

Research

for

Decision Making

and your

Business Planning

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Why have Business Plan:

“It will help bring your research and small business ideas together in a structured format, to give you a better picture of the commercial viability of your business. It will also help you to identify clear goals, any potential problems and to develop a successful strategy.”

Why do research:

- Excessive enthusiasm about your business idea is not enough. Hard *facts* are needed as well.
- Identifying gaps or inconsistencies in any business proposal or activity requires *information*.
- Clarity and realism about an idea's potential is important. To prove that potential and make the case stronger you need *evidence*.
- Investors take more *interest* in a well-developed business proposition.

Research – what research?

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- 1. Internal research:** Examine your business.
- 2. External research:** Your customers, your competition.

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- **PEST analysis** ~ **P**olitical, **E**conomic, **S**ocial and **T**echnological
- **Porter five analysis** ~ threat of substitute 1) products or 2) services, threat from 3) established rivals and new entrants, the bargaining power of 4) suppliers, the bargaining power of 5) customers.

External research, your area, your customers

Point to consider:

1. Targeting the *right audience* with the *right product* is most important. **Be selective.**
2. Targeting specific communities, neighbourhoods or geographical areas - **Geo-targetting** - you ensure your promotions are upper most in the minds of the potential customers and that mutual contact is easy.

First consideration

The characteristics of the kind of people you wish to engage with depend on the product/service you are trying to sell. Is it age-specific, related to children or the bringing-up of children, related to the health of the customer? Is it luxury items eg large  and cruise holidays in the Pacific? Is it  trips to Blackpool and package holiday in Benidorm?

Let's look at your potential customers.

Are they -

Young or old ~ age structure, no of children, no of pensioners

Large or small households/families ~ persons per h/hld

Employed or unemployed ~ % unemployed

Car owners ~ no of cars per h/hld ~ indicator of wealth

Manual workers

~ Socio-economic groups

Non-manual workers

Healthy ~ suffering from 'Long term illness'

Your customers:

What is their income?

How do they spend their income? In particular, how much do they spend on the types of goods or services you are offering?

Second Consideration

You now need to find where the potential customers are located; you need to define your catchment area.

This can be done by ranking the areas in which you find a high proportion of people in ~ say Professional and Managerial occupations and you may get a table like this:

<u>Newcastle-u-Lyme Borough</u>	Westlands	Loggerhds & Whitmore	Seabridge
All people aged 16-74	4,072	4,927	4,517
Professional & Managerial Occupation	39.22	35.62	30.42
<u>Staffordshire Moorlands</u>	Bagnall & Stanley	Biddulph Moor	Biddulph North
All people aged 16-74	1,114	1,305	4,008
Professional & Managerial Occupation	33.66	28.05	27.87
<u>Stoke-on-Trent</u>	Trenthm & Hanfd	Hartshill & Penkhull	Meir Park & Sandon
All people aged 16-74	8,888	8,961	9,606
Professional & Managerial Occupation	30.09	27.58	21.94

Having answered these question we can make a

Market Assessment

That is an estimate of your potential market to include another viable new or expanded business.

Having established the number of customers in your catchment area and their expenditure on the type of goods or services you offer we now have an idea of the total purchase power available in this area. Let us call it

X.

We now turn to the

competition.

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2. Where are they located viz a viz your area?
3. What is their likely turnover? – considering
 - The number of staff
 - The likely business rate
 - Likely rent of premises
 - Other

We have established the total number of competing businesses (**A**) and their individual total turnover let us call it

Y

We now divide **X** with **Y**: $X/Y = B$

and get a theoretical idea of the number of businesses of 'your' type that could profitably locate within this catchment area let us call it **B**.

We can now do the **Assessment** and there are two possible scenarios:

Assessment:

$$X/Y = B$$

If $A > B$ there are more businesses in the area than there theoretically is room for. Competition is likely to be fierce and you will have to offer something very special in order to survive amongst them. Similar if

$$A = B.$$

If $A < B$ there are fewer businesses in the area than there theoretically is room for and competition may be easy. If the difference between A and B is considerable there may be room for another business ie You.

Making the Choice

Assuming you have found an area and selected a community of people who look promising as potential customers/clients of yours you need to choose your marketing strategy. Will it be:

Internet or Direct Mailing

Either/or or in combination. Advantages and disadvantages of both.

Internet, disadvantages:

1. Not everybody is on the internet or any of the social media and each individual, who is, use it differently.
2. People only put on the internet (facebook, Twitter etc) what they want others to know!
3. Those who are: Do they keep their profile up to date?
4. If you don't know/like the subject and/or sender press the delete key and it's gone forever.

Cont'd

Internet, disadvantages:

Cont'd

- Consumers are flooded with marketing material online, which diminishes the impact of even the most carefully planned campaign.
- Given the risk of breaches in the current social and political climate people will be wary of unsolicited emails and wary of engaging with the sender.
- You do not know who has read your mailing.

Internet, advantages:

1. Convenient, easy to use.
2. Cheap, often even free.
3. Less costly in terms of time and materials.
4. Ability to reach a large number of people in an instant.

Direct Mail, disadvantages:

1. Costly in terms of time, manpower and materials.
2. More difficult to disseminate to the intended recipients

Direct Mail, advantages:

1. Research from the USA suggests that **73%** of consumers – **both young and old** - prefer direct mail as their primary method of communication with brands and **59%** say they **enjoy** receiving mail about services, products and promotions.
2. Given the risk of breaches of privacy in the current political and social climate people feel more secure with direct mail.
3. You know with some certainty, who every recipient is and you know their contact details so easy to engage at a later date.
4. Every person has a physical address that can be reached.

Local Authority	Telephone Number	Price
Cheshire East	03001 235 500	£36.50
Stoke-on-Trent	01782 233800	£30 approx
Stafford BC	01785 619424	£15 min
Staffs Moors DC	03456 053010	£20-23

References:

The list of potential new customers was very helpful in seeking to expand the business.

Karl Hession
'Herbalife'

The reports on potential target areas were comprehensive and accurate.

Mark Forrester
'Mark of Sandbach' (Carpets)

The presentation on research for business planning was very interesting, informative, inspiring and made me realise the importance of research for business.

Melaney Doyle
'Mpower People Development'
& 'Mbusiness'

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Thanks for watching!