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Approaching Uncharted Territory: A Systematic Approach to Market Assessment for Postnet's Expansion



The small business sector was booming, and Rob Anderson was excited about bringing a new franchise concept to Canada to serve the market. PostNet was a successful business services company with over 500 locations across the US and more than 300 globally. Anderson had been in talks with the founders about bringing PostNet to Canada, but before making the commitment, he needed some more information. He knew that investors, as well as franchisees, would need to see independent data to believe the opportunity was strong, and he himself needed a third-party to give him an unbiased perspective on what it

would take to succeed. Engaging Mezzanine gave Rob the insight to validate the market opportunity. It also helped him understand the most profitable regions to penetrate as well as how to adapt the business model to succeed in the Canadian environment. This gave Anderson the confidence to make informed decisions and the ability to base his business plan on fact, not assumption.

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THE CLIENT:

PostNet is a full service, diversified business centre with operations throughout the world including USA, Canada, Australia, Brazil, Ireland, Panama, South Africa, Venezuela, Columbia and Botswana. PostNet provides business solutions for small office home office (SOHO) businesses and consumers, allowing its clients to continue their services quickly and professionally, without having to invest heavily in capital.

THE SITUATION:

PostNet was an established brand and franchise model in the US. With its focus on bringing resources that were previously only available to large corporations to small businesses, it was gaining market share and increasing its brand image. Rob Anderson had extensive experience in the Canadian market with senior management positions in franchising and technology. Also, while working at a large Canadian CRM company, Anderson worked with many international customers and partners including PostNet, Kinkos, Staples and Office Depot. He was the perfect candidate to

bring PostNet into Canada, but before he made the leap and purchase the Canadian Master Franchise Rights, Anderson wanted validation of the potential for the business. What was the market size? Was there enough demand in Canada for PostNet to be successful? Who were the primary competitors? How could PostNet differentiate itself? How would the operating environment change in the next 5 – 10 years? What opportunities were untapped?

These were all questions for which he needed answers before he could begin to develop his business plan. Because the plan would be based on this analysis, Rob knew that it was essential to work with a company with strong research skills, as well analytical expertise and credibility as an independent market assessment firm. Rob needed a company that would offer the quality of a large consulting firm, at a price that wouldn't hinder PostNet's growth. Mezzanine was the perfect fit to deliver a full understanding of the market with unparalleled fact-based knowledge.



MEZZANINE:

“After hearing about Mezzanine from one of my close business associates and meeting with the team, it was clear that they were the best choice” said Anderson. With *Market Assessments* as one of Mezzanine's specialties, the team was well prepared to use a strategic approach to provide Anderson with insight above and beyond his expectations.

THE MARKET ASSESSMENT APPROACH:

“Our approach to Market Assessment begins with a complete understanding of our clients” explains Lisa Shepherd, president of Mezzanine. “By establishing the client's perceptions of the market, we are able to understand where they stand in relation to the market. More importantly, we take the time to understand why they want the assessment done, and what their objectives are for the future. This allows us to obtain the information they need to understand what factors are most crucial in achieving their goals. We then gather comprehensive published data to build an understanding of the market conditions and operating environment. Afterwards, we conduct extensive interviews with industry experts, customers, competitor representatives and other stakeholders to determine

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customer demand for products and how decisions will impact the market. When necessary, we initiate a broad market survey using telephone or online data collection methods.

“The most important part of the Mezzanine Market Assessment is the final steps. By analyzing the results, we are able to identify opportunities specific to the client. We then make suggestions on the best way to capitalize on these opportunities, and finally develop actionable recommendations. This gives our clients a 360 degree assessment of the market, where they stand and the key success factors to raise them to the top.”

POSTNET’S PROJECT

Within four weeks of the project start date, PostNet was presented with a holistic view of the Canadian Business Service Centre landscape. Research was conducted over three weeks, followed by an assessment of the opportunities. Not only did Mezzanine present extensive data on the market size, saturation levels and projected future growth patterns, they also made recommendations to PostNet on the key success factors and potential challenges in the market. “For PostNet, it was imperative to compare the Canadian market with the US to allow management to understand where their current model would work, and where it should be adjusted for optimal results” says Shepherd.

“As a start-up, it was valuable for us to have an independent advisor conduct market research prior to the completion of our business plan. Mezzanine's market research made our business plan more compelling and assisted in securing investors. It will also be a key part of our go to market strategy.” – Rob Anderson, CEO PostNet Canada

THE RESULTS:

The results of the Market Assessment were:

In-depth knowledge of the business services market in Canada: The market for postal/business service centres in Canada was an attractive opportunity and was currently being underserved. By moving quickly, PostNet could capitalize on the needs from both the SOHO and consumer segments. More importantly, the future looked promising as small business were projected to have a large impact in Canada over the next 10 years driving demand for postal/business services.

- *Understanding of the competitors* – Mezzanine identified who the major players within Canada are as well as who PostNet's most direct competitors were. This was based on competitors' product and service offerings as well as their presence within Canada.
- *Differentiation through higher quality franchises:* By increasing the level of service of each individual franchise PostNet could raise their brand equity by using local information and developing innovative solutions to deliver a high tech image in line with the needs of the small business community. This would give them a unique position in Canada and allow them to compete with the established players.

“At Mezzanine we understand how important it is for our clients to get valid information that is customized for their needs, as quickly as possible. Not only does it help them make quick decisions, but they can make the right ones knowing that the information is both current and fact-based” says Shepherd.

POSTNET TODAY:

“Retaining Mezzanine was one of the best decisions we could have made prior to entering the Canadian market. The information was extremely valuable and helped give me the confidence needed to purchase the Master Franchise Rights” says Anderson. Currently, there are 11 PostNet locations across Canada with a goal to increase this number by the end of 2008.

RESULTS:

- Comprehensive understanding of the postal and business services market in Canada
- Actionable differentiation strategies to compete with established players
- Increased the attractiveness to potential franchisees and investors by providing suggestions to increase revenue per store
- Recognized potential challenges and methods to mitigate

ABOUT THE MEZZANINE GROUP

Have you ever had theater tickets on the mezzanine level? It's a great view – far enough back to see the stage completely, and close enough to see all the details. That's why we're called the Mezzanine Group. We are a growth services firm that provides market intelligence, marketing planning and outsourced marketing management to help companies gain a clear view of their opportunities and pursue them effectively. Over the last 10 years, we have helped some of the most exciting growth companies in the world (like RIM, Capital One, Philips as well as early stage and mid-sized firms) assess their opportunities, plan their marketing, and implement effectively. We understand growth because we've lived it – Mezzanine was named one of the fastest growing companies by PROFIT Magazine 2005 - 2008. For more information, visit www.themezzaninigroup.com or call 1.888.413.3911 (in the GTA, 416 598 4684).

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