

ENTERPRISING RURAL FAMILIES INDUSTRY AND MARKET INVENTORY

[Feel free to use extra pages wherever needed to provide a complete answer.]

In this document the term “industry” refers to the specific industry your business would fit within. For example, if you are producing silver buckles you would be part of the jewelry making industry.

Step 1: BACKGROUND INFORMATION

Using resources from the *Industry Resource List* (a separate document in the ERF library), research the following information about your industry. Use the information you find to answer the questions in this assessment.

Background of your industry.

Using trade association information, industry publications, periodicals and other resources, seek information about:

- **How the industry has developed**
- **What the industry's growth patterns have been**
- **How, or if, international trade has impacted the industry**
- **How well small businesses have prospered in the industry**
- **How small businesses in the industry are affected by large companies**
- **How small businesses in the industry are affected by franchises**

Research current and future industry trends.

Using your industry research, seek information regarding:

- **The current trends of the industry (growth patterns, niche markets)**
- **The current size of the market**
- **The current sales costs and profit margins**
- **Future trends being predicted by industry experts (document your sources)**
- **Positive or negative effects of current and future technology**
- **Positive or negative effects of current and future government regulations**

Describe the background of your existing business.

Background information on your business is important.

- **When your business was founded**
- **Why your business was started**
- **Who started the business**
- **Why the business has (or has not) been successful**
- **How the business has (or has not) grown**
- **The profitability patterns of the business**
- **If the business purpose has changed over time**
- **How the business currently "fits" in the industry**

Step 1a: Answer the following questions.

1. What industry are you in and how has the industry developed? What have been the industry's growth patterns?

2. How do small firms operate within the industry? Describe the industry's normal way of doing business (operating, production, marketing and distribution methods and standards).

3. What is the average size of a business in your industry?

Annual Gross Sales _____
Number of Employees _____
Capital Investment _____
Sales Costs _____
Profit Margin _____

4. What is the average size of the city/town/community where your type of business is located?

5. What are the current trends of the industry that your business is in? What is the industry's growth pattern, niche markets, etc.? What is the size of the market?

6. What industry trends are predicted for the future? How will current and future technology impact the industry? What are the positive and negative effects of government regulations on the industry?

7. Provide a brief history of your business, including when it was founded, why it was started, who started it, profitability and growth patterns, and how the business has changed over time. [If you have not started the business yet you may skip questions 7 & 8, or provide only those answers that apply and you know at this time.]

8. How do your products and services (your business) fit into the industry? Relate the fit to current and future trends.

Step 2: PRODUCT/SERVICE - Identify the general type of product or service your business will offer.

We want to determine the general characteristics of the industry and market you are interested in, and what potentials there are for your business.

My business will offer the following products/services:

Step 3: CUSTOMER PROFILE - Who are your customers and what are they like?

Customers are the most important part of your business. It is critical to carefully analyze who your customers are (or will be), how much and how often they buy from you or use your service, and why they do business with you rather than the competition. A "market" is a group of people who are, or will be, your customers. The more specific the information you gather about your market, the better you can make your sales projections.

Physical characteristics of your customers (age, gender, occupation, etc.) are called demographics. Some common demographic customer characteristics include:

<i>Gender</i>	Men and women exhibit very different buying habits, so analyzing how many men and women are in your market is an important demographic.
<i>Age</i>	Age is second only to gender as the most important characteristic to measure, and is generally defined in age ranges, again exhibiting different buying habits.
<i>Income</i>	Income level is a good indicator of whether the customer or household has financial capability to buy, particularly non-essential purchases.
<i>Occupation</i>	Occupation relates closely with age, income and education, and again may indicate financial capability.
<i>Location</i>	Location can relate to proximity to your business, neighborhoods, upper or lower income level housing areas, as well as regional or national location.
<i>Family Status</i>	Customers' needs and desires vary based on whether they are single, married, divorced, widowed.
<i>Children</i>	Households with children can exhibit very different buying habits than those with no children or grown children.
<i>Education</i>	Education may be an indicator of advertising comprehension, reasoning power, interest levels, etc.
<i>Ethnic Origin</i>	People from different cultures have different values and needs, which may influence their buying habits.

Psychological characteristics that motivate people to buy are called psychographics. Do they value image, appearance, security, price, function, quality in products and services? Do their cultures (conservative, liberal, religious, artistic, environmental) influence their buying habits? Are hobbies or interests a factor in what they buy?

Developing your customer profile based on both demographics and psychographics will help you define the key characteristics of those people who are most likely to purchase your products/services. The more specifically you can describe your customers, the better you will be able to understand their needs as customers, and the more effectively you can market your products/services to them.

