

Marketing 101

1 Course Welcome

1.1 Welcome to the Social Media Marketing Course

The Marketing 101: A Guide to Winning Customers course is comprised of five topics.

Each topic covers a different aspect of marketing. The course begins and sets the tone by defining marketing and why it is so important to your business. The course continues by describing how to conduct target market research and identify an effective marketing plan.

Practical, high-impact marketing strategies are also described to help you consider methods to win new customers. Next, the course describes aligning social media platforms with your marketing campaign. Finally, the last topic pulls it all together by outlining how to measure the success of your complete marketing strategy.

We recommend completing the Course Introduction and Topic 1: Overview of Marketing, before proceeding to other topics.

2 Course Introduction

2.1 Course Purpose

Welcome to the SBA Learning Center’s online training course, Marketing 101: A Guide to Winning Customers. This course is for all entrepreneurs who want to learn about marketing their business to reach a broader customer base.

This training is a product of the agency’s Office of Entrepreneurship Education.

2.2 Course Logistics

The Marketing 101: A Guide to Winning Customers course is self-paced training that takes approximately 45 minutes to complete. It provides:

- Overview of marketing concepts and strategies.
- Index of topics for quick reference.
- Checklist of marketing strategies and techniques.
- Printed Certificate of Completion from SBA.

Available outside of this course is the Marketing 101: A Guide to Winning Customers Worksheet which summarizes the content into a robust takeaway that you can use to apply what you have learned in this course to your personal business situation.

You may need additional time to review any suggested resource materials and the checklist at the end of the course.

2.3 Course Objective

By the end of this course, you should be able to apply the fundamental marketing concepts that support starting and managing a business.

To accomplish this objective, you will one, define marketing and its importance in business development; two, describe the target market research process; three, identify components of an

effective marketing plan; four, describe high impact marketing strategies that foster business success; and five, describe key concepts for measuring performance of marketing strategies, to include social media campaigns.

2.4 History of Marketing

This graphic shows the evolution of marketing, starting before the 1400's through the present time.

- **Pre-1400's:** Before Johannes Gutenberg invented the printing press in the 1400's, most businesses probably used word-of-mouth to market their products and services.
- **1400's- 1900's:** After 1400, print media dominated the world, well into the 1900's.
- **1920's:** In the 1920's, radio added another communication option for marketing products and services.
- **1940's:** Advances in technology led to the addition of television in the 1940's, providing advertising opportunities through commercials.
- **1950's:** In the 1950's, telemarketing took hold and became an effective marketing avenue for those who could afford advertising production costs and air time.
- **1990's:** In the 1990's, emergence of the world wide web took the marketing industry to a whole new level. During this decade, the internet explodes with new technologies: email, mobile phones, and search engines. Online marketing costs are significantly less than traditional marketing costs and with an outreach to a more expansive audience.
- **2000's:** The dawn of the new millennium birthed the social media frenzy; web analytics are introduced; mobile/smart phone use substantially increase. All work together to create a marketing potential bonanza.
- **2010+:** Social media blends with blogging to reach millions of potential customers; tablet users significantly increase; email marketing encompasses 90% of email traffic; online video and e-Commerce explode; 75% of the world is online.

This rapid technological growth has paved the way for today's business owners to benefit from massive marketing potentials on a global scale. As a business owner, stay well-informed of technology changes and how they can improve your marketing techniques and strategies.

2.5 History of Marketing (Cont.)

Think about this technology evolution: Did the emergence of a new technology displace the preceding one? Did print, radio, and television go out of style?

Of course not! Magazines are still printed, radio ads still air, television commercials continue to influence our spending habits, and telemarketers still call us.

Today, entrepreneurs also have the internet and related social media platforms at their fingertips... this is just another way of conducting and advertising business.

2.6 Course Introduction Summary

In this Course Introduction, you received information about the purpose, logistics, and overarching objective of the Marketing 101: A Guide to Winning Customers course.

In addition, you reviewed a brief history of marketing, spanning from the pre-1400's through current times.

3 Topic 1: Overview of Marketing

3.1 Topic 1 Objective

By the end of this topic, you should be able to define marketing and its importance in business development. To meet the objective, this topic will cover:

- Definition of marketing
- Importance of marketing

3.2 What is Marketing?

Marketing is “The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that **satisfy** individual and organizational objectives.” - American Marketing Association

The key word in this definition is “satisfy.” Your product and/or service should provide a solution to an unfulfilled need in the market place.

