

# Marketing

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## Sales & marketing: the basics

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Introduction

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[An overview of our guides on marketing](#)

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[An overview of our guides to pricing](#)

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[An overview of our guides to advertising and branding](#)

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[An overview of our guides about effective selling](#)

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[An overview of our guides on customer management](#)

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[An overview of our guides to online marketing](#)

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[An overview of our guides on selling and marketing overseas](#)

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*You can find this guide on <http://www.businesslink.gov.uk> by navigating to:*

*Home > Sales and marketing > Marketing > Sales & marketing: the basics*

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### Introduction

Getting your sales and marketing right is crucial to the success of your business.

This guide provides an introduction to a wealth of practical advice and information on establishing successful sales and marketing methods and policies - from pricing and advertising to sales techniques and a profitable Internet presence.

Reading this guide pulls together and presents an overview of all our guides to sales and marketing. It gives you a taster of what to expect along with links to each individual guide.

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### An overview of our guides on marketing

Our guide on how to **understand your competitors** will help you learn more about your business rivals. It tells you how to find out what they're doing and suggests ways of acting on the information you discover.

To find out how to identify your customers and work out what to include in your marketing strategy, see our guide on how to **create your marketing strategy**.

When you're writing a marketing plan you'll need to have a clear idea of your objectives. Our guide on how to **write a marketing plan** tells you which strategies generate sales and gives advice on planning your promotional activities.

For more information on market research see our guide on **market research and market reports**. It shows you how to use

research to gain an insight into your customers and how to interpret your findings to develop your business.

If you want to find out about using direct marketing techniques to communicate your business message to customers see our guide on [direct marketing: the basics](#).

Our guide on how to [reach your customers effectively](#) will tell you how to choose the right sales channel. It's designed to help you understand the various sales methods available to your business.

To get the most out of exhibiting you need to identify the right event and market yourself properly. For more information, see our guide on [trade shows and exhibitions](#).

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### An overview of our guides to pricing

Our guide on how to [price your product or service](#) tells you how to set the price of your product at a level which delivers profit. This guide also sets out the different pricing methods open to your business.

For more information on how to present your prices to customers, see our guide on [price lists, estimates, quotations and tenders](#). It tells you how to choose the right pricing method to win business.

If you want to learn more about the laws controlling uncompetitive trade practices read our guide on [price fixing, cartels and monopolies](#).

Our guide on [fair trading, trade descriptions and Trading Standards](#) will help you describe your products in a fair and

legal way.

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### An overview of our guides to advertising and branding

To get to grips with choosing a method of advertising that suits your business, read our guide on [advertising: the basics](#). It shows you how to identify the right media, commission an advertisement and manage responses to your campaign.

You may need help from an advertising agency, in which case you should use our guide on [choosing and managing an advertising agency](#).

To grow your business you need a strong brand which reflects the values and strengths of your firm. For help with creating, funding and managing a brand for your business, see our guide on [branding: the basics](#).

Our guide on how to [design and print your business stationery](#) provides helpful hints on using your stationery to project your business image. It also tells you the types of stationery you may need and how to order it.

Using the media and other sources of publicity can raise your business' profile. For more help read our guide on [PR: the basics](#). Its advice ranges from getting media coverage to dealing with bad publicity and choosing a PR agency.

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### An overview of our guides about effective selling

You'll find it hard to persuade potential customers to buy your product if you don't

understand what makes them tick. Our guide: **know your customers' needs** tells you what you need to find out about your customers and potential customers and how to use this information to win business from your competitors.

Our guide on how to **target the right people in an organisation** shows how to identify and make fruitful contacts with decision-makers in your target organisations. It provides information on the people involved in the buying process and tips on dealing with rejections.

Your customers aren't really interested in the features of your products - they want to know what your product will do for them. For more information see our guide on how to **sell the benefits, not the features**.

For more practical tips and information on selling your products, read our guide on **sales methods**. It takes you through basic sales techniques, the use of presentation tools and handling objections.

Our guide on how to **close a sale** tells you how to get a potential customer to commit to buying your product. It shows how you should tailor your approach to both existing and first-time customers.

Tendering for a contract can boost the amount of work you win from public-sector bodies. Read our guide on how to **tender for a contract** to find out what to include in your tender and how to present it.

For more information on using sales forecasts to improve the way you manage your business read our guide on how to **forecast and plan your sales**. The guide helps you develop sound sales assumptions

and avoid forecasting pitfalls.

You will probably find that some of your customers are more profitable than others. While it does not make sense to ignore any potential sales, our guide on how to **identify and sell to your most valuable customers** will help you get most value out of your limited sales resources.

Read our guide on how to **recruit and manage sales staff** for information on recruiting the right sales person, managing their targets and setting the right remuneration package.

To find out how to identify contracts available from the public sector, read our guide on: **overview of selling to government**. It also explains the benefits of supplying government bodies and gives help on handling the procurement process.

If you work in a particular market sector or geographical region, you may need specialist help. See our guide on how to **choose and manage a commercial agent** to help you decide whether this sales route is helpful, and how to make sure that the relationship works.

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### An overview of our guides on customer management

Keeping your valuable customers coming back is a sure-fire way of boosting your business profits. Read our guide on how to **identify and sell more to your most valuable customers** to find effective ways of building customer loyalty and maintaining profitable relationships.

Our guide on how to **segment your**

**customers** helps you approach your customers as identifiable groups in order to boost your sales. It helps you split your market into categories covering age, gender, lifestyle and attitudes.

For more information on using a database to improve your relationships with customers, read our guide on how to **manage your customer database**. It helps you communicate more effectively with customers and comply with data protection law.

Up-selling, cross-selling and customer retention will enable you to deliver a superior service while boosting your profits. For more information read our guide on **manage your customer care**.

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### An overview of our guides to online marketing

If you want to use the Internet to widen your market without spending a fortune, read our guide on how to **market your products and services on the web**. It shows you how to create a website for your business, market your products and services on the web and use the website to build relationships with customers and get them coming back for more.

If you sell on the Internet your business could find a rich source of new revenue. See our guide on how to **create an online shop** for more information on making your website visible and building your online shop.

Our guide on how to **market your website** shows how to raise the profile of your company website via search engines and online promotion. It gives you the

lowdown on the techniques available to your business such as advertising, website links and word-of-mouth.

Our guide on **email marketing** helps you make the most out of a powerful means of communication. It tells you how to get people to opt in to your email marketing, create an email newsletter, monitor the campaign and conform to the law.

Read our guide on **accepting online payments** to find out about the methods by which you can accept online payments. It explains the process involved in setting up a merchant account to process the payments.

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### An overview of our guides on selling and marketing overseas

There's often no reason why you can't compete overseas as well as in the UK. If you are unsure about whether you want to get involved in exporting, the UK Trade and Investment site has a self-assessment tool to enable you to make up your mind. But before using this, you will find it helpful to read our guide: **are you ready to export?** This guide provides a link to the self-assessment tool, and outlines the information you'll need to have on hand to make the most of the process.

If you still have difficulty making up your mind, have a look at our guide on the **risks and rewards of trading abroad**.

Once you decide to go ahead, you are best advised to build up from basics. A good place to start is with our guide **exporting: an overview**, which tells you what you need to know, and where to go for more information.

When you are ready to begin selling overseas, see our guide on [market entry, selling and promotion overseas](#). It covers the process of researching opportunities and building relationships, and it also highlights the wide range of support that is available to exporters.

For more detailed information on specific countries and markets, check our guide on [market information on sectors and countries](#).

Our guide on [government help for exporters](#) shows the different ways in which you can benefit from assistance by the UK government. Also, see our guide on [trade missions and overseas exhibitions](#) for more about the advantages and disadvantages, and how to find out more information.

See our guide on [trading in the European Union](#), which explains the key things to consider before you begin exporting.

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## Develop new products and services

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### Subjects covered in this guide

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Introduction

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The lifecycle of products and services

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Developing your ideas

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Match products and services to market needs

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Pricing your proposed service or product

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The project development process

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Creating a project team

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Invest in new products and services

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Cost control

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Manage a development project

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Here's how I got my great new product in front of customers

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*Home > Exploit your ideas > New products and services > Develop new products and services*

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### Introduction

New products and services are the lifeblood of all businesses. Investing in their development isn't an optional extra - it is crucial to business growth and profitability.

But embarking on the development process is risky. It needs considerable planning and organisation.

This guide will outline the key stages that all products and services go through from conception to sales decline, so you know when the time is right for your business to start the development process.

It will explain how a planned and phased development process will help you make the wisest investment and budgeting decisions, taking your customers and competition into account. It will advise you on how best to create a development team and manage a project.

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### The lifecycle of products and services

There are five key stages in the lifecycle of any product or service.

**Development** - at this point your product or service is only an idea. You're investing heavily in research and development.

**Introduction** - you launch your product or service. You're spending heavily on marketing.

**Growth** - your product or service is establishing itself. You have few competitors, sales are growing and profit

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## Develop new products and services

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margins are good. Now's the time to work out how you can reduce the costs of delivering the new product.

**Maturity** - sales growth is slowing or has even stopped. You've been able to reduce production and marketing costs, but increased competition has driven down prices. Now is likely to be the best time to invest in a new product.

**Decline** - new and improved products or services are on the market and competition is high. Sales fall and profit margins decline. Increased marketing will have little impact on sales and won't be cost-effective unless new markets are identified.

### Manage the lifecycle

Identifying where products or services are in their lifecycle is central to your profitability. Effective research into your markets and competitors will help you do this. See our guides on [market research and market reports](#) and how to [understand your competitors](#).

You can extend the lifecycle of a product or service by investing in an "extension strategy". You could:

- increase your promotional spend
- introduce minor innovations - perhaps by adding extra features or updating the design
- seek new markets

But ultimately this only delays a product or service's decline.

Ideally, you should always have new products or services to introduce as others decline so that at least one part of your

range is showing a sales peak.

