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Business Planning for History-Related Projects

Market Analyses



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4. Market Analysis

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It's easier to get a piece of an existing market than it is to create a new one.

The market analysis

breaks the industry into segments and focuses on the specific segment or segments that the firm will serve.

Market analysis

A market analysis differs from a marketing plan.

An analysis enables you **to identify and understand your customers**; a marketing plan tells how you are going to reach your customers.

you need to identify the particular market segments you wish to reach.

Know Your Customers

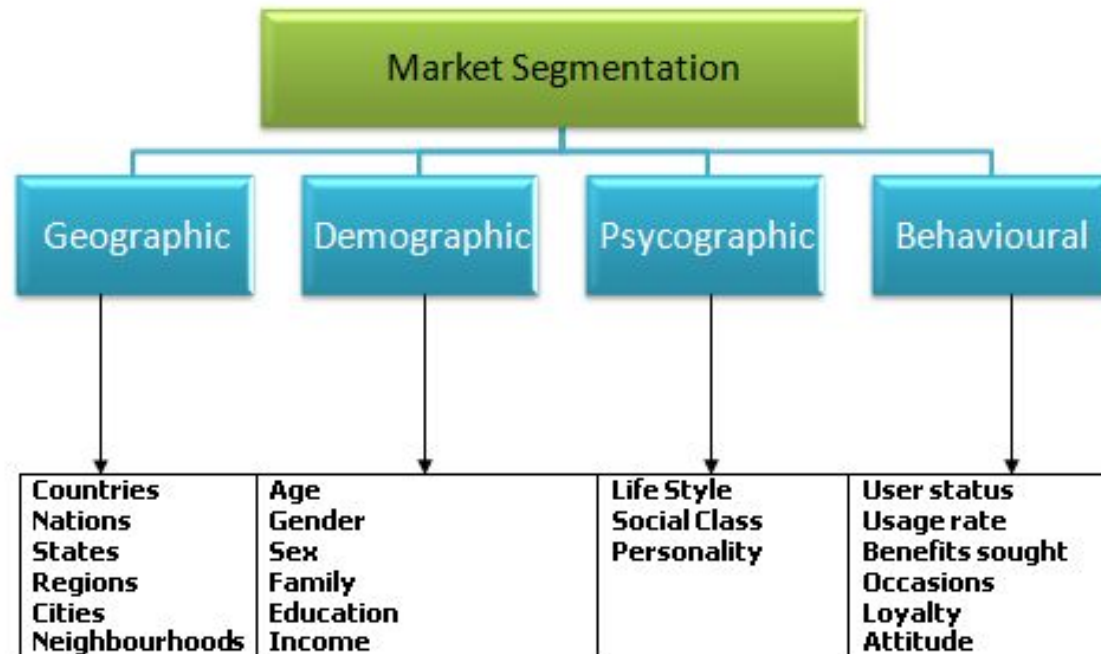
- Who are your customers?
- What do they want?
- How do they behave?
- What can they afford?

The definition of your target market must meet these criteria

- **Definable.** It should have specific characteristics identifying what the potential customers have in common.
- **Meaningful.** The characteristics must meaningfully relate to the decision to purchase.
- **Sizable.** It must be large enough to profitably sustain your business.
- **Reachable.** Both the definition and size must lead to affordable and effective ways to market to your potential customers.

4.1 Target market

The market segmentation is a process of dividing a market into particular segments or parts that have similar characteristics as **demographic**, **geographic**, **psychographic**, and **behavioral**.



Demographic description

1. age;
2. gender;
3. income;
4. occupation;
5. marital status;
6. family size;
7. ethnic group; |
8. level of education;
9. home ownership; etc.

Geographic Description

- Area served (city district, city, region, nation, etc.);
- Density (urban, rural, suburban, etc.);
- Location of customer business (mall, business district, industrial area, etc.);
- Climate conditions;
- Languages spoken;
- Quality of infrastructure (e.g., roads, telecommunications, utilities).

