



**MENTOR•HER**

# COMPETITOR RESEARCH & PRICING

FINDING YOUR POSITION IN  
YOUR INDUSTRY

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PUBLISHED ON  
WEEK THREE

FOR

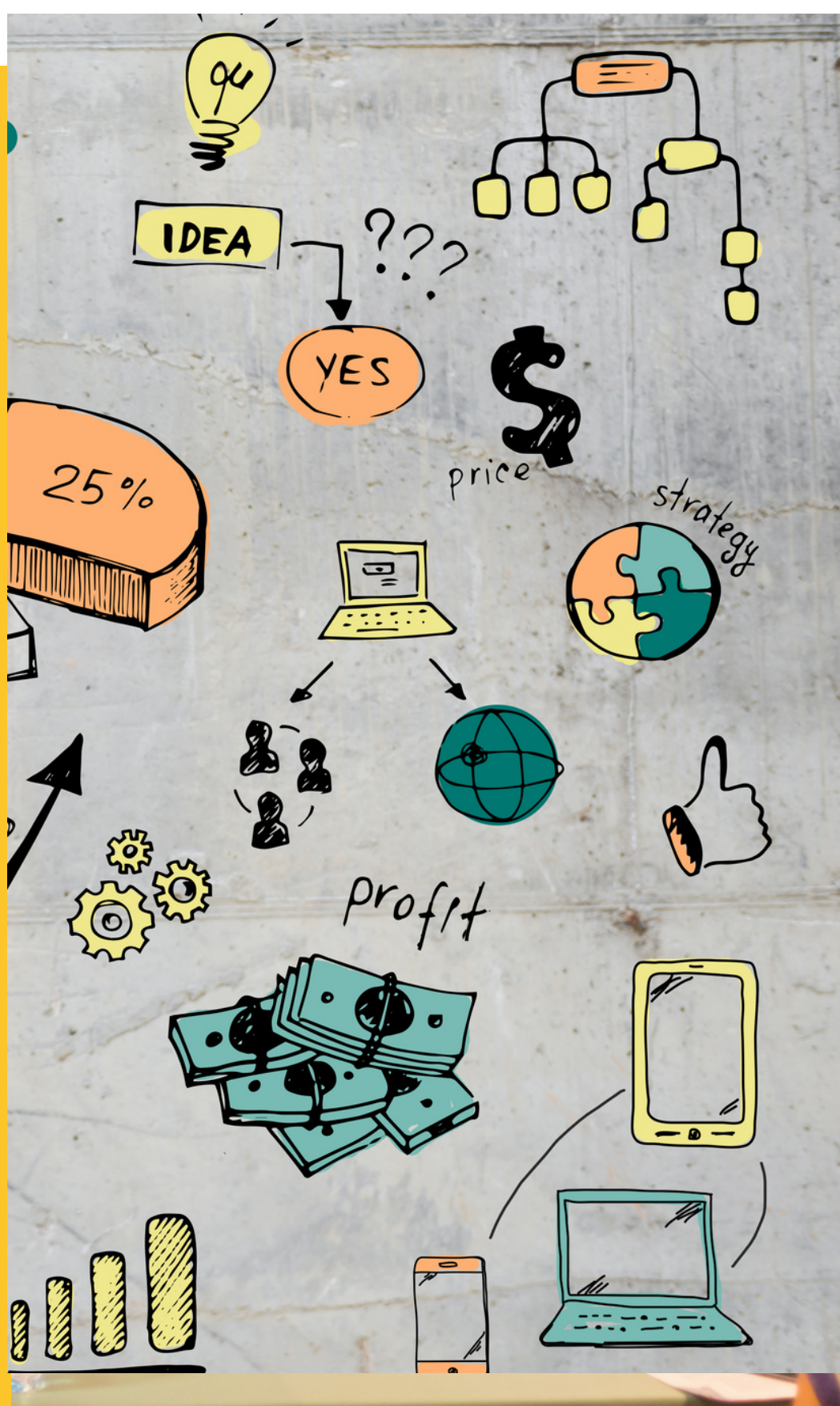
BEGINNING YOUR BUSINESS



# INTRODUCTION

Welcome to the third week of the Mentor Her. We hope that you're enjoying the program so far. From introductions on Week One to finding out your target demographic and Unique Selling Point last week- we hope that you now have a better idea about who your potential clients are and why they are likely to purchase your product/service. The last thing to do in understanding your business idea is finding out what your position is in the market.

