

Market Research Guidance for Childcare Providers

It is vital that you carry out your own market research before you invest time and money into setting up your childcare business.

It will:

- help you to identify what kind of childcare local parents want and need
- check that there is enough business in your area to sustain your business in the longer term
- help you make decisions about your operating hours and charges

As a minimum you should try to find out:

- what other childcare provision there is in the area; what is the competition like
- is there demand for local childcare places
- what type of childcare services families need
- who is likely to buy your services
- what potential customers think about quality, price and services to be offered
- what is the average going rate for childcare in the area, and what people are prepared to pay
- which school you could serve
- the numbers of local children in your target age group

Researching the childcare needs of children and parents

You will need to test your business proposal on your target audience (parents) to identify interest. It is important to create opportunities to talk to parents to understand their views and thoughts and to find out what kind of provision, if any, they would be most likely to use. This can be done informally by talking to parents in local baby and toddler groups or local supermarkets. The most common research method used to help capture information from potential customers is the use of a questionnaire.

Questionnaires

A carefully planned questionnaire can be used to capture views of potential customers. This can be used during face-to face interviews, over the telephone or through the post.

When planning your questionnaire design it is helpful to remember to:

- Be clear about what you want to find out from your questionnaire.
- Decide how you will score and analyse the information once received. Keep it simple and easy to score, as this will allow you to assess what percentage of parents surveyed under each response.
- Make the questionnaire easy to follow.
- Avoid asking for two or more things in one question.
- Use tick boxes wherever possible.
- Ask the least personal and complex things first.
- If you use any sort of scale, explain the ranking e.g. if 1 is the highest or lowest.
- Provide an introduction to the survey that tells the respondent why you are asking for this information and how you will it.

- Tell respondents if you will provide them with feedback on the results, including how and when.
- Remember to include a data protection statement. Examples are included in the templates provided.

Distributing your questionnaire

1. Think about how best to reach the people you want to complete your questionnaire. If you want to reach parents, consider distributing it through your local children's centre, doctor and dental surgeries, health visitors, schools, libraries and/or other community groups.
2. Make sure your sample size (the number of people you survey) is sufficiently large and varied enough to capture significant data.
3. Make sure you have a representative sample. If you are thinking about expanding your childcare provision to a certain age group, don't target all parents, but try and concentrate on those with children already in, or approaching that age range.
4. If you are distributing the questionnaire through other people, remember to put a return by date and return contact details.
5. Test your questionnaire before you send it out or use it. It will soon become clear which questions are ambiguous or too difficult.

Competitor research

It is also important to find out who else operates in the catchment area and how many children they are registered for. You could undertake some 'mystery shopping' to find out how full other local childcare provisions are in the area and what services they offer and even how much they charge.

If, after this research you find that **most** providers in your area have vacancies, you may need to reconsider your plan to open up or expand your service as this may indicate that there is currently no demand.

Analysing your market research

It is important to carefully analyse the findings of your research.

- Do you feel that there is room for a new provider?
- Are people able or willing to pay the level of price which you need to charge (your break even price) to make your business sustainable?
- Are you confident that you will be able to fill enough places to keep your business going?

Once you have analysed the results from your market research, you should gain a better understanding of demand for the area and where your business will fit.

Remember that your goal should be to have a business that is sustainable in the long term and your results should give you a clearer picture of whether this would be the case.

Ongoing knowledge of the local childcare market

Not only is market research essential for a new business, an existing provider should also keep up to date and know of any changes in the area, including their current customers'

and potential customers' needs. This will contribute towards a successful, long term business.

Remember to keep in touch with the changes in the area, people and the business environment around you. If there are changes in lifestyle, income etc, this can have an effect on your business. Changes in local developments, government and birth rates can also have an effect. This means your awareness of the local market and your market research should never stop and should constantly be refreshed. Ideally this should be once a year or at any time when you are considering making a significant change to your service.

Childcare sufficiency data

Essex County Council is required to collect information each term from childcare settings across the county, about the demand and supply of childcare places. This is called childcare sufficiency. This is essential information if you are thinking about setting up a childcare business in Essex.

In order to ensure there is a sufficiency need, please contact your Children's Community Commissioning Officer who will be able to give you this information on behalf of the sufficiency group. Details can be found using the link on the Becoming a Provider page at www.essex.gov.uk/newproviders

Area statistics

Information on new birth rates, unemployment, home ownership and other indicators of wealth will help assess long term trends and area potential which will support your decision to start, develop or invest further in your business.

Website: www.statistics.gov.uk/neighbourhood

Useful contacts

Essex County Council Childcare finder

Website: www.essex.gov.uk/fis

Early Years and Childcare Business Management Consultancy team

Tel: 01245 438554

Email: business.consultancy@essex.gov.uk