

THE DEFINITIVE GUIDE

11 MIN READ

The Market Research Playbook

Every expensive business mistake has the same root: a decision made on assumption instead of evidence. Market research is how you replace the assumption — before you bet the capital on it.

Most business failures aren't failures of effort or execution. They're failures of assumption — a market assumed to exist, a customer assumed to want it, a price assumed to work. Market research is the discipline of replacing those assumptions with evidence while it's still cheap to be wrong. It's the unglamorous foundation under every funded plan and every smart market entry. **(Why it's the foundation of smart decisions** (colemanma.com/blog/market-research-the-foundation-of-smart-business-decisions/).)

This playbook is how CMA approaches research — not a survey for its own sake, but evidence scoped to the decision you're actually making, sourced to survive scrutiny, and ending in a recommendation rather than a data dump. It's the engine behind the **Market Research practice** (colemanma.com/services/business-plans-and-funding/#market-research), and the layer that makes a **strategy** (colemanma.com/guides/strategy-that-ships/) defensible instead of hopeful. Like our strategy work, it's *strategy meets execution* applied to a single question: it exists to change what you do next.

Before

the lease, the build, the hire — research earns its keep only while changing course is

1

specific decision each engagement is scoped to — research that answers

\$0

the cost of a "no" caught in research, versus a fortune for the same "no" caught

Illustrative framing — every engagement is scoped to the specific decision in front of you.

Why research pays for itself

Owners often skip research because it feels like a cost with no immediate return. The framing is backwards. Research is insurance against the most expensive mistakes a business can make: signing a lease in the wrong location, building a product nobody wants, pricing below sustainability, entering a market already saturated. Set against the cost of any one of those, the research is a rounding error. It's the most **underrated tool in the toolkit** (colemanma.com/blog/why-market-research-is-the-most-underrated-tool-in-your-business-toolkit/) precisely because its payoff is a disaster that never happens.

The asymmetry that makes it worth it

The math is lopsided in your favor, and that's the whole case. A modest, scoped study costs a known, bounded amount. The mistakes it catches — the wrong market, the unfundable plan, the price that never covered its costs — are unbounded and often irreversible. You are spending a small, certain number to avoid a large, uncertain one. No other line in the budget has that shape.

There's a second return that's easy to miss: speed. Owners who skip research don't actually avoid the questions — they answer them slowly, in the market, one painful month at a time, by watching what works. Research front-loads those answers before the meter is running on a lease, a payroll, or an inventory order. The point isn't to slow the decision down. It's to compress the learning into a few weeks of evidence instead of a year of expensive trial and error.

It's a published-price service, not a black box

Because the work is scoped to a decision, it can be priced like one. CMA offers research at two published tiers — Essential and Advanced — so you know what the evidence costs before you commit to gathering it (see the **Market Research practice** (colemanma.com/services/business-plans-and-funding/#market-research) for where the line falls). Essential answers a focused question; Advanced underwrites the kind of decision an investor or a landlord is going to interrogate. You match the tier to the stakes, not the other way around.

☑ THE BOTTOM LINE

Research isn't a tax on action — it's the cheapest insurance you'll ever buy against the decisions you can't take back. The payoff is invisible by design: it's the catastrophe that never shows up on the books.

Sizing the market: TAM, SAM, SOM

"Is the market big enough?" is the first question, and it has a structured answer. The three layers — done honestly — separate a credible opportunity from a fantasy. Each one narrows the last, and the discipline is in being willing to let the number shrink as honesty demands. (Full method: **understanding TAM, SAM, and SOM**

(colemanma.com/blog/deciphering-market-potential-understanding-tam-sam-and-som-with-coleman-management-advisors/.)

1

LAYER 1

TAM — Total Addressable Market

Everyone who could conceivably buy what you offer, if you could reach all of them with no constraints. It is the ceiling, and it is useful for context — but treating it as a target is the original sin of market sizing.

2

LAYER 2

SAM — Serviceable Addressable Market

The slice of the TAM you can actually serve given your model, your geography, your channels, and your product as it exists. This is where the abstraction starts to touch reality.

