Marketing

*Identifying Your Market*

No matter how good you think your product or service is, what the customer thinks is what really counts. Even if your product or service is well liked, you need to be sure that your customers will buy from you often enough, and in large enough quantities, to consistently generate the revenues needed to support and maintain your business. That is why a marketing plan is vital to your success.

Planning, for the most part, isn’t fun. But if you don’t plan your marketing, you’ll spend lots more than you must. And likely not have the results you want for your efforts. Planning is the first step to marketing smart!

*There are only three ways to increase sales:*

• Get more customers.

• Get current customers to buy more often.

• Get current customers to spend more on each visit.

Customers — this is the key. It’s cheaper to keep a customer than add a new one; so what can you do to maintain your customer base?

*Who is your customer?*

Most businesses sell to consumers via the Internet, or person to person. That’s the consumer market: business to consumer. But there are two other types of markets: The industrial market (business to business) and the reseller market. These additional markets maybe something to think about to expand your sales, but they take different marketing strategies.

***4 Step Marketing***

Why would a customer want to buy your product or service? Do you fill a need? Are you convenient? Do you help solve a problem? Let’s go through this four-step plan to help you narrow your marketing.

**1. Identify why your customer wants to buy your product or service.**

Can you identify the opportunity or problem your product or service will solve for a customer? If not, you need to try and figure it out.

This is Problem Number 1 when starting to develop a marketing strategy for your business. Most people will point to a feature and expect customers to “get it.” However, what really sells, either a service or a product, is the benefit of the product, not its features.

According to Allen Weiss, founder and publisher of MarketingProfs.com, the first thing to note is that product features reside in the product, while benefits reside in the customer. For example:

• A car can have 4-wheel drive (a concrete attribute) and provide a benefit to a customer of being able to go various places.

• A computer can have a microprocessor with a fast clock speed (a concrete attribute) and provide the benefit of being able to get your job done faster.

Benefits are always abstract, and they are often the result of a cluster of product attributes, some of which may be abstract attributes. For example, think of safety (say in a car). There is a cluster of concrete product attributes (e.g., air bags, brakes, and body construction) that give rise to the more abstract concept of the benefit of safety. But note that “safety” can also be applied to the car (so it’s an abstract product attribute). Many times, abstract product attributes are closely related to benefits. When they are, you do not get much benefit out of making a distinction between attributes and benefits.

Given this discussion, you can see that it is often easier to think about what a customer buys by thinking along the continuum of concrete versus abstract ideas, regardless of whether we label it an attribute or

a benefit.

**2. Segment your overall market.** Research your market and break it out into market segmentation: Geographic [location]; Demographic [age, education, et al]; Psychographic [gender and lifestyle]; and Behavioristic. To help with your market research you might use SBDCNet at sbdcnet.org.

*Geographic:* People buy from stores within five miles of where they live; how wide an area do you serve?

*Demographics:* Age, education, income, minority status.

*Psychographic:* According to Nilofer Merchant, the CEO of Rubicon Consulting in Silicone Valley,

after doing good research and finding some natural “clumps” of interests, usages, priorities, or purchase drivers, we typically end up with three to five segments for any particular product, service, or solution area. For example, most technology firms catering to consumers have four or so groups that look like this:

• Technology enthusiasts. Typically male, 30–45 years old.

• Families with children. Price-sensitive, focused on protection and safety.

• Older with money. They may tend to be price insensitive but need guidance on what to purchase and how to use/service it.

• Teens and entertainment addicts. Low threshold for boredom, on the go, want the latest.

Generally you can identify difference in purchasing:

• Male/female.

• Healthy lifestyle.

• Conservative with money.

*Behavioristic:* brand loyalty; shopping for bargains and using coupons. Did you know that:

• Women make 83 percent of all buying decisions.

• American women write 80 percent of all checks and pay 61 percent of all bills.

What is the impact of this on your advertising? But we’re not all alike. Our broader world is changing

so that users can be a market of one: not a part of some bigger market segment, but a singular person, unique and appealing, to market to in and of himself or herself. Rather than knowing of an individual’s interest in photography, you might also know that they care about many things at once.

For example:

• Cleaning products that are non-chemical.

• Furless dogs to avoid allergic reactions.

• Fonts that are sans serif.

• High-quality paper and ink.

• Fountain pens that don’t dry out while you’re waiting for inspiration.

• Shoes in patent, peep toe styles.

• E-mail access 24/7 from anywhere.

This list may seem unrelated to a marketer of any one product, but what is incredibly important and relevant is this is how people really are. It’s vitally important to marketing effectiveness. And this is why it is critical that you know your customers!

