PRE-PLANNING PROCESS
WORKBOOK

Competitor Customer Analysis

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If you're reading this workbook, you're likely at the very beginning of what could be a life-changing business for you and those you love. You have an idea—a spark of innovation—but you're standing at a crossroads, wondering where to begin or if this path is worth the considerable effort, time, and resources it demands to bring to fruition. The one commonality I've been able to uncover in my decades' experience is: those businesses who stand the test of time relentlessly focus on the customer.

"One of the big reasons businesses crash and burn is that they're selling stuff nobody needs. So, deeply understanding your customers is pretty damn important."

You may be asking, "How do I 'deeply understand' customers when I don't have any?" Or you might have realized that even customers often don't know why they do what they do. For instance, a vast survey by Strativity, a global research and consulting firm, revealed that most customers can't pinpoint the specific features of products or services that justify the price they are willing to pay. The answer? You need to become a detective. And what do detectives do at the start of their investigation? They create a profile. But don't worry, this detective work will pay dividends over the life of your business:

- **Validating the Market Need:** Ensures there is a demand for your idea.
- **Identifying Market Gaps:** Highlights what competitors might be missing, offering you a unique entry point.
- **Enhancing Product Fit:** Aligns your product or service more closely with customer needs and expectations.
- **Improving Customer Engagement**: Helps tailor your marketing and communication strategies to speak directly to your target audience's desires and pain points.
- **Reducing Risk:** Lowers the chances of product-market misalignment, which can be costly and time-consuming to correct.

Since you're at this early stage, without customers but armed with a compelling idea, your first order of business should be to craft a detailed customer profile, or what's known in the business world as a persona. The competitor customer persona is your

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gateway to doing precisely that. This process aims to forge a deep connection with the type of customers you might aim to attract by creating your assumptions about the demographics, psychographics, and behaviors of customers who are already engaged with firms that have a stronghold on your intended audience.

Understanding Your Competitors Through the JTBD Lens

Let's dive into identifying your competitors. Often, the term "competitors" conjures images of businesses in a head-to-head matchup—think two ice cream stands on the same block or rival brands of golf shoes. However, I encourage you to broaden your perspective and consider two types of competitors: direct and indirect. Direct competitors are those in the same market, offering a product or service similar to yours. Indirect competitors, on the other hand, might not share the same market space but solve the same problem for the customer in a different way.

