

GUIDE 5

MARKET RESEARCH



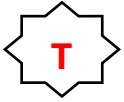
BRONZE LEVEL

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Introduction

Congratulations on coming up with your BRONZE Business Idea! Now you will learn about *market research*. You will find out more about your target market, will learn how to conduct a customer survey, analyse your competitors and take a look at the Strengths, Weaknesses, Opportunities and Threats of your business (SWOT analysis). When you have finished these activities, you will be able to fill in Sections B, C and D on your **BRONZE Business Plan template**.



Remember! Every time you see this picture in our guide, it means your students should complete a section on the Template.

So let's get going on your Business Plan!

1. Conducting Market Research

Market research will help you understand both your customers and the market you are operating in. This will help you find out whether there is a market for your product or service (i.e. whether there are people who will buy your product or service), who those people are (i.e. their age, occupation, area that they live) and how much people will be willing to pay for your product or service. Your **target market** is defined as the consumers you want to sell your products or services to. They will be the focus of your marketing efforts.

There are a number of different ways that market research can be carried out:

- A **survey** is a set of questions that you ask a number of people who are in your target market. In order to get the information you need, you should conduct your survey in the area you intend to set up your business.
- A **discussion** can be conducted with a focus group (a group of about 10 people who fit in to your target market). You should prepare a set of questions ahead of time to help you gather more detailed information than a survey.
- An **observation** allows you to investigate and record how people react to a product, stall or poster.



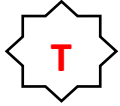
If you have access to YouTube, search 'Market Research for School Businesses' or [click here](#) to watch our video on how the students at DAV Pushpanjali School, New Delhi, India, carried out their market research!

The fastest and simplest way to conduct market research is through a **survey**. When planning your own survey keep these guidelines in mind:

1. Try to ask no more than **10 to 15 questions**.
2. Try to ask at least **20 people**.
3. Check that your questions are **clear, unbiased** and lead to **useful** information.
4. Identify groups of **potential clients** (not just friends and family) in your community or outside (e.g. at the market in the nearby town if you're planning to sell your products there).



You can use the following Survey Template to help you write your own survey, but you should also think of a few additional questions that are relevant to your business! Don't forget to keep track of how many people you have surveyed as you will need this information for your Business Plan Template.



You are now ready to complete ‘Section B: Market Research and Target Market’ on your BRONZE Business Plan Template!

2. Conducting a Competitor Analysis

Competitors are the people who sell the same or a similar product or service as you. Look back at the answers you got to Question 2 on your *market research survey* – these are your competitors!

Doing a **competitor analysis** will help you find out the strengths and weaknesses of your competitors. It will also help you decide on how to make your product/service different or special from others already on sale. There are a number of types of data that you can collect for competitor analysis:

- **Recorded data** is data that is available in published form. This may be annual reports or product brochures (it is likely that only large businesses will have these).
- **Observable data** is data that you actually go out and look for! It is data that your competitors make obvious, such as pricing, advertising and promotions.
- **Opportunistic data:** This data usually comes from discussions you have with people who are connected to both you and your competitor, for example customers.



Use the already filled in template below as a reference to conduct your own competitor analysis. You can also find a suggested lesson activity following the template! Remember, you may not be able to ask your competitors these questions directly, but you will be able to find out most of the information from observable data and opportunistic data (you may have collected some of this already in your market research).



You can use the following template already filled in with our ‘Proactive School’ example as a reference but please note that **you will need to complete your own Competitor Analysis on the BRONZE Business Plan Template** (‘Section C: Competitors and Competitive Advantage’). A blank Competitor Analysis Template can be found in the Appendix section of this guide.

Competitor Analysis Template				
	My Business <i>In this column answer the questions about your business– this will help you to compare your business with your competitors!</i> <i>E.g. Organic vegetable business</i>	Competitor A <i>E.g. Danny’s local fruit and vegetable shop</i>	Competitor B <i>E.g. Local vegetable market stalls</i>	Competitor C <i>E.g. Local family’s own vegetable production</i>
Where is the competitor located? <i>Think about how close they are to your business and why they have chosen that location (e.g. They can attract more customers).</i>	<i>Community – Main town market</i>	<i>Main town</i>	<i>Market-Main town</i>	<i>Community</i>