Marketing is a management process that aligns the needs and wants of customers with desired products, goods, and services. Therefore, marketing is a solution-driven process that benefits both the customer and the business owner.

3.3 Marketing versus Advertising

Marketing is often confused with advertising. Both are important, but advertising is only a single component of the entire marketing process.

The marketing process consists of:

- Advertising
- Community involvement
- Customer support
- Distribution
- Market research
- Media planning
- Product pricing
- Public relations
- Sales strategy

3.4 Why is Marketing Important to Your Business?

Marketing is everything an organization does to build a relationship between the company and consumer.

For a business to expand, it must build strong customer relationships. Therefore, the process of marketing begins with discovering what products customers need and will want to buy. You'll be facing an uphill battle if you provide something you want to produce and then try to convince someone to buy it.

The marketing process continues by establishing prices, letting potential customers know about products & services, and then making them available – while generating profits for the business.

The bottom line is that marketing is based on the importance of customers to the business. Therefore, company policies and activities should focus on identifying customers' pain points, or problems. Then position the business to deliver solutions (products and/or services) to alleviate these problems.

3.5 Scenario: *Entrepreneurs Darrell and Susan Simon*

Meet Darrell and Susan Simon, both emerging entrepreneurs. For years, Darrell and Susan have dreamed of opening a neighborhood fitness center near their home of ten years in the suburbs of Orlando, Florida. Both plan to quit their full time jobs in about one year to actively pursue this venture.

The area in which they plan to open is already home to a national fitness center. But as avid fitness enthusiasts, Darrell and Susan believe they can offer a better gym for a better cost. However, neither Darrell nor Susan have yet to conduct market research but know it's next on their to-do list.

As you progress through this course, Darrell and Susan will need your assistance with making decisions that will help them get their business up and running.

3.6 Think About It

Let's see how you apply what you've learned in this topic.

Darrell and Susan are ready to conduct marketing research to learn more about the patrons of the existing neighborhood fitness center. What advice can you give Darrell and Susan about beginning the marketing process?

- a. Mail flyers advertising the opening of their gym.
- b. Hand out coupons to their gym at their present employments.
- c. Establish a website.
- d. Discover what products customers need and will want to buy.

The correct answer is d. Discover what products customers need and will want to buy.

All other options are incorrect because while they are steps in the marketing process, they are not conducted at the beginning of the process.

3.7 Think About It

As avid fitness enthusiasts, Darrell and Susan know that many fitness centers require customers to sign annual contracts and to pay signup fees. To learn more about the competitor's pricing, what should Darrell and Susan do next to prepare for the opening of their business?

- a. Learn the pricing of the competitor's products and services.
- b. Establish a pricing strategy before considering the competition.
- c. Learn the customer's pain points.
- d. Advertise in the local neighborhood newspaper.

The correct answer is:

- a. Learn the pricing of the competitor’s products and services.

All other options are incorrect because they are not done in relation to learning about the competitor’s pricing.

3.8 Topic 1 Summary

In this topic, you were presented with the definition of marketing and its importance in business development.

4 Topic 2: Target Market Research Process

4.1 Topic 2 Objective

By the end of this topic, you should be able to describe the target market research process. To meet the objective, this topic will cover:

- Phases of the marketing process
- Tools and resources

4.2 Target Market Research

Target market research is: “the systematic gathering, recording, and analyzing of data about issues surrounding the marketing of goods and services.” The key word is systematic. Regular and methodical research about your target market will make all the difference to your bottom line. You can’t be successful selling in or to a market you don’t understand.

Target market research does not have to be costly, nor does it have to be a complex process. It can be as simple as surveying a cross-section of your customers.

4.3 Target Market Research (Cont.)

A few target market research techniques include: analyzing demographic data such as population changes, gender, income levels, age ranges, education levels, and other information; talk to your competition; research area using the internet, etc.

Whatever method you use, your focus should be on gathering enough information to determine potential customers, their needs, and what products they would consider buying from a business like yours.

Market research should answer questions such as:

- Who are your existing customers and potential customers?
- How would you describe or profile your customers?
- Where are they located?
- And, most importantly, are you offering the kinds of products and services customers want—at the best place, at the right price, and in the right amounts

4.4 Target Market Research Process

An easy way to remember the key phases of target market research process is the “STP and Stakeholder Analysis” model. STP is an acronym for Segmentation, Targeting, Positioning.