To effectively identify these competitors, it's crucial to analyze your idea through your own lens initially, employing the Jobs to Be Done theory. This theory suggests that products and services are hired by customers to do a job. Breaking it down:
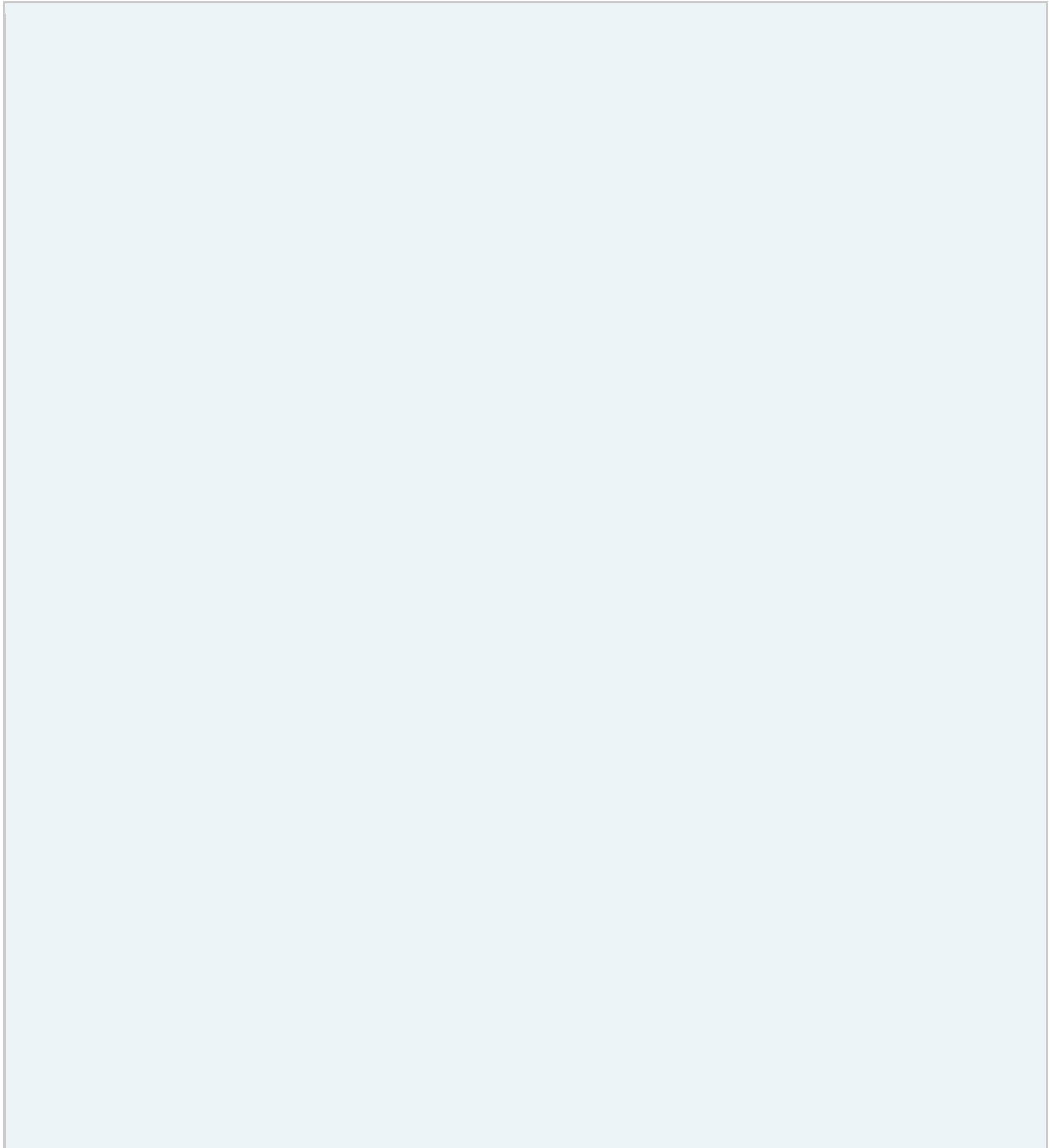
- **Functional Job:** This is the practical task or problem the customer needs to solve. For instance, a functional job of a coffee shop app might be to expedite ordering coffee.
- **Emotional Job:** Here, you consider the emotional states or feelings your idea addresses for the customer. Using the coffee shop app example, the emotional job might be to reduce the stress of waiting in long lines.
- **Social Job:** This involves how the product or service enhances the customer's interactions with others. For example, an office manager can order coffee for the entire team without leaving the desk, or a person can cater to their friends' coffee preferences on a leisurely Saturday morning without the need to stand in line, preserving precious social time.

Your task now is to brainstorm all the jobs your idea fulfills for the customer across these three lenses. On the following pages, you'll find ample space to list and explore each job category. This exercise will not only aid in identifying direct and indirect competitors but also deepen your understanding of what truly drives customer choices related to your idea.