In every industry, the products or services within it will vary greatly. Consider the industries you might be familiar with- from fashion to beauty, coaching to food. There are hundreds of thousands of competitors- all with their own unique selling point, their own target demographic and their own pricing point. From the €15 jeans in Penneys to the €600 Chanel Bag; the price, quality and type of products in every market vary greatly because each of them has their own demographic to sell to. In completing the previous manuals, you know what your business is and who is going to buy it. Now it's time to find out if anyone else is doing it. If there is, we need to research how close they are to your idea and if you're different enough to stand out from the crowd. If there's nobody else doing it, we need to find out why that is.



Looking at your competition is the most important aspect in researching your idea to find out if it's worthwhile. There are hundreds of businesses out there like yours: whether they're similar in concept, target audience or design. As a going-to-be business owner, you would be remiss to not pay attention to this data. All of your competitors have set up successful businesses, they've encountered problems that you wouldn't have dreamed of yet, and they've made viable models that make money.

When we study your competitors, we need to be wary that they know what works. You might feel like your future-customers are their current customers. This is what you're up against- perhaps a more refined product or service with a more established name, already doing what you're doing (to a degree).

Identifying these brands will help you to get a better idea of how to market and sell your business, and how you can stand out from the crowd.



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# GATHERING DATA

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## BY Google

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Google is your first stop into getting into the mind of your consumers and understanding your competitors and the ways in which they attract business.

**A)** Combine a mix of your customer's location, your business' industry, and the defining aspect of your target audience. For business owners, selling to local and national markets, your location is the single most important thing when looking at competitors. If you've got an amazing idea for a cat & cronuts cafe in Galway, it doesn't matter if there's a similar cafe in Prague. Your localized audience is in Galway, and competition in Prague isn't going to affect you. If you're selling literary t-shirts online from Cork and there's a similar t-shirt company selling t-shirts online from Prague- you do need to consider them as you're working within the same international market for people who want to purchase literary t-shirts. That's why it's harder to start up a business selling to an international, as you have to compete with every business who has good Search Engine Optimization (SEO) and marketing around the globe. Rather than worrying about just one city and your competitors, you have to worry about thousands!

*Example A):* you want to set up a local yoga business in Maynooth.

To find competitors, you should be Googling "Yoga + Maynooth" (your location), "Yoga + Lucan" (nearby locations), "Yoga + Kildare" (county).

*Example B):* you want to set up an Irish brand of Waffle Houses across NI and the ROI.

To find competitors, you should be Googling at first "Waffle Houses", on both google.ie and google.co.uk, combining it with different locations and then also "Pancake Houses", "Cafes", "Sweet Treats" etc.

**B)** Get into the head of your consumers and think about what they'll be Googling in order to find your business. This is especially important for people who are looking to ship products worldwide, to an array of different markets. For you, location isn't an important aspect of your business, but finding out who's doing the best job in your industry is integral in finding your competitors.

You need to ask yourself: if you were a would-be patron of your business, what kind of search terms would you be putting into Google to find you? Bearing in mind, most people looking for a product or service will put in "best yoga classes", "yoga classes near me", "yoga class reviews" etc. For some products, consumers are interested in sustainability, ethics and sourcing, etc.

You should mess around a bit with your search terms, from overtly specific to very broad to get a good idea about who else is targeting your ideal customers.

Remember, the first three results in your Google search for your topic will probably be advertisements. You can see this with the "Ad" box beside the result. Take notes of the businesses running ads on the first and second page of Google results. They are the ones with larger marketing budgets, and are most likely the leaders in your industry.

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# MORE QUESTIONS TO ASK

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## FOR PRODUCTS

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If you're interested in selling products, you have the opportunity to do in-person and online research at your nearest suppliers. Suppliers are shops and stores that might stock your product or ones similar to yours. Ensure that you're taking in to account larger companies and chains. If you don't seem to have any competitors in your market look at similar products, whether that's defined by likeness to your product or pricing ranges.