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### Developing your ideas

There's a lot at stake when developing a new product or service. To minimise risks and allocate investment and resources wisely, you should consider a number of factors:

- Will your new product or service meet customers' specifications? For example, consider its design, ease of use and performance benefits.
- How technologically feasible is the product or service? Can you meet the design, resource and manufacturing requirements? You can [find out more about product design on the Design Council website](#).
- Are you clear about what you hope to achieve with the new product or service? Does it meet the strategy outlined in your business plan and play to your business' strengths?

The clearer you are about your plans, the better you can analyse the risks involved.

The following tips may also be helpful:

- Consult members of your team about your development plans - they may contribute insights that you've overlooked.
- Seek the views of suppliers and other business associates - their specialist expertise could be invaluable.
- Test lots of ideas at the start of a project - it costs relatively little to assess which are most

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## Develop new products and services

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promising, but make sure you stop work on ideas that don't meet your criteria before committing a lot of time and resources.

- Ask your best customers what they think of your plans.
- Consider the regulatory framework within which your new product or service will operate.
- Don't overlook the environmental impact of your plans.
- Look beyond a new product or service's immediate potential and consider the longer term.

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### Match products and services to market needs

New products and services have to offer benefits that meet your customers' needs - you need to discover what these are.

Market research, using techniques such as surveys and focus groups, will help you do this. See our guide on [market research and market reports](#).

Remember that although the end user of your product or service might be your most important customer, you may have to take the needs of other parties into account.

For example, if you were planning a new DIY product, you would need to consider how retailers would stock it as well as how it would benefit professional decorators. If you're creating a toy, you should consider what parents as well as children will think of it.

You can [get useful information on market-research techniques at the British Market Research Association website](#).

### Your competition

Not only must you meet your customers' needs, you have to do so in a way that is better than the alternatives offered by the competition.

Your new product or service needs a unique selling proposition - a feature or property that makes it stand out in the marketplace. Before entering the market you need to determine:

- how customers currently have their needs met
- why customers would choose your product or service rather than the competition's, both now and in the future
- what risks you take launching into this market

To find out more, see our guide on how to [understand your competitors](#).

[Find details of courses on competitive intelligence on the Chartered Institute of Marketing website](#).

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### Pricing your proposed service or product

Establishing a pricing strategy for a new product or service is an important part of the development process. You should consider pricing the moment you decide to take an idea forward as it will determine how much you can afford to **invest** in the project.

You will need to take the following factors into account:

- The benefits - or **value** - to the

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## Develop new products and services

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customer of your product or service compared with what the competition has to offer.

- Whether or not you're first to market. Is your product or service revolutionary or are you following a market trend?
- The selling channels you want to use, which will affect your promotional spend and distribution costs.
- The speed with which you want to establish your product or service.
- The expected lifecycle of your product or service.

Strategic pricing can be used to drive sales and regulate demand. See our guide on how to [price your product or service](#).

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### The project development process

An effective development process for products or services should be divided into a number of key stages:

- **Idea generation** - to capture new ideas.
- **Idea distillation** - to screen out those ideas not worth taking forward.
- **Concept definition** - to consider specifications such as technical feasibility and market potential. If you're planning a new product, you should consider the design process now. See our guide on how to [use design in your business](#). You can also [get further information on the design process from the Design Council website](#).
- **Strategic analysis** - to ensure your ideas fit into your business' strategic plans.
- **Concept development** - to create a prototype product or pilot service.

- **Test marketing and finalising the concept** - to ensure your product or service can be modified according to customer, manufacturer and support organisations' feedback. This means deciding the best timing and process for piloting your new product or service.
- **Product launch** - the trickiest stage. Before setting a date you must determine how to sell, promote and support your product or service. Getting it right first time is essential. But any decisions to delay your launch should be balanced against the danger that your competitors will beat you to market.

In practice some of these stages may overlap, but the presence of a staged process will help keep timing and costs under control. For further information on managing projects see our guide on how to [manage your research, design and development](#).

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### Creating a project team

Every potential new product or service requires a dedicated development team.

In creating your team you need to include people with a variety of **skills**. For example, as well as a creative ideas person you may also need a technical expert, a marketing specialist, someone who can source components and someone who understands the supply-chain difficulties you could encounter.

All team members should understand your business' **objectives** and be committed to them.

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## Develop new products and services

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There are many forms of **effective teamworking**, and the right one for you will depend on your business' needs. For example, team members might:

- work as a unit dedicated to one project, reporting to a project manager
- work exclusively on one project but remain in separate departments reporting to department heads who are under the project manager
- work on several projects at once with both a department head and project manager to monitor progress

Whichever form of teamworking is chosen, all team members should be involved in the project from the start and work in parallel. In this way, when problems are encountered - as they undoubtedly will be - they can be tackled at the earliest stage possible.

Teams need someone in a **project management** role to lead, co-ordinate and motivate the team. See the page in this guide on how to **manage a development project**.

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### Invest in new products and services

Developing new products and services is an inherently risky process. It's unlikely that every project you embark upon will meet with unqualified success.

As a result you need to:

- **factor** investment into your strategic business plan
- **plan** exactly where this investment is directed in the medium term

- **justify** the expenditure on every project

Before making investment decisions, consider how much your business stands to gain from a completed product or service. Weigh this against the risks you face - for example, the possibility that your new technology might fail to take off or your competitors beat you to market.

### Phasing new product development

One way to minimise your risks is to phase investments in projects. This can prevent waste and ensure that you channel the majority of your resources into those projects which stand the greatest chance of success.

By reviewing a project at the end of each phase or stage of development, you can identify products or services that are unlikely to be successful before resources are wasted. If the product or service fails to meet established criteria, the project is ditched. If it meets them, resources sufficient to enable it to reach a next, predetermined, stage are allocated.

At stage one you may just be discussing an idea, with funding for feasibility-testing at stake. At the final stage, you may have a full business plan under consideration with project implementation at stake.

### Finding support

A range of government grants and tax breaks is available for research and new product development. For further information, see our guides on **innovation, research and development grants** and **tax reliefs and allowances for research and development**.

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## Develop new products and services

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### Cost control

It's essential to keep a close eye on costs when you develop new products and services, if you don't, they can quickly spiral out of control.

Your costs could include staffing, materials, technology, product design, market research, prototyping and incremental overhead costs.

To control your expenditure you should:

- estimate development costs of every new product and service before starting the development process - see below for different approaches to this
- monitor expenditure throughout the development process - for further information, see the page in this guide on how to [manage a development project](#)
- introduce phased investment - for further information, see the page in this guide on how to [invest in new products and services](#)

Certain types of research and development costs may qualify for **tax relief**. [Find out if you can claim tax relief for research and development on the HM Revenue & Customs website.](#)

### Estimating costs

There are two main ways to estimate costs. In a **top-down approach** you consider previous comparable projects and use this as a benchmark to estimate the costs for your new project. Don't forget to account for inflation.

If you haven't completed a comparable project, you must consider a **bottom-up approach**. This sees all team members agreeing the costs they expect to incur on the project with the project manager, who will then estimate the total cost.

It's very important to factor in unknowns with this approach - not least because people generally underestimate how long tasks take.

You can [find out about courses related to new product development on the learndirect website.](#)

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### Manage a development project

Project managers are essential to ensure the successful development of new products or services. They'll be responsible for:

- controlling costs and allocating resources - for further information, see the page in this guide on [cost control](#)
- drawing up the key parameters for the product or service's specification
- co-ordinating the product development team - for further information, see the page in this guide on [creating a project team](#)
- timetabling the development process
- troubleshooting

You can [find out about courses in project management for new product development on the learndirect website.](#)

### Timetabling the development process

Your project manager should draw up a critical path for the completion of key tasks.

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## Develop new products and services

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SMART (specific, measurable, agreed, realistic and time-limited) objectives can help to control and co-ordinate the development team's advance along this path, and stages can be used to monitor progress.

However, **flexibility** must be built into your plans. Any number of unknowns can come into play and result in, for example, a change in the project's specifications or expected completion date.

For further information on managing your development project, see our guide on how to [manage your research, design and development](#).

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### Here's how I got my great new product in front of customers

**Sam Tate**

**FireAngel Limited**

#### Sam's top tips:

- "Remember that getting your first customer will give you a sales record, making it easier for others to follow."
- "Provide as much hard data as you can about your pricing and the benefits your product will bring to the buyer"
- "Eliminate all the unknowns: make sure you understand your market, product, customers, users and brand."

Sam Tate co-founded Sprue Aegis plc in 1998 when he and his business partner

came up with an innovative smoke detector. The FireAngel fits between a light fitting and the bulb, taking its energy from the mains. FireAngel charges up its rechargeable battery when the light is on - and runs off the battery when the light is off. The company hasn't looked back since convincing one high-street retailer to sell the detector. It's now stocked in around 6,000 outlets.

#### What I did

##### Research the target consumer

"We spent months digging out market research reports, talking to the Fire Brigade and the Office of the Deputy Prime Minister - the government department responsible for fire safety. Once we confirmed the FireAngel was a valuable idea, I went out on to the street to see if there was a market for it. We basically just stopped people, showed them the prototype and asked a set list of questions. We also looked closely at our competitors' products and who their market was.

"We initially worked out a sales strategy involving the Internet, direct marketing and advertising. However, we soon knew on a cost-per-sale basis this wouldn't be feasible - we would have sold less and had to charge twice as much. We then realised an ideal way to reach consumers who wanted a quick solution was through supermarkets."

##### Get the right price and sales channel

"Most smoke detectors retail at between £5 and £10. We knew we could charge a premium because fitting the alarm is as simple as changing a bulb. It doesn't need a battery and it lasts for up to ten years. We set the price at around £20 but the retailer

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## Develop new products and services

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obviously takes a margin. Remember - it's a lot harder to put the price up than drop it down, so don't go in too cheaply."

### **Nail the sales pitch early**

"It's really important to be able to get your message across in 30 seconds flat. If you get the chance to speak to a buyer, you need to be able to sock it to them - they're extremely busy people. It's definitely down to trial and error so I would recommend rehearsing your sales pitch in front of anyone who will listen, and not delivering it for the first time to the top buyer at a potentially major client.