Pro Tip: Before you dive into each brainstorming section, I want you to pause and embrace the mindset of unbridled flow. For each type of job, set a timer for fifteen minutes and allow your thoughts to flow freely, without self-judgment or censorship. This exercise is about exploring the possibilities that your idea inhabits. Take a deep breath, start your timer, and let your imagination chart the course.
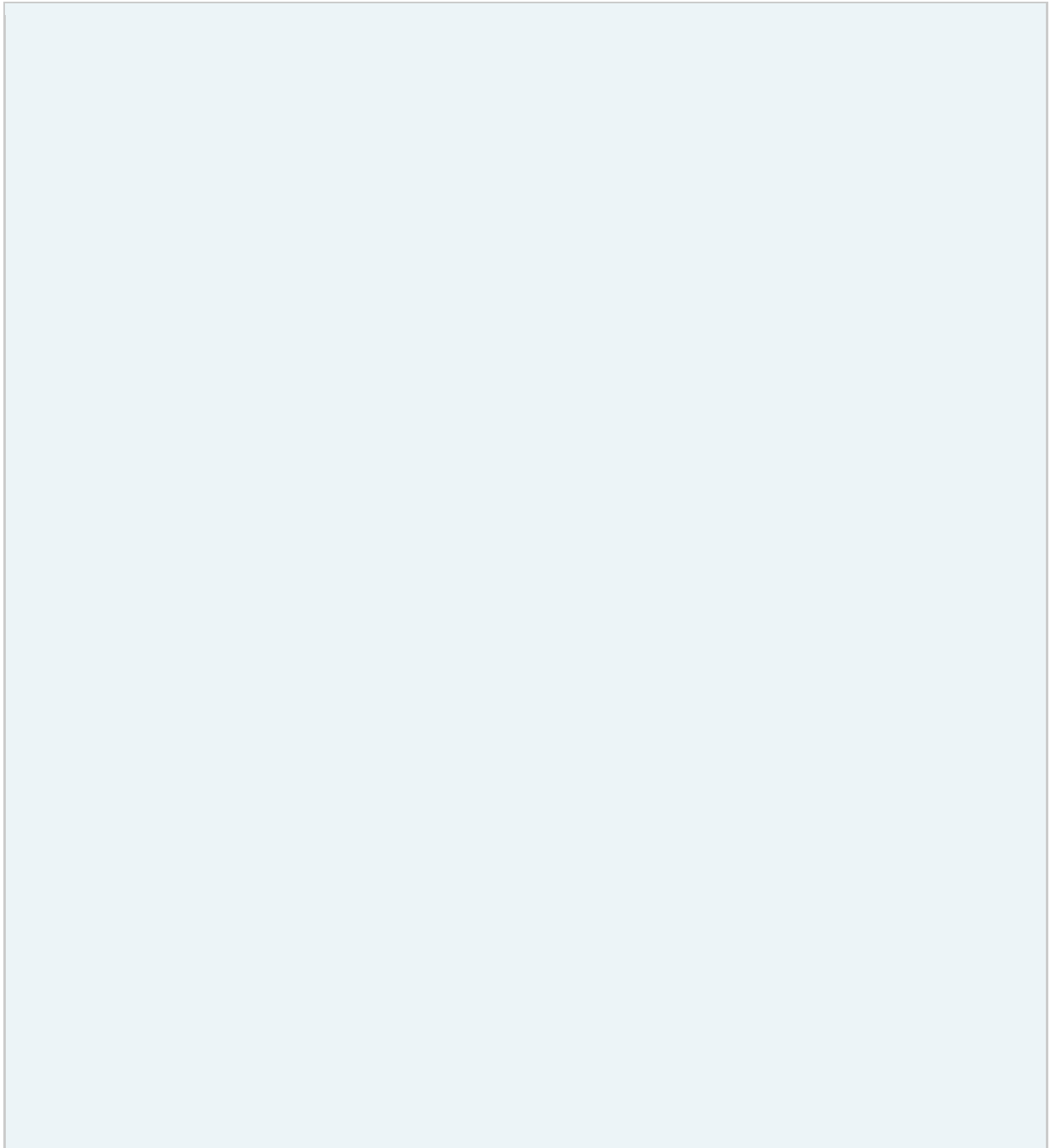
Functional Job

