



## **Researching & Writing a Business Plan – Market Assessment**

Small Business Development Center

University of Wisconsin Oshkosh College of Business

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### **\*Business Planning Process Overview**

- **Step #1 – Market Assessment**
- Step #2 – Financial Assessment
- Step #3 – Management Assessment
- Step #4 – Securing Start-Up/Expansion Financing

### **\*Market Assessment Process – Does Your Business Make Sense in Today's Market?**

- **Business Description and Legal Structure (Worksheet #1)**
  - What products and/or services will your business sell?
  - Will your business meet solve a customer problem, meet a need or fulfill a desire?
  - How will your business be structured or organized to deal with taxes and liability?
- **Industry Analysis (Worksheet #2)**
  - What larger industry will your business be part of?
  - What is the current situation, recent trends and future outlook for the industry?
  - What are your sources of information for industry analysis?
- **Customer/Market Analysis (Worksheet #3)**
  - Who will be your customers and what are some common characteristics?
  - What target market area will your business serve?
  - How many potential customers are there in your target market area?
  - Sources and resources for information to use to estimate potential market.

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### **\*Market Assessment Process (cont.)**

#### **– Competitor Analysis (Worksheet #4)**

- Who will your direct competitors be?
  - What are their strengths and weaknesses?
  - What is their marketing strategy?
- Who or what will be your indirect competition?
  - What are their strengths and weaknesses?
- What opportunities do your competitors' weaknesses create for your business?
  - What threats do your competitors' strengths create for your business?

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**Worksheet #1 – Business Description & Legal Structure**

**\*Briefly describe what products and/or services you will or currently sell.**

***Research Resources:*** Several national business publications research and publish articles describing how to start and run different types of businesses. Search these web sites for copies of those articles:

*Entrepreneur Magazine* – [www.entrepreneur.com](http://www.entrepreneur.com)

*Inc. Magazine* – [www.inc.com](http://www.inc.com)

*Business Week Small Biz* magazine – [www.businessweek.com/smallbiz](http://www.businessweek.com/smallbiz)

**\*Briefly describe how and where you will or currently sell those products or services to customers.**

**\*What customer problem, need or desire does your business address?**

**\*How will or is your business legally structured to pay taxes and deal with potential liabilities?**

\_\_\_\_\_ Sole Proprietorship

\_\_\_\_\_ S Corporation

\_\_\_\_\_ Partnership

\_\_\_\_\_ C Corporation

\_\_\_\_\_ Limited Liability Company (LLC)

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**Worksheet #2 – Industry Analysis**

**\*What Industry or Business Sector will or is your business part of?**

***Research Resources:***

North American Industry Classification System (**NAICS**) description for your business  
– to determine the description and NAICS code, go to [www.osha.gov/pls/imis/sicsearch.html](http://www.osha.gov/pls/imis/sicsearch.html)  
– use the NAICS code for your business to search [www.business.census.gov](http://www.business.census.gov) for an “industry snapshot”

National or state **trade associations** for your industry  
– search [www.google.com](http://www.google.com) using a term for your business followed by “trade association”

National or state **trade publications** for your industry  
– search [www.google.com](http://www.google.com) using a term for your business followed by “magazine”

State or local **business publications** with information on customers and competitors  
– *Corporate Report Wisconsin* – [www.crwmag.com](http://www.crwmag.com)  
– *The Business Journal Serving Great Milwaukee* – [www.milwaukee.bizjournals.com](http://www.milwaukee.bizjournals.com)

**\*What is the Current Economic Situation in your industry or business sector?**

Has your industry’s sales and employment been growing, declining or remaining flat in recent years?  
How will those trends affect your business plans and the customers you serve?

**What are your Source(s) of Information?**

## **Worksheet #2 –Industry Analysis (cont.)**

### **\*What are some of the Recent Trends in your industry or business sector?**

Are there new developments, such as in changes in technology, trends in labor or materials, changes in customer's needs or preferences, etc., that could or will impact your business, positively or negatively?

**What are your Source(s) of Information?**

### **\*Future Outlook for Your Industry?**

Are your industry's sales and employment levels expected to grow, decline or remain flat nationally in the coming years? What are the projections for sales and employment in the local market?

