form of secondary data (e.g., demographics, trade association statistics) is also gathered by the University for the consortium. In Youngstown, for example, there is a need for marketing information for a variety of information on steel fabrication from many small businesses. Local businesses share in the cost of developing this information.

The consortium is organized so that research does not compete with private sector marketing firms. Many small businesses cannot afford the services of these firms. Care is taken to direct research which could be conducted elsewhere to the private sector.

Research at the University is conducted on a confidential basis. Businesses purchasing a share of a research endeavor will not wish to disclose their activities to competitors. Thus, specific marketing information is only shared with the client who requests it.

The unit cost of operating the consortium marketing service will decrease over time with rising volume. Also, as the University accumulates marketing information, especially that which does not require frequent updating, the need to conduct some in-depth studies will be reduced.

The marketing consortium appears to have important benefits for the community. First, it provides information which will help the public and private sectors to attract, retain and increase jobs in existing industry and to attract new firms. Second, it helps increase the efficiency with which local lending institutions allocate scarce venture capital, since many of the firms using the service rely on local borrowing and are highly leveraged. Third, it makes greater use of the University's intellectual resources.

Readers interested in more information about the market research consortium may contact: