Crafting a data-driven business plan: 10 simple steps to strategic retail success

Failing to prepare is preparing to fail.

Especially when starting a new business.

A vital component of starting your business is having a clearly defined business plan in place.

According to Harvard Business Review, businesses with a written business plan are **7% more likely to grow rapidly compared to those without one**.

And yet, statistics quoted on Small Business Trends say only **35% of business owners eventually finished their business**

plan.

Which is a pity.

Starting a business always involves a degree of risk. However, putting time, money, and effort into a new business without careful consideration isn't a wise move.

While having a business plan is a great initial step, it's essential for that plan to be precise and focused on reducing risks. **One effective strategy to achieve this goal is by incorporating and leveraging data.**

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Why place data at the core of a business plan

The perpetual question remains: **why?**

Crafting a business strategy holds undeniable value and comes with clear benefits.

Yet, why opt to centre it around data?

In today's retail landscape, data is one of, if not the most powerful catalyst for informed decision-making, strategic planning, and for thriving in a highly competitive (and often saturated) market.

Especially in the retail sector, data is the backbone of any well-informed business plan due to its intrinsic ability to offer critical insights that drive better decision-making.

Data plays a fundamental role in understanding most facets of a new business — making for an easier and more precise business plan.

The advantages of a data-driven business plan are clear-cut, and varied.
Firstly, **data-driven insights are instrumental in identifying and comprehending consumer preferences and behaviours.**

This information forms the basis for a targeted strategy, aligning products or services with market demands efficiently.

Integrating this data mitigates risks by avoiding initiatives **that might not resonate with consumers.**

It also fosters adaptability by equipping businesses to swiftly respond to evolving market trends — building a business that stands the test of time and trends, providing the necessary flexibility to navigate changes effectively.

This approach allows for the right wiggle room, **enabling adjustments to align with market shifts while maintain**

stability and sustainability over the long term. ^

A huge part of your business plan is going to involve looking around you, and not just within what you want for your business.

Through data, competitive analysis and market trend forecasting — two essential components of a comprehensive business plan — are made easy.

By monitoring your competitors' strategies, retailers can identify potential market gaps, emerging opportunities, and areas for innovation.

This proactive approach, underpinned by data-backed insights, enables businesses to stay ahead in a rapidly-evolving market, and forms a solid strategic base for your business plan.

Naturally there are a thousand more reasons why data is key to a successful business plan and throughout the business's lifetime.

We've covered how retailer businesses can leverage data to their advantage since the very start of their business.

Read the in-depth guide here: Opening a new retail business: 9 tips for getting it right from the start.

What data to use in your business plan

There's a plethora of data available for businesses to harness when planning their business.

Among the most useful, and popular ones are:

Sentiment: This data type involves assessing customer attitudes, opinions, and emotions expressed through channels like social media and reviews. It provides valuable insights into market trends and customer satisfaction levels. Integrating sentiment data enables businesses to tailor their offerings and marketing strategies according to customer preferences and market demands.

Popularity: Using popularity as a footfall proxy offers insights into consumer behaviour and preferences. It helps optimise location selection, identify peak visitation times, and guide targeted marketing initiatives.

Point of Interest (POI) data: POI data enables a comprehensive analysis of any location on a map, considering both quantitative and qualitative perspectives. Valuable insights include assessing

the appreciation level for each POI. Leveraging POI data aids site selection, competitive analysis, and understanding market segments based on specific locations.

Creating your data-backed business plan

Weaving sentiment analysis, popularity data, and POI data into your business plan will enhance its depth, accuracy, and strategic decision-making, ensuring alignment with market sentiments, trends, and potential customer behaviour.

In this section, we're outlining the necessary steps typically included in a business plan, and how each data can support along the way.

1. Executive summary

This section provides an overview of the business, **including its mission, goals, products or services, target market, unique selling proposition, and a summary of financial projec**

At this phase, analysing customer reviews or feedback throu ⌃ sentiment analysis offers valuable insights into how the market views comparable products/services.

Through popularity data you can identify the most frequented businesses, neighbourhoods, and territories, encompassing both your competitors' locations and high-traffic POIs and territories through online content.

2. Company description

How you choose to describe your company is more often than not how your audience will perceive you.

During this essential phase, sentiment data will be extremely useful, particularly when describing the company of your business, **the problem it solves or the need it fulfills, ensuring they mirror prevailing trends or sentiments relevant to your industry.**

While not directly related to data, your company description usually also includes the company's history, its legal structure, location, and the stage of the business (startup, established, etc.).

3. Market analysis

Before you dive into a market, take a good look around to see where you fit compared to others in that same market.

Conducting thorough research within the industry involves analysing market trends, understanding target demographics, performing competition analysis, and estimating potential market size.

This step requires a deep understanding of the market, encompassing both its opportunities and challenges. And, **using data for market analysis can help you uncover some valuable insights and opportunities, making it one of the most fascinating use cases for sentiment and popularity data in the business world**.

