

# Resource Journal



*Resource Solutions  
of the Carolinas, LLC*

**Have I got a deal for you!**

**- Finding your opportunity within the market space!**

**Points of Interest:**

- Multitude of Options
- Clutter
- Consumer Choice
- Value Creation
- Market Positioning

**Events:**

The Nexus Partnership TBA



**The Burger with the Grown-Up Taste**

Just because you open your business doesn't mean everyone or even anyone is actually waiting to purchase from you. There are a multitude of options facing the consumer for every single purchasing decision. Do we have to be reminded of the complaint that we are inundated with so much information - primarily opportunities for purchases of products/services.

So how does a provider of product/services break through this clutter? The answer is to identify opportunities within areas of the market place that are under served or unidentified. An example might be an ethnic type restaurant that is under represented in a particular geographic area. Using this as an example identifies the opportunity, but you must be careful to fully analyze it before taking any true action. The following criteria should act as your guide:



1) Will the opportunity create value within the market place?

- Will the ethnic food type serve some under served demand

2) How significant is the opportunity

- What is the overall demographic size for interest in this ethnic food type

- What is the local demographic size for this ethnicity? (assist with identifying the potential strength of market seg-

ment)

3) Is the overall demographic size large enough to support a business specializing in this ethnic type food?

- could it be a stand alone new business?

- would it be better for an established restaurant to add this to their menu?

At this point you probably have started to understand

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some of the potential pitfalls of jumping too quickly with any idea. Remember - every great idea does not necessarily equate to a great market opportunity.

It is always crucial to develop a complete understanding of the current and potential market dynamics. An important concept to comprehend is that it is most likely that your product or services will replace something a consumer is already purchasing. Think about this for a moment, the reported national savings rate is near zero and in some instances below zero. The simple fact is that most people are already spending all of their current income, so for them to find the money to purchase your product/service they must give up something they are already currently buying.

This concept can often bring some pretty contradictory options together. Each time a consumer makes a purchasing decision they are also not selecting other available options. The consumer makes that choice from their frame of reference at the moment of decision - the final options can be as divergent as beer vs. toilet paper. The major point is that the consumer makes the decision based on interpretation of information they have processed. One must seek to influence with a message of how your product/service creates value. Somehow making it relevant and memorable. They need to understand both the value and how it will impact their life.

This will lead you to the most important question for you - "why someone will forgo any current purchase options to buy from you?" It must be compelling, not just different - different might stand out from the crowd,

but it must add value to be a long term business proposition. Different will not even ensure an initial purchase to test it out - and therefore only with value will a repeat purchase be possible. You may not remember the "Earring Magic Ken" doll (part of the Barbie Collection) but, parents clearly rejected the very different i.e. alternative lifestyle themed doll.

Once you have identified a potential opportunity within a market segment. There may also be a chance to expand the originally identified segment. Let's return to the ethnic restaurant example again, you could resolve yourself to market solely within the restaurant category. However, you could broaden how you identify your product/service offerings beyond that of just another food type alternative. An example might be that of incorporating entertainment into the mix, you might decide to provide ethnic entertainment as part of the product/service offerings. This approach will expand your market reach - now consumers primarily searching for entertainment will also consider your offerings - they might choose your restaurant just because they primarily want to experience the entertainment. The additional offering creates stronger value within the market place as now the purchase can serve multiple needs (food, entertainment) and therefore is perceived as a greater worth.

Understanding the long term market dynamics is also critical to successful market penetration and survival - proper positioning is the key to success (**Nexus**). The next question to ask is can you make your differentiated product/service a sustainable offering? Understand that any type of differentiation, with the notable exception of a monopoly, has a limited time frame of sustainability. Longevity varies in each case, but at some point the inevitable decrease in appeal will arrive due to a number of factors beyond your control (you might be able to influence, but definitely not control). This is not necessarily a bad thing as with any change, so arrives new opportunity.

Market positioning is not a static event, but more a fluid one - a balancing act with the various changes: marketplace, intellectual knowledge, technology, demographics, etc. tastes change as well - heard anyone fighting over cabbage patch dolls lately? (i.e. 80's phenomenon)



One must keep a constant eye toward the marketplace (similar to someone new to market) - for trends and influences. Innovation is the key to market separation, but the truth about innovation is that it does not normally come from within a market (this is a topic for another time). The long term health of your offering(s) is dependent upon the proper placement within the market of the future, the faster the rate of change only increases the importance.

For example information content providers, with the rapid change due to technological advances, survival has become dependent upon mode of delivery rather than the content of actual product. For example - do you identify the value of the New York Times newspaper for the physical attributes or for information and ideas? If there is any doubt - how valuable is a week old newspaper to the average person? For the Times and their brethren they still have sustainable value in information gathering and presentation. It is the medium of delivery that is the issue to resolve, opportunity could be in a rethinking of how content can be provided. Some examples - partnering with Starbucks to provide delivery in a kiosk type website, splitting up content into various segments (might also partner with others providers in a specific area to strengthen content and increase value) for distribution to specific market interests. Another option might be to collaborate with other providers to develop new software that will assist consumers with searching through information clutter to identify topics of interest and ensure the resulting information is from user qualified resources.

The most important point to understand is that perceived quality rests with the consumer. **Remember the final decision rests within them - to purchase from you or not!**