

Marketing Your Business

**How to get more business by
researching what customers want to buy**

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Section 1

Introduction

The aim of this Business Skills workbook is to help you develop a marketing 'package' that will successfully meet customers' needs. When you have completed this workbook, you will have a complete marketing plan. You will be able to:

- define your typical customer
- determine what they want
- decide why they will buy from you
- produce a personalised plan of campaign for your market research
- identify your firm's strengths, weaknesses, opportunities and threats
- design a successful marketing 'package'.

Marketing is a vital part of the business plan.

The business plan says where you're going (your objectives) and how you'll get there (the plan). Without a business plan, the business is just drifting - going nowhere in particular. A business going nowhere usually gets nowhere.

It is important to position your firm successfully in your market and beat competitors at supplying your customers' needs. This workbook will give you a practical guide to achieving that.

Your plan will be based upon a platform of **market research**. You need market research to answer five of the hardest questions in your business plan. These questions are fundamental to your success.

- **Who** will be your typical customer?
- **What** will they want?



- **Why** will they buy from you rather than your competitors?
- **How much** will you sell in the next 12 months?
- **Will** you achieve your business objectives?

Much of market research is about forecasting the future, ie what people *will* want, how much your sales *will* be. Forecasts are rarely correct but good forecasting reduces the risk of making bad business decisions.

Considering how much risk is involved in running a business, it would be folly not to do market research. Yet most people starting a business don't do it. And most people running a business don't do enough. Most fail.

Gain an advantage over them. Start *your* market research today.

Section 2

Why You Must Do Market Research

Success in business is giving people what they want - profitably.

But how do you know:

- what they want?
- whether it will be profitable?

In crude terms, profit is the difference between sales and costs.

$$\begin{array}{r} \text{Sales} \\ \text{less Costs} \\ \hline \text{Profit} \\ \hline \end{array}$$



So, to forecast whether your business will be profitable, you need to forecast both sales and costs.

Of these two forecasts, the sales forecast is by far the most important. This is because the level of sales determines the level of costs.

For example, if you sell more product, then you obviously have to produce more, which in turn costs more. However, if you sell a *lot more* product, you may need to operate from bigger buildings with more staff etc. This will drive up your overheads also. Your costs are the sum of both your production (or service) costs and your overheads. Cost can behave quite differently at different levels of sales.

So, to forecast your costs, you have to forecast your sales. But how will you determine your sales?

There are three factors: these are your customers, your competitors and you.



Your quarry

The people in the way, trying to stop you reaching your quarry

How good your business is in providing exactly what your customers want

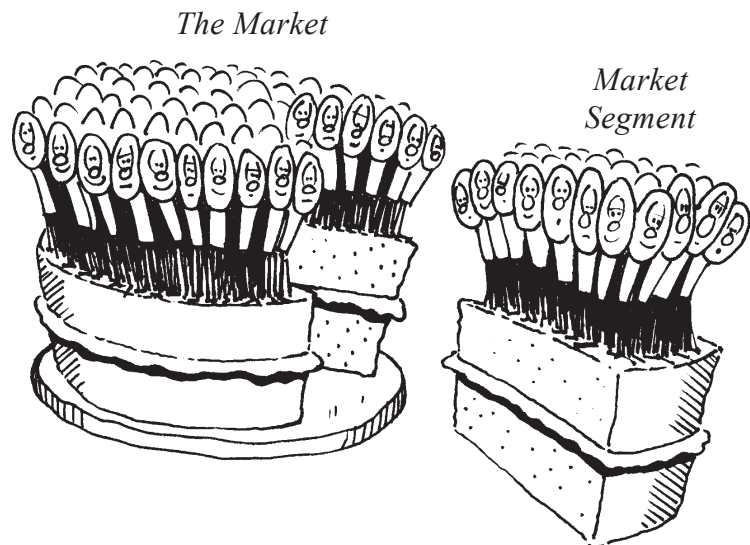
Summary

- 1 To know if your business will be profitable, you need to forecast sales and costs.
- 2 To forecast costs, you need to forecast sales.
- 3 To forecast sales, you need to consider 'customers', 'competitors' and 'you'.
- 4 Market research helps you to understand 'customers', 'competitors' and 'you'.

Section 3

Who Will Be Your Typical Customer?

All people are not the same. Different products or services appeal to different groups of people. These groups are called market segments. You may well find that your market research indicates that you need to *tailor* your product or service to meet the needs of your target market segment.



Only the largest companies can promote their products to the whole population. Nowadays most companies look to segment their market and tailor their products to individual needs. Henry Ford used to say that his customers could have any colour so long as it was black. Now each range of motor car incorporates a choice of engine size, colour, upholstery trim etc. These combinations make the cars more attractive to particular market segments like young people, small families, large families and executives.

People bring different levels of market knowledge to their business. Someone just starting out in business could have worked in the same trade all their working life. These new business starters could begin business life with plenty of market information - albeit gleaned at someone else's expense!

However, if you are entering a new industry (or have been in business for some while without studying the market systematically) you may not know enough about your customers. The way to remedy this is to conduct market research. Be systematic, otherwise important information will be lost. You could find that you waste your valuable promotional funds on a group of 'customers' who don't respond as well as they should. We will see how to conduct market research in more detail in Section 6.

Let's look at several examples which will help us focus on target customers. Suppose you are in the catering business and have been offered premises which could be used as a restaurant.

Further suppose that you want to start a business in these premises which will serve meals to customers. You notice that the area seems to attract two different types of customer.

- The first type is primarily interested in business lunches.
- The second type are people in their twenties who have money and want to be entertained in the evening.

Lets have a look at both types.

Example 1 Lunchtime Business Customers

These people are often entertaining clients. They are looking for a relaxed atmosphere. They do not want to be hurried because they will be engaged in business discussions, possibly with foreign, as well as domestic clients. This restaurant should have plenty of space between the tables to promote confidentiality. Draw up the characteristics of these customers in the table on page 7. Here are some suggestions to get you started. What will be your customers' age, sex, income, education; will they be local, nationwide, British or foreign?



