Demographic Description

CONSUMER

Age Range:

Income Range:

Gender:

Occupation:

Marital Status:

Family Size:

Ethnic Group:

Level of Education:

Home Ownership:

Other:

BUSINESS

Industries:

Sector:

Years in Business:

Company Revenues:

Number of Employees:

Number of Branches:

Square Footage:

Company Ownership:

Other:

order dealers from all over the country, and online dealers from around the world, as that is where your potential customers shop now.

ASSESS THE COMPETITION

When preparing the competitive analysis portion of your business plan, focus on identifying:

Who
Who are your major competitors?

What
On what basis do you compete?

How
How do you compare to the competition?

Future
Who are your potential future competitors?

Barriers
What are the barriers to entry for new competitors?

Competitive Position

It is tempting to want to judge your competition solely on the basis of whether your product or service is better than theirs. If you have invented a clearly superior widget, it is comforting to imagine that widget customers will naturally buy your product instead of the competitors' and the money will roll in.

Unfortunately, many other factors will determine your success in comparison to other manufacturers of widgets. Perhaps their brand name is already well-known. Perhaps their widgets are much cheaper. Perhaps their distribution system makes it easier for them to get placement in stores. Or maybe customers just like the color of your competitors' packages better.

The objective features of your product or service may be a relatively small part of the competitive picture. In fact, all the components of customer preference, including price, service, and location, make up only half of the competitive analysis.

The other half of the equation consists of examining the internal strength of your competitors' companies. In the long run, companies with significant financial resources, highly motivated or creative personnel, and other operational assets will prove to be tough, enduring competition.

> "You can't be 5% or 10% better than the competition. You have to be 10 times better. There's a huge lethargy factor — you don't get people to change their bank account, or whatever you're trying to get them to change, if you're 10% better; you've got to be 10 times better."
>
> ***Andrew Anker***
> ***Venture Capitalist***

Thoroughly Evaluate Your Competition

Two Competitive Analysis worksheets on pages 124–125 help you evaluate your competitive position in terms of both customer preference and internal operational strengths.

The worksheets enable you to give greater or lesser importance to each competitive factor, depending on the significance of those particular aspects. To complete each worksheet, give each factor listed a maximum possible number of points, ranging from 1 to 10, with 1 being least important to your overall target market and 10 being the most important. Place the maximum number for each factor in the Maximum Points column.

Competitive Analysis: Customer Perception Factors

Following the directions on pages 123 and 126, allocate points for each of the factors listed below for both your company and your competitors.

Factor	Maximum Points (1–10)	Your Company	Competitor ______	Competitor ______	Competitor ______	Competitor ______
Product/Service Features						
Purchase Price						
Indirect/Peripheral Costs						
Quality						
Durability/Maintenance						
Image/Style/Design						
Perceived Value						
Brand Recognition						
Customer Relationships						
Location						
Delivery Time						
Convenience of Use						
Credit Policies						
Customer Service						
Social Consciousness						
Other:						
Other:						
Total Points						
Comments:						

Market Share Distribution

List below the current market leaders and the approximate percentage of the market each one commands.

Competitor	% of Total Revenues	% of Total Units Sold	Trend of Market Share (increasing or decreasing?)
1.			
2.			
3.			
4.			
5.			

Which competitor(s), if any, have historically been the market leader(s)? ____________________

____

____

Which competitors have increased market share substantially in the last three years? ____________

____

____

Is overall competition increasing, stable, or decreasing? ____________________

Briefly describe the most important characteristics of the market leader(s):

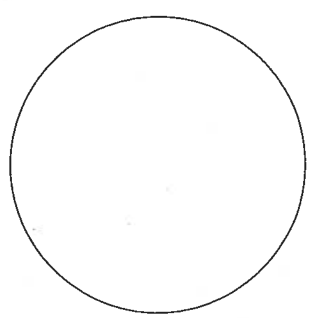
Competitor #1: ________________________________

Competitor #2: ________________________________

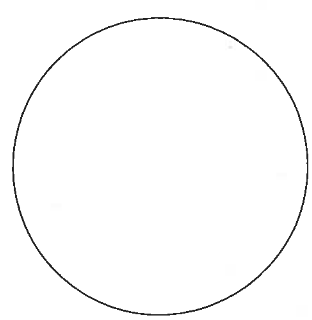
Competitor #3: ________________________________

Divide the pie charts below to indicate market distribution.
(These charts can be included in your written plan for visual interest.)

Market Share by Revenues
(estimate)

