

COMPONENT 1 - Exploring Enterprises

CUSTOMER NEEDS

B

- Learning Aim B** Explore how market research helps enterprise meet customer needs & understand competitor behaviour

Why is it important to anticipate and identify customer needs?

Customers are vital if a business is going to be successful; therefore the entrepreneur must find out about customer wants and needs. This can be done via market research.

What 3 factors are important when identifying customer expectations?

Value: Customers will want 'good value' goods and services. They want to feel they have got good quality for what they have paid for the good or service.

Enquires: You must respond to enquires rapidly to offer good customer service; this could be a question or a complaint. Customers want to feel they are well thought of as they're spending money with you; they want to have confidence in you and feel listened to. They will tell others how they feel about your enterprise.

Information: Customers are most likely to repeat purchase if they understand what is being offered and its clear to understand. Sometimes (for example when buying a car, jargon can confused people and put them off). They're also most likely to repeat purchase if they get what they're expecting. Not providing clear information can lead to fines, court and prison depending on the severity.

Anticipating customer needs is what is 'expected' of your customers.

For example: When will customers come to the enterprise?; What will they want to buy?; What market are we going to operate in?; How many customers will we have?

What is 'after sales' service?

After sales is what the enterprise offers are the customer has left with their purchase. This is can be as simple as checking if they can help the customer in any way (e.g. with a new piece of technology) or finding out if they're happy with their recent purchase (this might be in the form of a SMS questionnaire). Some customers might rate companies publically (e.g. Trust Pilot, Trip Advisor etc.).

How can a business provide after sales service?

- Repairs and Maintenance** - this might be offered when you get a new car.
- Delivery information / tracking** - this might be in the form of providing updates on where the delivery is (web link so it can be self-tracked or via SMS). It might also be the enterprise checking the delivery went smoothly and the customer is happy.
- Guarantees** - this is the offering of repairs for a specified amount of time after the sale if the product breaks.

Identifying customer needs can only be done once you know who your customers are. The enterprise has to think carefully about its customers, their needs and how they are likely to buy something.

If a 'need' is identified and met then it is very likely to lead to a sale. If you don't identify needs you'll be providing goods and services customers don't want. **How might this be problematic? Think beyond cash flow.**

How can a product be linked to a customer?

Linking customers and products well means the enterprise is using its time and resource well.

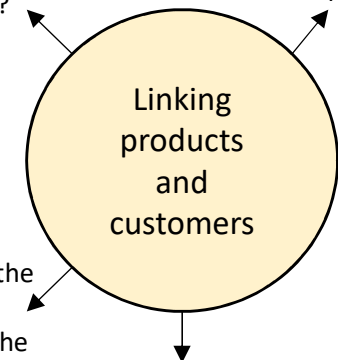
The **age** of the customer. What do most people of X age like?

The **gender** of the customer. What do males/female like?

The **Location** of the product or location of the customer.

The **lifestyle** of the customer. What type of life do they lead?

The **income** of the customer. What can they afford? What disposable income do they have?