Lunchtime Customers

Question 1 Make notes in the space following:



Lunchtime Restaurant - Business Customers

Age

Sex

Income

Education

Nationality

Check your answer with page 51.

When you have completed your market research, you will know a great deal more about your potential lunchtime clients. Based on the initial guesswork outlined in the box above, tick which of the following media would you choose for promotion?

Question 2



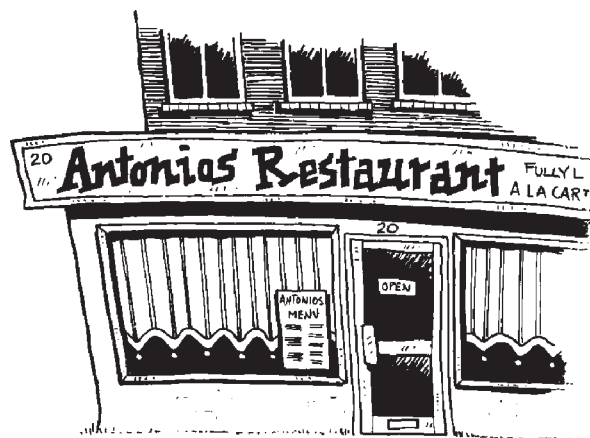
	Probably not	Worth research	Probably worthwhile
Airline Business Class magazine			
Specialist financial newspaper			
Daily Tabloid			
Local free newspaper			
Local news radio			
Commercial modern pop radio			
Leaflet to surrounding area			
Telephone sales			
Magazine for teenagers			
Car magazine			
Other			

Check your answer with page 52.

We suspect that advertising in a teenagers' magazine may not be effective. This is because comparatively few teenagers would want (or could afford) the experience of dining in your restaurant. On the other hand, advertising in a financial magazine may be effective, provided that a high proportion of its readers either work in or visit the area around your restaurant.

Your market research will help you decide what image you should project. Write notes in the box below of the image you seek.

Question 3 What image would you try to project?



Check your answer with page 53.

Example 2 Young Customers

You notice that the area surrounding your proposed restaurant seems to attract younger people in the evening. These people are either late teens or twenties. How would you tackle this different market? Once again, try to define your target customers as closely as possible. Include the same sort of questions as before eg age, sex, income, education, do they live locally etc. List as many attributes as possible in the box below.

Question 4 Younger Diners

Age

Sex

Income

Education

Nationality

Check your answer with page 53.

*Evening Customers*

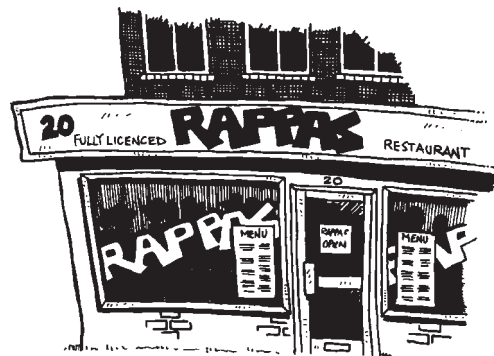
Question 5 Based on your guesses in the box on page 9, where would you advertise your young persons' restaurant.



	Probably not	Worth research	Probably worthwhile
Airline Business Class magazine Specialist financial newspaper Daily Tabloid Local free newspaper Local news radio Commercial modern pop radio Leaflet to surrounding area Telephone sales Magazine for teenagers Car magazine Other			

Check your answer with page 54.

Question 6 What image would you try to project?



Check your answer with page 55.

Reaching Your Customers

We have seen that our premises could be used for two totally different types of customers. If we tried to have a 'general' restaurant, we would fall between two stools and fail to meet either of their needs. The secret of success is to target your offering specifically at the customers you want to attract. Check that there are enough of your target customers in the area. If there aren't, you won't reach the sales level that you need for a viable business.

Advertising Exercise

We have now identified two different types of restaurant. We have thought carefully about the kind of people who are likely to use them. Prepare an advertisement for one of them. This can be a brochure, leaflet, magazine or newspaper advert. Think carefully about the image you want to create for each type of customer.

- What photograph would you use?
- What heading would you have?
- What text would you use to persuade people to come to you?

Remember that you will want to point out the features and benefits of *your* offering. Show that your restaurant will be different from others (like pubs, roadside cafes etc) where the focus may be on the consumption of calories rather than the creation of image and atmosphere. Use the space below to rough out your first thoughts for an advertisement for one of the restaurants.

Question 7 Advertisement/Brochure



In our example, we have made some guesses based on our experience and common sense. However it is important to check out your ideas and conclusions with the evidence from market research. This is covered in section 6.

Major Messages

There are three important messages that you need to get over to your potential customers.



Major Message No:1

Your product or service can't appeal to everybody. It will appeal to a particular segment.



Major Message No:2

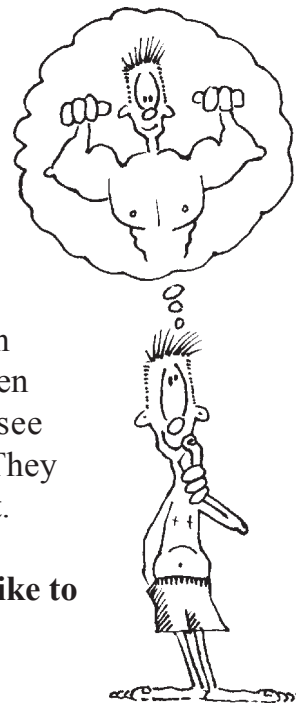
The more you know about your customer the less money you waste.