"It took three years to get our product to market. A lot of this time was spent on design and safety testing, but it took 18 months of talking to one well-known high-street retailer before they agreed to stock the alarm. Once you're in there with one retail chain, it gets much easier to approach others. But you definitely have to be persistent to succeed."

### **What I'd do differently**

#### **Don't take "no" for an answer - right from the start**

"It's easy to say, but be prepared for knockbacks. We got them - and would have started to get demoralised by them without a total belief in our product. After a short time we realised that persistence was the key to making it all happen. Buyers are busy people and you've got to make yourself stand out from the crowd. For example, we waited in the reception of one high-street retailer's head office until the buyer agreed to see us. Sometimes you have to go to that level."

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Related web sites you might find useful

[Find information on product design on the Design Council website](#)

[Download the guide on how being socially responsible can help your business innovate from the smallbusinessjourney website \(PDF\)](#)

[Find out about managing innovation on the Innovation Process Management website](#)

[Learn how to generate strong ideas and](#)

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## Develop new products and services

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**encourage creativity in your business at the Design Council website**

**Read about user-centred design on the Design Council website**

**Read about designing products that suit your customers on the Design Council website**

**Assess how innovative your business is on the Living Innovation website**

**Learn about market-research techniques on the British Market Research Association website**

**Get details of courses on competitive intelligence on the Chartered Institute of Marketing website**

**Find courses related to new product development on the learndirect website**

**Find out if you are eligible for tax relief on research and development costs on the HM Revenue & Customs website**

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## Manage your research, design and development

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### Subjects covered in this guide

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Introduction

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What is research, design and development?

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Commercial benefits of research and development

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Exploring your ideas

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Strategy for research and development

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Managing research and development projects

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Funding your research and development

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Here's how I successfully managed an R&D project

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*Home > Exploit your ideas > Research and development > Manage your research, design and development*

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### Introduction

All businesses need to keep **improving** their products, services and business processes to anticipate and respond to the **changing needs** of customers.

This means investing time and money into market research to establish these needs and then into developing your products and services to ensure you meet them.

Research and development - together with the design of new and modified products - forms an essential part of making your business more **profitable** and **productive**.

This guide sets out why research and development - and sometimes product design - are so important if your business is to remain competitive.

It gives advice on how the research and development and product design processes can be managed and includes details of government support for certain types of research and development activity.

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### What is research, design and development?

To stay **competitive** and keep ahead of the market your business needs to check it's meeting customer needs and anticipate what customers may require in future.

Research, design and development is the key to this process, whether you **sell goods** or **provide services**.

### Research

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## Manage your research, design and development

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The initial stage involves looking at the current and future needs of both customers and suppliers - getting their feedback, asking for their views and perhaps carrying out independent market research. For more information, see our guide on [market research and market reports](#).

Once you understand the needs of customers and the state of the marketplace, you can identify:

- **potential modifications** to your product or service and assess whether such changes are **realistic**
- **new products or services** and assess whether they would be **commercially viable**
- **improvements to business processes** that will benefit customers

### Development

Your research will reveal ideas and markets for potential new products or services. The development process tests these ideas, demonstrates whether it is possible to achieve your goals and helps you turn your ideas into reality.

The process should examine all the potential risks and hurdles you will need to overcome to get the product to market. For example, it should look at whether the product meets a market need and whether it will sell at the price needed to make profit. It involves defining the **specification** and design of your product or service through drawings, models or prototypes.

Good project management is key to the success of the project and you should map out deadlines for completion of key stages

of the project. At the end of each stage you should review progress and decide whether to proceed with the project.

You'll also need to put appropriate resources in place and consider factors such as price and demand.

### Design

**Product design** is a crucial part of product development. A product designer draws up the blueprint that enables your product to be manufactured efficiently. Many businesses use external product designers. You can [search for a designer on the Design Directory website](#).

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## Commercial benefits of research and development

Sound research and development enables you to stay **competitive** and build customer loyalty. The products and services you develop can help you to:

- boost sales
- increase your profitability
- open new markets - both in the UK and overseas
- enhance your brand and gain a reputation as an innovative business
- attract the best employees through your enhanced reputation
- find new business partnerships
- attract external finance

By looking at the business processes that allow you to manufacture, market and sell your products or services, you can:

- reduce costs
- improve the quality of your offer

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## Manage your research, design and development

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- get your product to market more quickly

Your research may also bring less tangible benefits - perhaps in the shape of knowledge about your market that may be useful to your business in future but doesn't have an immediate commercial application.

Make sure you protect any intellectual property you create through research, development and product design. For more information see our guides on how to [secure your intellectual property](#) and how to [get patent protection for your business](#).

Remember - failing to devote enough resources to research and development could mean your business losing its competitive edge.

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### Exploring your ideas

By exploring ideas in greater depth before you commit to investing resources into research and development (R&D) you can save yourself considerable time and money.

It is very easy to become over-enthusiastic about new and exciting ideas and plough money into projects that have no realistic chance of success. Before investing in products that will never sell or can't realistically be produced, you should take a step back and review what is feasible.

Ask yourself:

- will the product or service fill a market gap or need
- is there a market for your new product or service

- will it fit with your current offerings or business strategy or do you risk diverting your business into unfamiliar markets
- will the product be technically feasible or will you require additional expertise or technology
- will the product be unique or will it face competition from rivals

Your market research and industry knowledge can answer some of these questions. However, you may need additional expertise or technical, market, or product information to help you assess new ideas.

The DTI has developed a diagnostic tool to help small businesses assess where they need additional expertise. There is also funding available to help fund expert assistance with R&D. [Read more about the help available to businesses investigating an innovative idea on the DTI website.](#)

By filtering ideas before committing to the development of a new product or service you can avoid wasting money on products that are unlikely to get off the ground. This allows you to explore a wider range of possible ideas and options in the early stages.

For more information on developing ideas, see our guide on how to [research and develop your business ideas](#).

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### Strategy for research and development

Research and development needs to be carefully planned and managed to succeed. It is easy to waste money on developing

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## Manage your research, design and development

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ideas that go nowhere, but the rewards for getting it right can lead to business stability, security and long-term profits. See our guides on how to [use innovation to grow your business](#) and how to [assess your options for growth](#).

Research and development should be included in your overall business plan. It demonstrates that you take it seriously and sets out clear objectives, time-frames and budgets. The plan illustrates the direction you want the business to take and how research and development fits in with your other business activities.

A clear plan can prevent the project straying from your business goals and wasting valuable resources and money. See our guide on how to [prepare a business plan for growth](#).

You may need to involve staff with specific skills to draw up the plan, for example finance staff to set up budgets. You may also need outside help. The DTI has produced a toolkit to help businesses assess what expert help they need. See the page in this guide on [exploring your ideas](#).

Your plan should set out the steps that need to be taken from the inception of the ideas to the product launch.

You should allocate the necessary resources to the project, including funding, staff and time. See our guide on [budgeting and business planning](#). You might decide to set up a specific team to work on the project. They should be briefed on the specific requirements of the project and given clear targets to achieve. For further information on setting up a team, see our guide on how to [develop your](#)

[management team](#).

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### Research and development - investment and risks

There aren't any hard-and-fast rules on what you should **spend** on research, development and product design. It depends on a range of factors, including:

- the size of your business
- your sector
- the commercial potential of a project
- the importance of the project to the future success of your business
- the expected duration of a project
- what your competitors are doing

You should always consider how research and development fits in to your **overall business strategy** when deciding how much to invest in it. Your business plan will outline your strategy and should include spending budgets. See the page in this guide on [strategy for research and development](#). For further information on business planning, see our guide to [budgeting and business planning](#).

### The risks of research and development

Research and development always carries an element of risk because it involves trying out new, untested ideas. Common risks include:

- new or modified products or services proving more difficult and costly to develop than anticipated
- developing a product or service that isn't commercially successful
- beginning development of a product that turns out to be technically unviable

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## Manage your research, design and development

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It can be helpful to think of research and development costs as an **investment**. There won't always be a return and sometimes you could lose your outlay entirely.

On the other hand, returns from research and development can be considerably greater than for other investments - and could even ensure your business' future **survival**.

A research and development project to improve a product or service has a far higher chance of success than one aimed at creating a new product or service but the rewards are likely to be far lower.

Good project management is essential if you are to minimise risks. For more information see the page in this guide to [managing research and development projects](#).

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### Managing research and development projects

Like any other aspect of your business, carrying out research and development into new products, services or business processes needs **good management**.

This allows you to **reduce** the risks of failure and allow as many ideas as possible to come to fruition.

To manage research and development projects effectively you should:

- make sure staff involved in research and development understand the business' overall strategy
- check these employees understand

- what's commercially realistic - building close working relationships between your sales and research and development teams is important
- assess the changing risks and potential of projects as they progress, continually developing a rigorous business case - your local Business Link can help you do this
- recognise when a project isn't going to work - and then pull the plug
- know the relative importance of different projects to your business

[Find further information on the management of research and development projects on the Cranfield University website.](#)

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### Managing the design process

A successful design stems from a **collaborative** process involving good planning and communication. Research and development should be included in your overall business plan with objectives, budgets and timeframes included to demonstrate your commitment to the process. This can then be expressed and communicated in more detail in a project plan. See the page in this guide on your [strategy for research and development](#).

#### The design brief

Whether you use an in-house designer or an outside agency, their work will only be as good as the **information** you provide. Your product designers need full details of your aims and objectives. Their brief should include every **function** and feature you want your product to have. They also need comprehensive information about your **marketplace** and your business and its objectives.

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## Manage your research, design and development

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### The concept stage

Once your designers have analysed all the elements of the design brief, they'll draw up their first **proposals**. These may be on paper or involve **making models** of the proposed product. Research and **testing** is important as the proposals are refined.

### Implementing and reviewing your design

As the product is prepared for production unforeseen problems can arise. This may make a review of what is possible and subsequent redesigns necessary before manufacture is possible. For this reason it is important that the designers are still fully involved during the implementation process.