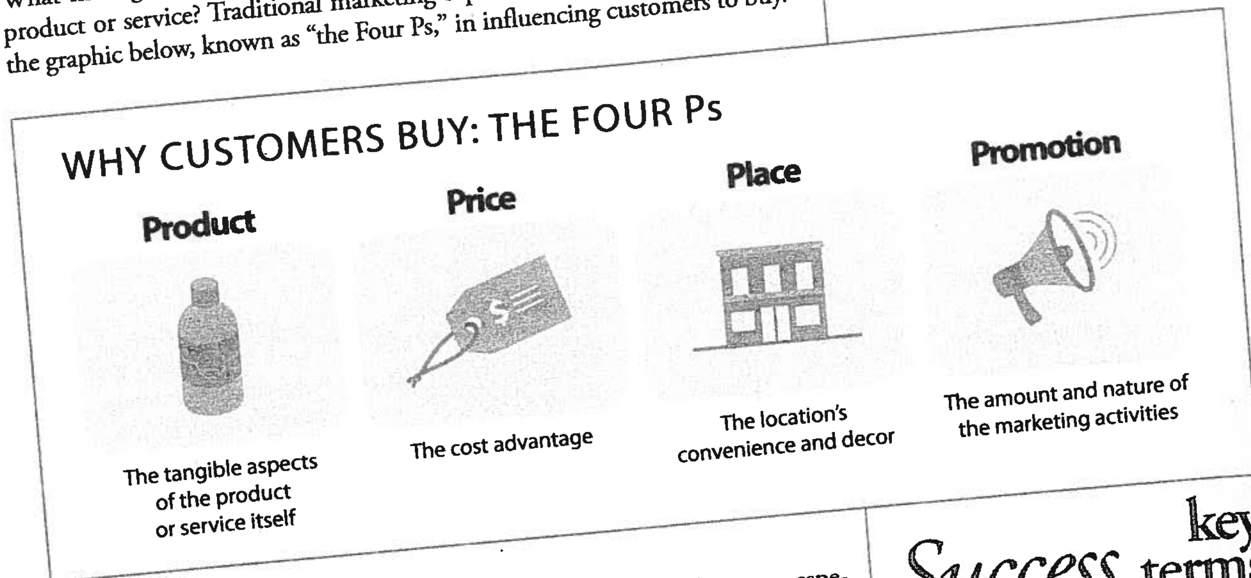


Market Share by Volume
(estimate)



The Four Ps of Marketing

What messages do you give customers to motivate them to purchase your product or service? Traditional marketing experts emphasize the elements in the graphic below, known as "the Four Ps," in influencing customers to buy.



These elements leave a lot out of the marketing picture, however, especially as customers have become more discriminating over the years and look for products or services not just to fill an immediate need but to enhance their overall sense of well-being.

Most marketing strategists agree that people buy benefits, not features. In other words, customers are more concerned about how a purchase will affect their lives than about how the company achieves those results. So your marketing message must tell customers what they get, such as security or an enhanced self-image, rather than merely the detailed specifics of what your product or service does.

What Customers Want: The Five Fs

"The Five Fs," described below, are a convenient way to sum up what customers want.

1. **Functions.** How does the product or service meet their concrete needs?
2. **Finances.** How will the purchase affect their overall financial situation—not just the price of the product or service, but other savings and increased productivity?
3. **Freedom.** How convenient is it to purchase and use the product or service? How will they gain more time and less worry in other aspects of their lives?
4. **Feelings.** How does the product or service make customers feel about themselves, and how does it affect and relate to their self-image? Do they like and respect the salesperson and the company?

key *Success* terms

Ecommerce
Conducting sales and transactions on the Internet.

Search Engine Marketing (SEM)
The practice of purchasing ads to increase your website's ranking and visibility on relevant search engine results pages—often called paid search.

Search Engine Optimization (SEO)
Optimizing your website by planning content and design that leads to high rankings on search engine results pages when a user searches for relevant keywords.

Social Media
Content created by individuals and disseminated online through networking sites such as blogs, YouTube, and Facebook. Used for awareness, marketing, and customer communication and retention.

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The Five Fs

Keeping the Five Fs in mind, describe the message you want to convey to customers about your product or service.

Functions: ______

Finances: ______

Freedom: ______

Feelings: ______

Future: ______

Which of these messages is the most important in motivating your target market to purchase? ______

How will you express this message to your customers in the areas listed below?

Business Name: ______

Slogan: ______

Key Words in Marketing Material: ______

Product Design: ______

Logo: ______

Website Design: ______

Blog Language and Design: ______

Choice of Social Media Sites: ______

Other Graphic Images/Design: ______

Packaging: ______

Decor: ______

Style of Clothing Worn by Employees: ______

Merchandising/Displays/Presentation Materials: ______

Other: ______

Sales Process and Productivity

On this worksheet, outline the procedures and productivity levels you expect in your sales efforts.

CUSTOMER IDENTIFICATION

How do you identify potential customers? ____________

Do you use "cold-calling"? ____________

What prospect lists, if any, do you purchase? ____________

What other methods do you use to determine customer interest? ____________

Do you capture the contact information of your website visitors? ____________

CUSTOMER CONTACT

How do you contact customers? Email? Phone calls? ____________

Who contacts potential customers? ____________

How many times is a potential customer contacted before he or she is discarded from the list? ____________

When are potential customers contacted? ____________

How long does each contact take? ____________

How frequently are current customers contacted for additional follow-on sales? ____________

Who contacts current customers? ____________

SALES PRODUCTIVITY

What are your sales goals? Delineate volume and revenues expected within a certain time frame. ____________

____

What percentage of your revenues will come from online sales? ____________

What percentage of your website visitors do you project will convert to purchasing customers? ____________

How many times, on average, must a potential customer be contacted before securing:

An appointment? ____________ A sale? ____________

What percentage of potential customers agree to an appointment or demonstration? ____________

What percentage of those agreeing to an appointment or demonstration subsequently purchase? ____________

How many calls will each salesperson be expected to make, and in what time period? ____________

Who handles phone, mail, email, and online orders? ____________

Who ensures orders are filled promptly and properly? ____________

Does this information get reported to the salesperson? ☐ Yes ☐ No

How? ____________

Who checks credit? ____________

OTHER SALES PROCEDURES

____

____

____