Major Message No:3

You would like your customers to enjoy themselves in your restaurant. Part of this enjoyment is being part of the *image* you project. Your lunchtime customers would like to be seen as important, discerning people who are very professional in all aspects. The 'youngsters' restaurant would want to be seen as the 'in' place to be. 'Youngsters' probably want to see themselves as happy, attractive, fun loving personalities. They would look for that image reflected in their chosen restaurant.

Don't show people as they are, show them as they would like to be.



As they would like to be!

Example 3 Toothpaste Users

Here is another opportunity to consider Market Segmentation. This example uses toothpaste and television advertising. We accept that *your* promotion budget may not stretch to TV advertising, however the exercise provides an opportunity to look at the differing needs of children, large families, men and younger people.

	Market Segment 1	Market Segment 2	Market Segment 3	Market Segment 4
What they want	Bright teeth	Flavour, product appearance	Prevent decay	Low price
Brands they prefer	McLeans	Colgate	Crest	Any brand on sale
Who they are	Young people	Children	Large families	Men
How they behave	Go out in groups, very active	High self-involvement, hedonistic	High hypochondriasis, conservative for money	Don't believe ads, want value



Question 8



What toothpaste ad would you show on television to appeal to Segment 1?

Describe the scene _____

What key benefit are you going to convey to viewers in this segment?

‘Use this toothpaste and _____

Check your answer with page 56.

Question 9



What tv ad would you devise to show to Segment 2? _____

The key benefit for this segment is ‘ _____

Check your answer with page 56.

Question 10



What tv ad would appeal to Segment 3? _____

What’s the key benefit this time? ‘Use this toothpaste and _____

Check your answer with page 56.

Question 11



Why is there no point advertising on tv to Segment 4? Because

_____ So, where do you advertise
to them? _____

Check your answer with page 56.

Do the three major messages still apply?

Major Message No 1

Question 12 Don't show people as they are, show them



Check your answer with page 56.

Question 13 What proportion of the people in Segment 1
have a wonderful, white, light-reflecting smile?
So, why show this image?



Check your answer with page 56.

Question 14 What proportion of the people in Segment 3 have no fillings? So, why show this image?



Check your answer with page 56.

Major Message No 2

Question 15 Your product/service/advert can't appeal to everybody. Its appeal will be to a particular



Check your answer with page 56.

Question 16 What would happen if you tried to merge the four television toothpaste advertisements you devised earlier?



Check your answer with page 56.

Major Message No 3

Question 17 The more you know about your typical customer



Check your answer with page 57.

Question 18 At what time of day would you want your ad appealing to Segment 1 to appear on tv?



At what time of day would you want your ad for Segment 2 to appear on tv?

At what time of day would you want your ad for Segment 3 to appear on tv?

Check your answer with page 57.

So, the more you know about your typical customer, the less money you waste.



Who will be the typical customer for your business?

Pretend you have only enough money to approach one type of potential customer. Pinpoint them. Precisely who would they be? Jot quick notes here:

Summary

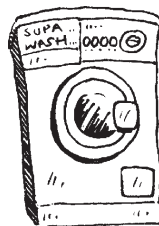
- Trying to do something for everybody means that your time and money will be spread too thinly. You will make very little impact.
- Most firms do best when they specialise in a segment of the market and concentrate on giving customers in that segment exactly what they want.
- Focus on your most profitable customers and your most profitable products or services. Don't dissipate your efforts.

Section 4

What Do They Want?

People want the '4 Ps'. These are the four strings you need to pull to make your customer buy:

Product or Service



Place



Promotion



Price



When people buy, they consider all of the '4 Ps'. But, to any particular buyer, one of the 4 Ps is usually more important than the others. The buyer considers all four but it's like a horse race with four runners. Each buyer selects their own result, ie which 'horse' (or P) comes first, which second, which third and which fourth. Different buyers select different 'results'.

Question 19 How about you? Why do you buy food from the shop/supermarket you go to most?



Why do you buy petrol from the garage you go to most?

Check your answer with page 57.

If you compare your answers with other people's, one thing will be clear. People don't all want the same as each other.

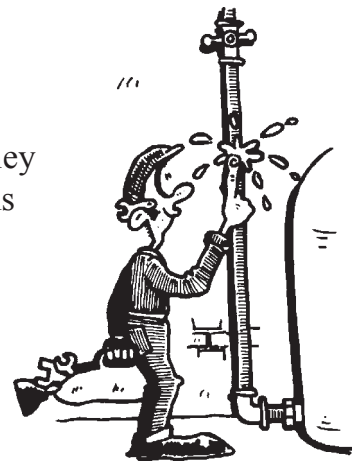
That's because they are in different market segments.

As a supplier, you can't offer something that is right for them all. The more 'right' it is for some, the more 'wrong' it is for others.

So, you must focus on one segment, and it's crucial to know precisely what combination of the '4 Ps' your *typical* customer will want.

Example 4 The Plumber

A plumber decided to ask six of his customers why they would choose a particular plumber. He listed six reasons and asked the customers to rank them in order of importance, using 1 for the most important, 2 for the next most important and so on.



Plumber	Customers' Scores						Total Score	Overall Rank
Clean and tidy worker	3	4	4	2	3	4	20	3
Low prices	6	2	6	6	5	3	28	4=
Good reputation for quality	1	1	1	3	1	1	8	1
Local	4	6	3	5	6	6	30	6
Fast service	2	3	2	1	2	2	12	2
Friendly manner	5	5	5	4	4	5	28	4=

Question 20 What would these results suggest?

Check your answer with page 57.



Try it for yourself. Make a list of about six reasons why people choose a particular supplier for *your* product or service. Include something to do with price as one of the factors.

- 1 _____
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____

Now show your list to someone who is not familiar with your business and ask them to explain back to you what you have just written down. Although *you* know exactly what you are trying to say, you may have used technical terms which your potential customers may not understand. Or, there may be some other reason why your meaning is not clear. Other people will be able to tell you whether they understand the questions properly.