Psychographic Description

Psychographic types of consumer:

1. Conservative/Responsible
2. Environmentally Conscious
3. Family-Oriented
4. Fun-seeking
5. Gadget-happy
6. Good Housekeeper
7. Health-conscious
8. Smart Shopper
9. Socially Responsible
10. Status Seeking
11. Technically Adept
12. Trend-Setting

Psychographic Description

Lifestyle of consumer:

1. Family Stage:
2. Vacation Choices:
3. Favorite Websites:
4. Favorite TV Shows
5. Favorite Music
6. Hobbies/Sports/Other Forms of Entertainment:
7. Organizations/Affiliations:
8. Political Affiliation:
9. Religion
10. Type of Car Owned

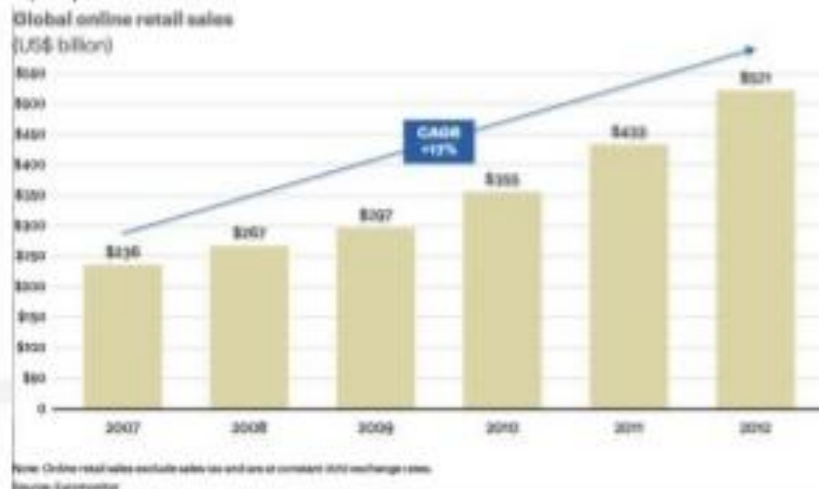
Behavioral Description

1. Reason/occasion for first purchase:
2. Number of times they'll purchase:
3. Interval between purchases:
4. Amount of product/service purchased:
5. Motivation for continued use:
6. How long to make decision to purchase:
7. Where customer first learned about product/service:
8. Place where customer purchases product/service:
9. Where customer uses product:
10. How customer uses product:
11. Method of payment:

Market Size and Trends

Digital Commerce: Market Size and Trends

- According to A.T. Kearney (2014), global online retail sales have increased 17% yearly since 2007. Conlumino report estimates the market at just under \$ 607 Billion in 2013, with projected 2017 revenues of \$ 1,027 Billion.



Global Online Retailing Sales Forecasts (USD billion), by Region, 2012 – 2017

Regions	2013	2017	CAGR (%) 2012 – 2017
North America	251.7	335.1	7.62%
Europe	173.3	255.8	10.67%
Asia Pacific	151.2	378.0	24.49%
Latin America	24.4	48.2	18.00%
Middle East and Africa	6.0	10.1	13.74%
Overall	606.8	1,027.3	13.76%

Source: Conlumino

AT Kearney, *Online Retail Is Front and Center in the Quest for Growth, 2014*
 Canadean/ Conlumino, *Global Online Retailing Market Size and Forecast to 2017, 2013*

4.2. The competition

- A statement “We have no competition” indicates that either:
- 1) you have not fully examined the realities of your business; or 2) there is no market for your concept.

Preparing the competitive analysis

- Who your major competitors are;
- On what basis you compete;
- How you compare;
- Potential future competitors; and
- Barriers to entry for new competitors.

Market Share Distribution

Companies that generate a significant portion of all sales to the target market must be carefully considered because they:

- Generally define the standard features of the product or service;
- Substantially influence the perception of the product or service by customers; and
- Usually devote considerable resources to maintaining their market share.

Identification of competitors

Who are your major competitors? Where are they? On what basis do you compete? What is their size and potential? What are their market shares?

- Direct competitors
- Indirect competitors
- Future competitors

Market Share Distribution

Competitor	% of Total Revenues	% of Total Units Sold	Trend of Market Share (increasing or decreasing?)
1.			
2.			
3.			

Competitive analysis matrix: Customer Perception Factors

Factor	Your company	Competitor 1	Competitor 2	Competitor 3
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Product/Service Features

Purchase Price

Indirect Costs

Quality

Durability/Maintenance

Image/Style/Design

Perceived Value

Brand Recognition

Customer Relationships

Location

Delivery Time

Convenience of Use

Credit Policies

Customer Service

Social Consciousness

Other Factors Affecting Your Ability to Compete

1) First Mover Advantage

2) Barriers to Entry

- Patents
- High start-up costs
- Substantial expertise required
- Market saturation



Do a little fortune-telling

- Who are your new competitors likely to be?
- How long will you have the field to yourself before other competitors jump in?

Video

<https://www.youtube.com/watch?v=DUuirqtSqpg>

marketing segmentation..

Segmentation, Targeting, and Positioning - McDonald's

<https://www.youtube.com/watch?v=RcRFBVlvJHw>

- Business plan competitive **market analysis**: know your competition
- www.youtube.com

Thank you for attention!

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