**3. Research your market.** What effect did 9/11 have on businesses? The weather, the economy, holiday sales; some of these things you can not foresee. But if some weather event happens, do you need to do some quick advertising to say you are open? Consider external factors, like weather, road construction, and other things you have no control over. How can you use advertising to help reach customers despite external factors?

You can conduct much of your market research using online services and information. Start with the major consumer online services, which offer access to business databases. Here are a few to get you started:

• KnowThis.com’s marketing virtual library includes a tab on the site called “Web links” that

contains links to a wide variety of market research web resources.

• BizMiners.com lets you choose national market research reports for 16,000 industries in 300 U.S. markets, local research reports for 16,000 industries in 250 metro markets, or financial profiles for 10,000 U.S. industries. The reports are available online for a nominal cost.

• MarketResearch.com has more than 250,000 research reports from hundreds of sources

consolidated into one accessible collection that’s updated daily. No subscription fee is required, and you pay only for the parts of the report you need with its “Buy by the Section” feature. After paying, the information is delivered online to your personal library on the site.

Join any state or national/international trade associations and use any data they can give you on trends. If you use distributors or wholesalers, ask them about trends for your area. Certainly the Internet is a source of news. Don’t forget local, state or national business publications.

**4. Identify your competition**. Competition is not bad; it just means there is a need for your product or service. Look at Wendy’s: they will traditionally build a new location only if there’s a McDonald’s close. Why? Kids want McDonald’s! But parents can pick up a Happy Meal, and then take themselves over to Wendy’s. So not only is competition a sign that there is demand for your product or service, it also means that you may have the ability to benefit from your competitors’ weaknesses.

• How are you different from your competitor? e.g. hours, services, etc.

• What do you do that is unique?

• What value do you offer? Being the cheapest will lose you more customers than you gain.

Think of value in terms of additional value.

• What is the image of your company?

• What is the public perception of the quality and honesty of your business?

Wal-Mart is a competitor, but there is one thing to learn from them: P.O.C.K.E.T.S.

• Price: Quality and needs of customers.

• Operations: Continually improve.

• Culture: Your philosophy.

• Key product: Diversify, ask customers.

• expenses: Profit sharing for employees.

• talent: Hire the best.

• service: is #1.

*What is your “USP” or Unique Selling Proposition?*

Most businesses know their uniqueness. They’ll even tell you their point of difference in a conversation. Yet, you won’t find it on the front page of their Web site. It’s swept under the carpet in their brochures and newsletters. When they stand up to speak, they forget to make it an important part of the spiel.

Get your uniqueness where it can be seen on a consistent basis. Not hidden under a bushel. In one concise statement, communicate your business’ most compelling offer and benefit so the customer can answer “What’s in it for me?”

Invent your USP. The owners of the following businesses all invented their own uniqueness.

• Subway — Seven subs with “6 grams of fat or less.” When did a restaurant start telling you how much fat was in their food?

• Federal Express — When it absolutely, positively has to be there overnight. Overnight delivery was a new concept when Fed Ex started.

• Domino’s Pizza — 30 minutes, or it’s free! Pizza in 30 minutes? Before Domino’s, it didn’t happen.

Use the marketing information you gather in your plan to develop an advertising budget. Contact your local SBDC for help in putting your marketing plan together. Find your local center on the SBDC Web site, wvsbdc.com or call the Business Ask Me! Line toll free at 888-982-7232.

The marketing information contained here is based on comprehensive research and best practices identified from national and international marketing experts and sources.

*Advertising Your Business*

Advertising is the means for getting information about your product or service to

the buying public. While developing your marketing plan as described in the previous chapter, you identified your potential customers in your area of service. Now you must determine the best methods for reaching them. While this is an inclusive chapter, we suggest consulting with an advertising agency.

*Media Advertising*

Media advertising and publicity can be obtained through interviews, articles and paid ads online and in newspapers, magazines, radio and television.

Newspaper advertising reaches large audiences, has a short life span, and is quickly and easily changed.

Magazine advertising is often thought to be too expensive for a small business, but you don’t have

to run your ads in the entire edition. You can reach specific geographic and demographic markets by placing your ad in a regional edition.

Radio advertising is usually local, reaches a pre-selected audience, can be changed frequently, is limited to brief copy, is relatively expensive and can be repeated frequently. It is priced according to the length of the message, time of broadcast and frequency.

Television advertising reaches large marketing areas, is relatively expensive and is limited to brief copy. This form of advertising is usually highly professional and is priced according to length of message, time of broadcast, frequency, time of year and whether the station is a network or independent.

