

Business Plan Workbook #3	
Course	Exploring Your Dream
Topics Addressed	What is a Customer? What is a Competitor?

Key Points

What is a Customer?

A customer is a person who buys products or services. The success of your business will depend on finding and pleasing customers.

Why Should You Think About Your Customers?

You may not know all of your customers by name, but you do need to think about the type of people who buy your product or service, so that you can identify the group of customers that your product or service appeals to.

Keeping Your Customers Happy

Without customers, your business would not exist, so you want to do everything you can to make sure that your customers keep coming back.

Customers who continue to buy your products or services are called “repeat customers”.

Repeat customers are important because they already know about your products or service. And they can provide useful feedback that you can use to improve your products or services.

What is a Competitor?

In business, anyone who sells the same products or services is a competitor, because you are competing against them for customers and sales.

Direct and Indirect Competition

There are two different kinds of competitors: direct competitors and indirect competitors.

Direct competitors are the people or businesses that you openly compete against, because they sell the same product or service.

Indirect competitors are people or businesses that sell a substitute product or service – the substitute is not the same as the product or service that you are selling, but it serves the same purpose or addresses the same need.

Are Competitors a Threat?

Competitors aren't necessarily a threat to your business, as long as you can figure out how you're going to make your product or service stand out from the competition. In other words, you need to figure out what you're going to do **differently** than the people who are already selling the same product or service. In business terms, this is called differentiation.

If you can't differentiate yourself from the competition, you may not have enough customers to support your business.

Competitor Strengths and Weaknesses

Before you can figure out what you're going to do **differently** than your competition, you need to make sure you **understand** what your competitors are doing. You need to research your competitors to find out what they're doing well, what they're **not** doing well, and in some cases, what they're not doing at all. You'll use this information to figure out how you can make your product or service stand out.

Start by looking at the kinds of products or services that your competitors are offering and try to determine if there's something that none of them are doing. You can also consider things like customer service, location, and convenience.

Related Business Plan Questions

Below, you will see a list of business plan questions related to the topics noted above. If you print this worksheet, you can use the space below each question to write down some initial thoughts and ideas.

When you're ready to start working on your business plan, return to the course, and select "Open My Business Plan".

Q: Identify the companies or organizations that are currently offering similar products or services to your products or services. Remember to include both direct and indirect competitors.

Q: List the strengths and weaknesses of the competitors that you just identified.