- **Segmentation:** Segmentation is the separation of customers into categories to determine what segment is best for the offerings of your business. You can separate by demographics such as gender, age, income, education levels, location, beliefs, spending habits, and so on.
- **Target Markets Identification:** Identify exactly for **who** your product is geared and whether your product/service actually fits a definable segment or segments of the market. You may find you can target different segments with different products, or one product may have a primary target market and a secondary target market.

Note: If you discover that your product/service does not fit a definable segment of the market, you might need to reevaluate your product or service to determine whether it can be tailored to match a specific target market.

- **Positioning** Decide how to position your business, using the principle of effective messaging: Say the right things about your product to the right people in a way they understand. A best practice is to draft a ‘segmentation profile’ for your ideal customer, to include name, age, occupation, likes, dislikes, etc. This personalizes your target market and helps you create effective messaging. Later in this course, you will learn more about using social media to communicate effectively.

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- **Stakeholder Analysis** Anyone affected by what your business does and the health of your business is a stakeholder. Because you cannot satisfy the diverse needs of all stakeholders, it is important to identify which stakeholders are the most important to you, your values, and the health of your business. Keep these prioritized stakeholders in mind when making day-to-day and long-term strategic decisions.

4.5 Using Tools and Resources for Target Market Research

Market research is not a perfect science, but understanding your market is critically important. There are many ways to conduct research, simply and easily. Some helpful methods include:

- Use the Internet. It is an incredible research tool. Use it, with “search engines” to find local demographic data, competitors, view site maps, find documents and much more.
- Develop simple customer surveys. They can be very helpful and you will be surprised at what you can learn.
- Review local maps. They are a great way to understand an area and to put a “market” in perspective.
- Use economic development agencies and trade groups. They are powerful resources available to help find all types of market and demographic information.
- Review Census and Labor Department data and publications.
- And lastly, don’t be shy about learning from your competitors – studying their customers, what they sell, traffic levels and any other market information you can find out. Links to multiple demographic resources are available at the conclusion of this course.

Conducting target market research is critical to your business success!

4.6 Think About It

Let's see how you apply what you've learned in this topic.

Darrell and Susan are ready to conduct target marketing research to learn more about the patrons of the existing fitness center. What advice can you give Darrell and Susan regarding the correct order of steps in the target market research process?

- a. Analyze stakeholders. Position your business. Identify target market. Separate customers by demographics.
- b. Separate customers by demographics. Identify target market. Position your business. Analyze stakeholders.
- c. Identify target market. Analyze stakeholders. Position your business. Separate customers by demographics.
- d. Position your business. Separate customers by demographics. Analyze stakeholders. Identify target market.

The correct answer is b. Separate customers by demographics. Identify target market. Position your business. Analyze stakeholders.

All other options are incorrect because they do not reflect the correct order of the steps of the market research process.

4.7 Think About It

In the ten years Darrell and Susan have lived in the town where they want to open a gym, they have witnessed considerable urban growth. Given Darrell and Susan's current situation, which two strategies, from the following list, do you believe are the best starting-point strategies for Darrell and Susan to use to learn about their target market?

- a. Customer surveys
- b. Internet
- c. Census and Labor Department Publications
- d. Trade Groups

The correct answers are:

- a. Customer surveys
- b. Internet

While the other two options are target market research strategies, given Darrell and Susan's situation, Census and Labor Department Publications and Trade Groups may be helpful but not as initial starting points.

4.8 Topic 2 Summary

This topic described the phases of the target market research process, outlined techniques and strategies, and provided tools and resources.

5 Topic 3: Marketing Plan Components

5.1 Topic 3 Objective

By the end of this topic, you should be able to identify components of an effective marketing plan. To meet the objective, this topic will cover:

- Components of a typical marketing plan.
- Marketing plan templates

5.2 What is a Marketing Plan?

Once you've completed your market research and have identified your target market, you must write your marketing plan. A marketing plan is typically included within your overall business plan and is considered the heart of any business.

A marketing plan:

- Serves as the blueprint of strategies to help you win—and keep—customers.
- Often influences whether a bank will provide a small business loan.

5.3 The 4P's of a Marketing Plan

To write your marketing plan, use a mix of marketing elements known as the *4P's of Marketing* to focus your content.

- The place is the location where the products are available for purchase; can either be physical market (meet customer personally) or virtual market (meet through the Internet)
- The price is money a customer pays for your product; tied to availability of that product in the market.
- Promoting your products include strategies to make customers aware of your products.
- There are two types of products: tangible – customers can see and touch product; intangible – such as services (i.e., dog grooming, daycare, pest control, etc.).