### Production

After successful testing, it's time to move to the production stage - though you may need to get special tools made before you can begin manufacture. Your designers must be on hand during production to communicate their ideas to the engineers, IT experts and others involved in this process.

It's a good idea to **assess** how the design process worked when it's over so you can make improvements in future.

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### Knowing when to stop

Some products will never be financially or technically viable. It is important that you identify this before you invest too much and risk financial problems. There are some key steps you can take to help avoid this:

- Complete thorough market research. There is no point making a product which customers don't want or which costs more to make than they are

prepared to pay. For more information see our guide on [market research and market reports](#).

- Draw up clear business plans and budgets and review them regularly. See our guide to [budgeting and business planning](#).
- Involve people with relevant skills or knowledge who can tell you what is and isn't feasible.
- Split the project up into steps and review the project at the end of each stage.
- Listen to the advice you are given and don't be afraid to drop unrealistic projects.

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### Funding your research and development

There are a number of ways you can fund your research and development project.

- Approach your bank for a loan - this will require a well thought-out business plan. See our guides on [loans and overdrafts](#) and on how to [prepare a business plan](#).
- Try to attract investment from business angels - wealthy individuals who invest in private companies, typically £10,000 to £250,000. You must be prepared to relinquish some control of your business. The British Business Angels Association (BBAA) matches investors with businesses looking for capital. You can [discover more about business angels on the BBAA website](#). For more information on raising equity finance see our guide on [equity finance](#).
- Apply for grant funding to help finance part of your project. Read about the types of grants available to you in our guide on [working with](#)

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## Manage your research, design and development

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### **UK universities and colleges.**

Alternatively you can [search our Grants and Support Directory of grants, subsidies and advice](#).

- Contact your regional development agency. Many actively fund R&D, however the amount available will vary from region to region. [Find your local RDA through the DTI website](#).
- Claim the tax relief and credits available to small and medium-sized businesses for appropriate research and development spending. For more information see our guide on [tax reliefs and allowances for research and development](#).

### **Other sources of help**

There are several other sources of assistance:

- Innovation Relay Centres bring together buyers and sellers of innovative products with the aim of promoting and exchanging new technologies and ideas.
- Business Innovation Centres nurture innovative new businesses helping them through the difficult start-up stage.
- Local Chambers of Commerce can provide access to training, information and networking opportunities. [Find your local Chamber of Commerce on the Chamber Online website](#).
- Many local universities collaborate with local businesses on research and development projects. For further information on working with universities and colleges, read our guide on how to [work with UK universities and colleges](#).

For further information on these other sources of help, see our guide on how to [use support networks for research and development](#).

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### Here's how I successfully managed an R&D project

**Alex McCracken**

**Tiss Ltd**

#### **Alex's top tips:**

- "Have a clear plan and project milestones, and re-assess regularly."
- "A grant is great, but it won't cover the full cost, so raise additional finance early."
- "Don't put all your eggs in one basket, as not every R&D project succeeds."

Tiss Ltd was formed in 2001 to exploit an idea for an innovative new trailer alarm system for the haulage industry. Following intensive research and development (R&D) the company now has a range of four patented products and a large client list. Managing director Alex McCracken describes the project process.

#### **What I did**

##### **Plan and budget**

"The idea for our flagship product, LoadSafe, originated with our technical director, Brian Wholey. He identified a growing need for a security system to protect vulnerable curtain-sided trailers from

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## Manage your research, design and development

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theft.

"Our project had two streams, which involved testing the market and securing finance. We researched the market by contacting hauliers to quiz them on security issues and to gauge interest. Our analysis of their responses confirmed the opportunity.

"In parallel we prepared detailed financial forecasts and raised funding from private investors. With the help of our local Business Link, we also applied for a DTI Smart Grant and were awarded £82,000 towards R&D."

### **Build a prototype**

"Having established this platform, the key was to build a prototype and protect the intellectual property we were creating. We approached ten different alarm manufacturers with a brief. It's surprising how much quotes vary, so it pays to shop around.

"Our chosen partner was prepared to off-set some of the development costs incurred against future sales. This made a big difference and demonstrated their confidence in the product's potential."

### **Test and re-assess**

"You can't assume everything will work straight away. You have to allow time and money to modify ideas. We spent the best part of a year building, testing and adapting the first product.

"Having a working prototype to demonstrate was an important milestone. Over 30% of the firms we demonstrated to wanted to conduct a full trial. Feedback from these

trials was hugely valuable in modifying the product. We learned that customers wanted to be able to track the trailer in the event of a theft.

"As a result of this feedback, we developed 'TrailerSafe' a solution that incorporates a GPS tracking system. This product generated sales of over £100,000 in its first year."

### **What I'd do differently**

#### **Don't over-design**

"We got carried away designing loads of functionality into the prototype. As the project progressed, it became clear that most customers didn't want or couldn't afford all the functions on offer. We could have saved time and money by concentrating on the basic features."

#### **Think laterally**

"We didn't get the target market right initially. We thought that because our product involved trailers, our only targets were haulage companies. Eventually, we successfully shifted the strategy towards large retailers and other companies that transport high-value loads."

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## Manage your research, design and development

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[Read about research and development tax credits on the HM Revenue & Customs website](#)

[Get guidance and an application form for the grant for research and development on the DTI website](#)

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Related web sites you might find useful

[Find out about the design process on the Design Council website](#)

[Read the inventor's handbook on the NESTA website](#)

[Find out more about market research techniques on the British Market Research Association website](#)

[Find out about managing the research and development process at the Cranfield University website](#)

[Find product designers on the British Design Initiative website](#)

[Read more on the new product development process on the Scottish Enterprise website](#)

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## Know your customers' needs

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### Subjects covered in this guide

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Introduction

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Why do your customers need you?

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What do you know about your customers?

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The customer's current supplier

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Checklist: ten things you need to know about your customers

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*Home > Sales and marketing > Profitable customers > Know your customers' needs*

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### Introduction

However good your product or service is, the simple truth is that no-one will buy it if they don't want it or believe they don't need it. And you won't persuade anyone that they want or need to buy what you're offering unless you **clearly understand** what it is your customers really want.

Knowing and understanding **customer needs** is at the centre of every successful business, whether it sells directly to individuals or other businesses. Once you have this knowledge, you can use it to persuade potential and existing customers that buying from you is in their best interests.

This guide tells you what you **need to know** about your customers, how to use this information to sell to them more **effectively**, and how to win business from your competitors.

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### Why do your customers need you?

Every business needs a **reason** for their customers to buy from them and not their competitors. This is called a **Unique Sales Proposition (USP)**. Your USP can be identified by completing the phrase "Customers will buy from me because my business is the only..."

Your USP can **change** as your business or your market changes, and you can have **different** USPs for different types of customer.

For example:

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## Know your customers' needs

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- a stationery shop could offer a free same-day delivery service for its business customers within a local area - an effective USP for businesses that need fast delivery
- the same stationery shop could offer a 5 per cent discount to businesses that spend more than £500 a month - this would be a USP for cost-conscious customers
- the stationery shop could also make sure it offers the most comprehensive stock of artists' materials in the area - a USP for local professional or amateur artists

All of these USPs can be effective because they are driven by what the customer looks for when making a **buying decision**.

It's a good idea to review your USPs regularly. Can you tailor your products or services to better match your customers' needs? Consider asking your customers why they buy from you. This will tell you what they think your USP is - this may differ from what you think your USP is.

It's also useful to check constantly what your competition is doing. Remember - if your competitors are doing the same, your USP isn't unique any more.

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### What do you know about your customers?

The more you know about your customers, the more effective your sales and marketing efforts will be. It's well worth making the effort to find out:

- **who** they are
- **what** they buy
- **why** they buy it

If you're selling to other businesses, you'll need to know which individuals are responsible for the decision to buy your product or service. For information on targeting decision-makers, see our guide on how to **target the right people in an organisation**.

You can learn a great deal about your customers by **talking** to them. Asking them why they're buying or not buying, what they may want to buy in the future and asking what other needs they have can give a valuable picture of what's important to them.

Strong sales are driven by emphasising the benefits that your product or service brings to your customers. If you know the challenges that face them, it's much easier to offer them solutions. See our guide on how to **sell the benefits, not the features**.

It's also well worth keeping an eye on **future developments** in your customers' markets and lives. Knowing the **trends** that are going to influence your customers helps you to **anticipate** what they are going to need - and offer it to them as soon as they need it.

You can conduct your own market research and there are many existing reports that can help you build a picture of where your customers' markets - and your business - may be going. For information on market research, see our guide to **market research and market reports**.

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### The customer's current supplier

Chances are your potential customer is already buying something similar to your product or service from **someone else**. Before you can sell to a potential customer,

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## Know your customers' needs

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you need to know:

- who the customer's current supplier is
- if the customer is happy with their current supplier
- if buying from you would offer the customer any benefits - and, if so, what those benefits would be

The easiest way to identify a potential customer's current supplier is often simply to **ask them**. Generally people are very happy to offer this information, as well as an indication of whether they're happy with their present arrangements.

If you can find out what benefits they're looking for, you stand a better chance of being able to sell to them. The benefits may be related to price or levels of service, for example. Are there any benefits your business can offer that are **better** than those the potential customer already receives? If there are, these should form the basis of any sales approach you make.

For information on selling your product's benefits, see our guide on how to **sell the benefits, not the features**.

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### Checklist: ten things you need to know about your customers

#### 1. **Who they are**

If you sell directly to individuals, find out your customers' gender, age, marital status and occupation. If you sell to other businesses, find out what size and kind of business they are. For example, small private company or big multinational.

#### 2. **What they do**

If you sell directly to individuals, it's worth knowing their occupations and interests. If you sell to other businesses, it helps to have an understanding of what their business is trying to achieve.

#### 3. **Why they buy**

If you know why customers buy a product or service, it's easier to match their needs to the benefits your business can offer.

#### 4. **When they buy**

If you approach a customer just at the time they want to buy, you will massively increase your chances of success.

#### 5. **How they buy**

For example, some people prefer to buy from a website, while others prefer a face-to-face meeting.