The other person may also be able to suggest some important factor which you have missed off your list. So, ask them if they have any ideas.

When you've done that, transfer your six or so reasons to the questionnaire on the next page. Now ask potential customers for your business to rank the reasons in order of importance. When you have sufficient questionnaire answers available, calculate the last two columns - Total Score and Overall Rank.

Questionnaire			
Write your reasons for choosing a supplier in this column	Ask other people to pretend to be potential customers and to put their scores in these columns	Total Score	Overall Rank
	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20		

Don't necessarily believe their answers because of the following.

Question 21 They may not really be your potential customers. So their answers may be interesting but irrelevant.



How will you solve that? _____

Check your answer with page 57.

Question 22 Their answers may have been influenced by other people's answers.



How will you overcome that? _____

Check your answer with page 57.

Question 23 They may have misunderstood what you meant.



How will you tackle that? _____

Check your answer with page 57.

Question 24 You may have missed off the list some important factor.



So, how will you know if you have? _____

Check your answer with page 57.

Question 25 You may not have asked enough people. The aim of this research is to help you map out your future.



What's the solution? _____

Check your answer with page 57.



Nevertheless, *if* the information you've collected is valid and accurate:

What will you emphasise in your promotional material?



What will you do about your price(s)?

Once you're happy with the design of your questionnaire, you need to approach as many actual or potential customers as you can.

When you've done that, you should be in an even stronger position to complete the next box. But, have a go now in pencil.



What will a typical customer for your business want?
Jot quick notes here:

Product or Service

Price

Place

Promotion

You may wish to return to this exercise in the future after you have completed your market research.

Section 5

Why Will Your Typical Customer Buy From You?

Customers will buy from you if *they know you exist* and they perceive you to be *better than your competitors*.

You can let them know you exist by working through another workbook in this series called 'Advertising and Promotion'.

For the moment, however, let's stick with the second point - how can you be better than your competitors? Customers will think you are better than your competitors if you achieve two things. You need to give them what they want. ***Precisely*** what they want. This is why we've considered the 4 Ps of marketing. Let's see how to develop a plan to be better than your competitors.

Your Competitors

You've got to be perceived as better than they are.

Who are they? (Not necessarily all of them, just the ones who will regret the day you produced your marketing plan.) Write their names here:

How much do you know about them?

Wherever possible, use numbers. They are more precise, eg say 'Quality: 6 out of 10' for their product and service rather than 'reasonable'. For price, say '£5.75 less 2% prompt payment discount' rather than 'average'.

	Competitors: in order of their importance			
	Most Important	Second	Third	Fourth
Product & Service				
Price				
Place				
Promotion				
How big are they? eg number of vans or shops or staff etc . . .				

How good are they?

	Competitors			
	Most Important	Second	Third	Fourth
Product & Service				
Price				
Place				
Promotion				

How Can You Develop a Competitive Edge?

Think about a situation where you already have, or could establish, an advantage over your competitors. Don't automatically choose to compete on price, concentrate on something which your customers value and will pay more for. For example, do you have an advantage in any of these?

- Personal service
- Quality of product or service
- Special pre or post sales services
- Faster, or more frequent, delivery
- A strong and attractive company or brand image
- Better packaging
- Better understanding
- Specialised distribution
- Greater flexibility - eg with small or complete orders.

What else can be used to give you a competitive edge?



Why will your typical customer buy from *you*?

Jot quick notes here _____

Reminder

When you've got detailed answers about:

- **Customers**
- **Competitors**
- **You**

then you can sensibly start a marketing plan with a sales forecast.

The answers to all these come from **market research**.

Section 6

How to Conduct Market Research Successfully

Every business needs to do market research. This is particularly important for anyone entering a new business. If you have been in business for some time, you still need to keep up with current trends. Otherwise you will find that your customers gradually drift away from you.

It is important to do your market research systematically. This will help you to spend your valuable promotional funds in the most cost effective way. Remember all people are different. You need to talk to a sufficient number of people to get the broader picture. What may be a good idea for one person may be a bad idea for another. Market research should reassure you that you have chosen the correct niche for your particular business.

There are two main ways in which you can collect data. These are:

- talking to people
- reading newspapers, magazines, directories, reports, etc

Both are valuable. Since reading reports and articles usually takes place at a desk, it is often called desk research. You usually start with desk research. This gives general background information on your industry. Once you have obtained your background information you can look for more specific answers to your questions. This is usually accomplished by talking to your customers, suppliers, distributors etc. Let's have a closer look at each, starting with desk research.



Desk Research

Desk research collects information which already exists. Huge volumes of data are available. Here are some of the sources:

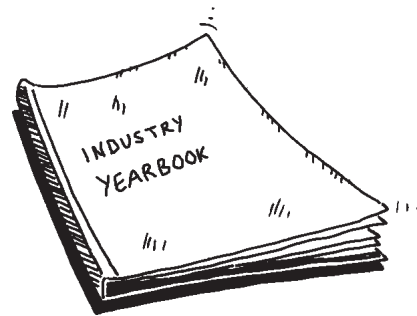
Libraries

Your local library will have a wealth of directories and year books available in the reference section. Librarians are normally very helpful people. Sometimes you may need to visit a larger library to get your information. These major libraries are usually located in large cities. Some cities have special business libraries (like the Science and Reference library in London, or the IOB/LEDU libraries in Northern Ireland). These libraries hold huge amounts of information which is available to you.

	Yes	No	How Soon?
Can libraries help you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Industry Reports

These include Keynotes, Mintel, Euromonitor and others. These companies publish reports on industries. Sometimes these are available in libraries. They contain a great deal of information on the current state of the market. They often indicate future business prospects. Jordans for instance publish business ratios for different industries. These cover areas like gross and net profit margins and returns on capital. These ratios indicate how different sectors are performing. You may be happy to see your sales grow by 5% per annum. However you will not be so pleased if you discover that the industry generally is growing at 10% per annum.



