BUSINESS STARTUP
BLUEPRINT

MARKET RESEARCH

TRANSCRIPT

upflip

Whenever you start a new business, you want to consider a bit of market research to understand who the competitors are in this space and identify your strengths and weaknesses as you enter that new space. Now, I'll be honest with you.

Most of the businesses I've jumped into, I haven't spent a tremendous amount of time on market research myself personally, because I know that he who markets best is the one that wins.

But it's important to go through the exercise of understanding your strengths, weaknesses, opportunities, and threats (SWOT) in your market before you begin your business, especially if it's a business model that doesn't have much proof of concept yet.

So let's talk about a SWOT analysis. We have strengths, weaknesses, opportunities, and threats. Think of this in a quadrant. We have internal factors (strengths and weaknesses) and external factors (opportunities and threats).

> **Strengths and Weaknesses:** What are our strengths and weaknesses as a company and in our product idea? How do we address customer problems strongly? Where might we be weaker compared to competitors?

> **Opportunities and Threats:** What external factors should we consider in the marketplace? Are people buying less, or is there a growing interest in certain areas like AI?

Next, let's talk about competitors in your space. When I started Wise Coatings in Portland, Oregon, there were 26 companies doing garage floor coatings in our market. This wasn't discouraging because I know that he who markets best wins.

We built that business from zero to $100,000 a month in four months by hyper-targeting our marketing.

It's still essential to understand your competitors and who's doing what in your space. Do some secret shopping to learn more about their operations, but don't get too obsessed with your competitors.

Focus more on your target customers and solving their problems. Spend more time understanding their pain points and less time copying competitors.

Another key concept is the Total Addressable Market (TAM). TAM is the size of your customer base. If you're a national company, consider everyone who might buy your products in the entire United States.

For a local company, consider how many households or customers are available in your area. Usually, the market is bigger than you think.

For example, my exterior cleaning company was doing about $500,000 a month in Portland, with only about a 2% market penetration. Understanding your total addressable market helps you gauge the size of your business opportunity.

Now let's talk about customers and creating a customer avatar. Think of a customer avatar as a person that represents your ideal customer. Name this individual and clearly picture who is buying your products or services.

Consider their demographics (age, gender, etc.) and psychographics (purchasing habits, interests, etc.). Understanding your customer's behaviors is crucial.

For example, you might have Melinda, who is 45 years old, has two kids, works out at the local tennis club, enjoys golfing, wine, and going out. Her husband works full-time. Knowing her interests, personality, behaviors, and concerns helps shape your marketing efforts.

Interview current or potential customers to gather this information.
Give some thought to your market research with your SWOT analysis, understanding your total addressable market, and starting to identify your customer avatar.

Summary of Key Points:

- **SWOT Analysis:**
  - Internal Factors: Strengths and Weaknesses of your company/product.
  - External Factors: Opportunities and Threats in the marketplace.

- **Competitor Analysis:**
  - Understand your competitors' operations but focus more on your target customers and their needs.

- **Total Addressable Market (TAM):**
  - Determine the size of your potential customer base locally or nationally.
  - TAM is usually larger than expected.

- **Customer Avatar:**
  - Create a detailed profile of your ideal customer, including demographics and psychographics.
  - Use interviews to gather accurate information about customer needs and behaviors.