5.4 Marketing Plan Components

While using the Marketing Plans 4P's as a guide when writing your marketing plan, be sure to include the following components to support and champion your approach:

- Identify target markets.
- Define products/services.
- Outline pricing strategy.
- Describe product location & distribution.
- Develop promotion strategy.
- Review competition.
- Identify your business's competitive advantage.
- Prepare marketing budget.

5.5 Identify Target Markets

Owners of small businesses usually have limited resources to spend on marketing. Concentrating their efforts on one or a few key market segments - target marketing - gets the most return on investment.

There are two methods used to segment a market:

- Geographical Segmentation
- Customer Segmentation

Geographical Segmentation means 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 a one-mile radius of the store.

Customer Segmentation means identifying people who are most likely to buy your products or services and then targets those groups. For instance, if you are in the business of selling surf boards, you want to target people who are engaged in or at least interested in the sport of surfing. Reaching out to baby-boomers in a retirement magazine may bring in a few energetic prospects, searching for their youth, but you probably won't sell a lot of surf boards.

Remember - Identify your target market by location, age, gender, education, income and interests. Learn to know your customers better than anyone!

5.6 Define Products and Services

The product aspects of a good marketing strategy relate to the actual goods and services being sold and how they satisfy the customers' needs and desires.

Your plan should clearly identify and describe your products and services, as they relate to supporting the needs of your customers. Product strategies may include concentrating on a narrow product line, developing a highly specialized product or service, or providing a product with an unusually high-quality service program.

Other product decisions will focus on the product name, packaging, warranty and other factors.

Remember, it's all about the customer. The product has to meet the needs of the customer.

5.7 Outline Pricing Strategy

Pricing is about setting the price, including establishing discount levels for your products and services.

The right price is critical for maximizing revenue and profits. Generally, higher prices mean lower volume and vice-versa. However, if your products or services are unique and different from competitors, you may be able to charge higher prices without a reduction in volume.

There are several pricing decisions you can make to support a sound marketing strategy for your business: actual retail price, volume discounts, and seasonal pricing are a few.

Remember - Every day we come in contact with pricing strategies applied by other entrepreneurs. Learn from the success of others and your own buying habits. It is important that

you keep abreast of changes in the marketplace because these changes can have an effect on your bottom line.

5.8 Describe Product Location, Placement, and Distribution

Retail businesses should consider the cost and traffic flow in selecting a site, especially since advertising and rent can be reciprocal -- that is a low-cost, low-traffic location likely means spending more on advertising to build traffic.

Manufacturing and wholesale firms must also consider the costs associated the distribution of their products.

Decisions will focus on customer convenience, speed, transportation, warehousing and e-Commerce options.

In terms of your marketing plan, consider ease and cost of product distribution. Placement refers to how the product gets to the customer. Specifically, it refers to the channel by which a product or service is sold or distributed.

5.9 Develop Promotion Strategy

Promotion is a key factor. It is important that you develop a strategy that uses various media to promote your business and that you monitor which promotional activities are most effective. Promotion includes advertising, sales promotion, and publicity. It refers to the various methods of promoting your product, brand or company.

Promotion strategies include advertising, providing incredible customer service, Internet banners, search engine optimization, radio spots, flyers, coupons and good salesmanship. Because small firms often have limited funds to spend on advertising, it's absolutely critical to deliver consistent good salesmanship to retain customers.

In terms of decisions, you will have to consider advertising options, sales and promotions, and the image you want your business to reflect to the public.

5.10 Identify Competition and Your Competitive Advantage

You will be surprised at how much you can learn from your competitors. There is nothing wrong with becoming a student of your competition. Many successful marketing strategies have been born from ideas tested by others.

As an initial strategy, identify five business competitors in your area. Start a file on each - identifying their strengths and weaknesses. Keep files on their advertising and promotional materials, as well as their pricing strategies. Review these files periodically.

Remember, a company is not likely to continue a strategy if it doesn't work. Pay particular attention to strategies that are repeated. And always ask yourself – “what can you do to improve upon what your competition is doing?”

5.11 Prepare Marketing Budget

Operating an effective marketing plan with meaningful strategies requires money.

You will have to allocate funds from your operating budget to cover research, advertising, promotion and all costs associated with marketing.

Develop a marketing budget that is realistic and based on facts. Remember, it takes money to make money.

5.12 Marketing Plan Examples or Templates

Here are a few marketing plan examples that may help you develop your own marketing plan.

5.13 Think About It

Let's see how you apply what you've learned in this topic.