#### 6. **How much money they have**

You'll be more successful if you can match what you're offering to what you know your customer can afford.

#### 7. **What makes them feel good about buying**

If you know what makes them tick, you can serve them in the way they prefer.

#### 8. **What they expect of you**

For example, if your customers expect reliable delivery and you don't

disappoint them, you stand to gain repeat business.

9. **What they think about you**

If your customers enjoy dealing with you, they're likely to buy more. And you can only tackle problems that customers have if you know what they are.

10. **What they think about your competitors**

If you know how your customers view your competition, you stand a much better chance of staying ahead of your rivals.

[statistics on the Marketing UK website](#)

[Download a guide on getting to grips with competitors from the Chartered Institute of Marketing website \(PDF\)](#)

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Related web sites you might find useful

[Download a short guide to developing a USP from the Chartered Institute of Marketing website \(PDF\)](#)

[Find a course on using customer information profitably on the learndirect website](#)

[Find sources of market reports and](#)

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## Market research and market reports

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### Subjects covered in this guide

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[Introduction](#)

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[Customer research: what you need to know](#)

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[Information on market trends and your competitors](#)

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[Using market reports and other data](#)

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### Introduction

All successful businesses need to have a close understanding of **potential** and **existing customers** and the **marketplace** they work in.

This understanding allows you to target customers, sell effectively, compete with other suppliers and spot new opportunities. Market research helps you to gain this vital knowledge.

You can build a picture of general trends using **published market information** - from free government statistics and data to paid-for market reports from commercial providers. Your own contacts and sales records can also be a great resource.

You can add to your knowledge by using **field research** - from surveys and discussions to product tests - to investigate customers' attitudes and examine questions specific to your business.

This guide explains what you need to know about market and customer research, how you can use published information to build your knowledge and how using field research can fill in the gaps.

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### Customer research: what you need to know

You'll need to focus your efforts on finding out as much as you can about existing and potential customers. If you can work out how they make their buying decisions, you can adapt your sales methods and techniques to fit your customers' needs.

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## Market research and market reports

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For business customers, you'll want to know how big their businesses are, what sectors they're in, and who makes the decision to buy your product or service.

If you're targeting individual consumers, it may be useful to know such things as their **gender, age, occupation, income, lifestyle, attitudes** or **social class**.

For your existing customers, try to find out:

- what they think about your products or services
- why they need your product or service - this may be different from what you believe
- why they buy from you and not your competitors
- what they think of your prices
- what they expect from you, eg reliable delivery
- how they rate your customer service
- how they think you could develop or refine your products or services

For your potential customers, try to find out:

- who your potential customers are and what groups they fall into
- how many potential customers there are
- how much of your kind of product or service they already buy from your competitors
- the criteria on which they make buying decisions
- what it would take to get them to buy from you
- what developments they expect in your product or service
- when and where they prefer to buy

See our guide on how to **know your**

### customers' needs.

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### Information on market trends and your competitors

Getting a good understanding of how you expect the market to develop is essential if your business is to make the most of its opportunities and remain competitive. You will need to understand your competitors and keep an eye on what they are doing.

Try to get information on:

- Demand for your product or service - is it growing or shrinking?
- General economic trends.
- How customer requirements and buying behaviour could change in the future.
- What new products are in the pipeline - could they make yours look outdated?
- How competitors are changing - what are their plans?
- What competitors offer and the prices they charge.
- How your competitors advertise and promote themselves.
- Any forthcoming legislation which could affect your market.

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### Using market reports and other data

Once you've identified the information you need, you can start to draw it together. Initially it's worth looking at information that's already been published, eg **market reports, official statistics, trade publications** etc.

Some of this information is free, but some

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## Market research and market reports

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you'll have to pay for. You can obtain market information from a wide range of sources:

- Your local business reference library is a good starting point. **Find your local library on the BRMA Researchers Toolkit website.**
- Your **trade association** will have information for your market sector, and should be able to tell you about any relevant trade publications. **Find your local trade association on the Trade Association Forum website.**
- You can **read official statistics on the economy, population and social trends at the National Statistics Online website.**
- Reports in business **magazines** and the business pages of national **newspapers** can be informative.
- Local authorities and Chambers of Commerce can provide local information. **Find your local authority through our Contacts Directory**, or **find your local Chamber at the Chamber Online website.**
- **UK Trade & Investment** is a useful resource for exporters, with sectoral information for more than 200 countries worldwide. You can **read sector overviews on the UK Trade & Investment website.**
- The **Internet** contains a wealth of business data. Search engines such as Google and Ask can help you find what you want, while directories such as Yahoo make it easy to look for information by sector.
- **Commercial publishers** of market reports include KeyNote, Euromonitor, Mintel, Datamonitor, The Economist Intelligence Unit (EIU) and Market & Business Development. Reports can often be

purchased from the publisher's website.

- Don't neglect your business' own data. Analysing your sales records or levels of enquiries can provide useful insights. Finally, **talking to customers** and watching **how they behave** is one of the best methods of market research.

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### Interpreting market information

Though there's a lot of readily available market information, you need to be careful how you interpret it.

External data might not be in a useful format to use easily. It may have been collected for other purposes or be from a range that **doesn't tally** with your target market.

Beware of **out-of-date** information. This can be misleading, as the market may have changed significantly since the information was published. It can be particularly hard to tell how recent any information published on the Internet is. Some information on the web can be unreliable or biased.

Remember that **statistics** can sometimes mask the true picture. For example, an "average" income for the population in your area might conceal a mix of very high and low earners - meaning fewer people can afford your product than it appears.

The same principle applies to your own **sales records** - one or two major customers could distort the picture.

Most of all, don't make up your mind in advance. Finding information that simply confirms what you already believe is easy - but only a **realistic picture** of your

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## Market research and market reports

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customers and markets will be useful to your business.

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### The basics of field research

Published market information and your own data can tell you a lot about your customers and your market - but it's unlikely to tell you everything.

You'll probably need to carry out some of your own field research - talking, observing or carrying out product tests with customers and potential customers. This can help you to:

- test customers' reactions to a new product, and adapt it if necessary
- investigate attitudes of customers and potential customers
- find information specific to your business or a local market, rather than the market as a whole

Field research can be **quantitative** or **qualitative**:

- Quantitative research provides statistical information - for example, how many potential customers there are and what their average incomes are.
- Qualitative research examines people's feelings and attitudes towards your product or service, and what motivates them.

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### Planning field research

Good planning is essential if you're to get the right results from field research.

First you need to decide how to collect the

information you want. Popular methods include:

- A **survey**, using a fixed set of questions - the most effective way of carrying out a survey is typically with face-to-face interviews, but phone interviews and postal surveys are also possibilities.
- A **discussion** - discussions are good for qualitative research as they allow you to explore people's attitudes in more detail. Discussions are often held in small focus groups.
- **Observation** - investigate what people do rather than what they say. For example, look at how shoppers react when they pass a particular point-of-sale display.
- An **experiment** - you might, for instance, run a blind taste test of your soft drink against your competitors' products. Alternatively, you could lend your new product to a customer and ask for feedback.

Once you've decided how you'll gather the information, you'll need to work out how to make it happen. **Budget** how much time and money will be needed - the time involved will normally be significant.

You'll need to **design** your research. For example, drawing up a questionnaire or deciding how you'll run a focus group.

Then there are the **logistics**. If you want to run a focus group or conduct face-to-face interviews or product tests, where will you hold them? Where will you find the participants? And who'll run the session?

Consider carefully whether you've got the **skills** in-house to do this. If not, it's probably

a good idea to get a market research agency to do your research for you.

See the page in this guide on [tips for successful field research](#) to help you maximise the effectiveness of your efforts.

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### Tips for successful field research

#### Ask the right questions

Badly phrased questions produce misleading results. Avoid closed questions which encourage the answer "yes" or "no". A stationery shop that asks customers if they intend to buy pens in the next year will find out just that - but they won't discover what type of pens, eg specially engraved pens, cheap biros or felt-tip markers.

#### Talk to the right people

A survey at a railway station, for example, will get answers from commuters, but if you're targeting people who stay at home with young children, this won't be representative of your market.

#### Talk to enough people

A survey, for example, of two people won't get you enough information. Some market research professionals suggest asking at least 150 people in order to get a complete picture.

#### Keep research impartial

It's easy to encourage people to give the answer you want. For example, by asking leading questions or smiling at the "right" answer. Discussions, where you're not working from a list of set questions, are particularly easy to distort. And in a focus group, individuals with strong opinions may influence the views of others.

#### Interpret results with care

You need to make sure you draw the right conclusions from your research. Bear in mind that people may distort answers in the hope of affecting what you do. For example, they might say they would be interested in a product "if the price was lower". Qualitative research - where you're investigating feelings and attitudes - can be particularly difficult to interpret.

#### Be realistic

It can be tempting to pick out results that confirm what you want to hear, and ignore the rest. But ignoring negative results could damage your business. Be prepared to modify your plans if necessary.

If you don't have the time or skills to carry out research yourself, consider using a market research agency. See the page in this guide: [should I use a market research agency?](#)

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### Should I use a market research agency?

Though you may be able to do your own field research, it may be better to use the services of a market research agency.

- It may be more cost-effective to outsource the job to professionals - see our guide on how to [decide what to outsource](#).
- Professionals are likely to get **better results**. They have experience in designing survey questionnaires, running focus groups and asking the right questions.
- Customers may find it easier to be **honest** with an outsider, particularly

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## Market research and market reports

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- if they have a complaint.
- Customers may worry you're trying to **sell** them something if you conduct the research yourself.
- You may find it difficult to be **impartial**, particularly if people criticise your business.

For small-scale field research, your best option may be a **freelance researcher**. Market research agencies won't usually take on projects with a budget below £3,000.

As well as recommendations from business contacts, ways of finding an agency include:

- [use the free online directory on the BMRA website](#)
- [use the Research Buyer's guide on the Market Research Society website](#)
- [search for a market research agency on the Research Buyers Guide website](#)

Before taking on an agency or a freelance researcher, investigate their **reputation**. Ask for a list of previous clients and contact them for feedback. Check the agency has relevant experience and consider how comfortable you'd feel working with them. And get a clear idea of **fees** for the services you want.