Fill out the Customer Profile Worksheet below for up to three customer markets.
 Make a copy of the worksheet if you have more markets.

Demographic Characteristics	Customer Group A	Customer Group B	Customer Group C
Gender (male, female, both)			
Age (range)			
Income Level (range)			
Occupation (blue collar, professional)			
Location (neighborhood, town, etc.)			
Family (single, married, widowed)			
Children (none, at home, grown)			
Educational level			
Ethnic Origin			
Other:			
Other:			

Psychographic Characteristics	Customer Group A	Customer Group B	Customer Group C
Where do they shop? (malls, boutiques, in town, catalogs, etc.)			
When do they shop? (am, pm, holidays, weekends)			
Why do they buy? (motivations)			
How do they shop? (in person, phone orders)			
Other:			
Other:			

Step 4: COMPETITIVE ANALYSIS – Compare your business to the competition.

A key to the success of your business is establishing a unique market niche. Be honest here – the purpose is to help identify areas where you have a competitive edge as well as areas for potential improvement.

Step 4a: Identify your three major competitors:

- A. _____
- B. _____
- C. _____

Step 4b: Compare your business to the competition.

Rank yourself and your competitors honestly in the worksheet below for each factor using 1, 2, 3, or 4, with 1 being best and 4 being worst. Write "NA" if a factor does not apply to your business or to your competition. This exercise may take some research, such as going to your competitor's business to look at or "test" some of the factors. More than one business can have the same ranking if they are equal in that factor. Priority is based on your assumption of the relative importance of each factor to the customer. Prioritize each factor by writing "high," "moderate," or "low" in the Priority column.

<i>Products</i>	How well do products and/or services provided meet the needs of customers? How satisfied are customers with the products and services offered?
<i>Price</i>	How well do prices charged match customer's expectations and their assessment of value?
<i>Quality</i>	How good is the workmanship of the product or service provided?
<i>Selection</i>	How many options are offered to the customer? How complete is the product/service line?
<i>Customer Service</i>	How well does the business meet customer's needs for attention, timeliness, information, knowledgeable assistance, ability to solve problems?
<i>Product Service</i>	If customers have problems with products or services purchased, are these problems fixed correctly, quickly and to the customer's satisfaction?
<i>Reliability</i>	How dependable are the products or services offered? Do products require frequent repair or replacement? Are services timely and as expected?
<i>Expertise</i>	Are the owners or staff of the business knowledgeable regarding the products or services offered? Do they answer questions well?
<i>Image/Reputation</i>	How well recognized is the company, product or service provided? What kind of image does it have in the area?
<i>Location</i>	How well does accessibility, parking, visibility and convenience of each competitor's physical location satisfy the customers' needs?
<i>Store Layout</i>	Is merchandise displayed in a manner that makes shopping easy and convenient for customers? Is space efficiently used?

<i>Appearance</i>	How well does the appearance of the product, store and/or personnel match the expectations of the customers?
<i>Sales Method</i>	Are sales approaches used effectively and in keeping with customer's expectations? (e.g. polite, avoids high pressure tactics, ethical, etc.)
<i>Credit Policy</i>	Are customers given a variety of ways to pay for purchases? (e.g. cash, store credit, credit card, layaway)
<i>Availability</i>	Are customers able to get the desired products or services in a timely fashion? How often and how long must they wait to get their product or service?
<i>Management</i>	Does the overall management of the business appear to be effective? Is the business clean and organized? Has the staff been trained? Is customer billing correct? Is customer service efficient? Is the owner involved?
<i>Longevity/Stability</i>	Has this business been open long enough to prove it has staying power?
<i>Advertising</i>	How frequently and how effectively is advertising used? How visible is this business as a result of the promotional efforts?

Rate you and your competitors 1 to 4 in the chart below and rank the priority of each factor.

Factors	You	Competitor A	Competitor B	Competitor C	Priority
Products					
Price					
Quality					
Selection					
Customer Service					
Product Service					
Reliability					
Expertise					
Image/Reputation					
Location					
Layout					
Appearance					
Sales Method					
Credit Policy					
Availability					
Management					
Longevity/Stability					
Advertising					

Step 4c: Answer the following questions.

- 1. Who are your strongest competitors and where are they located? (Close to your business, in another state...?) Is their location a strength or a weakness?**

- 2. Summarize key features and benefits of your strongest competitor's products/services? How do their products/services meet the needs of the consumer? What do they do well? How do you know this? How do their prices compare to yours?**

- 3. How will your products/services better meet the needs and wants of your customers? How are your products/services unique and different from those of the competition? What can you do better than your competitors – how do you know this?**