What product/service do they sell? <i>Is their product / service the same as yours? If so, what can you do to be different?</i>	<i>Organic vegetables</i>	<i>Seasonal fruit & vegetables</i>	<i>Seasonal vegetables</i>	<i>Seasonal vegetables</i>
What are the competitor's prices? <i>How can you sell cheaper and still make a profit?</i>	<i>21-42 ZAR (\$1.5-\$3)</i>	<i>14-30 ZAR (\$1-\$2) depending on the product</i>	<i>14-21 ZAR (\$1-\$1.5) depending on the product</i>	<i>N/A - Harvest their own production</i>
What are their operating hours? <i>Would you benefit from being open at a different time?</i>	<i>School hours (early morning – late afternoon)</i>	<i>All day</i>	<i>Early morning-afternoon</i>	<i>N/A</i>
Who are their customers? <i>Are you aiming for the same customers or is there something about your product that attracts different customers?</i>	<i>Local community</i>	<i>Local community</i>	<i>Local community</i>	<i>Own produce</i>
What methods of marketing do they use? <i>Do your competitors have adverts, events or run promotions?</i>	<i>Posters, radio adverts, promotions</i>	<i>Don't use</i>	<i>Don't use</i>	<i>N/A</i>
How are they trying to develop or expand? <i>This information is helpful to know how to remain different from your competitor in the future.</i>	<i>Promoting organic and fresh produce</i>	<i>No plans to expand</i>	<i>No plans to expand</i>	<i>N/A</i>
Do they have a good reputation locally? <i>Why or why not? What could you learn from their business?</i>	<i>Organic and fresh products</i>	<i>Yes, good quality products</i>	<i>Yes, fresh products</i>	<i>N/A</i>
Do they offer any extra services? <i>Should you consider any of these things for your business?</i>	<i>Delivery to local community</i>	<i>No</i>	<i>No</i>	<i>N/A</i>
What are their strengths? <i>Can you learn from these without copying them too closely?</i>	<i>Organic products</i>	<i>Good reputation/Honesty</i>	<i>Regularity</i>	<i>Regularity</i>
What are their weaknesses? <i>Your competitors' weaknesses can become your strengths!</i>	<i>New to the market</i>	<i>Limited selection of vegetables</i>	<i>Sometimes can give you mouldy products</i>	<i>Small selection</i>
What is their Unique Selling Point? <i>What is unique about their business?</i>	<i>Organic produce</i>	<i>Well known & established business</i>	<i>Everyday business</i>	<i>N/A</i>
How can we beat this competitor? <i>Is there something that you can do differently, to make you stand out from your competitors?</i>	<i>Organic produce</i>	<i>Fresh products</i>	<i>Crisp products</i>	<i>Wider selection</i>



Lesson Activity: Competitor Analysis

Suggested Timing: 30 minutes (+ some extra days for homework tasks)

Put your students in groups. Give each group a competitor to analyse using the above template. For homework get each group to answer the questions (in **bold**) for your school business as well as one competitor business. This may require research.

Back in class, once the students have collected all the information they can, get each group to use the prompts below the questions in the table (written in *italics*) to guide their discussion of the information they have found. Encourage your students to think about your competitors' strengths and weakness and **what your business can offer that is different from the competition.**

Once you have finished your market research and competitor analysis it is important to think about how you are going to use that information. Below you will find a great example of how the information you have collected can be used to build a successful business that beats the competition!



Example: When a group of students at 'Proactive School' decided to open a restaurant to sell the food and drink they were growing at the school, they knew very little about how to run a restaurant. However, in its first year of trading, it has become one of the most popular places in town.

Why?

- They knew what their customers wanted
- They understood their competitors
- They had strong evidence that there would be demand for the type of restaurant that they opened



They conducted **competitor analysis**, by visiting the other restaurants in the area and noting each restaurant's strengths and weaknesses. They looked at what the restaurants offered, they wrote down the prices that each restaurant charged and they noted the type of customers that went into the restaurants.

After they had conducted research on the competition they looked at the potential customers in detail. They wanted to find out who their customers would be. They conducted a **survey** with 100 people to find out if the people in the area were likely to spend money in a restaurant. They asked how much money they currently spent in restaurants and what they wanted in a restaurant.

Then they invited 10 people to take part in a **discussion** so that they could find out more detailed opinions on what customers wanted from the restaurant. They asked questions such as: "Should it sell hot or cold drinks or both?" and "What time would you like it to be open?" As a result of this research, they decided to open a restaurant with decorations that would appeal to teenagers in the area and they also decided to keep prices low. They advertised in places where they knew that people aged 15-21 would look.



You are now ready to complete '**Section C: Competitors and Competitive Advantage**' on your **BRONZE Business Plan Template!**

3. Conducting a SWOT Analysis

A **SWOT Analysis** is a way to assess the Strengths and Weaknesses of your business. It also allows you to identify Opportunities you have and the Threats you might face. It's important to understand that strengths and weaknesses are *internal* to your business and in the *present*, whereas opportunities and threats are *external* and in the *future*.



You can use the following questions to help you carry out a SWOT analysis for your business. A completed SWOT Analysis Template example is also provided for your reference. **Remember to complete yours on the BRONZE Business Plan Template (Question 5)!**

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • What advantages do you have? • What does your team do best? • What resources have you already got? • What is your Unique Selling Point (USP); i.e. what do you have that your competitors don't? 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • What could your team improve on? • What would others see as your weakness? • Why might people not buy your product or service?
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • What opportunities does your location provide? • Are there any local events? • Are there any changes in your area of people, lifestyles, trends and buying habits? • Can you use technology to help your business? 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • What problems might you face? • What are your competitors doing? • Do you have all the money you need? • Could any of your weaknesses threaten your business?



SWOT Analysis Example: 'Proactive School'	
<p><u>Strengths</u></p> <ul style="list-style-type: none"> - We are very good at speaking in public and selling to people. - We can use the school shed for free to house the chickens. - Our unique selling point is that our chickens are organic 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - We do not know how to help the chickens if they are sick. - We are new to the market so people may not buy from us.
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Our school is close to the town so we can sell our chickens at the Market. - People prefer organic chickens - We can use the Internet to promote our chickens. 	<p><u>Threats</u></p> <ul style="list-style-type: none"> -The chickens may get sick -Our competitors can do deliveries because they have a car.



If you have access to YouTube, search 'Competitor Analysis and SWOT Analysis for School Businesses' or [click here](#) to watch our video on how the students at Green Hill College Mukono, Uganda, carried out these activities!



Now you can complete **'Section D: SWOT Analysis'** on your **BRONZE Business Plan Template!**

Well done! You have now done your *market research* and analysed your *target market*. You have identified and analysed your *competitors* and you have carried out your *SWOT Analysis*. You have completed Sections B, C and D on your **BRONZE Business Plan Template**. In the next guide, you will start working on your Operational Plan!