

GUIDE TO PLANNING YOUR MARKETING

Customer research

Why do your customers need you? Every business needs a reason for their customers to buy from them and not their competitors. This is called a Unique Sales Proposition (USP). Your USP can be identified by completing the phrase 'Customers will buy from me because my business is the only...'

Your USP can change as your business or your market changes, and you can have different USPs for different types of customer. For example:

- a stationery shop could offer a free same-day delivery service for its business customers within a local area - an effective USP for businesses that need fast delivery
- the same stationery shop could offer a 5 per cent discount to businesses that spend more than £500 a month - this would be a USP for cost-conscious customers
- the stationery shop could also make sure it offers the most comprehensive stock of artists' materials in the area - a USP for local professional or amateur artists

All of these USPs can be effective because they are driven by what the customer looks for when making a buying decision. It's a good idea to review your USPs regularly. Can you tailor your products or services to better match your customers' needs? Consider asking your customers why they buy from you. This will tell you what they think your USP is - this may differ from what you think your USP is.

Undertaking customer research on loyalty, satisfaction and service can make a big difference to your business. You'll need to focus your efforts on finding out as much as you can about existing and potential customers. If you can work out how they make their buying decisions, you can adapt your sales methods and techniques to fit your customers' needs.

For business customers, you'll want to know how big their businesses are, what sectors they're in, and who makes the decision to buy your product or service. If you're targeting individual consumers, it may be useful to know such things as their gender, age, occupation, income, lifestyle, attitudes or social class.

For your existing customers, try to find out:

- what they think about your products or services
- why they need your product or service - this may be different from what you believe
- why they buy from you and not your competitors
- what they think of your prices
- what they expect from you, eg reliable delivery
- how they rate your customer service
- how they think you could develop or refine your products or services

For your potential customers, try to find out:

- who your potential customers are and what groups they fall into
- how many potential customers there are
- how much of your kind of product or service they already buy from your competitors
- the criteria on which they make buying decisions
- what it would take to get them to buy from you
- what developments they expect in your product or service
- when and where they prefer to buy

Market and competitor research

It's also useful to check constantly what your competition is doing. Remember - if your competitors are doing the same, your USP isn't unique any more. You will need to understand your competitors and keep an eye on what they are doing in order to predict their next moves and exploit their weaknesses.

Try to get information on:

- Demand for your product or service - is it growing or shrinking?
- General economic and market trends.
- How customer requirements and buying behaviour could change in the future.
- What new products are in your competitor's pipeline - could they make yours look outdated?
- How competitors are changing - what are their plans?
- What competitors offer and the prices they charge.
- How your competitors advertise and promote themselves.
- Any forthcoming legislation which could affect your market.

Understanding the environment your business operates in is a key part of planning and will allow you to discern the threats and opportunities associated with your area of business. A PEST analysis helps you to identify the main opportunities and threats in your market:

- **Political** and legal changes such as new regulations
- **Economic** factors such as interest rates, exchange rates and consumer confidence
- **Social** factors such as changing attitudes and lifestyles, and the ageing population
- **Technological** factors such as new materials and growing use of the internet

You also need to understand your own internal strengths and weaknesses. For example, the main strengths of a new business might be an original product and enthusiastic employees. The main weaknesses might be the lack of an existing customer base and limited financial resources.

A SWOT analysis combines the external and internal analysis to summarise your Strengths, Weaknesses, Opportunities and Threats. You need to look for opportunities that play to your strengths. You also need to decide what to do about threats to your business and how you can overcome important weaknesses.

For example, your SWOT analysis might help you identify the most promising customers to target. You might decide to look at ways of using the internet to reach customers. And you might start to investigate ways of raising additional investment to overcome your financial weakness.