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Addressing Startup Failure through Market Research, Business Planning, and Commercialization in an Elderly Caregiving Training Center

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Abstract
New ventures face a persistently high failure rate, a challenge often caused by internal weaknesses such as lack of market validation and flawed business models. This study proposes a conceptual framework that integrates market research, business planning, and commercialization into a continuous, iterative cycle, emphasizing their interdependence rather than as isolated processes. To ground this model, it is applied to the case of an elderly caregiving training center, an industry that is growing and vulnerable to the same issue that challenges new ventures. The framework illustrates how market insights can be translated into structured strategies through business planning and subsequently tested through commercialization, with feedback loops informing further refinement. It addresses the critical gaps that undermine venture success and highlights how strengthening market validation and strategic alignment can reduce risk, enhance the long-term sustainability and adaptability of service-based ventures in a volatile market.
Keywords: Business Planning, Commercialization, Entrepreneurship, Market Research

Introduction

Entrepreneurship drives economic growth, sparks innovation, and creates job opportunities (Rong, 2025). Yet, despite their potential, most new ventures struggle to survive their early years, with nearly 90% eventually failing (Adam, 2024).

According to an analysis by CB Insights (2022), which reviewed 111 startup post-mortems published since 2018, the leading cause of failure was running out of cash (38%). The second most common reason was the absence of market need (35%), followed by being outcompeted (20%) and having a flawed business model (19%).

While "running out of cash" is identified as the top reason for failure, it is not just about money but reflects a weak financial planning, including underestimating costs, overestimating revenues, or failing to raise sustainable funding. A solid business plan would forecast financial needs and outline strategies for resilience.

The second leading cause, “no market need”, emphasizing a fundamental gap of insufficient market research and validation. Launching a product or service without understanding real customer demand often leads to significant financial losses, poor market performance, and damaged brand reputation.

Similarly, strong competitors are not the only cause of being outcompeted. It often signals a lack of differentiation and poor positioning, which can be addressed with careful planning and research. Lastly, a “flawed business models” also reflects structural flaws in how the ventures creates and captures value.

These findings point to a critical issue, new ventures are not merely failing because of external pressures, but largely due to absence of market research and weak business planning. This raises an important question of how market validation and better business planning can reduce the high failure rates of new ventures.

This study is motivated by the persistent global challenge of high startup failure rates, which continue despite growing entrepreneurial ecosystems and access to digital tools. While prior research has examined market research, business planning, and commercialization as separate factors of venture success, their interdependence and cyclical interaction remain underexplored.

The objective of this study is to propose a conceptual framework that addresses the gaps in market research, business planning, and commercialization. To ground this framework, the study examines the case of an elderly caregiving training center. As the demand for elderly care services is increasing with demographic shifts, ventures in this industry remain vulnerable to the same issues that hinder many ventures. By applying this framework to the case study, the study aims to highlight how strengthening market validation, improving business planning, and designing effective commercialization pathways can reduce the risk of failure and enhance long-term sustainability.

Literature Review

Market Research

Market research is recognized as a fundamental and systematic process for understanding the preferences, behaviors, and motives of potential customers (González et al., 2023; Toha & Supriyanto, 2023). The primary objective of market research is to provide accurate and comprehensive insights that inform strategic business decisions, from identifying market potential and new opportunities to tailoring products and services offerings to meet specific consumer needs (Vidor et al., 2023; Roy et al., 2023). A key outcome is the identification of distinct market segments, which allows businesses to better tailor their marketing strategies and allocate resources effectively to each group (González et al., 2023).

Furthermore, market research is not a static, one-off exercise but as a dynamic process that supports businesses in navigating a constantly changing business landscape. It plays a crucial role in monitoring trends, predicting changes in market demand, and enabling businesses to adjust their strategies in response to unpredictable events, as demonstrated by the impact of the COVID-19 pandemic on mobile phone sales (Rowland et al., 2022). Comprehensive market research also extends beyond the initial assessment of demand, including the testing of concepts and prototypes prior to product launch, as well as the post-launch evaluation of performance to identify areas for improvement (Vidor et al., 2023).

Although the literature highlights the pivotal role of market research in driving growth and optimizing resources, a clear gap persists between its acknowledged importance and its practical application. Smaller organizations, in particular, often view market research as an expensive luxury, only conducting it during major events such as new product launches or major market changes (Hudson & Hudson, 2022). The lack of continuous integration of market insights into organizational operations presents a significant challenge for new ventures seeking to achieve sustainable success.