An Internet marketing strategy is something that absolutely every modern-day small business start-up needs. While a good starting point is a Web site, Internet marketing requires more than a couple of static Web pages. Instead, successful Internet marketing mandates a dynamic and well-rounded Web presence that builds relationships in addition to sales. A comprehensive Internet marketing strategy replaces newspaper ads with banner ads, yellow pages with search engines, snail mail with e-mail, town squares with social networks and sales letters with custom content. A Web site allows you and your business to have an ongoing “conversation” with customers.

Along with a dynamic web page, reaching your audience wherever they are requires a presence on the social networking pages today. Business EZine says marketing via social media can be defined as a method of marketing, communication with the public, customer service and sales using just one or

a multiple of social networking websites, internet communities, wikis, blogs or another form of online media. Some social media that are famous and good for marketing include LinkedIn, Facebook, YouTube, Instagram and Twitter.

Here are five tips from Susan Gunelius, CEO of KeySplash Creative Inc., a marketing communications company, that anyone can apply to their social media marketing efforts today and start seeing positive results almost immediately.

1. Make it easy and non-threatening for your audience to participate. Not only does your content matter on the social web but your personality matters, too. You need to be accessible and approachable in all your social media marketing communications. Talk with peoples that makes it clear that you want them to join the conversation. This applies to your employees as well. Your employees are your best brand advocates. Make it easy for them to talk about your business on the social web by providing simple guidelines for them to follow. Go to Ask.com and type in social media and blogging policies to develop your own business’ guidelines.

2. Write share-worthy content. The more amazing content that you publish online through your social media profiles, the more people will want to share it with their audiences. That leads to far more online exposure for you, your business and your brand than you can get on your own. Of course, not every piece of content that you publish on social sites must be share-worthy, but you should try to publish as much as possible.

3. Acknowledge and recognize your audience. The power of social media marketing comes from the relationships you develop with your online audience (who will become brand advocates and will talk about your business, champion it, and defend it against naysayers). With that in mind, you must acknowledge people when they reach out to you. Would you ignore a person who walked up to you at a networking event and spoke to you? Hopefully, your answer to that question is, “no.” No one likes to be ignored, and social media conversations shouldn’t be treated differently from in-person conversations. Many of the most successful marketers make a point of responding to every e-mail, blog comment, tweet and so on that is directed at them. So recognize your audience, and make them feel important.

4. Integrate all your marketing efforts. All your marketing efforts should work together to present consistent brand messages and lead to your ultimate marketing goals. For example, feed your blog content to your Twitter and Facebook profiles using a tool like www.Twitterfeed.com. Promote your Facebook, Twitter and LinkedIn profiles by including “Follow Me” buttons in your blog’s sidebar that link to your profiles. Include your Twitter ID in your printed ads and link to your blog and social media profiles in your e-mail signature. The key is to surround your audience with branded experiences and let them select how they want to interact with your business and brand. Give them options and make it easy for them to join the conversation in the way that they choose.

5. Don’t try to keep up with the Jones. Just because your competitor is doing something on the social web doesn’t mean that you need to do the same. By blindly following your competitor’s path, you’re marketing scared and without purpose. Plus, it’s probable that your competitor’s initiatives won’t help you meet your goals at all. While it’s essential that you monitor your competitor’s social media marketing activities, you should analyze them against your own goals before implementing any of them yourself.

*Publicity*

In addition to paid advertising, don’t overlook publicity. It creates news about your business. Research your local media and call them to see if they would do a feature on your business or whether they could use you as a resource in your field of expertise.

It is not enough to just tell them about your business. You must be prepared to present a unique angle. The information you submit and the ideas with which you approach the media must be timely, important and interesting to a large segment of their audience.

You may wish to submit a news release to let people know who you are and what you have to offer. News releases should be short and contain important facts. News releases follow the inverted pyramid style, most important information in the first paragraphs diminishing down to least important in the final paragraphs.

There are three keys to a successful press release:

• A quality news angle (never send a press release if you don’t have real news).

• A well-written release (following proper formatting, writing styles, etc.).

• A tailored press release distribution plan (there isn’t a one-size-fits-all solution to distribution).