Consider all the practical reasons your target customer might 'hire' your product or service. What specific tasks or problems are they looking to solve?
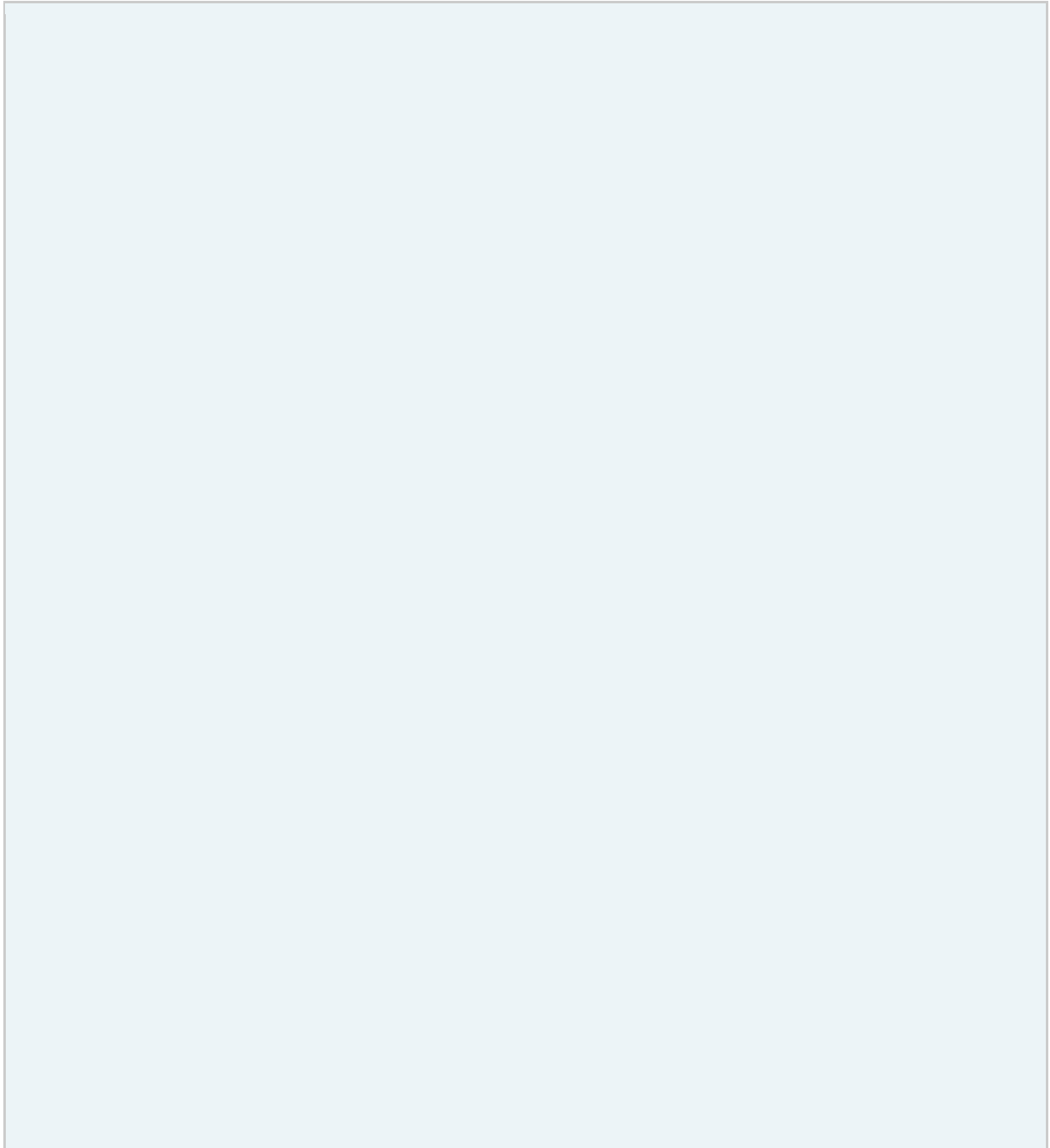
Emotional Job

Reflect on the emotional drivers behind your target customer's decision to choose your product or service. What feelings or emotional states are they aiming to achieve or avoid?

Social Job

Think about the social implications of your product or service. How does it fit into your target customer's social life or enhance their interactions with others?

Awesome, you've just taken a crucial step that sets you apart from the crowd. Remember, many entrepreneurs fall into the trap of designing products or services based on their own preferences, only to be baffled when the market doesn't respond as they'd hoped. But not you. You're taking a different path, one informed by a deeper understanding of your potential customers' needs and desires. Now, let's build on that momentum.

As a token of appreciation for your diligent work, I'm excited to introduce you to a strategy that will broaden your horizons significantly. We're going to leverage your brainstorming results to engage with AI technology. While there are numerous free AI tools available, I highly recommend investing $20.00 in ChatGPT Pro by OpenAI and utilizing the ChatGPT-4 model for this exercise. Regardless of the platform you choose, your next step involves crafting specific prompts based on each of the brainstormed points from the functional, emotional, and social jobs you've identified.

Here's how you'll structure your prompt:

> "I would like you to help me research potential direct and indirect competitors based on the [functional/emotional/social] job of [description of the job your product will be hired for]. Please use the Jobs-To-Be-Done Theory as a reference framework. List as many direct or indirect competitors as you can, and for each one, clarify whether you believe they are a direct or indirect competitor. Also, include a brief explanation for your classification."

This approach will not only help you identify who your competitors are but also why they're your competitors, offering insights into the nuances of the market landscape. Let's get started.

Examples

For the functional job:

"I would like you to help me research potential direct and indirect competitors based on the functional job of simplifying coffee ordering for busy professionals. This app aims to reduce wait times and streamline the coffee purchasing process, allowing users to order and pay in advance through their mobile device. Please use the Jobs-To-Be-Done Theory as a reference framework. List as many direct or indirect competitors as you can, and for each one, clarify whether you believe they are a direct or indirect competitor. Also, include a brief explanation for your classification."