Assume Darrell and Susan have conducted thorough target market research and are ready to develop their marketing plan. What characteristics of the marketing plan should they keep in mind? Select all that apply.

- a. Often influences whether a bank will provide a small business loan.
- b. Functions as an external entity of a business.
- c. Inessential to a business.
- d. Serves as a blueprint of strategies to win and retain customers.

The correct answers are:

- a. Often influences whether a bank will provide a small business loan.
- d. Serves as a blueprint of strategies to win and retain customers.

5.14 Think About It

In preparation of writing their marketing plan, Darrell and Susan have identified the target market, determined their products/services, researched the competitive pricing, decided their location and distribution, and researched the competition. What two components of the marketing plan do they still need to examine and include?

- a. Target Markets and Budget
- b. Promotions and Pricing
- c. Promotions and Budget
- d. Competition and Product Location

The correct answer is:

- c. Promotions and Budget

5.15 Topic 3 Summary

This topic outlined the components of the marketing plan and provide examples of marketing plan templates.

6 Topic 4: High Impact Marketing Strategies

6.1 Topic 4 Objective

By the end of this topic, you should be able to describe high impact marketing strategies that foster business success. To meet the objective, this topic will cover:

- Influential marketing strategies.
- Various social media platforms.
- Benefits of integrating social media as a marketing strategy.

6.2 *Influential Marketing Strategies*

Business success comes from satisfying customer needs and providing incredible customer service. Many strategies are available to help reach new customers and keep existing customers.

Highlighted for consideration are several high impact strategies. Each of these marketing approaches is low-cost and proven to be effective and easy to implement.

These strategies are designed to be used in conjunction with each other. Implementing a combination of these strategies ensures a successful blended marketing solution.

- **Survey Your Customers:** This is a simple, but very effective way to learn about your customers. Ask them what they like and dislike about doing business with you. Ask them how you compare to the competition and what additional things you could do to benefit them. Inquire and listen to your customers – a very powerful marketing strategy.
- **Follow Up On Every Sale:** Perhaps a bit of an exaggeration, but make an effort to ask many customers about their experience with your business. Learn from this exchange. Make improvements based on what customers tell you.
- **Write an Article** – Write about a topic that adds value to your community and mentions your company. Local newspapers are always looking for fresh, interesting articles for their readers. Many small businesses receive free advertising from articles that support the community and mention the company. The key aspect is to prepare an article that is interesting and has a local flavor. An advertisement, disguised as an article, will never get published.
- **Free Samples and Gifts** - People love free stuff. Admit it, how many times have you gone out of your way to get a free gift? What better way to attract prospective customers than to give something away? Food and beverages are natural candidates, as are pens, mugs and other articles. In addition, free samples have historically produced great successes, from the free nibbles that launched cookie stores to the mass mailings and giveaways that introduced products ranging from cereals to Post-It notes.
- **Seminars and Demonstrations** - As we just mentioned, people love free stuff. This is particularly true if it's helpful free stuff. Free seminars and demonstrations can be very effective. Look for ways to help your customers and add value to their knowledge base. Once you have helped them and gained their confidence, then introduce them to your products and services. Make sure you give participants an easy, compelling way to buy your products or services before they leave. Many successful sales have been generated through free seminars and demonstrations.
- **Good Signage** - Signs, even very simple ones, are an excellent way to get the attention of customers and very effective marketing tools. Think about your personal interactions with signs. How many times have you purchased something because it was brought to

your attention by a sign? Signage is also necessary to help, direct, and inform customers. Do not underestimate the value of good signage.

