

Understanding your market and competitors

Rural social enterprise as an alternative to market failure

A considerable number of rural social enterprises are formed to address a market failure. In the 2019 Scottish social enterprise census, 37% of social enterprises in Scotland identified this as a driver for their formation.

For example, where a community shop can't attract a new buyer due to low profitability, but its services are deemed essential for a village or island community. In this case, the approach to market analysis has to take into account other factors - such as the ability to secure grant funding to purchase premises or capital, and also the potential of involving volunteers to support the activity.

Community surveys can assist in assessing local 'buy-in' as well as identifying potential volunteers who might be interested in supporting a community-led venture to sustain a vital service.

- Download the volunteer survey template here: [Volunteer Survey Template](#)

It will still be important to gain an insight into the industry analysis and market analysis to ensure the business can be sustainable, but also to consider options to lever other resources to support the business activity or diversify to offer a wider range of services.

Industry Analysis

Besides your customers, you need to know the industry or service environment that you are planning to join. Industry analysis helps you to assess if it will be profitable for you to operate in this market/industry.

It is worth considering your geography and context, as footfall and access to customers may be more challenging in a rural context and this should also be taken into account when considering the industry analysis.

It also provides you with insights that might encourage you to search for new ways to operate or develop your product/service. The following resources offer you basic information about industries and what they are, and how to complete and use an industry analysis.

- [Industry Analysis](#) (length: 13 minutes)
This video is an overview of industry analysis, and explains the key components of industry analysis, and why they are important for strategic insight.

- [How to Use Industry Analysis](#) (length: 10:30 minutes)
This video reviews how to use industry analysis tools to generate strategic insight.
- [Business Plan for Starting a Dementia Café as a Social Cooperative Enterprise](#) (Page 28-29)
This business plan was written for a master's degree in business administration, and uses the example of starting a dementia café social enterprise in Greece. The plan uses the same industry analysis model (Porter's Five Forces) which is explained in the above YouTube videos, so you can see a worked-through example.

External Market Environment Analysis

What is happening in the wider economic environment? What phenomena are important for us?

You have probably already considered the changes that might happen in the future regarding your customers. There are probably other possible changes that need your attention too, such as changes in legislation or technological advances.

PEST or PESTEL analysis is a tool for analysing your market environment at the macro level, both in its current state and in the future. It can help you to picture which macro-level issues might affect your enterprise, and identify new opportunities for you in the market.

- [PEST Analysis \(PESTLE\) Explained with Example](#) (length: 1 minute)
This video reviews how to use industry analysis tools to generate strategic insight.
- [Business Plan for Starting a Dementia Café as a Social Cooperative Enterprise](#)
Example of a PESTEL analysis is given in the business plan case study, pages 27-29.
- [A Business Planning Guide for Social Enterprises](#)
This guide was developed by Social Ventures Australia, and is aimed at people interested in starting a social enterprise and who don't have experience of doing so before. It is a step by step guide to thinking about, researching, planning for, starting, and growing a social enterprise. Pages 22-23 explain SWOT and PESTEL analysis.
- [PESTEL template](#)
Download the ViSEnet PESTEL analysis template which will assist you in completing your analysis.

Who are your competitors? What are their strengths and weaknesses? What are they offering, how are they distributing, and how do they price their products? What does their future look like?

Competitors are other central actors that influence your enterprise opportunity. They may be enterprises that resemble yours, or they may be quite different kind of enterprises that produce something that could substitute for the product that you are planning to produce.

In a rural context there may not be direct competitors locally, however there may be alternative sources via internet purchasing. Your rural context will have a direct influence on the level of competition. Therefore, keep your mind open when you are defining your competitors as they may operate in completely different industries.

A useful starting point is to undertake a competitor analysis:

- [Competitor Analysis](#) (length: 5:45 minutes)

Next, you should compare your own operations with your competitors' - a competitive analysis. To do this, you need to have a good understanding of your own operations. A SWOT analysis will help you to evaluate your own operations, and learn more about your Strengths, Weaknesses, Opportunities and Threats (SWOT).

- [Competitive Analysis](#) (length: 1 minute)
- [Definition, Examples and How to do a SWOT Analysis](#) (length: 6:30 minutes)
- [SWOT template](#)
Download the ViSEnet SWOT analysis template which will assist you in completing your analysis.

Competitor analysis is not only about finding ways to beat your competitors and assessing whether there is room for you in the market, but also a good way to learn from enterprises that have already done many things right. While you are already analysing other enterprises, you could also search for more good examples for benchmarking or collaboration.

Stakeholder Analysis

Who could help you out? Does someone oppose your operations, and could you do something about it?

There will be many stakeholders who affect and are affected by your enterprise. Stakeholders' perceptions and needs may be conflicting, and you need to find a balance. It is easier to make decisions when you have considered an issue from every stakeholder's point of view, and assessed the impact their support or conflict will have on your enterprise.

The chapter on Stakeholder Engagement in Module 1 - Community Involvement, provides useful information on how to connect with the range of stakeholders with an interest or influence on your social enterprise.

In order to assess your market opportunity, you first need to identify all the relevant stakeholders and consider how they are related to your enterprise. A good way to do this is to picture them on a map. When you have collected enough information, you are able to create a stakeholder impact table where you classify your stakeholders.

- [Stakeholders in Social Enterprise](#) (length: 5:11 minutes)
- [How to Create a Stakeholder Map](#) (length: 3 minutes)
- [Stakeholder Analysis](#) (length: 16 minutes)

Conclusion

You have now collected quite a lot of information about your enterprise and its success opportunity, and it is time to sum up. One way to do that is to use a SWOT analysis, where you list the strengths, weaknesses, opportunities, and threats regarding your enterprise plan, or a part of it.

We hope that these analysis tools will help you to assess your enterprise opportunity in a systematic and open way. You can find many other videos and tools online that might support you during the assessment phase. All analysis aspects mentioned before may require a great amount of work. On the other hand, good planning saves your resources in the future.