

# The Orangeville & Area Small Business Enterprise Centre (SBEC)

87 Broadway, Orangeville ON L9W 1K1

519-941-0440 Ext. 2286 or 2291

[sbec@orangeville.ca](mailto:sbec@orangeville.ca)

[www.orangevillebusiness.ca](http://www.orangevillebusiness.ca)

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## Know Your Market

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## Know Your Market

It is important to understand and evaluate the market for your product or service. This is where market research enters the picture. The information you gather during your research will form a critical part of your marketing strategy and overall business plan. Market research involves learning about and understanding your potential customers, the competition and the industry. This can help you target your business.

What is the demand potential for your product or service? Who needs it? Take time to learn about your potential customer base. Learn how people make choices and figure out how to develop their loyalty. Look at who your competitors will be and what they are doing. Consider what the trends are in the industry.

Your market research will also tell you about the environment in which you'll have to operate. For instance, if you are targeting an industry that deals only with ISO accredited suppliers, you will need to consider ISO certification. (ISO 9000 standards, now accepted by more than 100 countries, provide a model for quality assurance.)

Ultimately, your research will give you a good sense of whether you can make a success of your business idea. How can you learn about your market and potential customers? Talk to other entrepreneurs and even interview potential customers. Explore free sources of information, including:

- Local board of trade or chamber of commerce
- Industry associations
- Trade journals
- Suppliers
- Competitors
- Government agencies/departments, including Industry Canada and Statistics Canada

## Planning Your Marketing Strategy

After you've done your market research, you can begin planning your strategy. Incredible variety exists in most markets, and it is up to you to find your niche and position your product/service as an alternative to your competitors. You need to consider product/service features, promotion, pricing and distribution.

How you market your products or services will depend on the type of business you're in and how much money you have to spend. Every company will have a different marketing strategy, but there are still some common elements.

Ask yourself these questions as you think about marketing strategy:

**Your Product or Service** What are you selling and what are its features or attributes? How will it be different than what your competitors are offering? What about your customer service policies? For instance, will you offer a warranty or guarantee as part of

the service package? Will you provide round-the-clock service? If so, how will you pay for it?

**Market** How extensive is it? Is it a growth area? Where does your company fit in? How much of the market can you realistically capture?

**Customers** Who are they? Can you define them by age, buying habits, or other criteria? What product/service do they want? How are they currently being serviced?

**Promotion** How will your potential customers find out about your business? Will you actively promote it or rely on word of mouth? What about the budget? How does the competition do it? How about radio, print or television advertising? What about trade shows, the Internet or free publicity opportunities?

**Pricing** How will you price your product? You'll need to build in the cost of raw materials, labour and overhead, as well as an anticipated profit margin. What will the price say to customers about your product or service i.e. will your product/service come across as high-end, moderately priced or inexpensive? Will your price be competitive?

**Distribution** How will you distribute or deliver your product or service? In some cases, it may be as simple as a telephone call. In others, it may mean arranging overseas shipping and export financing. Will your customers come to you or will you go to them? Will you sell directly to customers or use indirect methods (through a distributor or retailer).

There are many elements to consider in planning an effective marketing strategy. To learn more about marketing techniques and to help come up with ideas, there are many books and sources of information on this subject. Also look at the strategies of other companies and industries.

You may consider hiring the services of a marketing professional. If your budget is modest, why not contact your local university or community colleges to see if they offer marketing services through their student business centres?

## Smart Marketing

- Make sure you have a well-defined market that you know well.
- Find your niche within the market.
- Know your customers. Identify their needs and meet them more effectively than the competition.
- Service is key. Be reliable, responsive and competent. Make sure your customers are satisfied and keep coming back. Happy customers are your best advertising.
- Know your competitors and what they're doing. Be on the lookout for potential competitors.
- Price strategically. Attract customers but know your break-even point – the per unit cost of production against the price you need to charge to recover that cost.
- Don't be shy – promote your business.

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Source: Canadian Bankers Association, Getting Started in Small Business. Reprinted with permission.