- **Coupons** – Coupons offer a proven method of generating interest. Hand them out at the cash register. Distribute them through your sales force. Include them in a coupon pack prepared by a direct-mail advertising house. Coupons can be an inexpensive, but effective target marketing strategy. Like all other forms of advertising, coupons work best with repetition. Measure their effectiveness simply by counting the number redeemed.
- **Stay Alert** – As one of the most powerful marketing strategies a small business can apply, learn to learn from others. Observe, listen, and know your customers. Study your competition. Be alert. Watch for new trends; look for weaknesses; follow what works and stay away from what doesn't. There is no shame in learning from others and there is much to gain by staying alert and responding accordingly.
- **Have an Online Presence** – Like it or not, the internet has become an integral part of our everyday lives. It makes sense then that you would want to market your business online. Fast becoming a mandatory market strategy, positioning your business on the internet is a must. The internet's global footprint will give your business the ability to reach potential customers that without it would be impossible. For example, a family is vacationing to the area where your business is located and they want to know area restaurants. Your restaurant would want to make sure that its menu, phone number, and address can be found online. And, because they have a dog, a dog grooming business would want to ensure its hours of operation, costs, and product offerings are available at the touch of a keyboard. Consider online advertising services like Google AdWords, which can help you reach more of your target market at an affordable pay-per-click rate.
- **Start a Blog** – Blogs are informational websites that generally reflect the personality of the author; they are updated frequently and written in a conversational, informal style. Blogs are effective communication vehicles that, if tailored to narrowly-focused groups, can introduce your business to new customers every day. It is estimated that there are over 100 million active blogs. According to marketing statistics by Hubspot.com, over 46% of people read blogs every day. Now for the clincher: 82% of marketers who blog daily acquired a customer using their blog, as opposed to 57% of marketers who blog monthly -- which, by itself, is still an impressive result. Think about those numbers for a minute; blogs are popular and powerful. Additionally, reading other blogs can familiarize you to a vast array of resources, reflections, and opinions that may prove useful for your marketing strategy. The bottom-line: starting and/or participating in a blog can be an excellent approach for reaching customers.
- **Integrate Social Media** – Merriam-Webster defines social media as *forms of electronic communication through which users create online communities to share information, ideas, messages and other content*. Social media marketing refers to all content—images, videos, eBooks, infographics, blogs, etc.—specifically formatted for social media platform environments, such as Facebook, Twitter, and LinkedIn. Including your business in the social media world is a vital component to marketing your business. The next discussion point goes into more detail about social media platforms and their importance in your marketing strategy.

6.3 Social Media

As previously mentioned, Social Media environments allow people or companies to create, share, or exchange information, career interests, ideas, and pictures/videos in virtual communities and networks.

The platforms and their marketing benefits by which this information exchange occurs are our focus in this discussion.

6.4 Facebook, Twitter, LinkedIn Oh My!

There are tens of thousands of social media platforms with hundreds of millions of users. How do you know which to use and which to avoid? Which ones will give you the best visibility to showcase and market your business?

It's difficult to know for certain and much depends on your products and services, as well as your location. The most frequently used social media platforms for business marketing purposes include (listed in order of popularity):

- Facebook
- Twitter
- LinkedIn
- Google+
- YouTube
- Instagram
- Pinterest

6.5 Social Media Marketing Benefits

Social media is an effective form of marketing for a variety of reasons.

Here are the top ten reasons why using social media to market your product or services simply makes good business sense:

- Reach - Boosts your business reach to both those who know about you and those who don't.
- Connect - Fosters instant and direct communication with your customers and the public, in general.
- Creative - Engages your target market in a variety of ways – text, images, audio, and/or video.
- Display - Provides platform to extend creative promotional offers to boost overall presence.
- Ease - Is fairly simple to set up and manage your business' profile.
- Current - Signals that your business is modern and up to speed with current marketing methods.
- Recruit - Allows you to publicize employment opportunities.
- Loyalty - Cultivates allegiance among target markets.

- Analysis - Enables you to measure the effectiveness of your social media marketing efforts.
- Inexpensive - Can be very inexpensive and sometimes free, depending on the selected social media platform and how you want to use it to market your business.

6.6 Video: Showcase Your Business on Social Media

This video discusses the best practices for showcasing your business on social media.

6.7 Social Media Marketing Resources

To learn more about Social Media marketing concepts with real-world examples and helpful tips, look for our Social Media Marketing course at the SBA Learning Center.

6.8 Think About It

Let's see how you apply what you've learned in this topic.

A marketing plan component that Darrell and Susan still need to investigate is their promotional strategy. Based on the information you learned in this topic, which of the following websites would you recommend to the couple to start their promotional approach?

- a. eBay
- b. Facebook
- c. Amazon
- d. Etsy

The correct answer is:

- b. Facebook

All of the other options are incorrect because they are not considered social media platforms.

6.9 Think About It

To promote their business, Darrell and Susan agree to combine their talents and launch a blended marketing campaign. Darrell has experience with writing winning proposals and giving high-profile sales demonstrations. Susan was a systems analyst who analyzed computer systems and offered solutions for increased efficiency and productivity. Given their combined skills sets and the nature of their business, what do you think is the best blended marketing strategy?