Check the agency's researchers fit the image of your business. If they'll be carrying out **street interviews**, confirm they'll have the required local authority licence and identity card.

Make sure you provide a thorough and clear **brief**. This needs to cover areas such as the business objectives behind the project, the information the research should

uncover and how you intend to use the results.

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### Here's how I made the most of market research

**Richard Rivlin**

**Bladonmore**

#### Richard's top tips:

- "Invest time - it's your most important research commodity."
- "Split research into three areas - market trends, competitors and potential customers."
- "Focus customer research by writing a wish list of your three dream clients, then thinking specifically about their needs."

Bladonmore is a financial training and media business, based in London. A customised service and a gritty, real-world approach to training have enabled the company to grow rapidly during its first two years. Director Richard Rivlin explains how effective use of market research has contributed to Bladonmore's development.

#### What I did

##### Spend time not money

"Like most companies starting out, we needed to research our target market but didn't have limitless cash to pay someone to do it for us. Doing it yourself is cheap in money terms - but you have to invest your time if you expect to get anything useful out of it.

"Over a period of three months, I went on a virtual fact-finding mission using the Internet. If you persevere, you can find an incredible amount of quality information for free, including market reports and expert analysis. Business consultants' websites, industry bodies and sector-leading companies are a good place to start."

### Apply the research

"Throughout my research, I was careful to avoid **analysis paralysis**. There's no point hiding behind piles of market data and thinking you've done something constructive. You have to use the information to develop your business. Having clear objectives helps. I wanted to know the size of the market, to learn from competitors' successes and mistakes and to understand what potential clients want."

"I focused on data from reputable sources and used it to help formulate a business plan. At a later stage, I also used research facts in Bladonmore's marketing material - but always bearing in mind that I didn't want to give away too much to competitors."

### Keep up to date

"Research isn't just about reading the occasional market report. It should be an on-going process that keeps you up to date with your market, your rivals and your clients. I find newspapers one of the best research sources. There's something relevant to our business in the press almost every day. For example an article about increased activity in venture capital (VC) markets is useful, because companies looking for VC finance often need financial presentation training."

### What I'd do differently

### Head for the top

"I didn't wake up to the wonders of free expert research soon enough. If I had my time again, I'd head straight for the websites of top consultants like Ernst & Young and McKinsey. You may not be able to afford their research fees, but they publish enough in the public domain to meet the needs of many smaller businesses."

### Be disciplined

"I now make it part of my daily routine to clip useful research out of newspapers. I even carry around a small pair of scissors for the purpose. It's yielded several business development ideas and I wish I'd got into the habit sooner."

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### Related guides on [businesslink.gov.uk](http://businesslink.gov.uk)

[Know your customers' needs](#) | [Create your marketing strategy](#) | [Write a marketing plan](#) | [Target the right people in an organisation](#) | [Understand your competitors](#) | [Choose and manage a consultant](#) | [Here's how I got my great new product in front of customers](#) | [Here's how I marketed my products and services on the web](#) |

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### Related web sites you might find useful

[Read a short guide to market research on the Chartered Institute of Marketing website](#)

[Download a list of commercial publishers of market reports from the RBA Information Services website \(DOC\)](#)

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## Market research and market reports

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**Read about market research techniques  
on the BMRA website**

**Sign up for free market-analysis  
newsletters on the Economist  
Intelligence Unit website**

**Find out how to prepare a research brief  
on the BMRA website**

**Search for a market research agency on  
the Research Buyer's Guide website**

### Subjects covered in this guide

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Marketing plan summary and introduction

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Marketing strategy for your marketing plan

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Tips for writing a marketing plan

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Related web sites you might find useful

*You can find this guide on <http://www.businesslink.gov.uk> by navigating to:*

*Home > Sales and marketing > Marketing > Write a marketing plan*

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### Introduction

Marketing is a key part of business success. You need to decide which customers to target. You need to work out how you will reach and win new customers. You need to make sure that you keep existing customers happy. And you need to keep reviewing and improving everything you do to stay ahead of the competition.

A good marketing plan starts by looking at your overall strategy, and the business environment you operate in. It builds on your own strengths and weaknesses to work out what your marketing strategy should be. It sets out clear objectives and explains how you will achieve them. Perhaps most importantly it looks at how you can ensure that your plan becomes reality.

This guide outlines the key areas to look at and to include in an effective marketing plan.

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### Marketing plan summary and introduction

Your marketing plan should start with an executive summary. The summary gives a quick overview of the main points of the plan.

Although the executive summary appears at the beginning of the plan, you should write it last. Writing the summary is a good opportunity to check that your plan makes sense and that you haven't missed any important points.

### Business strategy

It's a good idea to introduce the main body

of the plan with a reminder of your overall business strategy, including:

- what your business is about (your business mission)
- your key business objectives
- your broad strategy for achieving those objectives

This helps to ensure that your marketing plan, your marketing strategy and your overall business strategy all work together. For example, suppose your business strategy is based on providing premium quality products and service. Your marketing strategy and plan will need to take this into account, targeting customers who appreciate quality, promoting your product in ways that help build the right image and so on.

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### External and internal analysis for your marketing plan

Understanding the environment your business operates in is a key part of planning. A **PEST** analysis helps you to identify the main opportunities and threats in your market:

- **P**olitical and legal changes such as new regulations
- **E**conomic factors such as interest rates, exchange rates and consumer confidence
- **S**ocial factors such as changing attitudes and lifestyles, and the ageing population
- **T**echnological factors such as new materials and growing use of the Internet

You also need to understand your own

internal strengths and weaknesses. For example, the main strengths of a new business might be an original product and enthusiastic employees. The main weaknesses might be the lack of an existing customer base and limited financial resources.

A **SWOT** analysis combines the external and internal analysis to summarise your Strengths, Weaknesses, Opportunities and Threats. You need to look for opportunities that play to your strengths. You also need to decide what to do about threats to your business and how you can overcome important weaknesses.

For example, your SWOT analysis might help you identify the most promising customers to target. You might decide to look at ways of using the Internet to reach customers. And you might start to investigate ways of raising additional investment to overcome your financial weakness.

You can find out more about strategic analysis in our guide on how to [review your business performance](#).

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### Your marketing objectives

Your marketing objectives should be based on understanding your strengths and weaknesses, and the business environment you operate in. They should also be linked to your overall business strategy.

For example, suppose your business objectives include increasing sales by 10 per cent over the next year. Your marketing objectives might include targeting a promising new market segment to help

achieve this growth.

For more information on how to identify the best opportunities, see the page in this guide on [external and internal analysis for your marketing plan](#).

Objectives should always be **SMART**:

- **Specific.** For example, you might set an objective of getting ten new customers.
- **Measurable.** Whatever your objective is, you need to be able to check whether you have reached it or not.
- **Achievable.** While you should set targets that stretch you, there is no point in being too ambitious.
- **Realistic.** You must have the resources you need to achieve the objective. The key resources are usually people and money.
- **Time-bound.** You should set a deadline for achieving the objective. For example, you might aim to get ten new customers within the next 12 months.

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### Marketing strategy for your marketing plan

Your marketing plan is how you put your marketing strategy into practice. It's worth highlighting the main points of your strategy in the plan.

If you understand the market well, you can probably break it down into different segments - groups of similar customers. For example, you can break the business market down into businesses of the same size and in the same sector.

For each segment, you need to look at what customers want, what you can offer and what the competition is like. You want to identify segments where you have a competitive advantage. At the same time, you should assess whether you can expect high enough sales to make the segment worthwhile.

Often, the most promising segments are those where you have existing customers. If you are targeting new customers, you need to be sure that you will be able to reach them.

Once you have decided what your target market is, you also need to decide how you will position yourself in it. For example, you might offer a high quality product (at a premium price) or a flexible local service. Some businesses try to build a strong brand and image to help them stand out. Whatever your strategy, you want to differentiate yourself from the competition.

See our guide on how to [create your marketing strategy](#).

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### Plan your marketing tactics

Once you have decided what your marketing objectives are, and your strategy for meeting them, you need to plan how you will make the strategy a reality.

Many businesses find it helpful to think in terms of the **4 Ps**:

- **Product.** What your product offers that your customers value, and how you should change your product to meet customer needs.
- **Pricing.** For example, you might aim

simply to match the competition, or charge a premium price for a quality product and service. You might have to choose either to make relatively few high margin sales, or sell more but with lower unit profits.

- **Place.** How and where you sell. This may include using different distribution channels. For example, you might sell over the Internet or sell through retailers.
- **Promotion.** How you reach your customers and potential customers. For example, you might use advertising, PR, direct mail and personal selling.

If you sell a service, you can extend this to **7 Ps**:

- **People.** For example, you need to ensure that your employees have the right training.
- **Processes.** The right processes will ensure that you offer a consistent service that suits your customers.
- **Physical evidence.** The appearance of your people and premises can affect how customers see your service. Even the quality of paperwork, such as invoices, makes a difference.

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### Implementation of your marketing plan

Your marketing plan must do more than just say what you want to happen. It must include how you will make sure that it happens.

The plan should include a schedule of key tasks. This sets out what will be done, and by when. Without a schedule, it's all too

easy to get bogged down dealing with day-to-day priorities.

It should also assess what resources you need. For example, you might need to think about what brochures you need. You might also need to look at how much time it takes to sell to customers and whether you have enough salespeople.

The cost of everything in the plan needs to be included in a budget. If your finances are limited, your plan will need to take that into account. You may also want to link your marketing budget to your sales forecast. See our guide on how to [forecast and plan your sales](#).

### Control

As well as setting out the schedule, the plan needs to say how it will be controlled. You need an individual who takes responsibility for pushing things along. A good schedule and budget should make it easy to monitor progress. When things fall behind schedule, or costs overrun, you need to be ready to do something about it.

From time to time, you need to stand back and ask whether the plan is working. What can you learn from your mistakes? How can you use what you know to make a better plan for the future?