For the emotional job:

"I would like you to help me research potential direct and indirect competitors based on the emotional job of alleviating the stress of waiting in long lines, especially during rush hours. Our app seeks to provide a sense of relief and efficiency to users by allowing them to bypass queues. Please use the Jobs-To-Be-Done Theory as a reference framework. List as many direct or indirect competitors as you can, and for each one, clarify whether you believe they are a direct or indirect competitor. Also, include a brief explanation for your classification."

And for the social job:

"I would like you to help me research potential direct and indirect competitors based on the social job of enabling an office manager to order coffee for the entire team without leaving the desk, or a person to order coffee for their friends during a leisurely Saturday morning without interrupting their social time. This service facilitates social connections by simplifying group orders. Please use the Jobs-To-Be-Done Theory as a reference framework. List as many direct or indirect competitors as you can, and for each one, clarify whether you believe they are a direct or indirect competitor. Also, include a brief explanation for your classification."

Example: Actual Results

After using the social job prompt from our coffee shop app example, the results unveiled a fascinating mix of both direct and indirect competitors, ranging from mainstream mobile ordering platforms to niche services catering to group orders and social coffee experiences.

Based on the Jobs-To-Be-Done Theory, which focuses on the job a product or service is hired to do by consumers, we can categorize competitors for a service that enables office managers to order coffee for their team or individuals to order coffee for friends without interrupting social time. Here's a list of potential direct and indirect competitors, along with explanations for their classification:

Direct Competitors

Direct competitors offer a straightforward, similar service that directly competes with the job of enabling efficient group coffee orders.

1. Starbucks Mobile & Online Ordering - Starbucks offers various ways for customers to order coffee ahead of time, including mobile app orders, Siri, Apple Watch, and even curbside pickups. This service directly

competes as it allows both individuals and groups to easily order coffee without leaving their desk or interrupting social time.

2. Dunkin' Mobile App - Dunkin's app allows customers to order ahead, earn rewards, and pay from their phone, catering directly to individuals and potentially small groups looking for a quick coffee order without the hassle.

3. Peet's Coffee Online Ordering - Similar to Starbucks and Dunkin', Peet's Coffee provides an online ordering platform that could cater to both individual and small group orders, allowing for easy coffee purchases without interrupting activities.

Indirect Competitors

Indirect competitors offer alternatives that could satisfy the same job but are not exclusively focused on coffee or use a different approach.

1. Canteen Office Coffee Service - This service provides office coffee, vending, micro-markets, and pantry services, indirectly competing by supplying offices with coffee in bulk or through systems that may reduce the need for individual orders.

2. Van Houtte Coffee Services - Specializing in business coffee solutions, Van Houtte offers a more indirect competition by providing coffee and breakroom supplies for offices, which might reduce the frequency of group orders from cafes.

3. ezCater Corporate Catering - While not coffee-specific, ezCater offers a wide range of catering options for businesses, including coffee as part of larger orders. This service indirectly competes by providing a solution to the job of organizing coffee for meetings or team events.