Use the graph on the next page for each supplier that you choose.

You need to take note of:

- a) The brand name: what's the name of the people supplying a similar product?
- b) The size of the product: this can be the amount of grams, the weight, the size etc.
- c) The price that this product is sold by each competitor
- d) Calculate the cost per size.

And, after reviewing your data, ask yourself these questions:

- a) What three products are in every/most supplier?
- b) What's the average price?
- c) What's the average size?
- d) Which brand is most like yours?
- e) Which design is most like yours?
- f) Which tastes/feels/usage is most like yours?
- g) Which supplier is most important to you?

## FOR SERVICES

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If you want to set up a service business, then depending what your USP is, you may need to approach your research differently. If your USP is that you're cheaper than competitors, collecting information may be as easy as googling each service-provider or similar in a local radius and taking note of the name, duration, inclusions and price of each service. Example: if your yoga classes are going to be just as good, but slightly cheaper than competitors, ensure that you know what your competitors are offering across their yoga classes.

If your USP is that you're combining two services together, your research should be through both markets. For example: if your business is beer yoga, you need to see who is currently interested in both and how many of these people overlap by using data demonstrations like Venn Diagrams.

Use the graph on the next page for each supplier that you choose:

You need to take note of:

- a) The brand name: is it clear and does it describe what's on offer from the service?
- b) What's included in the service, are there add-on's and extras?
- c) Are the services offered on a one-off basis, or are they cheaper if you buy a group bundle?
- d) Calculate the cost per hour for each.

And, after reviewing your data, ask yourself these questions:

- a) What the standard inclusions in each service?
- b) What's the average price?
- c) What's the average time it takes?
- d) Which brand is most like yours?
- e) Which design is most like yours?
- f) Which business is most important to you?



# GATHERING DATA

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Please print one of each of these table for each supplier you're looking at (we recommend 10-20 suppliers)

**The name of the supplier:** \_\_\_\_\_

#	BRAND NAME	PRICING	SIZE	PRICE PER WEIGHT	OTHER
	AVERAGE				



# GATHERING DATA

#	NAME	PRICING	WHAT'S INCLUDED?	OTHER
AVERAGE				



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# HOW UNIQUE IS YOUR USP?

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Now it's time to revisit your Unique Selling Point and consider our devil's advocate questions, to make sure that you're thinking clearly about your business. It doesn't matter if you don't have all the answers, but it's better to think about them now, before some bank manager or investor throw them at you face to face! **If you can't remember go back to page 8 of Week Two's Manual.**

## A. YOU FOUND A GAP IN THE MARKET

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*You have a business opportunity that nobody else is currently catering to.* Look at your competitors, or closest to and ask yourself the following questions:

### **Why is there a gap?**

You're probably not the first person to realize that there's a gap in the market, so why haven't any of your closest competitors looked into what you're doing?

Is there something holding them back?

### **1) Could it be the market isn't big enough to explore?**

Are there enough people actually interested in purchasing this product or service? If you think there is, can you prove this by showing how many people are interested in a similar product or service? Or is it possible to prove it by showing statistically the number of people that might have the problem for which you have the solution?

For example, if you consider there might not be enough people to take part in beer yoga, you'll clearly be able to see that there are a) enough young people who drink beer in your market, b) a lot of people interested in yoga, c) a lot of quirky events and classes that do well in your market.

### **2) What are the consumers like?**

If there is a market segmentation and consumers that will be willing to make a purchase, what are these consumers like? Some businesses may have dealt with similar customers and found them difficult and chose not to engage with them again. For example, Beer Yoga might not work because young people may not be willing to pay the appropriate price for the service.

### **3) What else could be holding other businesses back from exploring the gap you found?**

You need to ensure you understand the liabilities and legalities associated with your industry and ask yourself these questions: do you need a license to take part in this business? Are there problems in acquiring insurance for people drinking beer and doing yoga in the same place? Do you need a special qualification to be able to do the business you want to do?