Business Plan

A business plan is widely regarded as a fundamental blueprint for the success of new ventures. Vekinis (2023) emphasized that it serves as a roadmap, outlining business opportunities, proposed solutions, team structures, operational methods, financial proposals, and projections. In addition to serving as an internal guidance, a convincing business plan is pivotal in attracting investors by evidencing an understanding of market needs and addressing commercialization risks.

For startups, the business plan provides structure and credibility. Moro-Visconti (2021) highlighted the importance of business plans in converting abstract, visionary ideas into concrete numerical data, ensuring feasibility and enhancing investor confidence. A solid business plan does more than just guide growth but also ensures a new venture is built to meet real market needs, which is the foundation of successful commercialization.

There are several literatures emphasize business plans as both a strategic and communicative tool. According to Xu (2020), business plan serves as a marketing strategy that highlights the business's vision, purpose, and approaches, while also attracting investors. Key components of a business plan include the executive summary, market analysis, organizational structure, product offerings, marketing strategy, funding request, and financial projections. In addition, Jati et al. (2024) highlighted the importance of deeper considerations such as target market understanding, competitive assessment, and financial viability evaluation further enhance the effectiveness of a business plan.

The practical application of these principles can be seen in the study by AlSarah (2024), which presented a business plan for the launch of "Saman Al Dar", a product offering authentic Emirati cuisine. The business plan integrated team structure, marketing strategies, fiscal projections, and ethical considerations, alongside a thorough market analysis covering consumer preferences, competition, and SWOT analysis. The study concluded that effective planning not only showed profitability but also ensured compliance.

Commercialization

Commercialization is a critical phase in transforming ideas into viable ventures. Mariadoss and Venotha (2023) emphasized that entrepreneurial success in commercialization depends not only on market knowledge but also on personal attributes such as adaptability and resilience, complemented by access to mentorship, funding, and networks. They also highlighted the importance of supportive ecosystems, including policymakers and business organizations, in helping ventures overcome resource constraints and market entry barriers. Building on this perspective, Khomenko et al. (2023) identified diverse factors: cultural, socio-economic, political, regulatory, and ecosystem-related, that influence commercialization outcomes, highlighting the complexity of aligning innovation with market realities.

Malhotra and Rawat (2023) examined the startup ecosystem in India and found that commercialization is strongly influenced by market potential, access to funding, and regulatory support. They stated that government policies and initiatives are crucial in order to promote entrepreneurship and facilitate successful scaling. These findings reinforce the understanding that successful commercialization is not achieved in isolation, but through the interplay of individual, organizational, and systemic factors.

A substantial body of literature has also explored the use of strategic tools, particularly the Business Model Canvas (BMC), in facilitating the commercialization process. Studies have shown the BMC's efficacy in organizing and evaluating business models for a range of ventures, including a digital printing startup (Huda et al., 2019), a mobile laboratory project (Kusumawati et al., 2022), and a solar thermal air conditioner (Kalair et al., 2021). The BMC provides a structured framework for evaluating commercial viability by addressing key elements such as customer segments, value propositions, and revenue streams (Blanza, 2021; Beknazarov, 2022). It helps ventures align their business model with market needs, address potential challenges, and refine strategies in response to market feedback.

Discussion

The literature highlights the importance of market research, business planning, and commercialization as separate factors of venture success, but their interrelationships remain insufficiently explored. The consequences of siloing these functions are drastic in service-based ventures such as an elderly caregiving training center. Unlike products, services are characterized by intangibility, reliance on trust, and co-production between provider and client, making a fragmented approach less effective. An integrated approach is necessary to ensure that insights from market research directly inform the business planning and commercialization, while commercialization outcomes, in turn provide feedback for further research and refinement.

A key insight from the literature is that insufficient market research remains a persistent factor undermining the success of new ventures. Although studies affirm its importance in identifying demand, segmentation, and undiscovered opportunities, small organizations often treat it as occasional and optional exercise (Hudson & Hudson, 2022). For an elderly caregiving training center, continuous market insight is essential, with its evolving nature of demographic shifts, family caregiving needs, and policy interventions. Taking market research as an ongoing process rather than a one-off exercise allows ventures to remain adaptive to changes in both customer preferences and institutional requirements.

Business planning serves as a bridge by translating insights from market research into structured strategies. The literature highlights its value in aligning operations, optimizing resource allocation, and enhancing investor credibility (Moro-Visconti, 2021; Vekinis, 2023). Without such translation of insights into structured strategies, even well-identified opportunities may fail to be realized.

