

Marketing 101

To be successful, any business must attract and retain a growing base of satisfied customers. Marketing programs, though widely varied, are all aimed at convincing people to try out or keep using particular products or services. Small businesses are no different, and you should carefully plan your marketing strategies and performance to keep your market presence strong.

Marketing is based on the importance of customers to a business and has two important principles:

1. All company policies and activities should be directed toward satisfying customer needs.
2. Profitable sales volume is more important than maximum sales volume.

To best use these principles, a small business should:

1. Determine the needs of their customers through market research; in other words – gather as much information as you can.
2. Analyze their competitive advantages to develop a market strategy – in other words, what thing (that is important to customers) can you do better than your competitors
3. Select specific markets to serve by target marketing – don't try to go after everyone.

“Market research” sounds difficult and expensive, so think of it as “information gathering” instead. Successful marketing requires timely and relevant market information. An inexpensive research program, based on questionnaires given to current or prospective customers, can often uncover dissatisfaction or possible new products or services.

Market research will also identify trends that affect sales and profitability. Population shifts, legal developments, and the local economic situation should be monitored to quickly identify problems and opportunities. It is also important to keep up with what your competitors are up to.

A marketing strategy identifies customer that your business can better serve than your competitors, and tailors product offerings, prices, distribution, promotional efforts, and services toward those market segments. Ideally, the strategy should address unmet customer needs that offer adequate potential profitability. A good strategy helps a business focus on the target markets it can serve best.

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Owners of small businesses usually have limited resources to spend on marketing. Concentrating your efforts on one or a few key market segments - target marketing - gets the most return from small investments. There are two basic methods used to segment a market:

1. Geographical segmentation - Specializing in serving the needs of customers in a particular geographical area. For example, a neighborhood convenience store may send advertisements only to people living within one-half mile of the store.
2. Customer segmentation - Identifying those people most likely to buy the product or service and targeting those groups.

What are the “4 P’s” of marketing?

1. Products (and Services)
2. Promotion
3. Price
4. (Physical) Distribution

These are combined into an overall marketing program.

1. Products and Services - Product strategies may include concentrating on a narrow product line, developing a highly specialized product or service, or providing a product-service package containing unusually high-quality service.
2. Promotion - Promotion strategies include advertising and direct customer interaction. Good salesmanship is essential for small businesses because of their limited ability to spend on advertising. Good telephone book advertising is also important. Direct mail is an effective, low-cost medium available to small business, as are flyers stuffed in mailboxes.
3. Price - The right price is crucial for maximizing total revenue. Generally, higher prices mean lower volume and vice-versa; however, small businesses can often command higher prices because of their personalized service.
4. Distribution - The manufacturer and wholesaler must decide how to distribute their products. Working through established distributors or manufacturers' agents generally is easiest for small manufacturers. Small retailers should consider cost and traffic flow in site selection, especially since advertising and rent can be reciprocal: A low-cost, low-traffic location means spending more on advertising to build traffic.