

Chapter 4 Review

Build It

How Emma Created a Customer Profile and Market Analysis

Before Emma could officially launch her new business, she wanted to make sure she had a complete understanding of her customers and market. She was eager to find out more about her target market and knew that to be competitive she would need to research her competition thoroughly. In addition to visiting her local chamber of commerce, Emma used the following sources to acquire data: websites, printed industry publications, Occupational Outlook Handbook, and industry information databases, such as the US SBA, the US Census, IBISWorld, ReferenceUSA, and Bizminer.

Review the steps Emma took to create her market analysis in Part 1. Then complete the sections of Part 2 to guide you through a similar process.

Part 1

The Target Market

- Who is my target market and why? Who are my potential customers?

My target market is small businesses with 30 employees or fewer in the city of Ann Arbor, Michigan. My potential customers vary in industries ranging from local hardware stores and salons to restaurants.

- What are my customers' wants and needs?

My potential customers want to create online content, but they don't always have the time to do it themselves or the budget to pay a large agency to upkeep social media. If I can provide reasonably priced social media management and content creation, I will be fulfilling their wants and needs.

- Is the market saturated or wide open?

The market is neither saturated nor wide open, but somewhere in between. I do have competitors (analyzed below), but none of them specifically focus on small businesses. Most appear to cater toward corporate entities and their services are costly. I believe this information shows that there is some room in the market for a new business like mine that will specialize in providing social media management to small, local businesses.

The Competition

- Who is my competition?

There are two main competitors in my area: Global Web Services and Red Dog Social Media.

- Are my competitors successful?

The competitors appear to be successful. In reviewing their social media channels, they have many followers and lots of audience engagement. They also provide services to large, well-known companies. However, they do not appear to work that often with small businesses, so my niche will be different enough from theirs to help me gain some market share.

- How do my competitors reach their market? How is the competition advertising their businesses?

Both companies use social media to stay in contact with customers. They also send out e-newsletters and longer articles for free that contain tips on how to successfully manage social media. Their websites are very well developed and include portfolios of their work, testimonials, and informational articles. Red Dog Social Media also uses online advertisements to target new customers.

The Outlook of the Industry

- What is the future outlook of my business?

According to the Occupational Outlook Handbook, my business is in the media and communication occupations category, which appears to have a promising outlook for the future. Demand for media and communication occupations is expected to arise from the need to create, edit, translate, and disseminate information through a variety of different platforms.

- Is it a growing industry? Or is this industry likely to be phased out over time?

Employment of media and communication occupations is projected to grow 6 percent from 2016 to 2026, about as fast as the average for all occupations, which will result in about 43,200 new jobs.

- Is the industry local, national, or global?

The industry is truly a global one. While I am focusing on local businesses, if I ever want to expand and grow I could choose to specialize in an industry niche and go national or global with my offerings. For example, I could choose to focus only on salons and offer social media management to small business salons across the country.

Through answering these questions, Emma was able to define a customer profile for the market analysis section of her business plan. Emma's completed customer profile and market analysis for her business plan is provided on the next two pages.

Customer Profile: Small Business Owners in Ann Arbor, Michigan

Demographic

Ages	45–65
Gender	Male and Female
Ethnicity	Any
Income Level	\$60,000 and greater
Occupation	Business owners of local companies employing 30 employees or less

Psychographic

Interests	Charitable giving, lifelong learning
Activities	Reading, marathon running and exercise, gardening

Geographic

City of Ann Arbor, MI

Emma's Market Analysis

I. Analysis of the Target Market

The target market for my business will be small business owners with 30 or less employees in the city of Ann Arbor, Michigan.

Rationale:

There are many small business owners in Ann Arbor, Michigan, including numerous restaurants, salons, and hardware stores. These professionals often have a full work schedule, which means they do not have a great deal of time to dedicate to maintaining their online business presence. This indicates that social media management services are needed, which will serve as Compass Social Media's target market.

Research conducted at the local Chamber of Commerce indicated that small businesses are on the rise in the Ann Arbor, Michigan, area. There appears to be a steady future growth and need for social media and online content services.

II. Analysis of the Competition

A search of the business directory of the local Chamber of Commerce yielded the following competitors:

- Global Web Services
- Red Dog Social Media

Neither of these companies specializes in serving small, local businesses. Their primary customers are corporate entities with more than 30 employees. Their prices are also high given that they provide social media management to large companies that have numerous online channels and departments. Likewise, Red Dog Social Media employs digital advertising to reach a national market, whereas Compass Social Media will stay focused on serving the local business community.

III. The Outlook of the Industry

After visiting the Occupational Outlook Handbook website, the following information was derived regarding the future outlook for media and communication occupations.

Employment of media and communication occupations is projected to grow 6 percent from 2016 to 2026, about as fast as the average for all occupations, which will result in about 43,200 new jobs. Demand for media and communication occupations is expected to arise from the need to create, edit, translate, and disseminate information through a variety of different platforms.

IV. Owner's Personal Strengths

Since Compass Social Media will operate from Emma's parents' home, customers will be able to schedule an appointment quickly and easily as Emma can travel on-site to each local business as needed. The fast and professional service Compass Social Media is able to offer will be a competitive advantage to larger, more established providers that may lack the ability to meet customers face-to-face.

4. In the space below, combine your answers to questions 1–3 to create a customer profile.

Customer Profile:

Analysis of the Competition

Answer each of the questions below using complete sentences.

1. Who are your competitors?

2. Are your competitors successful? Why or why not?

The Outlook of the Industry

Answer the following questions using complete sentences.

1. Using the Occupational Outlook Handbook website (www.bls.gov), research the future outlook of your business. What does the future outlook of your business look like?
2. Based on your research, does it look like your business has room to grow in the future?
3. Based on your research, is your business local, national, or global? If local or national, how will the business expand to international consumers in the future?
4. In the space below, combine your answers from this section into one or two well-written paragraphs.