The commercialization phase is the final test for the market viability of these strategies. As discussed in previous literature, commercialization depends not only on internal execution but also on ecosystems, policies, and networks (Mariadoss & Venotha, 2023; Malhotra & Rawat, 2023). Tools such as Business Model Canvas have proven effective in structuring commercialization strategies as it clarifies value propositions, revenue streams, and delivery mechanisms (Huda et al., 2019; Kusumawati et al., 2022). Applying such tools helps a training center to ensure that the model is not only financially viable but also socially relevant and responsive to feedback from stakeholders.

Synthesizing the literature highlights that market research, business planning, and commercialization function best when approached as interrelated stages. Instead, this should operate as a continuous and iterative cycle: research identifies needs, which are then translated into actionable strategies during planning; these strategies are tested through commercialization, and the resulting outcomes generate new insights for subsequent research. This integrated cycle is critical in service ventures such as elderly caregiving training centers, where the environment is dynamic and failure to adapt quickly can result in loss and reputational damage. The discussion thus highlights the need for a unified framework that can effectively model this interdependence, a framework that will be proposed in the following section.

Conceptual Framework

Building upon the literature review and discussion, this study proposes a conceptual framework that positions Market Research, Business Planning, and Commercialization not as isolated functions but as interrelated, iterative phases of a continuous cycle for venture development and sustainability. This framework is designed to address the root causes of startup failure: the absence of market need, flawed business models, and poor financial planning; by enhancing adaptability, validation, and strategic alignment throughout the journey from startup to growth stage. The proposed framework is illustrated in Figure 1 below.

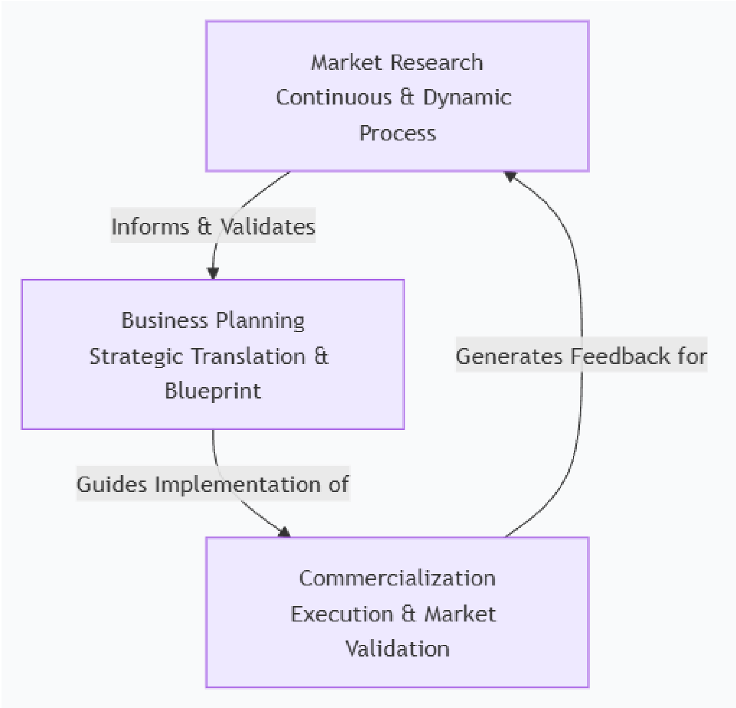

Figure 1 Conceptual Framework: Iterative Cycle of Venture Development

The proposed framework positions Market Research as the foundation, generating insights into customer needs, demographic trends, and competitive trends. These insights are subsequently applied in the business planning phase, a critical step that designs the strategies, resource allocation, and financial structures necessary to ensure feasibility and resilience. Commercialization serves as the final phase, where these plans are operationalized and tested against real-world conditions, providing valuable feedback that informs further research and refinement. Instead of treating these stages as linear, the framework emphasizes their cyclical and iterative nature, creating a continuous process of learning and adaptation.

Conclusion and Future Studies

This study has highlighted many ventures fail not merely because of external factors but due to weak market research, poor business planning, and ineffective commercialization. By integrating these three elements into a iterative cycle, the proposed framework demonstrates how ventures can better align with market needs, integrate insights into business planning, and design feasible commercialization pathways. The framework emphasizes the interconnectedness of these functions, asserting that this integration is crucial for achieving adaptability and resilience in evolving business landscape. Although this study is conceptual, it provides a foundation for future research to empirically test and refine the framework in diverse product and service industries. Further studies could also explore how digital tools might strengthen each stage and, through longitudinal analysis, assess the framework's influence on long-term sustainability.

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