3

LAYER 3

SOM — Serviceable Obtainable Market

What you can realistically capture in a defined window given competition, capacity, and the time it takes to win customers. This is the number that should drive your plan, your hiring, and your funding ask.

A worked example, honestly

Say you're launching a premium meal-prep service. The TAM might be every household in the country that eats — a vast, useless number. The SAM is the households in the three metros you can deliver to, in the income band that buys premium convenience: a real, sized figure built from census and spend data you can cite. The SOM is the share of those households you can plausibly win in year one against the incumbents already in their fridge — a few percent, sourced and defended. Notice the number got smaller and far more useful at every step. That shrinkage is the work, not a failure of it.

“

"One percent of a huge market" is not a plan — it's a tell. It says the founder sized down from a fantasy instead of building up from evidence.

The discipline is in the sourcing. A sizing built from defensible, cited inputs survives an investor's scrutiny; one built from "1% of a huge market" ends the conversation, because every experienced investor knows that sentence means the founder started at the ceiling and divided until the answer looked good. The **Pinnacle Innovations engagement** (colemanma.com/case-studies/pinnacle-innovations/) is the pattern done right: market evidence credible enough to help unlock funding, precisely because the numbers were built up from the bottom rather than carved down from the top.

⚠ WATCH OUT

Beware the top-down sizing that starts with a giant number and applies a hopeful percentage. It feels rigorous and proves nothing. Build from the bottom — real customers, real reach, real capture — and the number you land on is one you can actually defend in the room.

Knowing the customer better than they know themselves

A market is an abstraction; customers are the reality underneath it. A sizing tells you how many there might be — it says nothing about why any one of them would choose you. Useful research closes that gap by answering the questions that actually decide whether they buy:

- **Who exactly are they?** The specific segment, with real demographic and behavioral definition — not "everyone."
- **What problem are they solving?** The job they're hiring your product to do, in their words, not yours.
- **What do they use now?** The status quo you have to beat — including doing nothing, which is often the toughest competitor.
- **What would make them switch?** The specific trigger and the specific value that overcomes the inertia of what they already do.



The goal isn't a thicker report — it's a customer you understand so precisely that product, pricing, and message stop being guesses.

Qualitative and quantitative do different jobs

The two halves of customer research answer two different questions, and confusing them is how research goes wide and shallow. Qualitative work — interviews, observation, the open-ended "tell me about the last time you..." — tells you *why*, and surfaces the buying triggers and objections you didn't know to ask about. Quantitative work — surveys, search and spend data, A/B signal — tells you *how many*, and turns a sharp hunch into a number you can size and cite. You usually need a little of the first to know what to measure with the second.

Beat the status quo, not just the alternatives

The most underrated finding in any customer study is how strong the pull of "do nothing" is. People are loss-averse and busy; the cost of switching — learning a new tool, changing a habit, risking that the new thing is worse — is real and immediate, while the benefit is future and uncertain. That's why a product that's merely better than the alternatives still stalls. The research question that matters isn't "are we good?" but "what specific moment makes inertia finally lose?" Find that trigger and you've found the hinge your whole go-to-market turns on.

Get this right and nearly everything downstream — product, messaging, pricing, channel — gets easier, because it's built on a real person instead of a guess. (Our full approach: **a deep dive into CMA's methodology** (colemanma.com/blog/the-art-of-market-research-a-deep-dive-into-coleman-management-advisors-methodology/.)

Reading the competition honestly

Competitor analysis is where founders are most tempted to flatter themselves. The valuable version is unsentimental: a clear map of who else solves this problem, what they do well, where they're weak, and where the genuine opening is. The goal isn't to declare yourself better — it's to find the gap you can actually own. (More: **why knowing your competitors matters** (colemanma.com/blog/staying-ahead-of-the-game-the-importance-of-knowing-your-competitors-with-coleman-management-advisors/.)