### **4) If your business gets set up and does very well, how long will it take for a big company with lots of money to do the same thing?**

The Company Registration Office is a tricky thing. You might not know this but if you have set up as a limited company in Ireland, people will be able to view and download your tax returns every year. You may have positive reactions to the above questions, but as soon as you start making money and building a successful business model - what's to stop some big company dedicating some of their own resources to doing the same thing as you, and scaling it quickly?



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# HOW UNIQUE IS YOUR USP?

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## B. YOU HAVE A BUSINESS THAT LOCAL PEOPLE NEED

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*Your business idea may not be revolutionary, but people in your area need it and you're going to make it happen. To ensure it's viable, we need to look at your nearest competitors or similar business models and ask some questions first:*

### 1) How much do they need it?

If nobody has set up a business like this in your area before, the question has to be asked- how much do people really need it? Assuming that your business isn't a totally new invention, your customers will have an alternative to what you want to offer, but it might be further away. Generally, when people set up a local business, they're relying that consumers will choose them on convenience. For example, they'll choose the local hairdresser over the one that's a 20-minute drive away because people like things that are close to their home. Or, you might be relying solely on your friends and family to use your business over your competitors.

The first thing to be clear about is: are you relying solely on the convenient location of your business? Or, are you also offering a cheaper price or a more personalised experience? Are the only people that you can guarantee will use your business your friends and family?

If you are planning on charging more than your competitors in the next town over. Ensure that you ask the questions: will your customers be inclined to choose convenience over cost?

Will the convenience of your locality be enough to persuade your customers to choose you over their normal go-tos? How will you convince them to try your business out in the beginning?

Look at the competitor information you have just compiled:

### 2) Where are the three nearest alternatives?

You need to look at similar businesses within an hour drive from your possible location and what the distance is from each. A 20-minute drive is a lot different to a 2-hour commute, so people may be happy to come to you over your competitors. Nobody wants to go to Dublin just to get their nails done, or have a massage- so you're in luck if your competitors are more than an hour's drive away. If you have more than 10 competitors within an hour's drive radius, then the question does need to be asked if the market is too saturated already- what are the differences between all the competitors? Do they all do well? If some do better than others, why is this and can you replicate it?

### 3) How often will they need it?

The important thing to sustain a local business is that there are enough people in the local area to use it and use it regularly. If you want to set up a dentist surgery in an area of 3,000 people- and people only get their teeth fixed once-twice a year, with a percentage of people already travelling to the next town/city to get theirs done and a percentage of people only going to the dentist every couple of years, do you have enough customer base to make your business operate on the day-to-day?



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# HOW UNIQUE IS YOUR USP?

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## C. YOU'VE INVENTED SOMETHING TOTALLY NEW

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*You realized there's a problem and you have a solution. It's either a new inventive design or it's incredibly stylish. If you've invented it, it's probably something that you believe people will really need or want. For this type of idea, a bit more research is needed before you continue onward. You need to ensure you're not infringing on any product patents, trademarks or designs. You need to make sure you can produce it cheaply and affordably enough for you to have a good margin, that can compete with your competitors that may already be established in the market. And lastly, you need to make sure it works in practice and is exactly as you imagined it to be!*

### 1) What's the problem?

You should have a look at the problem that your brand new solution solves. How were people getting by without your idea to begin with? Is the problem big enough that there are a lot of people experiencing it and looking for a solution that is not available? Or, have you come up with a brand new idea that will solve a problem people aren't even aware that they have? If so, if the problem isn't a big one for them, will they invest in your solution?

If there isn't a problem at all, but it's still brand new. How are you going to validate your idea against other products or services out there that might have similar audiences?

If you've got a brand new product- how are you going to research, prove it and construct it in a way that's safe and workable? If it's any kind of consumable good, you're going to need scientific proof that it works, that's it's not harmful or that it's sustainable (both as a business model and as an addition to a society).

If your service is brand new, how are you going to ask people to take a chance and try it? Will they be willing to give it a go starting out?