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### Tips for writing a marketing plan

A good marketing plan:

- sets clear, realistic and measurable targets - for example, increasing sales by 10 per cent
- includes deadlines for meeting

- targets
- provides a budget for each marketing activity
- specifies who is responsible for each activity

Poorly thought-out objectives will cause problems. For example, you might set a target for the number of new enquiries. But if none of these enquiries turn into sales, you will have increased costs without any benefits.

### **Link to your strategy**

Assess the business environment to identify the opportunities and threats that you face. Look for where you can capitalise on your strengths or need to overcome a weakness.

Every part of your business must work together. For example, if you have limited cashflow you should avoid seeking large orders from customers who demand extended credit.

Remember to focus on your long-term strategy. Reducing customer service might boost short-term profits, but next year you might not have any customers left.

### **Make it happen**

A plan will not happen by itself. You need to make someone responsible for monitoring progress and chasing up overdue activities. Reviewing progress will also help you learn from your mistakes so that you can improve your plans for the future.

[Training Directory](#) | [Create your marketing strategy](#) | [Forecast and plan your sales](#) | [Advertising: the basics](#) | [PR: the basics](#) | [Direct marketing: the basics](#) | [Understand your competitors](#) | [Market research and market reports](#) | [Review your business performance](#) | [Reach your customers effectively](#) | [Price your product or service](#) |

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Related web sites you might find useful

[Use the marketing planning tool on the Chartered Institute of Marketing website](#)

[Download a guide about conducting a SWOT analysis from the Chartered Institute of Marketing website \(PDF\)](#)

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## Understand your competitors

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### Subjects covered in this guide

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Introduction

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Who are your competitors?

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What you need to know about your competitors

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Learning about your competitors

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Hearing about your competitors

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How to act on the competitor information you get

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Here's how competitive analysis gives my business an edge

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*Home > Sales and marketing > Marketing > Understand your competitors*

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### Introduction

Knowing who your competitors are, and what they can offer, can help you to make your products, services and marketing stand out. It will enable you to make sure that your prices are competitive and that you respond to rival marketing campaigns with your own initiatives.

You can use this knowledge to create marketing strategies that take advantage of your competitors' weaknesses, and learn ways to improve your own business performance. You can assess any threats posed by both new entrants to your market and current competitors. Your knowledge will help you be realistic about how successful you can hope to be.

This guide explains how to analyse who your competitors are, how to research what they're doing and how to act on the information you gain.

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### Who are your competitors?

There is always competition. Even if you're the only restaurant in town you face competition, from cinemas, bars and other businesses where your customers will spend their money instead of with you.

Your competitor could be a new business offering a substitute or similar product that makes your own redundant.

Competition is not just another business that might take money away from you. It can be another product or service that's being developed and which you ought to be selling or looking to license before somebody else takes it up.

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## Understand your competitors

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And don't just research what's already out there. You also need to be constantly on the lookout for possible **new competition**.

You can get **clues** to the existence of competitors from:

- advertising
- press reports
- exhibitions and trade fairs
- questionnaires
- searching on the web for similar products or services
- approaches reported by your customers
- flyers and marketing literature that have been sent to you - quite common if you're on a bought-in marketing list
- planning applications and building work in progress

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### What you need to know about your competitors

Monitor the way your competitors do business. Look at:

- the products or services they provide and how they market them to customers
- the prices they charge
- how they distribute and deliver
- the devices they employ to enhance customer loyalty and what back-up service they offer
- their brand and design values
- whether they innovate - business methods as well as products
- their staff numbers and the calibre of staff that they attract
- how they use IT - for example, if they're technology-aware and offer a

website and email

- who owns the business and what sort of person they are
- their accounts at Companies House - or Companies Registry for businesses in Northern Ireland - if they're a limited company
- their annual report if they're a public company
- their media activities - often displayed on the business website

You can **access company information at the Companies House website**. You can also **view information on Northern Irish companies at the DETI Online website**.

### How they treat their customers

Find out as much as possible about your competitors' customers, such as:

- who they are
- what products or services different customers buy from them
- what customers see as your competitors' strengths and weaknesses
- whether there are any loyal customers
- if they've had an influx of recent customers

### What they're planning to do

Try to go beyond what's happening now by investigating your competitors' business strategy, for example:

- what types of customer they're targeting
- what new products they're developing
- what financial resources they have

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## Understand your competitors

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### Learning about your competitors

Read about your competitors. Look for articles or adverts in the trade press or mainstream publications. Read their **marketing literature**. Check their entries in **directories** and phone books. If they are an online business, ask for a free trial of their service.

Are they getting more publicity than you, perhaps through networking or sponsoring events?

If your competitor is a public company, read a copy of their annual report. Limited companies have to lodge their accounts with Companies House, and businesses in Northern Ireland have to file their accounts with Companies Registry.

You can [view company information at the Companies House website](#). You can also [view information on Northern Irish companies at the DETI Online website](#).

### Go to exhibitions

While at exhibitions and trade fairs check which of your competitors are also exhibiting. Look at their stands and promotional activities. Note how busy they are and who visits them.

### Check the web

Look at **competitors' websites**. Find out how they compare to yours. Use, with discretion, the interactive parts of their site. Is the information free of charge? Is it easy to find?

Business websites often give much information that businesses haven't

traditionally revealed - from the history of the company to biographies of the staff.

Use a **search engine** to track down similar products. Find out who else offers them and how they go about it.

Websites can give you good tips on what businesses around the globe are doing in your business area.

### Organisations and reference sources

- Your trade or professional association, if applicable. [Find your trade association at the Trade Association Forum website](#).
- The local Chamber of Commerce. [Find your local Chamber of Commerce at the Chamber Online website](#).
- Directories and survey reports in any business reference library.

See our guide to [market research and reports](#).

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### Hearing about your competitors

Speak to your competitors. Phone them to ask for a copy of their **brochure** or get one of your staff or a friend to drop by and pick up their marketing literature.

You could ask for a **price list** or enquire what an off-the-shelf item might cost and if there's a discount for volume. This will give you an idea at which point a competitor will discount and at what volume.

Phone and face-to-face contacts will also give you an idea of the **style** of the company, the quality of their literature and

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## Understand your competitors

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the initial impressions they make on customers.

It's also likely you'll meet competitors at social and business events. Talk to them. Be **friendly** - they're competitors not enemies. You'll get a better idea of them - and you might need each other one day, for example in collaborating to grow a new market for a new product.

### Listen to your customers and suppliers

Make the most of contacts with your customers. Don't just ask how well you're performing - ask which of your competitors they buy from and how you **compare**.

Use meetings with your **suppliers** to ask what their other customers are doing. They may not tell you everything you want to know, but it's a useful start.

Use your judgement with any information they volunteer. For instance, when customers say your prices are higher than the competition they may just be trying to negotiate a better deal.

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### How to act on the competitor information you get

Draw up a list of everything that you've found out about your competitors, however small.

Put the information into three categories:

- what you can learn from and do better
- what they're doing worse than you
- what they're doing the same as you

### What you can learn from and do better

If you're sure your competitors are doing something better than you, you need to change. It could be anything from improving customer service, assessing your prices and updating your products to changing the way you market yourself, redesigning your literature and website and changing your suppliers.

And don't just copy. Now you've got the idea, can you do it even better, add more value?

Your competitors might not have rights over their actual ideas, but remember the rules on patents, copyright and design rights. See our guide on how to **secure your intellectual property**.

### What they're doing worse than you

Exploit the gaps you've identified. These may be in their product range or service, marketing or distribution, even the way they recruit and retain employees.

Renew your efforts in these areas to exploit the deficiencies you've discovered in your competitors.

But don't be complacent about your current strengths. Your current offerings may still need improving and your competitors may also be assessing you. They may adopt and enhance your good ideas.

### What they're doing the same as you

Why are they doing the same as you, particularly if you're not impressed by other things they do? Perhaps you've both got it wrong.

Analyse these common areas and see whether you've got it right. And even if you have, your competitor may be planning an improvement.

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### Here's how competitive analysis gives my business an edge

**Lesley Jeffs**

**Instalec Ltd**

#### Lesley's top tips:

- "Get hold of as much marketing literature as you can."
- "Don't get complacent when things are going well."
- "Use the analysis to improve and develop your service."

Instalec Ltd is an established electrical contracting business, based in Luton. Director Lesley Jeffs began using regular competitive analysis as a business development tool four years ago. Combining a number of methods, the analysis continues to drive improvements across many areas of the business.

#### What I did

##### Assess the competitive landscape

"Attending a seminar on business development was the starting point for our competitive analysis. The speaker, from a company called DSP Solutions, was inspirational. We signed up for bi-monthly coaching that included an assessment of our competitive landscape.

"There are literally hundreds of electrical

contractors in our area, so we couldn't hope to analyse them all. DSP helped us to identify our key competitors and draw up a list of what we wanted to know about them. The list included customer service, pricing, employment practices and staff qualifications. These were all areas where we felt we had an advantage, but we needed to quantify it."

##### Gather information

"The first thing we did was a telephone survey. We called competitors to assess their response times and the overall impression given. We also requested copies of their company literature. You can assess the quality of the literature, and it's a good test of efficiency to see how quickly it arrives.

"Websites proved another simple way to gather information, as did trade journals, local newspapers and our local Chamber of Commerce. Customers and suppliers can also tell you a lot and talking to them doubles as a networking exercise that helps to build relationships."

##### Act on the analysis

"Our analysis has given us an edge in so many areas. For example, recruiting qualified staff is a big issue. Looking at competitors' recruitment ads and rates of pay has helped us refine our own procedures in order to attract the best people.

"We also found that many competitors performed poorly in answering phones and returning calls. In response, we've made sure that our own phones are always manned and that missed calls are returned promptly.

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## Understand your competitors

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"We benchmark our performance and review our analysis at management level every six months. Our employees are kept up to date too. It's important that staff know why you're doing analysis and how they can help.

"The competitive landscape is always changing, so you have to keep your analysis up to date. We monitor new competitors via the local press and industry contacts, as well as keeping a close eye on established competitors."