**What are your Source(s) of Information?**

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## – Market Assessment

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### Worksheet #3 – Customer/Market Analysis

<b>Who Will Be Your Customers?</b>  ___ Consumers    ___ Other Businesses    ___ Both	
<b>Primary Customers - Consumer</b>	Where Do They Live or Work (Target Market Area)
	Income Range
	Age Range and Gender (Male or Female)
	Education
	Occupation(s)
	Lifestyle
	Other Common Characteristics:
<b>Primary Customers - Business</b>	What Type of Businesses
	Where are They Located (Target Market Area)
	What are Some Common Characteristics (sales, number of employees, etc.)
	Profile of Business Decision-Makers
	<div style="border-left: 1px solid black; padding-left: 10px;">           Title within Company:             Educational:             Age Range and Gender:             Other Common Characteristics of Decision-Makers         </div>

## **Worksheet #3 – Customer/Market Analysis (cont.)**

### **\*Market Segmentation – Can You Break Your Customer Down into Major Groups?**

Are there any major subgroups within your primary customers?

*Consumer Example:* Seniors (Age 65+) vs. Young Adults (18 to 29 years old)

*Business Example:* Retailers of Your Products vs. Wholesalers of Your Products

### **\*How Many Potential Customers Are There in Your Target Geographic Market Area?**

#### ***Research Resources for Market Analysis and Research:***

*American Fact Finder - U.S. Department of Commerce* ([factfinder.census.gov](http://factfinder.census.gov))

*State of Wisconsin* ([www.wisconsin.gov/state/core/business](http://www.wisconsin.gov/state/core/business) and click on a link under Statistics)

*Kaufman Foundation's BizInfo Library* ([www.bizinfo library.com](http://www.bizinfo library.com))

Many large and medium-size libraries in Wisconsin provide users with access to market research databases, some of which are accessible on-line and some that have to be accessed in person at the library. Among the sites with links to on-line resources are:

*University of Wisconsin – Whitewater Library Small Business & Entrepreneurship Site*  
([library.uww.edu/subject/bussmall.html](http://library.uww.edu/subject/bussmall.html))

*BadgerLink Business & Corporate Site* ([www.badgerlink.net](http://www.badgerlink.net))

Note: you may need a library card if your internet service provider is not on BadgerLink list

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**Worksheet #4 – Competitor Analysis**

Study your competitors and identify their strengths and weaknesses from the viewpoint of a customer. Also look at their marketing strategy in terms of the five major elements of marketing – pricing, product/service mix, place/location, promotion, and competitive positioning.

In addition to *direct competitors* (i.e., businesses that sell the same products or services that your business sells), there can also be *indirect competitors* for your business. Both need to be considered when doing a market analysis to write a business plan.

**Direct Competitors**

Name of Business and Location	Competitive Analysis
	<b>Business Strengths:</b>
	<b>Business Weakness:</b>
<b>Marketing Strategy:</b>	
Name of Business and Location	Competitive Analysis
	<b>Business Strengths:</b>
	<b>Business Weakness:</b>
<b>Marketing Strategy:</b>	
Name of Business and Location	Competitive Analysis
	<b>Business Strengths:</b>
	<b>Business Weakness:</b>
<b>Marketing Strategy:</b>	



## Worksheet #4 – Competitor Analysis (cont.)

### Direct Competitors (cont.)

Name of Business and Location	Competitive Analysis
	Business Strengths:
	Business Weakness:
Marketing Strategy:	

### Indirect Competitors

Example:

Business	Competitors
Bookkeeping Service	<i>Direct Competitors:</i> Other Bookkeeping Services <i>Indirect Competitor:</i> Bookkeeping Software

Types of Businesses or Activity	Competitive Analysis
	Strengths:
	Weakness:
Marketing Strategy:	

Types of Businesses or Activity	Competitive Analysis
	Strengths:
	Weakness:
Marketing Strategy:	

## **Worksheet #4 – Competitor Analysis (cont.)**

### **Opportunities Created by Competitors' Weaknesses**

Looking at the overall weakness of both direct and indirect competitors, what opportunities do they create for your business to take advantage of? Describe these opportunities in terms of the five major elements of marketing – price, product/service mix, place/location, promotion and positioning.

### **Threats Created by Competitors' Strengths**

Looking at the overall strengths of both direct and indirect competitors, what threats do they create that your business will need to address? Describe these threats in terms of the five major elements of marketing – price, product/service mix, place/location, promotion and positioning.

### **Your Competitive Advantage**

What is or will be the competitive advantage of your business, compared to your competitors? Describe this advantage in terms of the five major elements of marketing – price, product/service mix, place/location, promotion and positioning