### 2) Can you protect it?

If your product or service is brand new and it works, you may need to look at protecting it. If it's a product you should research patents and Intellectual Property. You'll need to do this anyway, to ensure that nobody owns the rights to what you're doing. If you find that there's no one out there that owns the rights to what you want to do, how hard will it be for you to secure IP (Intellectual Property) so that you don't have to worry about your idea being stolen against big corporate?

### 3) How often will they need it?

The last thing to consider when going down the route of creating a brand new product or service is how often people are going to need it? Whether it's solving a problem or not, how excited will people be to make a purchase, will they need convincing or is it cheap enough that it warrants a risk?

If it's a product, will people only need to buy it once, or will they need continual purchases? If they only need to buy it once, are there enough people in your market to sustain that year on year?

If it's a service, will people be excited to try it once and then go back to spending their money on other services that are more established? If so, can you travel with your service to other markets continually to make your service worth while and revenue-generating?

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# HOW UNIQUE IS YOUR USP?

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## D. YOU'RE BRINGING SOMETHING NEW TO THE TABLE

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*This idea usually comes up after you had experience with a service or product that you didn't find satisfactory. You know you can do better yourself. Before you start, you need to look at the area that they're lacking in- whether it's a product flaw or a stylistic error, a feature like customer service or design that you could improve drastically. Maybe you're going to merge two concepts together to make something new and great, like beer and yoga. Ensure that your new improvements to an established business concept is new and creative enough that people will choose you over an established competitor.*

### 1) If it's a brand new addition...

What are you adding to an already established product or service that is totally brand new, or not catered to before now? You need to be clear and highlight exactly why it's different from other things on the market. If the new addition is raising the price of the product or service, you need to be positive about the value and benefits that this will bring to the consumer.

### 2) If it's a lot cheaper...

If your new addition to a product or service is just that it's cheaper, there's a couple of things you need to bear in mind. Like the type of consumers you're going to be attracting if price is your only differentiation from competitors. People who are seeking out deals are generally harder to deal with and your offering might be just as good as competitors who offer it for twice as much as you do. As a small business getting off the ground, you'll need that extra cash so have a think about another way that it's unique and keep the higher margins for yourself.

### 3. If it's better...

Maybe you're offering your product or service for the same price as your competitors but you've improved aspects of it to make it more attractive.

If your business is a product, you should be buying it and examining why your competitors have not improved the aspect themselves. Is it more expensive to do this? Are there more costs involved? Does it make it heavier which in turn augments the costs of shipping etc.?

If your business is a service, you might have improved on aspects like customer service or a better location. To prove this point, you should be visiting your competitor services in person to understand why people still frequent the business and by measuring the variable by which you believe your business will succeed.

For both, you should study reviews on Google, Trust Pilot, Facebook and any specific websites to see what customers do not like about your competitors' product or service.



# THE BIG QUESTION

## CAN YOU MAKE MONEY?



You've come this far. Well done! You know your idea, your market and your USP. You've done your research and now you know that your business is pretty viable, compared to your competition. But the biggest question remains to be asked. No matter how much you want to save the world or start a revolution, solve everyone's problems with your unique solution- you need to prove it's financially sustainable.

Businesses have to make money, otherwise they won't survive. The road to making money is going to be long and arduous. We need to look at two aspects- your business pricing model and your start up costs. Two aspects that are very important. Your business might be viable, but if it's not going to turn cash, it's probably not worth doing.

There are a few things to remember when you're starting a business.

First of all, you'll have a lot more start-up costs in the first year than you think you will.

When we say "make money" we mean break even. Most businesses don't make money in their first three years. And, as you probably know, if you're in this to make a lot of money fast, you should probably learn the stock exchange and put your money in there. Starting a business isn't for you.

The following is constructed on a basis for business finance but we highly recommend speaking to an accountant/financial advisor to ensure your business is financially viable and tax compliant.





# FINANCE BASICS

If you're struggling to understand the basics to finance, it may be useful to talk to an accountant to ensure that you understand your business model, tax duties and daily bookkeeping standards. Please note that while the information supplied in this is applicable to most business, it may not be applicable to all and due diligence is required for every business owner. During your business plan writing stage & for end of year accounts you'll need to understand balance sheets, profit and losses, management reports & more accounting finances. Monthly business worries will also include Valued Added Tax, Payroll and other taxes duties depending on your business, industry and location. When you start making sales you'll need to understand how invoicing, purchase orders and receipts work. This is just to give you an idea of what is needed in the beginning of your business.

