



Ask SCORE for Business Advice

"Ask SCORE" Column Using Customer Information Green Bay Press Gazette, Sat., Sept. 26, 2009 by Tina Dettman-Bielefeldt

Last week, Jessica Beckendorf, Associate Vice President of Economic Development for Advance, talked about the necessity of doing research prior to selecting a business location. She said that entrepreneurs should compile information both before opening and routinely through the life of the business. This week, she provides examples of the type of information that should be collected and why.

HOUSETOPS – Knowing the number of housetops in the neighborhood in which you plan to locate can translate into sales. It is also important to understand the road network and sidewalk system to be certain that customers will be able to get to your business. If your business is not dependent on foot and vehicle traffic (such as mail order services and e-commerce offices, etc.), your main concern might be related to work force access.

POPULATION – Are there enough people in the area to support your business?

SEX – Depending on the type of business, making sure there are enough of either the male or female population could be crucial. For example, a women's clothing store should be located in an area with a higher concentration of women or near other stores geared toward women.

EDUCATION – This depends on the type of business. If market research shows certain segments of the population tend to purchase the products you offer, you would want to locate near that population.

INCOME – Similar to above, entrepreneurs need to know who buys their products so that the income level in the area can support the category.

CONSUMER SPENDING BY CATEGORY – Is the spending for your specific product adequate to support your business? County and City Economic Development offices can help provide this information. It is especially important for a start-up when assessing product demand. It's also a good idea to look at the competition and number of businesses already competing for these dollars.

ADJACENT BUSINESSES – It can be very helpful for two businesses catering to the same population to locate near the other. For example, a beauty parlor next to a candle shop benefits both businesses since they have the same target.

The above information is considered secondary research. It is information that has already been gathered or conducted by others such as the U.S. Census Bureau. Since the last census was almost ten years ago, it is important to get updated data.

“There are many report-generating programs that charge a fee for this type of demographic/geographic information, but if you are on a tight budget you can find much of the information yourself online or in person, but it may take some time to compile it,” Beckendorf noted.

The vital thing is to do the research before proceeding. “A business that does not care to get to know their customer, and constantly adapt to shifts in customer behaviors, beliefs, and habits, is setting themselves up for mediocrity at best...and failure at worst,” she concluded.

If you’d like to learn more about the necessity of research, contact the Green Bay Chapter of SCORE. Visit www.greenbayscore.org or call Cindy Gokey at 920-496-8930 for information.

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