

Additionally, you need to articulate how you will reach those customers, what they are willing to pay, and how you intend to keep them coming back (Figure B.7). Here you can begin to really build a market size number in terms of dollars using a simple calculation:

number of customers $\times$ price $\times$ frequency of purchase = market size \$

You can do this calculation for a day, week, month, or year, and it should connect to your overall financials. Let's think about this for a single day. On an average day you may anticipate that 300 customers will enter the café and the average receipt based on 1 coffee and 1 donut is \$7.50. Three hundred customers $\times$ \$7.50 $\times$ 1 purchase = \$2,250 total receipts for an average day. If there are 30 days in a month, then total monthly receipts could be \$67,500. As a result the annual revenue could be \$810,000.

Slide 8: Competitor Analysis and Differentiation

The competitor analysis shows how your company differentiates itself from others providing similar solutions, or how it has carved out a unique space that fulfills unmet needs. Competition is a good thing because it shows that there is a market for products and services. The key is to show how you are doing something better, different, and more compelling. A strong analysis will show the audience your competitive advantage—the source of why or how you will outperform others.

The competitive grid analysis compares your company to your most significant competitors and details their strengths and weaknesses relative to your own business. Figure B.8 illustrates an example of a competitive grid analysis for a new business called Best Cuts, comparing it to two different competing hair salons in terms of pricing, capacity, location, and other attributes.

FIGURE B.8

Example of Competitive Grid Analysis

Competitive Grid			
Competitor	Bob's Salon and Styling	Johnny's Hair	BEST CUTS
Offerings	Men's/women's cuts/styles/color perms	Men's cuts only	Men's/women's cut/ style/ color/ perms
Service Prices	Starts at \$18	Starts at \$50	Starts at \$30
Retail Prices	100% markup	100% markup	75% markup
Location	High traffic, highly visible	Moderate traffic, highly visible	High traffic, not visible
Expertise	10+ years, up-to-date trends	15+ years, young hairstylists	13+ years, up-to-date trends
Service	Set hours, little schedule flexibility	Manager never there	Custom hours to suit clients' needs
Turnover	Low	High	Same stylist
Capacity	11 active chairs	8 active chairs	1 active chair
Client Base	Over 4000	?	Over 300