

Be Your Own Boss

You opened The Sweet Shop, a candy and ice cream store, on the grounds of a beach resort hotel. You get a steady stream of new customers because guests from the hotel visit your shop. However, you want to attract local residents from the community to your business to help grow a customer base year round. You decide that a frequent-buyer program is one way to get customers to visit and return to your business. What type of frequent-buyer program would be good for The Sweet Shop? Prepare 2 PowerPoint slides with your ideas to introduce the program to customers. Email the PowerPoint as an attachment.



Think Critically

1. Why is it important to understand the competition your business faces?

2. What is the purpose of a competitive analysis?

True or False

- ___ 1. An opportunity for success exists when a customer need is being unmet by a competitor.
 - ___ 2. To convince customers to buy from you instead of your competition, you need information about your competitors.
 - ___ 3. Secondary data resources and observation can help you learn about your direct competitors.
 - ___ 4. Your indirect competitors are those businesses that make most of their money selling products or services that are the same as or similar to yours.
 - ___ 5. One reason why small entrepreneurs can compete successfully with large retailers is because large retail chains carry more than one product line.
 - ___ 6. Large businesses often drive out smaller businesses by offering lower prices and more jobs.
 - ___ 7. Analyzing the strengths and weaknesses of your competition is a waste of resources.
 - ___ 8. Your analysis of competitors should include their prices, locations, and facilities.
 - ___ 9. A few customer complaints are not important if your business has a better location and better prices than your competition.
 - ___ 10. Superior service, easy return policies, and frequent-buyer programs are some of the strategies you can use to maintain customer loyalty.
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Multiple Choice

- _____ 1. A small business selling specialty items will likely face ___?___ from a large retailer. (a) demographic competition, (b) incidental competition, (c) indirect competition, (d) unfocused competition.
 - _____ 2. All of the following can provide information about direct competition except (a) the Postal Service, (b) the telephone directory, (c) the Chamber of Commerce, (d) observation methods.
 - _____ 3. As an entrepreneur, you may find that indirect competitors (a) are more difficult to locate than direct competitors, (b) are usually located in malls or shopping centers, (c) make most of their money selling the same product or service that you sell, (d) none of these.
 - _____ 4. Small businesses may have difficulty competing with large retailers because large retailers (a) develop more complete customer profiles, (b) can keep larger quantities of products in stock, (c) have a larger target market, (d) offer superior service.
 - _____ 5. Competitive analysis does all of the following except (a) list competitors, (b) summarize competitor products and prices, (c) identify threats from a competitor, (d) research a competitor's business plan.
 - _____ 6. Competitors should be analyzed concerning their (a) prices, (b) locations, (c) strengths and weaknesses, (d) all of these.
 - _____ 7. Customer feedback is considered a type of (a) problem solving, (b) market research, (c) target market, (d) customer profile.
 - _____ 8. All of the following are strategies designed to maintain customer loyalty except (a) providing store-specific credit cards, (b) locating in a city center, (c) listening to customers and responding to feedback, (d) having more convenient hours than other businesses.
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Problem Solving

1. How does analyzing the strengths and weaknesses of specific competitors help an entrepreneur?
2. What might an entrepreneur do to compete with online businesses that sell the same product?
3. What strategies can owners of small businesses use to compete with large retailers?
4. What is the most important way to maintain customer loyalty?