



U.S. Small Business
Administration

Boots to Business Module 3

Understanding Markets & Your Competitive Space

Version 4.0



U.S. Small Business
Administration



U.S. SMALL BUSINESS ADMINISTRATION
VETERANS BUSINESS OUTREACH CENTERS



FOR THE LIFE OF YOUR BUSINESS



ASSOCIATION OF
WOMEN'S BUSINESS CENTERS



INSTITUTE FOR
VETERANS AND
MILITARY FAMILIES
Syracuse University | *Borgen Group & Co., Founding Partner



MISSISSIPPI STATE
UNIVERSITY

The Boots to Business entrepreneurship training program is provided through the coordinated efforts of the SBA and its valued partner network. All SBA services are extended to the public on a nondiscriminatory basis. Reasonable arrangements for persons with disabilities will be made if requested at least two weeks in advance.

Objective

Understand the importance of market research, how to conduct low-cost market research on your potential customers and your competition, and how to evaluate your industry.

Agenda

- Understanding *Markets vs Industries*
- Market Analysis
- Industry Analysis
- Government Contracting



Some Quick Distinctions

The Market = Your Customers

- Customers are the ones that give you the money
- May be different than those that end up using your product (otherwise called End Users)
 - Example: Toyota Dealerships are Toyota's *customers*. People buying the cars are *End Users*

The Industry = Other Sellers and Your Sales Chain

- Includes competitors, suppliers, and other sales support companies (packaging, distribution, etc.)

Market Analysis: *Your Objectives*

- Market Size
- Demographics
- Psychographics
- Buying Behavior
- Trends



**Helps You
Evaluate
Potential
Customers**

Market Analysis: *Key Questions*



- Who, *very precisely*, are your customers?
- How strong an incentive do customers have to give you their money?
- What evidence can you provide that the market will grow? Is there sustainable demand?

Free Market Research Sources

Business research and information	Small business snapshots, market research, industry reports	SBDCNet.org
General business statistics	Find statistics on industries, business conditions	NAICS, USA.gov Statistics, Statistical Abstract of the United States, U.S. Census Bureau
Consumer statistics	Gain info on potential customers, consumer markets	Consumer Credit Data, Consumer Product Safety
Demographics	Segment the population for targeting customers	American Factfinder, Bureau of Labor Statistics
Economic indicators	Know unemployment rates, loans granted and more	Consumer Price Index, Bureau of Economic Analysis

At the end of the day, market research...

- Lets you get to know more about your customer, their wants, their behaviors, and their ability to pay
- Provides you with a chance to update and improve what you already do
- Allows you to have first contact with the customer, so they get to hear about you
- Provides you with more confidence and believability with other stakeholders
- Helps to reduce the overall risk in your business

And is really the true value of your business plan

Industry Analysis: *Your Objectives*

Your business/industry type will affect your research methods

- Competitors
- Key Players
- Growth
- Trends



**Helps You
Evaluate
Industry
Attractiveness**

Broad Vs. Narrow



BROAD FOCUS

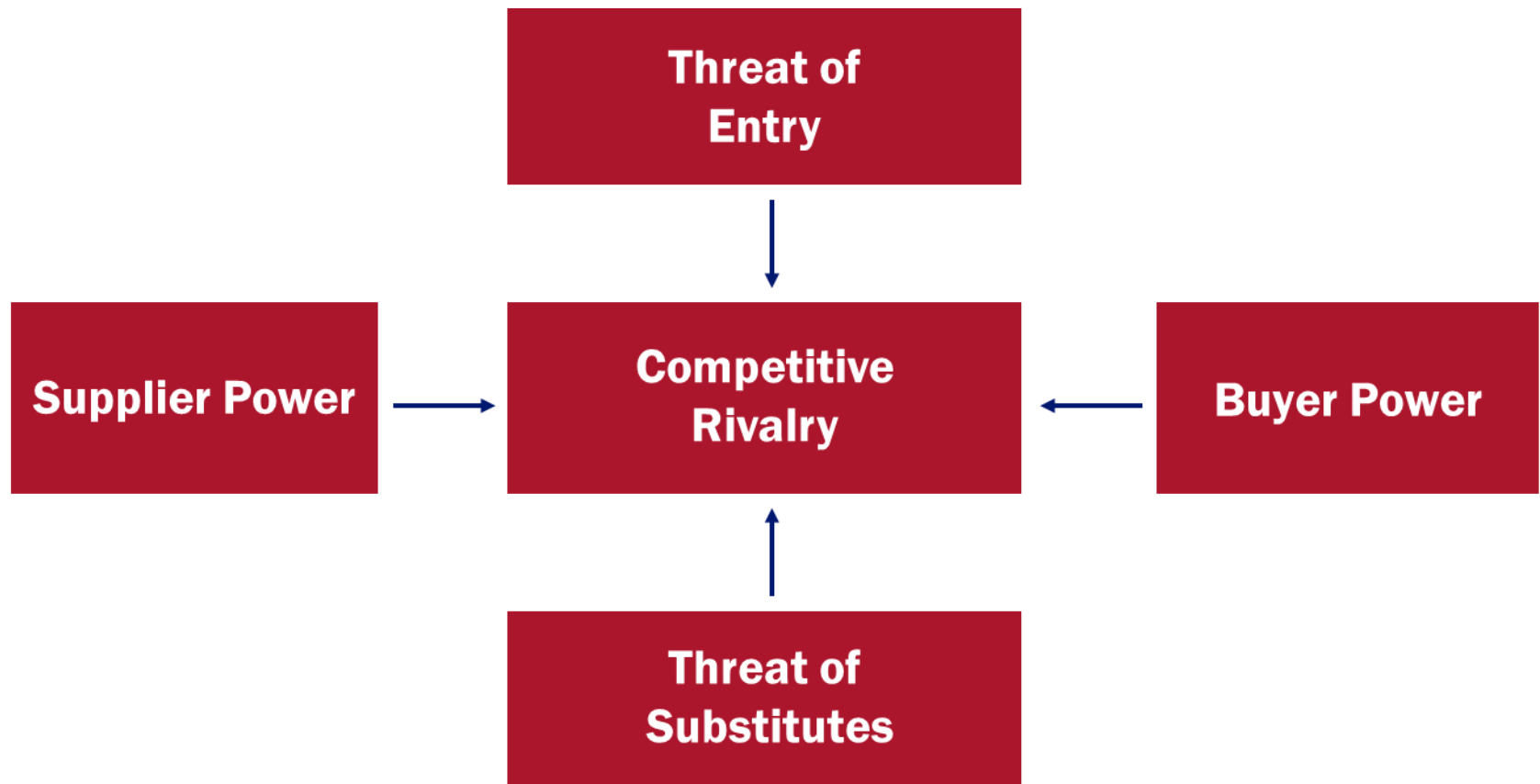
*Broad market position.
Large customer base.*