- a. Free Samples and Gifts; Seminars and Demonstrations; Have an Online Presence; Integrate Social Media
- b. Survey Customers; Follow up on Every Sale; Write an Article; Have an Online Presence
- c. Good Signage; Coupons; Stay Alert; Start a Blog
- d. Write an Article; Free Samples and Gifts; Coupons; Survey Customer

The correct answer is: a. Free Samples and Gifts; Seminars and Demonstrations; Have an Online Presence; Integrate Social Media

Free Samples and Gifts and Seminars and Demonstrations leverage Darrell’s proposal and sales experience. Have an Online Presence and Integrating Social Media leverages Susan’s computer and resolution experience.

6.10 Topic 4 Summary

This topic described proven, low-cost high-impact marketing strategies including the use and benefits of social media.

7 Topic 5: Measuring Performance of Marketing Strategies

7.1 Topic 5 Objective

By the end of this topic, you should be able to describe key concepts for measuring performance of marketing strategies, to include social media campaigns. To meet the objective, this topic will cover:

- Methods to measure success.
- Special considerations for social media campaign performance.

7.2 Measuring Success

A good marketing plan and strategy include a process to evaluate the results of your efforts. Basically, how do you know what you are doing right? And, by the same token, how do you know what you are doing wrong?

Measuring performance means analyzing these issues by addressing and answering a few basic questions:

- How does the performance of my company compare with industry norms?
- Do I know for certain my marketing efforts are effective? How?
- Is my company doing all it can to be customer-oriented?
- Are my customers satisfied?

These are sample questions, but are representative of the types of questions that should be asked to create benchmarks --- so that predictive and diagnostic performance results can be determined and measured.

7.3 Methods to Measure Success

Think about those questions again and what the answers may provide. Comparing your business with industry standards? Effective marketing efforts? Are my products satisfying my customers?

You want to make certain that whatever marketing efforts you implement – have a positive impact on performance.

There are numerous methods to measure your marketing success. This course briefly touches on the three most commonly used techniques.

7.4 Analytics versus Metrics

Analytics is the measurement and tracking of metrics. But what is the difference between analytics and metrics, and how do they relate?

Metrics are tangible, informational, and focus on historical data. Key Performance Indicators (discussed later) are examples of metrics. Analytics, by contrast, are intangible and predict outcomes by focusing on future direction and scope.

Simply, analytics use metrics to determine, from a marketing perspective, what you are doing right as well as what are you doing wrong.

7.5 Marketing Analytics

Marketing analytics measure certain factors of your marketing campaign strategy. By knowing the results of your marketing performance, you will better understand how you can be successful in marketing endeavors.

The most popular factors to consider when it comes to measuring marketing performance are:

- Brand Awareness
- Customer Acquisition
- Customer Retention/Loyalty
- Engagement
- Lead Generation
- Lead Management/Nurturing
- Repeat Clients
- Sales
- Website Traffic

Due to technology advances, measuring these factors is easier and streamlined due to metrics used in web analytics.

If you do not have a website for your business, use surveys that ask questions about your brand, give coupons and count how many return, and have conversations with your customers to measure these factors.

7.6 Web Analytics Tools

Web analytics analyze your website traffic. To help you understand exactly what is happening on your website, who is visiting, and how often, web analytics provide the measurements and information you need to adapt and adjust your marketing campaign accordingly.

There are hundreds of analytics platforms and tools; some are free and some are not. But the results gathered from data mining from your website performance is worth their weight in gold, so while it is highly encouraged to use web analytics platform and tools, you decide which one is best for your business situation.

The following free analytics platforms and tools can get you started capturing your data and analyzing your metrics:

- Google Analytics
- Bit.ly
- Piwik

- Open Web Analytics
- AdWords Grader Plus!
- Followerwonk (collects Twitter traffic)

7.7 Key Performance Indicators

Like ROI, a Key Performance Indicator (KPI) is a flexible metric measurement tool that allows you to evaluate how well your business is meeting its targets.

As mentioned earlier, metrics are tangible, informational, and focus on historical data. KPIs are metrics that **you decide** is important to monitor to achieve **your business's** short and long term goals.

There is no one set of KPIs that all businesses follow. KPIs are decided upon and uniquely tailored to your business. For example, you may want to understand how people are finding your website, or how effective your website is at fostering an audience based on returning website visits, or the level of engagement of your social media campaign, etc.

Once you decided upon the KPIs that fit your business, you will need to establish processes to monitor and track the metrics using the analytic tools discussed earlier in this topic.

7.8 Return on Investment

Return on Investment, or ROI, is the most important measurement for your marketing. ROI is simply how much money you make compared to how much money you invest.