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MARKET RESEARCH



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Primary	Secondary
<p>This is research which is collected first hand from the customer by the enterprise. The enterprise should always gain the respondents consent before conducting research.</p> <p><u>How can primary research benefit an SME?</u></p> <ul style="list-style-type: none"> • They can gain new customers • They can gather information about existing customers to keep them loyal and how to encourage them to spend more • They can tailor the wants and needs of the customer to make sure they leave satisfied • The enterprise is in control of the research, what they research and how they research; the data collected is then owned by the SME. <p><u>What might the drawbacks of primary research be?</u></p> <ul style="list-style-type: none"> • It takes a lot of time and can cost an lot of money; • It may not be accurate (Ex: Sample size/Honesty) • It may be biased – the enterprise may word the questions in a way in which they get the answers they want. <p><u>What can these things lead to?</u></p> <ul style="list-style-type: none"> • Overall improved performance of the enterprise; • More satisfied customers; • The ability for the enterprise to enter new markets (take their products to a new market); • Increase their products. <p><u>How can an enterprise gather primary research?</u></p> <ul style="list-style-type: none"> • Questionnaires; • Visits/observations; • Interviews; • Focus groups; • Surveys. 	<p>Secondary research is research which has already been collected by someone else and you're using it to save you time and money. It may be freely available research or it may be research which it bought.</p> <p><u>How can secondary research benefit an SME?</u></p> <ul style="list-style-type: none"> • It is instantly available as it already exists; • It is publically available and often free to use; • If details of how it was collected are included it can help the secondary research understand the data better, including any challenges, making it more useful. • The data is likely to have already been analysed (trends spotted etc.) <p><u>What might the drawbacks of secondary research be?</u></p> <ul style="list-style-type: none"> • It is not possible to check the quality of the research • It may not be perfectly relevant to your enterprise • It may be out of date • The method of collection or the source of the research may not be relevant to your enterprise. <p><u>How can an enterprise gather secondary research?</u></p> <ul style="list-style-type: none"> • Online research, internet searches • Company materials • Market reports • Reports in trade journals and magazines • Government reports
Qualitative – OPEN questions	Quantitative – CLOSED questions
Collection of information such as ideas, feelings and thoughts. QUALITative research give QUALITY answers (i.e. the respondent can expand on their answer to give you lots of information).	<p>QUANTITative research is much easier to measure as it uses statistics. It can be used to spot patterns of identify trends.</p> <p>This research can tell you the QUANTITY of times something has happened, but not why (problem?) as it only deals in numbers.</p>

COMPONENT 1 - Exploring Enterprises

COMPETITORS / COMPETITION

B

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How can I spot competitors?

Identifying competitors allows entrepreneurs to make careful decisions about their enterprise from marketing, pricing and after sales services they provide.

Researching competitors is important before you start up your enterprise. This can involve looking online if the enterprise has an online presence or visiting the enterprise/local area if possible to see what goods and services they offer; also how they offer them.

Factors you might want to consider about your competitors are: location, goods, quality, price, reputation, opening times, customer type and whether or not they operate online.

How can products stand out from similar products?

Some ways might be (but this depends on the good/service). They need to encourage customers to make a purchase:

- Features
- Functions
- Colours
- Flavours
- Scents
- Pricing
- Design
- Aesthetics
- Promotions
- After sales service
- Incentives
- Quality

Features of competition: Price, Quality, USP, Availability.

Price: This is one of the first ways customers will compare you with your competitors – are you more expensive or not? Being the cheapest doesn't always make you the most attractive; sometimes customers look for the best 'all round' service or for something which stands out.

Quality: Sometimes this is linked to price as the customer wants to make sure the quality matches the price. It is sometimes linked to price as an indicator of how long something might last or the outcome of the service (something expensive would be expected to be very high quality).

Often customers will use the internet to find out of the quality from recent goods and services provided / images and reviews from the enterprise and its past consumers.

Unique Selling Point: Goods and services can have features and selling points which make them unique (e.g. flavors, rare materials or a service which is different – example: a barbers who offer beard shaving as well as hair cutting (if they're the only ones in the area, otherwise it would be unique)).

Being unique doesn't always mean no other enterprise does something, it means you're unique in that location or to the customers you're serving. Taking Uncle Joes mint balls to London may be seen as unique as they're from the North of England. Being unique gives you options – e.g. pricing.

Availability of a good– this means whether the product is in stock or whether it can be delivered quickly.

Availability of a service– this means can the customer 'book in' and is it easy to 'book in' (e.g. hair appointment – can you book in and can you maybe book in by calling in, phoning them enterprise or via an app?)

Loyal customers might wait if a good or service isn't available, but you must first work on gaining the loyalty of the customers over time (products mostly being available, different, good quality, reasonably prices etc.).