Sentiment analysis assists in understanding consumer preferences and perceptions within the market, while POI and popularity data can reveal key geographic areas or consumer hotspots. For brick-and-mortar businesses, **this knowledge is essential to strategically position themselves in optimal locations**.

4. Organisation and management

Leveraging sentiment analysis, popularity, and POI data significantly influences defining a business's organisational structure, particularly regarding the management team.

Sentiment analysis provides valuable insights into public perception, enabling the identification of leadership strengths or areas needing improvement within the management team.

By examining sentiment data related to specific roles, it becomes possible to align responsibilities with perceived strengths. **Popularity and POI data offer insights into consumer activity and high-traffic regions, influencing decisions regarding office locations or retail outlets managed by the team**.

This comprehensive integration of sentiment, popularity, and POI data supports strategic decision-making, optimising resource allocation and enhancing the effectiveness of the management team within the organisation's framework.

5. Products or services

When diving into describing your products or services, tapping into sentiment, popularity, and **POI data becomes a game-changer**.

Sentiment analysis digs into what customers are saying—reviews and feedback unveil their preferences and areas for improvement.

Popularity data can support you to pinpoint regions where your offerings could thrive due to high consumer activity.

This mix of sentiment, popularity, and POI insights not only shapes your current offerings but also lays the groundwork for future product growth, ensuring you're right in tune with **what your customers want and where the market is heading**.

6. Marketing and sales strategy

In the strategic phase of your business plan focused on marketing and sales, leveraging data like sentiment analysis, popularity, and POI becomes integral.

Sentiment analysis shapes campaign messaging by understanding consumer sentiments and preferences, tailoring communication effectively.

Moreover, POI data aids in selecting prime locations for marketing efforts and sales channels, utilising insights into consumer hotspots.

Integrating sentiment, popularity, and POI data in your business plan crafts targeted strategies, effectively engaging your audience, optimising resources, and expanding brand reach and sales potential, while ensuring your marketing and sales efforts resonate with your audience while maximising their impact in the marketplace.

7. Funding request (when needed)

If seeking funding, specify the amount needed, how you intend to use the funds, and your plan for repayment or return on investment for investors.

Sentiment insights enhance pitch messaging, while popularity and POI data validate market traction and potential, bolstering investment appeal. This data trio underlines credibility, **showcasing a robust strategy and market understanding to potential investors.**

8. Financial projections

During the financial forecasting phase, leveraging sentiment, popularity, and POI data becomes pivotal.

Sentiment analysis shapes revenue projections by gauging consumer sentiments, influencing their buying behaviour and subsequent income estimations.

Popularity data contributes to expense projections by assessing consumer activity, anticipating potential demand shifts, and consequent operational costs.

Additionally, POI insights play a crucial role in geographical revenue estimations and cost projections, offering valuable information on potential sales in specific areas.

Integrating this trio of data not only enhances the accuracy of financial forecasts but also **strengthens the foundation of assumptions, ensuring a comprehensive and well-informed financial outlook.**

9. SWOT analysis

Utilising sentiment, popularity, and POI data significantly enhances the **SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)** process.

Sentiment analysis offers insights into internal strengths and weaknesses by gauging consumer perceptions and sentiments towards products or services, revealing areas of improvement or competitive advantage.

Popularity data contributes external insights, highlighting opportunities and threats based on consumer activity and market trends, identifying potential growth areas or shifts in demand that the business can leverage or mitigate.

Additionally, POI data aids in evaluating external opportunities and threats by pinpointing key geographic regions with consumer hotspots, assisting in strategic decisions related to market expansion or potential competitive landscapes.

This integration of sentiment, popularity, and POI data bolsters the accuracy and depth of the SWOT analysis, empowering businesses to develop comprehensive strategies that capitalise on strengths and opportunities while mitigating weaknesses and threats for long-term success.

10. Appendix

The Appendix section is a repository for supporting documents complementing the business plan.

It holds key materials, including resumes of pivotal team members, crucial permits, leases, contracts, market research data, and supplementary financial information.

These documents serve as comprehensive backup, providing stakeholders with detailed insights and substantiating tl

credibility and viability of the proposed business strategies outlined in the plan.

Depending on the document's nature, varying data such as sentiment analysis, popularity, and POI data are essential for different needs.

For instance, financial reports might rely on sentiment analysis for customer perception, while popularity and POI data become pivotal in location-based marketing strategies or consumer behaviour analysis. Each document necessitates distinct data sets, showcasing the diverse roles sentiment, popularity, and POI data play in fulfilling specific document objectives.

Thinking of embedding data into your business plan?

You're in the right place.

Data Appeal offers sentiment, popularity, and POI data globally, supporting businesses all around the world throughout all stages of their business — including their initial steps.

Gain insights on worldwide locations.

Contact us now!