### What I'd do differently

#### Do it sooner

"Now that we take competitive analysis seriously, it's hard to imagine how we managed without it. I wish we'd done it sooner."

#### Have more confidence

"In the early days, we often felt nervous about asking for information, particularly from customers. We've learnt that as long as you're professional and use the information to improve your service, most people are happy to help."

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Related web sites you might find

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useful

**[Download a short guide to understanding competitors from the Chartered Institute of Marketing website \(PDF\)](#)**

**[Download a short guide to understanding competitors from the Chartered Institute of Marketing website \(PDF\)](#)**

**[Find a course on competitor intelligence on the Chartered Institute of Marketing website](#)**

**[Find a course on Market Research: Building and Using Market Intelligence on the Chartered Institute of Marketing website](#)**

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## Staying on the right side of the law: the basics

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### Subjects covered in this guide

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Introduction

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What every business needs to know

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Customers and data protection

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Paying your bills and getting paid on time

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Rules for businesses that don't sell to customers face-to-face

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Special rules for businesses that sell online

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Helplines

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Related guides on [businesslink.gov.uk](http://businesslink.gov.uk)

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Related web sites you might find useful

*You can find this guide on <http://www.businesslink.gov.uk> by navigating to:*

*Home > Sales and marketing > Selling and the law > Staying on the right side of the law: the basics*

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### Introduction

The sales process - from the initial approach to long after the sale is completed - is governed by a number of important **legal requirements** designed to protect your customers.

Playing it by the book can also help your business build and maintain an honest and trustworthy reputation.

This guide will help you identify which laws apply to your business and how to comply with them.

It also provides a brief introduction to:

- **general** trading rules
- **special** rules for retailers
- additional requirements for businesses in **specialised** sectors
- **online selling** rules - via the Internet, email, digital TV or text messages
- **distance-selling** regulations - for businesses that sell via the phone, mail order or Internet for example
- **data protection** rules for all businesses holding information on customers and potential customers, suppliers, employees and other business contacts details

It also looks at late-payment legislation which could affect you if you are considering taking action against late payers or if you tend to pay invoices after their due date.

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### What every business needs to know

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## Staying on the right side of the law: the basics

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The Sale of Goods Act and the Supply of Goods and Services Act make it a **legal requirement** for every business to ensure that the products or services it sells meet minimum standards.

**All goods** you sell must:

- correspond with any description given - verbally, in writing or in an illustration
- be of satisfactory quality
- be fit for their purpose

**All services** you supply must:

- be carried out with reasonable care and skill
- be carried out within a reasonable time and for a reasonable charge, unless these matters have previously been agreed with the customer

Customers have a range of rights if they're unhappy with goods. In some circumstances they may be able to claim compensation, while in others they may be able to ask for repair or replacement of the goods.

If any services you provide don't meet the requirements specified above you will be in breach of contract and customers may well be entitled to compensation.

Your responsibility to your customers can last for a maximum of six years, dependent on the nature of the goods or services (five years from discovery of the problem in Scotland).

The law is complex. For more information on your responsibilities if customers are unhappy with goods or services, see our

guide to [the Sale of Goods Act](#).

If anyone incurs damage to their private property, is injured or killed as a result of using goods you have supplied you can be sued under product liability law. For more information, see our guide on [product liability](#).

Your local Trading Standards service monitors and enforces product safety and day-to-day fair-trading practices. [Find your local Trading Standards office on the Trading Standards website](#). You can also [find out more about product safety and fair trade standards from the Trading Standards website](#).

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### Customers and data protection

All businesses that hold the details of customers, potential customers, suppliers, staff and any other business contacts are required under the Data Protection Act to register with the Information Commissioner. The Act applies to any records held electronically - for example on computer - or manually such as in a paper file.

You can [register with the Information Commissioner on the Information Commissioner website](#) or by calling the Information Commissioner Helpline on Tel 01625 545 745.

The Data Protection Act requires businesses to comply with a number of principles. The main principles are:

- businesses should only hold on to information they actually need
- information that is no longer required should be deleted or destroyed as

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## Staying on the right side of the law: the basics

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- soon as possible
- the information must be accurate and up to date
- the information must be held securely
- businesses must observe the subject's rights

You can [read further information on the principles of the Data Protection Act on the Information Commissioner website](#).

Although there are some exemptions, the Act applies to most businesses not just those involved in direct marketing and selling. For further information on the implications of the Data Protection Act, read our guide on [understand privacy and data protection in marketing](#).

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### Paying your bills and getting paid on time

Late payment of bills can be frustrating and can cause serious **cashflow problems** for businesses of any size.

The law aims to **discourage** late payment by allowing businesses to charge each other interest on overdue invoices under the Late Payment of Commercial Debts (Interest) Act 1998.

Unless your terms and conditions state otherwise, an invoice becomes **due** after 30 days. If it is not paid within this time you are entitled to **charge interest**.

It is not compulsory to charge interest but if you do it should be calculated at the Bank of England base rate plus eight per cent. You can [find the current base rate on the PIMS website](#).

To calculate how much interest you are owed, [use the online interest calculator on the Better Payment Practice Group website](#).

The law also allows you to claim **compensation** for late payment at the following rates:

- £40 for debts up to £999
- £70 for debts between £1,000 and £9,999.99
- £100 for debts more than £10,000

Some firms choose not to charge interest because they are concerned it may alienate important customers. Developing strong credit-management procedures can help avoid this conflict of interests.

And remember - your invoices may also attract interest if you fail to pay them on time.

[Download the user's guide to late payment legislation from the Pay on time website \(PDF\)](#).

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### Rules for businesses that don't sell to customers face-to-face

If you sell to consumers - as opposed to other traders - without seeing them **face-to-face**, there are additional distance-selling rules that you must stick to.

When **communicating** with your customers, you must clearly inform them about:

- your business name
- your postal address (when advance payment is required)

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## Staying on the right side of the law: the basics

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- the goods or services (including a description)
- prices (including taxes)
- payment arrangements
- arrangements for delivery for goods or performance in the case of services
- the right to cancel during the "cooling off" period
- who is responsible for postage/delivery of returned goods
- how long prices are valid
- minimum duration of contracts

Once an order has been placed you must send **confirmation** to the customer by post, email or fax. You must also make it clear if you intend to substitute unavailable goods with **similar** items.

From April 2005, changes to distance selling rules mean that you have more flexibility as to when you provide key written details to customers about the service you are offering. You no longer have to deliver key written details to customers before the contract is agreed. Instead, you can deliver this information at any time from when an order is placed to before the service comes to an end.

If you provide the information after the service has started, the consumer has the right to cancel an agreement for up to seven days after the information has been received. It remains law that suppliers must give consumers certain information, including details of cancellation rights, before the order is made. This may be provided over the phone.

Delivery of the goods or the beginning of the performance of a service must be within 30 days of the order, unless otherwise agreed. The customer must be informed if you are

unable to meet this deadline - they are not obliged to agree to a revised date and can cancel the contract. Any money paid must be refunded within 30 days.

Generally the customer is entitled to a seven-day cooling-off period during which they can return the goods. This starts from the day after the goods are received or, for services, the day after a contract is made. If a service is to begin before the end of the cooling off period, you must inform the customer that they will not be able to cancel the contract once the performance of the service has started.

Customers who enter **contracts** lasting more than a year must be given details of how the agreement can be terminated.

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### Special rules for businesses that sell online

If you sell goods online - via the Internet, email, digital TV or mobile-phone text messages - there are rules you must follow **in addition** to those that apply to distance selling. To find out more about these see the page in this guide on **rules for businesses that don't sell to consumers face-to-face**. These rules apply regardless of whether the buyer is a consumer or another trader.

You must **also** provide customers with:

- your VAT number (if you have one)
- details of membership of any professional organisations
- acknowledgement of their order
- an opportunity to correct orders before they are completed

Businesses using mobile phones as a sales

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## Staying on the right side of the law: the basics

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tool will not be able to fit all of the above details into a text message. In this case, customers should be directed to relevant information on the business **website**.

If you sell online, any **contracts** and **terms and conditions** you send to the customer must be provided in a storable format that can be reproduced, such as an email that can be saved and printed off at a later date.

From April 2005, changes to distance selling rules mean that you have more flexibility as to when you provide key written details to customers about the service you are offering. You no longer have to deliver key written details to customers before the contract is agreed. Instead, you can deliver this information at any time from when an order is placed to before the service comes to an end.

If you provide the information after the service has started, the consumer has the right to cancel an agreement for up to seven days after the information has been received. It remains law that suppliers must give consumers certain information, including details of cancellation rights, before the order is made. This may be provided over the phone.

There are also special rules concerning marketing by email that you need to be aware of. You can find out more about these in our guide on **email marketing**.

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### Helplines

#### Information Commissioner Helpline

01625 545 745

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Related guides on  
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[Get a personalised list of regulations from our regulation checklist](#) | [Use our licence tool to find out which licences and permits could apply to your business](#) | [The Sale of Goods Act](#) | [Product liability](#) | [Fair trading, trade descriptions and Trading Standards](#) | [Product labelling and packaging](#) | [Returns and refunds, warranties and complaints](#) | [Price fixing, cartels and monopolies](#) | [Buyers' terms and conditions and unfair contract terms](#) | [Customer protection](#) | [Understand privacy and data protection in marketing](#) | [Getting paid on time](#) | [Invoicing and payment terms](#) | [Cashflow management: the basics](#) | [Distance selling and online trading](#) |

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Related web sites you might find useful

[Read about the Sale of Goods Act on the DTI website](#)

[Read about the Supply of Goods and Services Act on the DTI website](#)

[Read about the distance selling and online trading regulations on the DTI website](#)

[Read information on the principles of the Data Protection Act on the Information Commissioner website](#)

[Find out about credit-management procedures at the Better Payment Practice Campaign website](#)

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## Staying on the right side of the law: the basics

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**Check the Bank of England base rate at the PIMS website**

**Read about the distance-selling and e-commerce regulations on the DTI website**