NARROW FOCUS

*Small but more active customer base.
Has very specific needs.*

Assessment of Industry Attractiveness: Porter's Five Forces



PLUS Employee Power when labor markets are tight

Government Contracting



Does the Government buy what you sell?

HANDOUT

Government Contracting

WORLD'S
LARGEST
BUYER



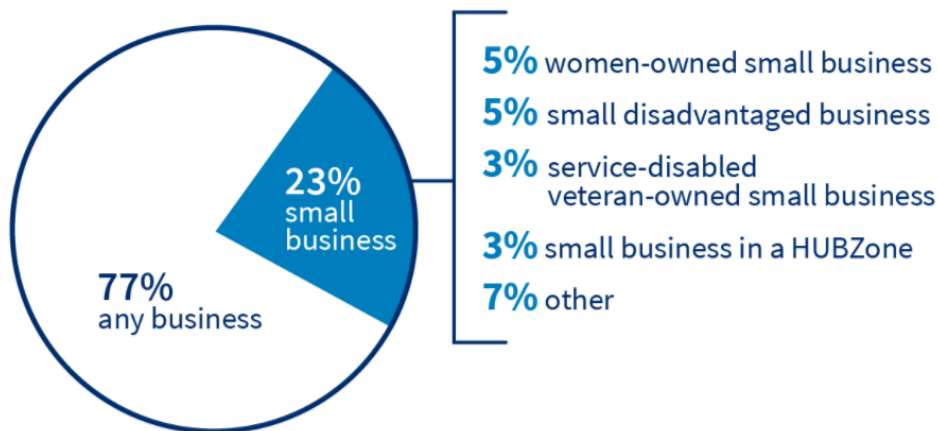
- \$500 billion/year
- 23% federal contract dollars are intended for small businesses

Full and Open Competition

Small Business Set-Asides

Sole Source

Total federal contracting dollars



Government Contracting

Research Your Market



Know what agencies buy your **products and services**



Find your niche.
Competition is fierce



Understand areas of **government spending**



Know your **competition** and their contracts

Government Contracting

Procurement Technical Assistance Centers

- Government contract assistance
- Consulting and workshops
- Information and resources



Marketing Resources

- [Contract Opportunities \(sam.gov\)](https://sam.gov)
- [Federal Procurement Data System](#)
- [System for Award Management](#)
- [Dynamic Small Business Search System](#)
- [Subcontracting Networking System \(SubNet\)](#)



Other Resources

- [USASpending](#)
- [GSA Subcontracting Directory](#)
- DoD Prime Contracting Directory



Remember...

...It's all about the Customers

Customers create *market driven opportunities*

It doesn't matter what anyone thinks about your concept except customers

- If they don't care, you don't have a business

Good quality market research includes gathering information from customers

Customers can help you refine and perfect your business concept and business model

Key Takeaways

- Analyzing the market will help you determine who is most likely to buy your product or service, and also allows you to determine if there is a sustainable demand.
- Analyzing industry is an important part of understanding the attractiveness of your opportunity.
- Consider the key factors that you need to examine to really understand the industry as well as your competitors.
- An outcome of this process is to arrive at a competitive strategy that capitalizes on the value of your concept.

Questions & Discussion