Press Release Components

* Release time – The top of a press release should either have “FOR IMMEDIATE RELEASE” or an embargo date listed (EMBARGOED UNTIL DATE) if the news isn’t to be published immediately.
* Headline – The headline is like the title of your press release. It should grab the reader’s attention, make them want to click or read more, and still manage to introduce the news angle itself.
* Summary – Press release summaries are popular in online press release distribution. This should be a two to four sentence summary of the news, expanding on the headline but not as detailed as the press release body. When using offline press release distribution methods, this can be substituted with a one- line sub-heading.
* Dateline – The dateline of a press release comes directly before (but on the same line as) the opening body paragraph. It will include the hometown of the company issuing the news release as well as the release date.
* Press Release Body – The first body paragraph of a press release should briefly answer the questions of who, what, when, where, and why. Following paragraphs will include supporting details and often a quote from a representative of the company.
* Boilerplate – A press release boilerplate is a short backgrounder on the issuing company, person, or organization, generally no longer than one paragraph.
* Call to Action – The call to action invites the reader to get in touch with you for any additional details they may need in writing a story.
* Contact Information – At a bare minimum include a media contact name, phone number, and e-mail address. It never hurts to include a mailing address, cell, or fax number as well.
* Closing – All news releases should contain a closing mark (often ### or -30-), which signifies to the reader that there’s nothing more to come. If a release goes to a second page, the first page should be marked with something like -more- to make it clear that another page will follow. You can list any addenda (such as photos) just before the closing.

To get a free press release format, visit <https://coschedule.com/blog/how-to-write-press-releases-examples-templates/> for some templates you can download.

*Alternative Methods*

There are other means of getting the message about your business to your customers. Here are some alternative ideas:

• Community involvement or sponsorship: Membership in local clubs and organizations can give your business exposure.

• Direct mail: Goes into your target market’s home or business and into their hands.

• Telemarketing: Using the telephone to contact new customers or to maintain contact with current customers can be an effective way to reach your market.

• Networking: Exchanging information about your business whenever possible at meetings, receptions and other social gatherings.

• Promotional gimmicks.

• Trade shows: Displaying information about your business at shows that tap into your market is well worth the investment in time and money.

• Discounts.

• Yellow Pages listing.

Pay attention to advertising and promotions for your business. How you spend your advertising budget is more important than how much you spend. Spend it wisely.

*Calculating your Advertising Budget*

According to Work.com, taking the time and effort to calculate your ad budget will help you:

• Ensure that you’re not wasting money by either overspending or under-spending.

• Better manage your total budget.

• Determine whether you need additional capital to build your brand

(and how much you’ll need).

• Learn how to measure return on your advertising investments.

• View advertising not as an expense, but as an investment that ensures your company’s success. There are several different ways to calculate your ad budget.

Many small businesses simply use a percentage of revenue as their guide for how much to spend on advertising. If you’re going to use this method, you need to figure out two things: what percentage, and what revenue? Rather than generalizing (5 percent revenue) it’s better to use your industry’s average percentage as a guide. For the most accurate number, base the percentage on an average of the last few years’ revenues, or on the average of last year’s revenues and your projection of next year’s revenues.

To find your industry’s average percentage of revenue spent on advertising, search the Dun & Bradstreet Web site, www.dnb.com/us/.

The unit-of-sales method relies on your experience, plus averages for your industry, of how much it costs to sell a certain specific product. Determine the number of such products you want to sell, multiply

that number (1000 widgets X five cents per widget) and you’ll get your total budget ($50). The unit of sales method works well for companies with only a few different products to sell, and for product lines with limited or circumscribed availability (an artist can make X number of carvings per year with one apprentice, for example).

Tie advertising investments to rent expenses. Entrepreneur magazine suggests an unusual way to calculate ad budgets, which should work well for retailers and others whose facilities play a role (any

role, limited or significant) in their brand identity. The calculation, which is slightly too complex to repeat here, will provide you with a very specific budget range. Use the tutorial, “A New Way to Calculate Your Ad Budget,” at Entrepreneur.com Web site, www.entrepreneur.com. Search for the tutorial title.

Another way is to calculate your budget by task and objective. Although this method is the hardest

one to use, most experts agree that it’s the most accurate way to come up with the right ad budget. It’s hard because you must first create a marketing plan. What are your objectives? Rank them in order of importance, because you may find that you can’t afford to achieve all of them. Determine: 1) who you want to reach, 2) how frequently you want to reach them, 3) where (through which combination of media) you’ll get the best exposure, and 4) how much it will cost. Add it all up. Too much money? Reduce your objectives.

To use the task and objective method, you need a good marketing plan. If you need a marketing plan outline and want professional help, contact your local SBDC coach.

We should also mention pay-per-click. Nothing has made the analysts who work in the advertising industry happier than the rise of pay-per-click ads and other search engine marketing techniques, because it’s easy to measure their return on investment (ROI).

For a great tutorial on measuring your pay-per-click ROI, or “return on ad spend” (ROAS) see Google

AdWords Learning Center, www.google.com/adwords/learningcenter/.

**Tips and Tactics**

• Test your ads; measure the ROI; tweak them, and measure again. It’s the only way you’ll really know what works.

• Trying to build market share? You’ll have to spend more than the industry average percentage of sales on advertising.

• Keep an eye on what your competitors are doing. Maintain a reserve ad fund for those

times when you must respond to unusual or highly competitive conditions.