	Yes	No	How Soon?
Can you use industry reports?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Newspapers

The quality press often feature special articles on aspects of industry. The Financial Times in particular have regular features on selected industry sectors.

	Yes	No	How Soon?
Can you get help from newspapers?	<input type="text"/>	<input type="text"/>	<input type="text"/>

Marketing Pocket Books

These are small pocket sized books packed with useful statistics.

	Yes	No	How Soon?
Can you use marketing pocket books?	<input type="text"/>	<input type="text"/>	<input type="text"/>

Bank Reports

Ask your bank whether they prepare industry sector reports. Their head office may have an economics or research department which prepares background figures on industries within the UK. Your bank may well make these reports available to you.

	Yes	No	How Soon?
Can you get hold of bank reports?	<input type="text"/>	<input type="text"/>	<input type="text"/>

Trade Magazines

Virtually every industry has at least one trade magazine. These give good background information. They may feature areas of special interest to you. They will also provide information on competitors and new developments. These magazines may forewarn you of future events which could affect your business.

	Yes	No	How Soon?
Can you get copies of your trade magazines?	<input type="text"/>	<input type="text"/>	<input type="text"/>

Industry Bodies and Institutes

Membership can have several advantages. Some Institutes have excellent libraries. Sometimes they conduct industry surveys which provide valuable information. Incidental benefits include the opportunity to gain qualifications within your trade which can help your profile with customers. Many Institutes host meetings for members which discuss topical issues.

	Yes	No	How Soon?
Can you join your industry body?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Trade Shows

These are a great opportunity to see what your competitors and suppliers are up to. You will be able to collect brochures and compare prices. Trade shows highlight the features and benefits being promoted by your competition. Some trade shows are located overseas, these indicate how your foreign competitors operate. Trade shows give you the opportunity to develop business on a local and export basis.



	Yes	No	How Soon?
Does your business have a trade show?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Chambers of Commerce

Chambers of Commerce can provide similar benefits to Institutes. They are a good place to collect local information and contacts. Membership can help raise your business profile. Larger chambers have good reference libraries. Some have excellent export intelligence. The Association of British Chambers of Commerce Export Market Research Scheme offers a scheme which assists companies with overseas market research.

	Yes	No	How Soon?
Can you join your local Chamber of Commerce?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Small Business Service/Learning and Skills Councils

Some of these offer access to market research. Each organisation has its own ideas on the kind of help it should offer the business community. Why not ask your local branch what they have on offer?

	Yes	No	How Soon?
Do you have a local Small Business Support Unit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Local Planning Department

They may be able to give you development plans together with vehicle and pedestrian traffic figures in a town free of charge. They may also be able to tell you of new developments affecting parking and traffic flows. Planning applications could give you good business leads if you are a builder, decorator, plumber etc.



	Yes	No	How Soon?
Should you visit your local Planning Department?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suppliers

Your suppliers could be manufacturers or wholesalers. Talk to them. In some industries, suppliers give you sales manuals which help to promote their products. These manuals can contain a wealth of information. Some even tell you how to handle customer objections! You may also find guidance on sales forecasting and seasonal demand. Some manuals include selected market research data which helps to support sales of the supplier's product.

	Yes	No	How Soon?
Can any of your suppliers help you gather business information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Government Statistics

‘Business Monitor’ and ‘Social Trends’ are two sets of government statistics which help you to gauge how the economy is performing. You may be able to use the tables to interpret performance in your particular industry. Although we all complain when asked to complete the forms, we may derive some benefit from the results of our own efforts!

	Yes	No	How Soon?
Will government statistics help you understand your industry programme?	<input type="text"/>	<input type="text"/>	<input type="text"/>

DTI Enterprise Library

This library is located in Victoria Street, London. It contains a range of directories from around the world. It also contains Customs information. There is a shop which sells DTI research reports on a variety of product and geographic markets.

	Yes	No	How Soon?
Will the DTI Enterprise Library help you?	<input type="text"/>	<input type="text"/>	<input type="text"/>

Your Own Management Information and Accounts

If you have been in business for some while you may find your own management accounts valuable. These should provide details of how much you sold, to whom and when the sale was made.

	Yes	No	How Soon?
Will your own management information help you understand your sales performance?	<input type="text"/>	<input type="text"/>	<input type="text"/>

All of the information above has already been collected for you. You simply need the time, energy and modest finances to go out and collect it.

More detailed information affecting your business must be gathered by talking to people.

Talking to People

Normally you do your desk research first. This gives you the background information which helps you understand the overall position. Often however desk research raises as many questions as it answers. You need to follow up these questions with some specific enquiries which will refine your ideas. Even if your desk research points you towards some attractive markets you still need to test these impressions by asking pertinent questions.

Many people are in a position to help you. You will be amazed at how willing they are to talk to you. You will learn so much that you will wonder how you could have got by without it. Let's have a look at how you can collect market research 'straight from the horses mouth'.

How to Approach Market Research

If you've ever been in a strange town and desperate to go to the loo, you learned a lot about doing market research! Isn't this what you did?

- Decided what you wanted to know. (Where the nearest loo was.)
- Decided who to ask. (Perhaps you preferred to ask someone of the same sex who looked sober and pleasant.)
- Asked them.
- Interpreted their answers. (Did they mean turn left before the zebra crossing or after it?)

That, fundamentally, is how to do market research.

In More Detail . . .

Here are the steps again, slightly more comprehensively.

- Decide *what* you want to know. Otherwise, a desperate amount of time and money can be wasted. Work it out. Write it down.
- Decide *who* to ask. It should be a representative cross-section of the market segment.

