

## INTRODUCTION TO MARKET RESEARCH (PART 1)

When you are writing your business plan, you will come to a section where you need to describe your customer base and make an estimation of your turnover in the first few years.

Many entrepreneurs starting out with their business plan find this very daunting. This guide sheet introduces you to market research and how to identify who your future customers may be.

If you need any further support in addition to this guide, please contact [connect@growbiz.co.uk](mailto:connect@growbiz.co.uk)

### PART 1: GETTING STARTED

When you are planning to set-up or grow your business, it is important that you do your own market research. You need to look very closely at the product or service being offered by your business or practice and what your competitors are doing.

#### VISIT BUSINESSES

That are similar to what you want to do. Whether it be a product or a service, go and visit their business premises and experience it as a customer. For example, visit a shop, hair salon, café or some other physical place where you can visit incognito. If you do not feel comfortable doing this in the local area where you plan to set up your own business, then go further afield

- What do you like about the set-up?
- What kind of customers do they cater for?
- What is their customer service like?
- What is their pricing structure?
- How would you do it differently?



For online businesses you can do the same by visiting their website or social media platforms

- What do you think about their website?
- How easy is it to navigate?
- Is there a facility to purchase online?
- What are their terms and conditions?
- What kind engagement do they get on their Facebook / LinkedIn / Twitter feed etc



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## BE UNBIASED AND HONEST WITH YOURSELF

Of course, you are the best, of course you are making the loveliest products and providing the best service against the best price. All your friends and your family say so

- **But who is your customer base?**
- **Are there enough customers to make it worth your while?**

Find someone that will ask those probing and sometimes uncomfortable questions – it will help you in the long run.

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## GET TO KNOW YOUR COMPETITORS

Remember that £1 can only be spent once! Unless your business is selling essential or unique products or services, you will have to compete with others who would like to see customers spend money in their business.

For example, if you are selling books – **direct competitors** could be

- **Other bookshops**
- **Supermarkets**
- **Charity shops**
- **Online retailers**

You will also have **indirect competitors** – instead of someone buying a book, they might choose to spend their money on another leisure activity

- **DVDs**
- **Garden plants**
- **Fabric**
- **To visit to a coffee shop**

You need to think about how your business will be different, the value you bring and what your unique selling point (**USP**) is. This is the time to

## PLAN, PLAN, PLAN!

### PART 2: WHO IS MY TARGET GROUP?

#### DEFINE YOUR TARGET MARKET

To be successful, you need to know who your customers are and to target those customers who are going to be the most receptive to their products or services.

Depending on the product or service you would like to offer, you can almost always define a specific **target group** for your business. For example, if you are going to sell rustic garden furniture, only people that own a garden or a large balcony will be your target group. If you are offering guest house or self-catering accommodation, the target group will be tourists and visitors to the area.



Your business may have a product or service that can be marketed towards the entire population, for example toothbrushes. This is known as **Undifferentiated Segmentation**

However, it is more likely that you will be selling to specific markets. Start by thinking about your target group characteristics for your type of business. Not all characteristics are applicable to every business but below are examples of different **Market Segments**

Market Segment	What is it?	Example
<b>Gender</b>	Marketing your product towards a specific gender e.g. male or female. Most products and services are non-gender specific, but it is worthwhile identifying your target market	Perfume designed in two variations – one aimed at female, the other male
<b>Age</b>	Looks at specific age groups	Holidays for designed for 18 to 25 year old's would be different to holidays for the over 70's. Is your product or service aimed at babies, toddlers, young children, teenagers, women over 50, young people
<b>Lifestyle</b>	Do you have a product or service geared towards people who lead a certain lifestyle, hobby or interest or with dietary needs?	Gluten free food, Vegan products, fitness, outdoor activities, health and beauty services etc.
<b>Income</b>	Segmenting by income means to market a product towards people who have a certain level of income	For example, supermarkets have their own brands to suit customer incomes such as Tesco Value and Tesco Finest.
<b>Family Set-Up</b>	This is when you consider different family dynamics such as single people, families with children, couples etc.	For example, holidays designed for solo travellers will be different to family holidays with young children. M&S Dine for Two is primarily aimed at couples and supermarkets sell family sized convenience food such as pasta bakes and pizza
<b>Geographic Location</b>	Marketing a product or service towards people who live in a particular location	A local café may attract passing trade and visitors but still want to focus on the needs and wants of the local community, same with a local farm shop, restaurant, retailer etc.

## PRODUCT / MARKET COMBINATION

You could come up with a description of 'a typical customer'. You may have **more than one target group or a typical customer**.

- Can you reach **new target groups** with the **same product range**?
- Can you **sell other products** to your **existing** customers?
- Are there any **new opportunities** in your industry that can be explored?
- Is your product or service range **consistent**?

Consider this example – a comic book shop did an analysis of their typical customers and revenue streams

Products / Customers	New	Used	Rare	Library	?
Men 20 – 50	✓	✓			
Students	✓	✓		✓	
Children		✓		✓	
Collectors	✓	✓	✓		
?					

- Are there any **new customers** that this business could **target**?
- Are there any **new products or services** that this business could **introduce**?
- Thinking of your own business, could you do the same? Using a [Product Analysis Grid](#) as shown above can be very helpful in analysing your product range and customers

THE FOLLOW-ON GUIDE [INTRODUCTION TO MARKETING \(PART 2\)](#) LOOKS AT MORE WAYS TO CARRY OUT YOUR MARKET RESEARCH

## FURTHER SUPPORT

Please contact [connect@growbiz.co.uk](mailto:connect@growbiz.co.uk) or via the contact [form](#) if you have any questions.

Alternatively, phone our office on **01828 627790**.

Information on Growbiz can be found on our website at [www.growbiz.co.uk](http://www.growbiz.co.uk) or via our [Facebook page](#).