## FOR NOW

We're focusing on 3 main aspects to figure out your projections and to ensure your business is financially viable.

These are:

1. The price you will sell your product/service
2. The cost of goods sold
3. Your expenses (divided into two parts: A) your weekly/monthly expenses and B) expenses you will need to spend on starting up your business: Start Up Expenses.

## STARTING OUT

Knowing your industry is important when figuring out how much money your business will make on each product or service. For example: most technology companies need a lot of early investment to develop their idea, and don't start actually bringing in money for years. A yoga start up that needs their own studio will have a larger overhead for rent than a yoga teacher that travels to customers for classes. For product businesses, the more bulk that you buy, the cheaper the product is- but you need to be sure you can sell all these products in the long run to actually make money. There's lots of facts out there, whatever you're doing- so make sure you understand how your industry works before you deep dive into guessing your projected figures.

## THE SIMPLE WAY TO LOOK AT THINGS

$(\text{The price your customers pay}) - (\text{the cost of these goods}) = \text{Gross Profit}$

$\text{Gross Profit} - (\text{Your Expenses}) = \text{Net Profit}$



# YOUR PRICING

Your pricing is very much dictated by your industry and your competitors. Your would-be consumers already purchase similar products and services from your competitors, they know the worth of a cup of coffee, the general price of a hair-dye, a sandwich or a massage. So you should be selling within the average price of your competitors. You should know this number from the last section.

If you're offering a more in depth service or product you might be able to charge a little extra. But remember, if people are used to buying the product from your competitor at a certain price, is the extra expense of your offer going to interest them? Can they measure it against the additional benefits and rewards?

In the early days, it may be useful for you to undercut your competitors' price slightly, so that you have the advantage of being cheaper. This might help you to acquire more customers in the early days. If you can steadily but very quietly increase your costs to your competitors level after acquiring customers you may be able to establish your brand name a bit quicker.

## FINANCIAL MODELS

Most businesses operate on the simple equation of (cost of goods) + margin = price customer pays. This is the case in most industries. In other industries, subscription models are becoming more and more popular for large scale businesses like Netflix. Advertisement based businesses like Facebook, fund their platforms through other businesses trying to get clients by running targeted ads and getting clicks.

## SERVICE BUSINESS

Service businesses are generally priced on the amount of money your time is worth. Whether you're a yoga teacher, or a masseuse - the first thing you need to calculate is how much is your time is worth per hour.



## PRODUCT BUSINESS



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# BUSINESS EXPENSES

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Business expenses are the things that your business needs to spend money on, on a week-by-week or month by month basis in order to keep it afloat. These are also called "overheads", they're the things that make your business work.

## CALCULATE FIGURES ON A PER MONTH BASIS

### SPACE RENTAL

#### PRICE P/M:

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Do you need to rent a space for your business? As Covid-19 has taught us, we don't need an office to successfully run small business, if you can work at home it might be your best option as office spaces can be costly. If you're not sure, see how you do at home for the first few months of your business, if you feel like you need to get out of the home- a lot of places offer "hot-desking" which comes in considerably cheaper than a private office space.

### EQUIPMENT RENTAL

#### PRICE P/M:

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Only include this section if you're renting equipment on a per week/per session/per month basis. If you're buying equipment as a business asset at the start of your journey this will go into "Start-Up Expenses" in the next section. Equipment can include laptops and technology, software, equipment you would need to carry out the task of bringing the product to life or providing the service to your customers.

### INSURANCE

#### PRICE P/M:

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Whatever your business industry, you will most likely need insurance. Depending on what kind of business you're running, insurance can vary from cheap and cheerful to a huge burden and a pain in the neck every year. For some industries, like pilates, fitness instructors or travel agencies, special insurance is required as there is a bigger risk to the consumer if something was to go wrong (touch wood!)

