

Validating your Market What It Means to Your Food Business



You have a great food product idea, but how do you determine if there is a market for your product? Validating your market before you invest time, money and other resources into your business can set you up for success and help you avoid costly mistakes.

What is Market Validation?

Market validation is the process by which you determine if there is a need for your food product within your target market. This is an important part of your business planning, and will help inspire confidence in lenders and investors. The process will allow you to determine if consumers will buy your product, and can ensure that your business is profitable. It will help you understand if and how your food product meets consumer demand. It will also allow you time to make adjustments before hitting the marketplace.

When is the Right Time to Validate My Market?

The right time to undertake market validation activities is during the product development stage, and ideally, prior to investing a significant amount of time and money. Determining if you can achieve product-market fit will help to ensure your success.

Research First

- The first step is to understand the marketplace by researching your target market and ideal consumer. This will give you a thorough understanding of the arena in which you will be operating,
- Your research will determine who that target audience is, including their preferences, needs, wants, demographics and behaviours. This will allow you to tailor your approach to really hit the ground running.
- From here, you can begin to develop your pricing and marketing strategies, along with your value proposition. What problem is your product solving for your target consumer? Is your consumer willing to pay the price that you require to be sustainable? It may be useful to test these hypotheses through focus groups, surveys or conversations with potential customers. Avoid the pitfalls of testing your soft market (e.g., friends and family) in order to validate your hypotheses without bias.
- Feedback from these interviews and focus groups will allow you to further tweak elements of your product that may not work for your target market. Fine-tuning your product and approach at this stage will save money and headaches down the road.