4. Panera Bread Catering - Similar to ezCater, Panera Bread offers catering services that can include coffee. This is an indirect competitor as it serves the job of providing coffee for groups, albeit as part of a broader catering service.
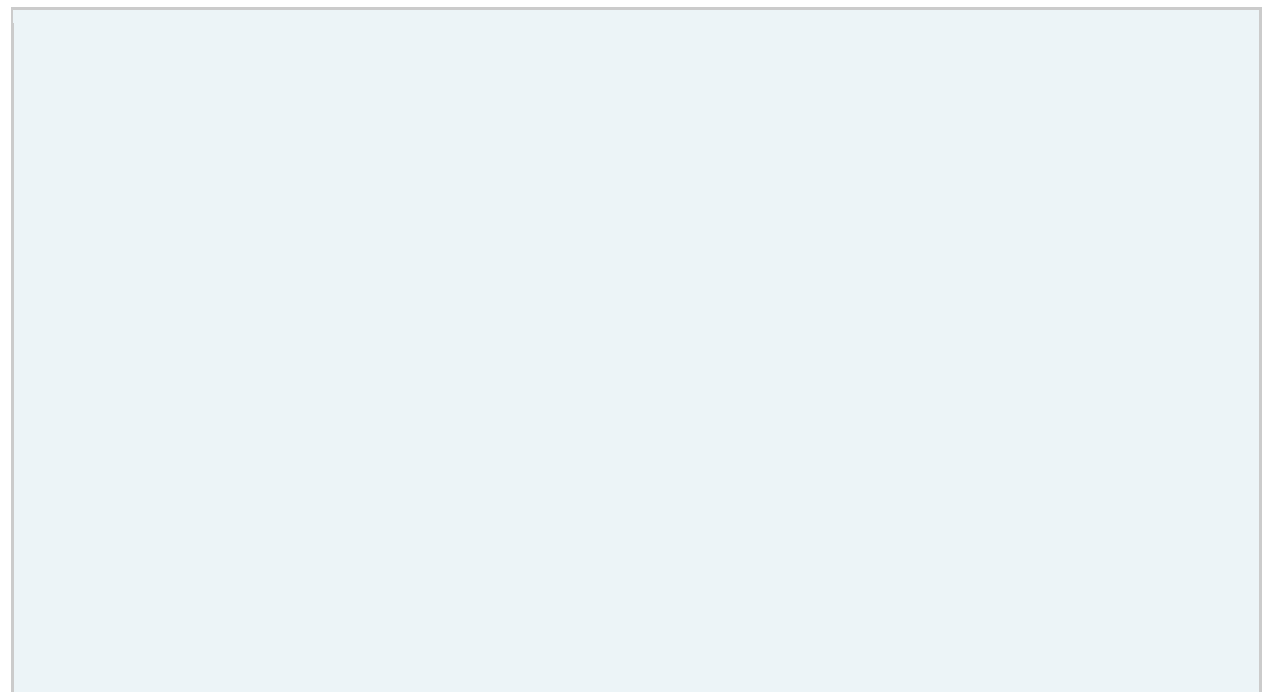
These competitors range from direct mobile app-based coffee ordering services to more indirect solutions like office coffee supply services and catering options. Each has its strengths and weaknesses depending on the

specific needs of the user, such as convenience, selection, or the ability to cater to large groups.

Pinpoint "Ideal" Competitors

Now that you've harnessed the power of AI to uncover potential competitors based on the social, emotional, and functional jobs your idea aims to fulfill, let's narrow down the field. In this next section of your workbook, you have an open canvas to organize, detail, and reflect on the competitors you've discovered. The objective here is to identify 5 to 10 competitors who you believe share the closest customer base with your idea. Think of it in terms of customer alignment: from which competitors would you want to attract or "steal" customers?

Pro-Tip: As you fill out this section, keep your focus on corollary customers— the people whose current choices make them ideal candidates for what you're offering.

Creating Competitor Customer Personas

As you progress with your exploration of competitor customer personas using ChatGPT Pro, the strategy of Conversational Prompting remains central. This dynamic method engages AI as an interactive tool, guiding you through demographics, psychographics, and buying behaviors of customers. Here's how to structure this exploration in a cohesive and comprehensive manner.

1. Demographics Deep Dive

Begin with a focus on demographics to understand the basic characteristics of the customers you're targeting:

"I would like you to help me brainstorm the demographics of customers across both my direct and indirect competitors, [Competitor_1], [Competitor_2], [Competitor_3], [Competitor_4], and [Competitor_5]. I would like you to create an ideal demographic profile for three 'customers' that logically span the competitors."

2. Psychographics Exploration

After establishing a demographic foundation, move on to psychographics to capture the values, interests, and lifestyles of these customers:

"Now that we have a handle on the demographic profiles, let's explore the psychographics. For the same competitors: [Competitor_1], [Competitor_2], [Competitor_3], [Competitor_4], and [Competitor_5], help me understand the values, interests, and lifestyles that characterize their customers. Can you assist in outlining psychographic profiles for three distinct customer segments that reflect the diversity across these competitors?"

3. Buying Behaviors Analysis

Lastly, delve into buying behaviors to grasp how these customers make their purchasing decisions:

> "Having explored demographics and psychographics, our next step is to examine the buying behavior of these customer segments. Considering our competitors: [Competitor_1], [Competitor_2], [Competitor_3], [Competitor_4], and [Competitor_5], let's analyze how these customers decide to make a purchase. I'm interested in the triggers, motivations, and preferences that guide their buying behavior. Could you help develop scenarios or profiles that shed light on these behaviors for our key customer segments?"

