

Marketplace Analysis in 3 Steps



Step 1:
Know your audience



Step 2:
Understand your competitors



Step 3:
Identify your value proposition

What can marketplace analysis do for you?

It can help you better meet customers' needs, confirm your offering is worthwhile, stand out against competitors and stay on top of market shifts.

1 Know your audience

Your audience is anyone who might buy your product.

What types of people are they?

- Consider characteristics that influence their needs, like age, income or location
- Conduct research using information and tools from a census bureau

How do they interact with products or services like yours?

- Conduct target audience surveys and observe their buying behaviors
- Determine why and how often they purchase offerings like yours

How much will they pay?

- Base your price on customers' income, the importance of the product to them and the price of similar products
- Use local sources to inform your pricing



How many potential customers do you have?

- Estimate your market size with information from information from local sources
- Expand your customer base by adjusting your offering to target additional markets



2 Understand your competitors

Analyzing companies that offer similar products and services can help you understand the market and build a stronger offering. Find competitors through your local Chamber of Commerce or an internet search.

How dominant are they?

- Use this formula to determine their market share:

Market share

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Total sales of the company over a given period of time

Estimate company sales by researching data available through industry trade groups or the company website

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Total sales of the entire industry over the same period

Research industry sales via **government reports** and sites dedicated to industry sales statistics



What are their strengths and weaknesses?

- Research what your competitor does and doesn't do well
- Target strengths you can emulate and weaknesses you can avoid

What is their relationship to your target audience?

- Understand who your competitor markets to
- Identify how popular they are with your target audience

3 Identify your value proposition

Use what you have learned about your customers and competitors to determine your value proposition.

What value does your business offer?

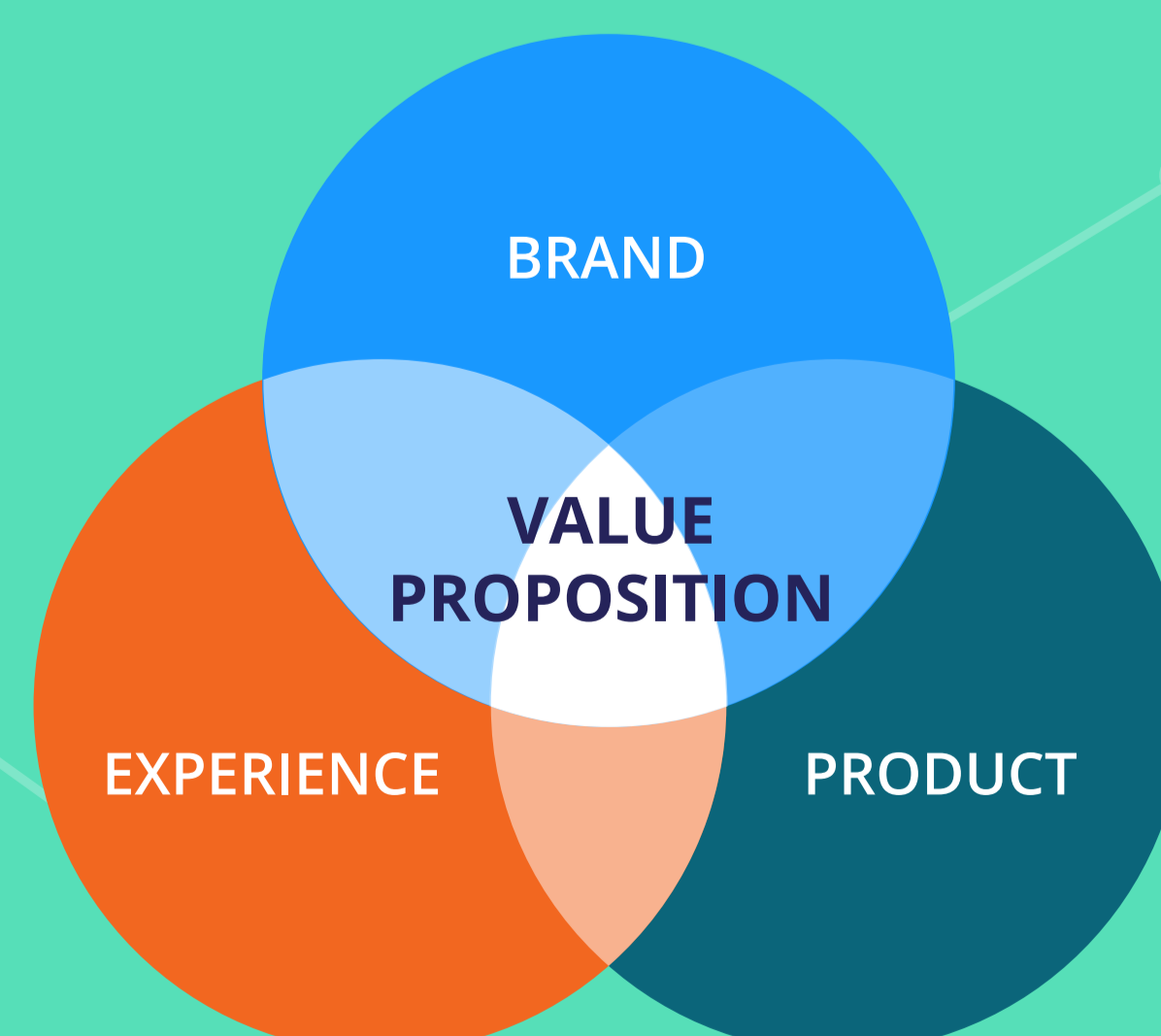
- Analyze how your product or service fulfills customers' needs better than the competition

How can you improve your business?

- Identify ways it can be better, such as production speed or low prices

What sets your business apart from the competition?

- Create a user experience that builds a positive association with your brand and product



Utilize marketplace analysis as an essential way to keep on top of changes with your customers, competitors and the economy.