- Decide **how** to ask them. In person, by phone or by letter? At home, at work, out shopping . . . where? What tone will you use? Friendly, businesslike . . . how?
- Design your **questionnaire**. Start with a question which isn't very personal and which doesn't require a great deal of thought to answer.
- **Pilot** it. It's not likely to be perfect at the first attempt. Modify it, if necessary, until you're happy with it.
- **Ask** them.
- **Interpret** their answers. Have you really discovered what you want to know? Can you use the information to make better business decisions?



Market Research

If You're Going to Interview Them Face-to-face . . .

Can you identify them **by sight**? You may save a lot of time if you can. Can you spot them by sex, or age, or clothing, or the look of their house?

Do they **congregate** anywhere? It may save you time if they do. For example, can you find groups of them at the Junior Chamber of Commerce, or at the WI, or on a particular industrial estate, or at a trade show, or outside a playschool, or at a supermarket, or at a football match, or in a car park, or in a certain suburb?

Can you talk to them whilst they are **sitting down**? This is not just a facile point about it being harder for them to stand up and walk away. If they are more relaxed, they'll spend more time talking to you. So, would it be appropriate to do the research at a hairdressers, in an appropriate pub (at lunchtime), or in a cafe?

Practical Advice for Overcoming Nerves

Be prepared. Write it all down and have it with you.

Build up to a climax, don't start with one. Suppose you decide to research ten firms and one of them is, potentially, a very important customer. Don't start with that one!

The first time you do any new research is the time you're likely to make most mistakes. Suppose it all goes wrong and you make a real pig's ear of it. You must still be able to walk away and say to yourself "Well, you can't win them all!" and mean it. If you can't do that, you'll struggle to pick yourself up and do any more interviews.

Unless you know someone very sympathetic and supportive who will accompany you, get away from everybody who knows you. The last thing you want, as you take your first faltering steps towards someone you wish to interview, is someone you know tittering behind you. It can crush your self confidence.

Take some deep breaths just beforehand. Pull down your face, make up your mind and just do it. It's like jumping into a swimming pool - it feels great once you're in the water!

"I wonder if you can help me please?" is a good way to start.



Don't be nervous

Who Should I Talk To?

When you ask questions yourself be careful not to let your own prejudices influence the way you phrase the questions. In certain situations it could be an advantage to have an independent person conduct the interviews. This is because some customers may be reluctant to reveal too much about their business to you. They may however feel that an independent researcher will respect their confidence by preserving their anonymity. If you don't have enough time to ask the questions yourself, you can use a professional researcher and, if you can't afford a professional researcher, check whether your local college has a business student or graduate who needs work experience, or ask a friend or relative.

Here are some of the people who you will need to speak to. The list is not exhaustive.

- Existing customers.
- Potential customers of your business.
- Lost customers - these could be especially revealing.
- Talk to your suppliers, they know most of the people in your trade.
- If you service your customers via distributors, ask the distributors' buyers and salespeople for their opinions. Talk to the end user if at all possible.

Competitor Information

Some of the most important questions you need to ask relate to your competitors. It is important to know what your competitors strengths and weaknesses are. Without competitive information you may be tempted to compete only on price. This could be a mistake because low prices could mean lost profit opportunities for you. Do your customers value quality, speed, dependability, or service at least as highly as price? Unless you conduct market research you will never know. Remember, your customer will compare the *whole* package offered by you and your competitors. You must find out what your competitors are offering so that you can control the ground on which you compete.

You have many ways to acquire information about your competitors. These include:

- ask your customers how you compare with your competitors
- watch your competitors at work
- ask your suppliers' sales people how they rate your competition
- cut out and keep competitors' advertisements
- get your competitors' brochures, price lists etc and study them
- look out for articles about competitors in the press
- hold an inquest on lost orders. Politely ask your customers why they chose your competition instead of you
- collect all snippets of information that you gather in casual conversations with customers, salespeople, friends etc and write them down. Each month or quarter go through the information to see if you can detect any trends. If you do this you will be able to analyse the data impartially. Without it you may only remember the items which support your own views.

Here is a list of customers questions to get you started. There will be many others that you can add yourself:

- why did you buy/not buy from me?
- what do you prefer about my product or service?
- what do you prefer about my competitors product or service?

- is there any aspect of my offering you did *not* like (eg style, process, speed, appearance, image, location etc).
- is there anything missing from my range?
- do you like our name/advertisements/window display/brochure/exhibition layout etc?
- ask your customers to rank your features and benefits in order of importance to them.
- will you buy more or less in the future?

Summary

When you have completed your market research you will know:

- the best segment to aim for
- the best 'image' to project
- the most appealing 'package' (eg colour, size, opening hours, speed of service etc)
- the single most appealing benefit which you can use as a 'headline' in your advertisements or brochures
- you will also be able to identify aspects of the business which warrant expansion or contraction.

The research process is never ending. Try to keep up to date with trade magazines, exhibitions and institute meetings. Have complaint forms and suggestion forms available for both customers and staff. Try to log as many customers' names and addresses as possible so that they can be used for promotional reasons. Can this data base be used for a survey of your customers opinions? This will check whether you are meeting their needs better or worse than, say, a year ago?

Section 7

SWOT

SWOT is short for your firm's *Strengths* and *Weaknesses*, and the *Opportunities* and *Threats* it faces.

It's a useful way to summarise some of the information you've gathered so far. And, it's a good step towards deciding upon your marketing strategy. Here's an example for a new business operating as a quality consultant.

SWOT Analysis : Quality Consultant	
<p>Strengths</p> <ul style="list-style-type: none"> • 27 years industrial experience incl four years as Production Manager • Implemented quality control systems in two factories • Good administration skills • Good contacts • Low overheads • Certificate in Management • Member, British Institute of Management 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Can't register yet for any Government Schemes • Not a trained assessor • No real reputation as a consultant • Dislikes selling • No office or telephone support • Plainly a 'one woman band'
<p>Opportunities</p> <ul style="list-style-type: none"> • Huge market • Big firms insisting that their suppliers become quality registered • New firms starting up will need it too 	<p>Threats</p> <ul style="list-style-type: none"> • Sexism • Economic recession • Lots of competitors • When doing one job, it's difficult to be selling the next job so there can be gaps in the workflow • Delays in getting paid

Now have a go for your business on the next page.