Maintaining a Dynamic Dialogue

Remember, the effectiveness of this approach lies in its interactivity. Treat each stage of the process as part of an ongoing conversation with AI, where you can dive deeper, ask follow-up questions, and refine your understanding based on the feedback received. This iterative dialogue is designed to not just accumulate data but to build a rich, actionable understanding of the market that will inform your business strategy and help you create offerings that truly resonate with your target audience.

Example: Customer Demographic Insights

Usting the ChatGPT-4 model to explore the demographics behind users of services like Starbucks Mobile & Online Ordering and Dunkin' Mobile App created three distinct profiles: The Daily Coffee App User, The Office Manager/Business Professional, and The Corporate Event Planner/HR Coordinator. This analysis provides a clear demographic snapshot, including age, gender, education, and more.

Example Results

To create ideal demographic profiles for customers that logically span the competitors you mentioned—Starbucks Mobile & Online Ordering, Dunkin' Mobile App, Peet's Coffee Online Ordering, Canteen Office Coffee Service, and ezCater Corporate Catering—we'll consider the nature of the services offered by these companies and the typical customer base they may attract. This will help us identify three distinct customer profiles that cover the spectrum of services offered, from individual ordering via mobile and online platforms to corporate catering and office coffee services.

Customer Profile 1: The Daily Coffee App User

- Age Group: 18-34 years old.

- Gender: Both male and female, with a slight skew towards female users for mobile app usage.

- Education Level: Some college to bachelor's degree.

- Employment Status: Employed full-time, part-time students.

- Income Level: $30,000 to $75,000 annually.

- Location: Urban and suburban areas with high smartphone penetration and access to multiple coffee outlets.

Customer Profile 2: The Office Manager / Business Professional

- Age Group: 25-54 years old.

- Gender: Equally distributed among males and females.

- Education Level: Bachelor's degree or higher.

- Employment Status: Full-time employed in managerial or professional roles.

- Income Level: $50,000 to $100,000 annually.

- Location: Predominantly urban areas where corporate offices are concentrated.

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Customer Profile 3: The Corporate Event Planner / HR Coordinator

- Age Group: 30-60 years old.

- Gender: Skews slightly towards female.

- Education Level: Bachelor's degree or higher, often with additional certifications in event planning or human resources.

- Employment Status: Full-time employed, often in human resources, administration, or event planning roles within medium to large corporations.

- Income Level: $40,000 to $90,000 annually.

- Location: Urban to metropolitan areas with a high density of corporate offices and a need for catering and event services.

Pro-Tip: Now that AI has sketched out the demographics, psychographics, and buying behaviors of three distinct customer categories, it's time for a crucial two-step reality check. First, reflect inwardly: Do the outlined characteristics truly resonate with the target audience you envision for your business? It's essential that this preliminary AI-generated picture aligns with your understanding and expectations of your future customers.

Second, step out into the field for some hands-on research. There's immense value in directly observing and interacting with people who are currently choosing your competitors' offerings. Engage with them, strike up conversations, and immerse yourself in their world. This real-world exploration is not just enlightening—it's foundational for those serious about success.

Remember, while AI is an incredible tool for sparking creativity and providing initial direction, it cannot replace the depth and nuance of personal observation and research. Always use AI-generated data as a springboard for further investigation, not as the final word. Your insight, combined with direct customer engagement, is the true key to crafting a compelling and successful business.

Mastering Pre-Vision Interviews

As you transition from identifying competitor customer personas to developing your own, the process intensifies with the critical phase of Pre-Vision Interviews. This process is where the rubber meets the road, demanding more than just cursory glances at customer data.

Pre-Vision Interviews are vital because they move you beyond mere speculation into the realm of actual customer understanding. These conversations are your opportunity to challenge the assumptions you've made thus far and to begin crafting your own, grounded in real-world interactions and insights.

Developing Your Interview Questions

The success of these interviews hinges on the questions you ask. Your questions should be precise, designed to elicit detailed insights about functional, emotional, and social needs, switching behaviors, and other critical insights. This isn't about confirming what you already believe; it's about discovering what you don't know.

To ensure these interviews are as productive as possible, Businessplan.com offers a comprehensive course, **Conducting Pre-Vision Interviews**, dedicated to crafting effective questions, honing your interviewing techniques, and analyzing the findings methodically to extract actionable insights.