Count the substitutes, not just the rivals

The competitor that kills you is rarely the one on your slide of logos. It's the substitute — the spreadsheet a customer already uses, the in-house workaround, the decision to simply do nothing. An honest competitive map includes those, because they're what your wedge actually has to beat. Map each real alternative on what it does well and where it's genuinely weak, and the opening stops being a hope and becomes a position. Done well, the analysis reveals the wedge your whole **go-to-market** (colemanma.com/guides/strategy-that-ships/) should be built around — the **Wyld Blue engagement** (colemanma.com/case-studies/wyld-blue/) turned exactly that kind of clear-eyed read on the market into a sharper, more profitable position.

Weakness is the map; the gap is the destination

Cataloging what competitors do well is table stakes — and on its own, it's how founders talk themselves out of a market. The useful half of the analysis is the inventory of weakness: the segments they underserve, the use cases they treat as afterthoughts, the complaints that show up over and over in their reviews. Those weaknesses are where a smaller, sharper entrant actually wins, because incumbents are structurally slow to fix the things that don't threaten their core. The opening you're looking for is rarely "do everything they do, better." It's "own the corner they can't be bothered to defend."

Pricing on evidence, not nerves

Pricing is the highest-leverage decision most owners make on the least evidence — usually a mix of cost-plus and gut feel. A single point of price flows straight to the bottom line, which is exactly why setting it by nerves is so expensive. Research replaces the nerves with signal: what the market currently pays, what comparable value commands, how sensitive your specific customer is, and where the margin actually lives.

Cost-plus answers the wrong question

Cost-plus pricing asks "what do I need to charge to cover my costs?" — a question about you. The market asks "what is this worth to me?" — a question about the customer. Evidence-based pricing bridges the two: it anchors to the value the customer perceives and the prices comparable offers command, then checks that the math still clears your

costs with room to spare. The difference between a price set on evidence and one set on fear often determines whether the business is sustainable at all. The **Wyld Blue engagement** (colemanma.com/case-studies/wyld-blue/) shows repricing on evidence translating directly into profitability — not by charging more for its own sake, but by aligning price with the value the evidence said the market would pay.

✓ IN PRACTICE

Before you set or change a price, write down the three numbers research can give you: what comparable value commands in the market, what your specific customer's willingness-to-pay looks like, and what's left after your true cost to deliver. If you're setting price without all three, you're guessing with the most important lever you own.

From research to decision

Research that doesn't change a decision was overhead. The discipline that makes it pay is scoping it to a specific choice from the start — and carrying it all the way to a recommendation you can act on:

1

BEFORE YOU START

Name the decision first

Validating a concept, sizing for investors, pressure-testing an expansion, repricing a line — each calls for different research. Start from the question you are actually trying to answer, not the method you are comfortable running.

2

SCOPE THE WORK

Match the rigor to the risk

A reversible, cheap decision needs less evidence than an irreversible, expensive one. Proportionate research spends the most where being wrong costs the most, and refuses to gold-plate the rest.

3

DELIVER

End with a recommendation

The deliverable is a clear read on what the evidence says to do, and the confidence behind it — not a slide deck of charts that leaves the hard call back on your desk. A data dump is research that quit one step early.

That's the standard CMA holds research to: scoped to your decision, sourced to survive scrutiny, and ending in a recommendation you can act on. The **Pinnacle Innovations engagement** (colemanma.com/case-studies/pinnacle-innovations/) shows it in a funding context — market evidence credible enough to help unlock capital — and the **Wyld**

Blue engagement (colemanma.com/case-studies/wyld-blue/) shows the same discipline applied to price, translated into profitability. Unfamiliar with a term along the way? The **glossary** (colemanma.com/glossary/) defines the funding and operations vocabulary in plain language.

☑ THE BOTTOM LINE

A finished study should fit on a single page of conclusions: here's the decision, here's what the evidence says, here's the confidence behind it, and here's the move it points to. If the report can't be compressed to that, it hasn't finished doing its job — it's stopped at data and left the judgment to you.

If there's a decision in front of you that's too costly to guess on, start with the **Market Research practice** (colemanma.com/services/business-plans-and-funding/#market-research) or take the **60-second fit quiz** (colemanma.com/fit/) if you're weighing it against other moves.

This guide is provided for general informational and educational purposes only. It is not legal, tax, accounting, investment, or securities advice. See our **full disclaimer** (colemanma.com/disclaimer/).