As part of determining ROI, you will want to know what action, referred to as the Call to Act (CTA), persuaded the potential customer to become a paying customer? Use surveys, questionnaires, and analytic tools to help you determine what marketing campaign is enlarging your customer base.

Use two factors to calculate ROI:

- Customer Lifetime Value (CLV)
- Customer Acquisition Cost (CAC)

Customer Lifetime Value: The amount of revenue that the average customer will generate during their engagement with you.

Customer Acquisition Cost: How much did it cost to get that paying customer?

7.9 Importance of Customer Lifetime Value

Customer Lifetime Value or CLV determines the value of each new customer. For example, Darrell and Susan's monthly rate for a gym membership is \$20 with a one-year contract.

The amount per month, \$20, times the number of months, 12, equals CLV, \$240.

Darrell and Susan can be assured that each new customer who signs up with this membership will generate \$240 for their business.

7.10 Importance of Customer Acquisition Cost

Customer Acquisition Cost or CAC determines the cost of acquiring a customer. Let's continue the example calculations with Darrell and Susan's business. They have attracted 250 customers and their total marketing budget is \$5,000.

Total marketing budget, \$5,000, divided by the number of customers, 250, equals \$20.

So they are acquiring a customer for \$20 and he/she is paying them \$240.

Note: Your CAC should never equal your Customer Lifetime Value; in fact, your CAC number should not be more than 10% of your Customer Lifetime Value.

7.11 Putting it All Together

So now let's take these numbers to determine your Return on Investment.

Total marketing budget = \$5,000

CLV = \$240

CAC = \$20

Number of customers = 250

CLV times number of customers, minus the total marketing budget, divided by the total marketing budget, equals ROI.

\$240 times 250, minus \$5000, divided by \$5000, equals \$11.00

This means Darrell and Susan are making \$11.00 for every dollar spent!

7.12 Think About It

Let's see how you apply what you've learned in this topic.

As part of their blended marketing solution, Darrell and Susan have created a website for their business. To measure and monitor their website traffic, what would you recommend Darrell and Susan implement?

- a. Return on Investment
- b. Key Performance Indicators
- c. Metrics
- d. Website Analytic Tools

The correct answer is:

- d. Website Analytic Tools

All of the other options are incorrect because they do not measure website traffic.

7.13 Think About It

As Darrell and Susan continue in their business endeavor, they have come to realize that a combination of marketing strategies and resources must be implemented to ensure _____,

which is the most important marketing measurement as it compares how much money they make to how much money they invest.

- a. Return on Investment
- b. Key Performance Indicators
- c. Coupon distribution
- d. Online and social media involvement

The correct answer is:

- a. Return on Investment

7.14 Topic 5 Summary

This topic described key concepts for measuring performance of marketing strategies and social media campaigns, such as analytics, key performance indicators, and return on investment.

8 Course Summary

8.1 Course Summary

Congratulations! You have completed the Marketing 101: A Guide to Winning Customers course!

This course provided information about basic marketing concepts and strategies in today's world. Using Darrell and Susan Simon's gym business as a threaded scenario throughout the course, you learned about:

- Marketing's importance to your business.
- Methods to conduct target market research.
- Marketing plan components and examples.
- Blended marketing strategies that include integrating social media.
- Techniques to measure the success of your complete marketing strategy.

9 Checklist for Success

9.1 Checklist for Success

It has been said that "Knowledge is power." In reality, knowledge is only potential power. Without application or action, knowledge is just information.

To download the Marketing 101: A Guide to Winning Customer Checklist, select the graphic to the right or select the Resources tab on the top right of this page.

9.2 A.C.T. NOW!

The **A**rticle, **C**ourse, and **T**ool below are related to the course you just completed. They are provided to help you take action on your path to entrepreneurial success. You can also get in-person assistance for all of your business needs through a local resource center. And, if you liked the course, please help spread the word by sharing it with your friends!

Read an SBA Article.

Rather than showing just your product, service, or location in your advertisements or marketing materials, the article *The Power of Emotional Marketing* describes how to promote the emotional benefit of your product or service to generate positive feelings in your customer.

[Click here to learn more.](#)

Take Another Course.

The Market Research online course gives you an overview of how to identify, reach, and market your customer.

[Click here to learn more.](#)

Try a Tool.

Knowing how your business compares with the competition is vital to success. SizeUp will help you manage and grow your business by benchmarking it against competitors, mapping your customers, competitors, and suppliers, and locating the best places to advertise.

[Access the SizeUp Tool.](#)

Find Local Assistance!

SBA has a broad network of skilled counselors and business development specialists.

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