

## Exercise 2-4 –Market Research Role Play: TEAM 2 GUIDE

**Role play teams:** For this exercise the class is divided in three teams. Two teams are entrepreneurial teams, the third team is an investor team.

**You are a member of Team 2: “Splish Splash”.** You are one of two entrepreneurial teams competing for investor dollars. Your business is called “Splish Splash”, a dog grooming business. The other team also has a dog grooming business. Only one team will receive money from the investors. The investment would be used for growing the business. There have been 2 meetings prior to the one today. The investor team really likes your business and the team. Now it is about execution: Which team will make the most effective use of the money going forward? A lot of this is based on which team knows their market best.

**Be prepared to answer the following questions from investors. These questions will be asked of you in the upcoming meeting. Work with your team to prepare.** *(Note: Remember, during the meeting, introduce yourself, be polite, thank them for their time).*

1. What is the age of your customer base?
  2. What challenges does your business face (do you have a plan to resolve those challenges?).
  3. Where do your clients live?
  4. What is the “willingness to pay”, or, what would clients pay for the new services?
  5. If you could only pick two services to offer, which would they be and why?
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**Here is what you know about your market:**

### **Business: Doggie Services**

You are already in the dog grooming business. Your business is called “Splish Splash”. Over time, you’ve become aware of the need for some type of service to help out dog owners. You’ve noticed when people bring the dogs in the shop, it is sometimes a hassle to find the time to make sure the dog’s needs are taken care of (e.g., take him/her to the vet or the groomer, get the right dog supplies and food, walk and care for the dog). You realize that meeting these needs could be a good addition to the grooming services your business already provides.

You have been talking with investors about growing your business through these new services. The new services that you might provide are:

- Dog walking
- Dog sitting
- Regular veterinarian visits
- Pick-up and delivery to groomers
- Pick-up and delivery of dog food, treats, and dog care products.

**Who is your market?** Because of your experience in the grooming market, and detailed records and surveys, you know the following about your customers:

- 60% female, 40% male
- 50% of customers are 30-45 years old. 50% are 46-65 years old.
- Average spending per visit in store = \$35.
  - \$25 of this is grooming, \$10 of this is products.
- Average visits to store per day (6 days per week) = 20.
- Daily average revenues = \$700, weekly = \$4,200, annual = \$218,400.
- Average profit = 20%. Net income ( $\$218,400 \times 20\%$ ) = \$43,680.

**What Are Your Customers' Likes and Dislikes?** In a survey you gave customers in preparation for the investor meeting, you got the following results out of 100 surveys:

- Top "likes" (90% of those surveyed gave these answers as their top 3) = dog ready on time, service with a smile (groomer remembers dog), able to pick up grooming products at same time.
- Top "dislikes" (90% of those surveyed gave these answers as their bottom three) = hair on floor, can't buy dog food or other dog products outside of grooming.

You did not realize the customers were so bothered by hair on the floor. You have hired a local high school student interested in the dog grooming business to sweep up after school. If you expand and offer other products, this will take care of the second major challenge area.

**Where are they?** In the same survey mentioned above, you uncovered the following information.

- 75% of clients live within a 3 mile radius of the shop.
- 25% live outside this radius, but, come especially to the shop because they like it.

**How should you price your product or service?** In the survey, you also asked the customers what they would expect to pay for the new services you wanted to offer. This is what they said:

- Dog walking – Approximately \$10 per walk.
- Dog sitting - \$25 per day, \$50 for weekend.
- Regular veterinarian visits - \$100 per visit.
- Pick-up and delivery to groomers - \$10 in addition to grooming.
- Pick-up and delivery of dog food, treats, and dog care products – free to pick up groomer dogs and on orders of \$35 or more. \$5 on orders of less than \$35.

**When should you start this new part of your business?** The survey asked customers about their needs now, and in the future, for the services and if they would come to "Splish Splash" for these services. This is what they said:

- Dog walking
  - Need currently: Low. Come to Splish Splash? No, use neighborhood kids.
- Dog sitting.
  - Need currently: Low. Come to Splish Splash? No, use neighborhood kids.

- Regular vet visits.
  - Need currently: Moderate. Come to Splish Splash? Maybe, vet would need to be on-site.
- Pick up and delivery to groomers
  - Need currently: High. Come to Splish Splash? Yes.
- Pick up and delivery of dog treats and other items
  - Need currently: High. Come to Splish Splash? Yes.

You see that there is an immediate need for two services. Also, you did not realize that local neighborhood kids were used for dog walking and sitting services. You find this very interesting and are glad to have these insights into your market.