SWOT Analysis	
Strengths	Weaknesses
Opportunities	Threats

Your Product/Service Package

Use the information from your SWOT analysis to help complete the following questions. These questions will help you decide upon your product or service package.

How well does your product or service meet your customers' needs?



How favourably do you compare with your competitors?



How can you use your strengths to make the best of your opportunities?



What can you do to overcome or reduce your weaknesses?
Can you turn any of them into strengths? How?



What can you do to guard against the threats?



How can you meet customers' needs even better and so gain
an edge over your competitors?



Section 8

Your Marketing Plan

If you fill in the gaps below, you will have a fully developed marketing plan.

Your name _____

Firm's name _____

Address _____

Full description of your business _____

What are your business objectives?

This is very important. Be as clear and *precise* as you can. Use *numbers*. Say . . . *what* you will achieve . . . *how much* . . . and . . . *by when*.

Who will be your **typical** customer? ie what will be your best segment of the market? Be as detailed as you can.

How many potential customers are there in this segment?

What information about your typical customer do you still need to find out?

What will they want?

Product/service; Price; Place; Promotion. Put them in rank order.

What information do you still need to find out? _____

What are your main Strengths, Weaknesses, Opportunities, Threats?

Strengths

Weaknesses

Opportunities

Threats

Your Competitors

What do they supply?				
	In order of their importance			
	Most Important	Second	Third	Fourth
Product & Service				
Price				
Place				
Promotion				
How big are they? (eg no of vans or shops or staff etc)				

How good are they?				
	In order of their importance			
	Most Important	Second	Third	Fourth
Product & Service				
Price				
Place				
Promotion				
What information do you still need to find out? _____ _____				

Why will your typical customer prefer you?

Your price (typical price per hour, per job or per unit).

Why did you choose this price?

How much will you sell (£)? Put in boxes below how much (£) you think you will sell in the next (or first) 12 months.

Month

1	<input type="text"/>	5	<input type="text"/>	9	<input type="text"/>
2	<input type="text"/>	6	<input type="text"/>	10	<input type="text"/>
3	<input type="text"/>	7	<input type="text"/>	11	<input type="text"/>
4	<input type="text"/>	8	<input type="text"/>	12	<input type="text"/>

Total £

Sales Plan

MONTH	1	2	3	4	5	6	7	8	9	10	11	12
Cost (£)												
How Promote?												
No of Prospects												
Conversion Ratio												
No of Customers												
Av Sales Value (£)												
Sales (£)												

Your Personal Action Plan

What will you do differently as a result of this seminar?

To Do	When

Appendix 1

Answers to Questions

Answer to Question 1 (page 7) - Type of Business Customer

- Age -** Most clients are likely to be in the age range 30-55, with the majority falling in the 40-55 age group.
- Sex -** Most clients are likely to be male although, increasingly, female customers are likely to appear.
- Income -** These people have climbed the business ladder to the point where they are likely to have an above average income. The amount that they spend, however, will depend more on the limit set by the firm's entertainment budget. Prices for these people which are too 'cheap' could be as big a problem as too 'dear'.
- Education -** By and large, those trusted with the task of entertaining clients are likely to have above average levels of education. They are also likely to display a sober and workmanlike image.
- Nationality -** Obviously, since the restaurant is based in Britain, there is more likely to be a preponderance of British clients. However, there are areas of the country where there is an ethnic bias or areas which attracts foreign professionals like airports. Catering for these special cases could prove attractive to a 'non British' clientele.

Additional characteristics of the lunchtime restaurant could include:

- which companies do they work for?
- what type of job are they in?
- are they employed or self-employed?
- do they live locally?
- why are they discussing business off-site?

Answer to Question 2 (page 7) - Promotion Media

	Probably not	Worth research	Probably worthwhile
Airline Business Class magazine	✓		
Specialist financial newspaper	✓		
Daily Tabloid	✓		
Local free newspaper			✓
Local news radio			✓
Commercial modern pop radio	✓		
Leaflet to surrounding area	✓		
Telephone sales			✓
Magazine for teenagers	✓		
Car magazine	✓		
Other			

- 1 The airline business class magazine will only be worthwhile if the restaurant is situated close to an airport or if the business clients undertook a good deal of overseas travel. In normal circumstances, this is likely to be a waste of money.
- 2 The specialist financial newspaper will only be worthwhile if the clients read that newspaper. It is most unlikely that sufficient clients will be influenced to make this advertising investment worthwhile.
- 3 Daily tabloid - in this instance, the overwhelming majority of the readership will be outside of the area so the take-up is likely to be extremely low compared to the cost.
- 4 Local free newspaper - since this would be targeted on the area around the restaurant, it may well influence prospective customers to give the restaurant a try.
- 5 Local news radio - many businessmen spend a great deal of time in their cars either commuting or travelling between business appointments. Local news radio could be an excellent way to reach these potential customers.
- 6 Commercial pop radio - there is no law which says that middle aged men musn't listen to pop radio channels! However, on balance, customers for this restaurant are more likely to be tuned to a different channel.

- 7 Leaflet to surrounding area - this may work; however, if you are going to contact people locally, why not make the contacts with the businesses - which will probably make up 90% of the customers for this type of establishment.
- 8 Telephone sales - it should be possible to identify those companies in the area who are most likely to hold business meetings at lunchtime off-site. A well directed telephone call to the right person, possibly with an introductory offer, could well produce results.
- 9 Magazine for teenagers - even with the advent of young 'dot.com' millionaires, it is unlikely that there will be sufficient teenage tycoons to make this type of advertising productive! Not an attractive option!
- 10 Car magazine - it is difficult to see why a car magazine should be more productive than any other magazine. The national distribution will drive up the price whilst only a tiny fraction of the readers will be located close enough to use the restaurant. No thanks!