### TECH

#### PRICE P/M:

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Whether you're paying for a monthly bookkeeping software to keep control of your finances, or a Microsoft package like Word, design platforms like Canva, Photoshop or Illustrator, or you have a business that's routed in a technology platform like Shopify to complete your business transactions and keep up with your consumers, technology is an important aspect in keeping your business finances in check.



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# BUSINESS EXPENSES

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## CALCULATE FIGURES ON A PER MONTH BASIS

### TRAVEL

**PRICE P/M:**

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How often will you need to travel in your business? If you need to close deals and get contracts signed in places that are far from your home, you need to look at the cost of travel- whether it's by bus, train, plane or boat; your hotel expenses in each location, food allowances and meeting room hire.

### STAFF

**PRICE P/M:**

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Will you be hiring staff in your first year? Hiring staff, whether it's full-time or part-time can come with a lot of other expenses like employer's liability, office space and IT. You also need to look at the average salary for the job you are offering, and make sure you can afford to hire someone worthwhile and has valuable skills and experience. For most small businesses, you can outsource jobs through agencies, like marketing and sales so you don't have to do the tricky bits.

### CONSULTANCY

**PRICE P/M:**

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Consultancy charges are something you might not think of on a monthly basis, but is often needed if you have to keep up ongoing reports for regulatory bodies, complete monthly tax returns like VAT, you'll need an accountant. Other consultancy expenses include business mentoring, solicitors, human resources etc.

### MARKETING

**PRICE P/M:**

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Marketing is a category in your business that's best figured out by what you can afford, and not what's needed. Sure, if we could afford it- we'd all be carrying out large activation events with celebrities and photographers. But if you can only spare a tenner a week, you should probably look at Google or Facebook online ads, so you can build up brand awareness for your business quickly and efficiently.

### ANYTHING ELSE?

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**TOTAL COST PER MONTH:**

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# START UP COSTS

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Business start-up costs are usually once off expenses to getting your business off the ground. They are usually made before you've started trading, so it's important to be aware of how much money you're going to need to inject into your business before you begin making money.

## LEGAL

### PRICE:

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Depending on your business, you might need to talk to a solicitor before you begin your business start-up. Whether that's because of your industry requires strict guidelines to be adhered to, or someone to write up a fresh terms and conditions, to someone to consult on the risk factors of the business and ensure that you're making the right decision in your business start up.

## BRANDING

### PRICE:

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If you're selling B2C (Business to Customer) directly, branding is going to be one of the most important early investments in your business. From your colour scheme to logo, tag-lines to content, style and sound to the way your product or services looks or feels in person, the things you'll post on social media, you want to ensure you get this right before you launch your business.

## LICENSING

### PRICE:

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Depending on your business and your industry, before you open your doors, whether physically or online, you may need to ensure that your business has all the necessary licenses before you start trading. Whether it's an alcohol license for a restaurant, a certificate to confirm your product is healthy and can be consumed by the general masses, to the correct educational qualification for you and your staff like first aid, accountancy, health and nutrition etc.

## LAUNCH

### PRICE P/M:

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How are you going to launch your business and get people talking about it? You may need to invest with a Digital Marketing agency in order to make sure that your story reaches into the newspapers or collaborates with influencers. If you're having a hard launch, you could look at hosting a big event and find out the cost of event hire, food and drink and branding.

## EQUIPMENT

### PRICE P/M:

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What equipment do you need when you're starting your business? Whether it's for production equipment for products to produce and package, or equipment you'll need to carry out your services, make sure you have a look at how much this will cost and consider whether it's possible to rent it on a month-by-month basis.



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# YOUR COSTS

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1. What's the average cost of your competitors' product/service?

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2. What does it include? 

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3. What will be the price of your product/service?

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4. What will it include? 

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5. How much does your product/service cost to produce?

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6. What is your margin per product/service? (i.e. sale - cost of sale)

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7. What are your monthly business costs?

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8. What are your startup costs?

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9. How do you feel about your business going forward?

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Next Week

MENTOR•HER

# YOUR BUSINESS POSITION

FINDING WHERE YOUR  
BUSINESS IS AND WHAT'S THE  
NEXT STEP

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PUBLISHED ON  
WEEK FOUR

FOR

BEGINNING A BUSINESS