Analyzing Interview Data

Once the interviews are conducted, the work of analysis begins. This stage is critical for transforming conversations into a coherent understanding of your customer base. To assist in this process, we provide access to our **Pre-Vision Interview Board on Miro**, a specially designed template that helps you organize and dissect the information gathered. This tool guides you through mapping out how customers discover, realize the need, explore options, adopt solutions, integrate them into their lives, and reflect on their choices.

Most entrepreneurs skip this rigorous process, preferring to lean on their initial assumptions rather than rigorously testing them against real customer feedback. This approach, however, is a missed opportunity for refinement and validation that can mean the difference between success and failure.

By engaging deeply with Pre-Vision Interviews, you're not just collecting data; you're laying the foundation for a business that truly understands and meets the needs of its customers. This level of diligence is what sets successful entrepreneurs apart. It's challenging work, but the insights gained are invaluable, ensuring that your business vision is a viable, market-ready solution poised to make a significant impact.

Crafting Your Unique Customer Personas

After dedicating yourself to conducting thorough Pre-Vision Interviews—ideally 3-4 for each competitor persona type, summing up to a total of ten hour-long deep dives—you've laid the groundwork necessary for one of the most crucial steps in your entrepreneurial journey: creating your own customer personas. These personas, distilled from the rich insights gained about functional, social, and emotional jobs, switching behaviors, and 'wishes', are tailor-made for your vision. They embody the ideal customer profiles for your products and services and, while they may evolve, they serve as foundational pillars for your business's strategy moving forward.

Benefits of Well-Defined Personas

These customer personas offer numerous benefits. They act as a guide for your sales and marketing teams, providing a clear understanding of who they're communicating with and the diverse reasons these customers might choose your company. Beyond guiding brand voice and promotional strategies, these personas influence every facet of your business, from social media to product development. Their importance cannot be overstated; they are the compass by which you navigate the market landscape.

Creating Your Personas

Below, you'll find space to articulate the components of three ideal personas, building upon the diligent work you've already done.

First, fill out the customers demographics, such as name, age, gender, and so on. In the field below describe this person in detail, including:

- **Psychographics:** Values, interests, lifestyle.

- **Functional Jobs:** The practical tasks or problems the persona hires your product/service to solve.

- **Emotional Jobs:** The emotional states or feelings your product/service addresses for this persona.

- **Social Jobs:** How your product/service fits into this persona's social life.

- **Switching Behaviors:** Factors or experiences leading this persona to switch from one product/service to another.

- **Wishes:** Unarticulated desires or needs this persona has.

Persona 1:

Name	
Gender	
Income Level	
Education	
Location	

Persona 2:

Name	
Gender	
Income Level	
Education	
Location	

Persona 3

Name	
Gender	
Income Level	
Education	
Location	

Reflecting and Refining

As you fill out these sections, engage in introspection about how the realities uncovered during your interviews align or diverge from your initial assumptions. This reflection is not just an academic exercise; it's a strategic pivot point that can significantly influence your product development, marketing strategy, and overall business model. By continually refining these personas with new insights and data, you ensure your business remains closely attuned to the evolving landscape of customer needs and preferences.

Next Steps in the Pre-Planning Process

Creating detailed customer personas, selecting the right competitor customers for Pre-Vision Interviews, and using the insights gathered to refine your business idea marks a critical first step towards entrepreneurial success. At Businessplan.com, we view this initial phase as just the beginning of what we term the Pre-Planning Process. This foundational stage is essential before diving into the formalities of drafting a business plan or crafting a compelling pitch deck. It's designed to position your venture on solid ground, significantly enhancing your chances of thriving in a competitive marketplace.

Core Cost Analysis: The Next Crucial Step

Following the meticulous development and refinement of your customer personas, the next phase in the Pre-Planning Process is Core Cost Analysis. Core Cost Analysis is about breaking down the costs associated with delivering your product or service.

For a comprehensive guide to conducting a Core Cost Analysis, including practical tools and insights to assist you, visit the Core Cost Analysis page on Businessplan.com. Here, you'll find what you need to navigate this crucial step.

Building on a Strong Foundation

Remember, the Pre-Planning Process is about laying a strong, informed foundation for your business.

We encourage you to engage deeply with each phase of the Pre-Planning Process.

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