

Take Time to Research Your Market

You've got a fantastic product or maybe you're providing a brilliant service. Great! Business must be thriving.

If it's not, you need to do something about it fast. You need to do some marketing to find out if people even want your product or service and if there is something about your business you could tweak or change to potentially increase demand.

Marketing is the process of finding out about the goods or services that customers want and presenting them at the right price, how, when and where they want them.

Marketing should be carried out before starting up a business, yet so many people fail to do it. As a result many businesses cannot survive.

Businesses operate in a hugely competitive marketplace, with everyone often vying for the same customers. In today's business climate, you can't afford not to find out everything about the market in which you intend to operate.

It's much more than advertising or promotion. Marketing starts from producing products that meet people's needs and extends to making those products available and letting potential customers know of their existence.

The first rule in marketing is that you can only sell something that people want. So you've got to know your market. For example, you would be crazy to sell cots and prams in a retirement village or Christmas cards in March. Nobody would want them.

But that doesn't mean you should never try to sell an unusual or unique product or service. In fact the key to success is often just that - providing a unique service or specialised or personalised products in a mass production market. A fresh idea or a new product can be a marvellous money-spinner if it's marketed correctly, and if people think that they need it.



*“Many small business owners are selling what they **think** their customers want without actually **knowing** what they want. There's a big difference.”*

500 Award-Winning Small Business Secrets, Geoff Grist



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INDEX

Market Research Critical to Business	1,2
Next Steps - Find Out About Your Market	2
Where to Look for Information	2
The SWOT Analysis	3
Don't Jump into Recruitment	4

4 Ps of marketing

When you do your market research, you need to determine not only what your customers want to buy but also how much they're willing to spend, where they will go to buy it and how they will find out about the product or service you offer. You can look at this as your marketing mix, or the four Ps of marketing - providing the right **product** at the right **price** in the right **place** with the right **promotion**.

Product

Your product refers to the total package of goods and services you provide. It's not just your core product but everything your customer experiences whilst dealing with your business. It includes prompt and efficient service and the associated benefits to customers

Price

Price is everything your customer pays to purchase your product. It may reflect a cost plus profit approach; a percentage mark-up on wholesale prices; what your competitors are charging or what you think customers are willing to pay.

Place

Place is how you distribute your products to your customers; where your sales outlets are located; whether you manufacture or retail; the number of different businesses involved.

Promotion

Promotion includes everything you do to get attention for your business and what you are selling.

Promotion can include:

- Advertising
- Direct marketing
- Trade promotions
- Public relations
- Publicity
- Personal selling
- Sponsorship of sporting teams or cultural events
- Network marketing.



Next Steps - Find Out About Your Market

Ideally you should ask these questions before you start a business. If you haven't done so already then start now. The aim of your market research should be to find out:

- What goods and services are people likely to buy?
- If you have an idea for a product or service, are people really likely to buy it?
- If you've already set up a business, what changes need to be made to a product to better suit the market?
- Where, when and how often will customers buy?
- How much will they spend?
- How many potential customers are there in a given area?
- What, if any, similar products are already available?
- What sort of people are they? Find out all you can about the customers - their ages, sex, incomes, likes, dislikes and habits.
- In what ways are they most likely to find out about your product or service?

Finding the answers to these critical questions and then applying them to your business will go a long way to setting you on the right track. It might mean you make some changes along the way. That's fine - you need to be flexible and constantly adapt to the changing market.

Your accountant will be able to help you further with your market research. Because they have helped countless small businesses they will know what pertinent issues you need to know about which are relevant to your business.

Researching your market - Where do you look?

- First, approach your own industry group. Has your trade association or the local Chamber of Commerce surveyed the industry and trading conditions? Such a survey could answer many of your questions.
- Next, contact Statistics New Zealand. They have a wealth of information on the New Zealand consumer and New Zealand industry.

Useful sources of information are:

- Your local library - look for relevant books as well as references to other publications eg, government publications, which the library can obtain for you.
- Government departments of industrial development, and local district councils.
- The Internet.

SWOT Your Business, Stun Your Market

Do you know where you stand in the market? It might be time to take stock. To find out what sets you apart from your competitors or what changes you might need to make to improve profitability.

You can do this by making a SWOT analysis. What are your business's Strengths, Weaknesses, Opportunities and Threats? It's like taking a snapshot of where your business is right now and then actioning the results.

With a SWOT analysis you can analyse all aspects of your business and, if done honestly, will greatly assist you to set your business priorities.



Strengths - these are what you need to capitalise on and take advantage of. Ask yourself what your business does really well? What makes it great or different?

Weaknesses - these are what you need to analyse to determine where improvements can be made. Ask yourself why your products or services are not in high demand? What could you do better?

Opportunities - these need to be discussed no matter how optimistic, as you may be able to develop a strategy to take advantage of them. Ask yourself what has changed in the market that you could invest in or take advantage of? Is there a gap in the market that isn't being filled?

Threats - these need to be discussed so you can develop strategies to overcome or avoid them. Ask yourself what has changed in the market that you need to plan for or mitigate? What issues are likely to happen in the future that you need to plan for?

It would be worth discussing the SWOT analysis with your accountant both before and after you list the issues. They could send you a checklist of items relevant to each heading to ensure you don't overlook some of the important issues. If required, they could also help you analyse the results and work out the strategies needed to move your business forward.

Hot Tip

From *500 Award-Winning Small Business Secrets*, by Geoff Grist.

Secret No. 5: There is no point in setting up shop to sell or supply something unless you know who you are going to be selling to, and whether or not they really want it. If you know who your customers are but you don't know exactly what they want, then go and ask them. You may be surprised by what they tell you - and rest assured, they *will* tell you. Most people are only too happy to give you their opinion, and it's their opinion that will pay your bills. Even if you think you know what your customers will say, ask them anyway.

An important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.



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Justify before jumping into recruitment

Some businesses spend considerable time and energy in selecting and appraising new equipment before placing an order, but do they approach recruitment in the same way? People are a very important asset to any business yet, unlike other aspects of the business, many businesses do not have a recruitment plan.

The first part of any recruitment plan, before you even think of the type of person you want, is to decide whether a new employee is even needed. Positions shouldn't be created just because someone is available for employment. Every employment position needs to be justified.

The reason for hiring a new team member may be because:

- A position becomes vacant
- You are planning for increased business and envisage more people will be needed
- A new position has been created.

These points alone may not be enough to justify further recruitment. If it's relevant it might be a good idea to re-evaluate every task already undertaken within your business. Analyse the tasks being performed and make sure you write them down.

- What are the tasks carried out in your organisation?
- Are any of the tasks no longer necessary?
- Can any of the tasks be eliminated?
- Can any of the tasks be re-organised to avoid a new position being created?

Once you've determined this information, you should be able to answer these questions:

- Is the position necessary?
- Can the work be absorbed within the duties of other employees?
- Can a lower paid employee perform the work?
- What is the productivity obtained from this position?
- Will the position be value-added?

Positions cost money - not only in the direct cost of employing that person, but in ongoing training and supervisory costs. Every job in an organisation must be able to justify its existence. Take the opportunity whenever planning employment to revisit and re-evaluate task allocation within your business to determine whether it is really necessary to create a new position or refill an existing one.



Be sure to read each article with the mindset "How this could apply to our business". Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.

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