Answer to Question 3 (page 8) - What Image Would You Try to Project?

The image should be up-market, relaxed, well ordered and efficiently operated. Customers should feel that they are not being hurried or badgered by staff. Comfortable chairs and settings should encourage clients to feel relaxed and at ease to discuss their business.

Answer to Question 4 (page 9) - Young Customers

Younger customer attributes:

- Age -** Late teens to twenties.
- Sex -** Both sexes probably with a preponderance of males.
- Income -** Relatively high *disposable* income as a proportion of earnings.
- Education -** Varies with no particular emphasis or bias.
- Nationality -** Dependent on locality but likely to be both British and local in origins.

Other - Customers for this type of restaurant may be more outgoing than many of their friends. The atmosphere should be bright, happy, ‘happening’ sort of place, perhaps with the emphasis on moderately priced fast food with alcoholic beverage.

Answer to Question 5 (page 10) - Advertising to Younger Customers

	Probably not	Worth research	Probably worthwhile
Airline Business Class magazine	✓		
Specialist financial newspaper	✓		
Daily Tabloid	✓		
Local free newspaper			✓
Local news radio		✓	
Commercial modern pop radio			✓
Leaflet to surrounding area			✓
Telephone sales	✓		
Magazine for teenagers			✓
Car magazine	✓		
Other			

- 1 An airline business class magazine is unlikely to be read by the target population.
- 2 Specialist financial newspaper - unlikely to be read in volume by teenage population.
- 3 Daily tabloid - not sufficiently local in emphasis to make the advertising investment worthwhile.
- 4 Local free newspaper - could well be read by target population. Especially useful if advertisement inserted in part of paper devoted to local entertainment.
- 5 Local news radio - possible alternative but probably not as promising as some other opportunities.
- 6 Commercial pop radio - valuable advertising opportunity provided that it reaches *local* population.

- 7 Leaflet drop - promising line of approach especially if combined with some sort of introductory offer.
- 8 Telephone sales - difficult to know which households are most likely to be worth targetting. Could waste a lot of valuable time and call charges. Not promising at all.
- 9 Magazine for teenagers - if it has a local emphasis then it could be an excellent medium.
- 10 Car magazine - although most late teens and twenties may regard car ownership as desirable, they are no more likely to buy the car magazine than the population at large.

Answer to Question 6 (page 10) - What Image Would You Like to Project?

Image would need to be a busy, 'happening' place where 'everyone' goes to see and be seen. Probably background music with a great deal of colour, chatter and drinks. Fast food at affordable prices would probably fit the clients' needs.

Answer to Questions 8-18 (pages 14-17)

Question 8 Segment 1

Describe the scene . . . Perhaps a disco with loud music and young people dancing. Then she smiles and the males gather round to admire her smile.

Use this toothpaste and . . . you'll get somebody.

Question 9 What TV ad would you devise to show to Segment 2? . . .

Perhaps a bathroom with cartoon characters squirting toothpaste, happily brushing their teeth and wondering where the stripes come from.

The key benefit for this segment is . . . Mum and Dad say you've got to, but this one is fun.

Question 10 What TV ad would appeal to Segment 3? . . .

Perhaps at the dentists stressing health, caring, freedom from worry, statistics and fewer fillings.

What's the key benefit this time? Use this toothpaste and . . . you'll have less fillings.

Question 11 Segment 4

Because . . . They don't believe it.

So, where do you advertise to them? . . . On the pack.

Major Message No 1

Question 12 Don't show people as they are, show them . . . as they would like to be.

Question 13 What proportion of the people in Segment 1 have a wonderful, white, light-reflecting smile? . . . Low.

So, why show this image? . . . Because lots of people would like to have wonderful, white teeth.

Question 14 What proportion of the people in Segment 3 have no fillings? . . . Low.

So, why show this image? . . . Because lots of parents would like to give their children a better start than they had themselves.

Question 15 Your product/service/advert can't appeal to everybody. It's appeal will be to a particular . . . segment.

Question 16 What would happen if you tried to merge the four television toothpaste advertisements you devised earlier? . . . A confusing shambles.

Question 17 **The more you know about your typical customer . . .** the less money you waste.

Question 18 **At what time of day would you want your ad appealing to Segment 1 to appear on TV? . . .** When young people are watching (before they go out). During programmes aimed at them (eg pop music).

At what time of day would you want your ad for Segment 2 to appear on TV? . . (You need to work out who the ads are aimed at - the parent or the child.) During children's programmes.

At what time of day would you want your ad for Segment 3 to appear on TV? . . When the parents are watching.

Answer to Question 19 (page 19)

You can't have 'right' or 'wrong' answers to this question because we all have different priorities. One person may buy petrol at the most convenient garage whereas another may make a point of always looking for the cheapest petrol wherever that is. By the same token, some people may choose to shop at a prestigious store because they want (and deserve?) a 'superior' product.

Answer to Question 20 (page 20)

The plumber's customers value a good reputation for quality above all else. This means that the main thrust of the advertising, promotion and business practice must all focus on quality. Other abilities may be valued, but it seems a good reputation for quality is essential!

Answer to Questions 21-25 (page 23)

Question 21 **How will you solve that? . . .** Ask people in your target segment(s).

Question 22 **How will you overcome that? . .** Either give each person a separate questionnaire, or have one card with the reasons listed and marked (say) A - F. Give the card to each interviewee in turn and ask them to tell you their view of the correct ranking. Record their answers on a sheet of paper.

Question 23 **How will you tackle that? . . .** Do a pilot study.

Question 24 **So, how will you know if you have? . . .** Do a pilot study.

Question 25 **What's the solution? . . .** Ask as many as you possibly can.

