

☑ *Worksheet – Marketing 101: A Guide to Winning Customers*

Marketing is a topic many entrepreneurs ponder as they begin shaping their business ideas. Use this worksheet to document your thoughts, ideas, and action items as they relate to marketing in your business. The questions below follow the topics discussed in the course. You can use the fillable PDF form fields or print the worksheet and write in the space provided.

A blended marketing strategy - using many different avenues to reach consumers - is key to acquiring, retaining, and satisfying your customers.

Marketing Defined

Marketing is a 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. While advertising is important, it is only a single component to the entire marketing process which includes: target market research, product pricing, customer and public relations, distribution, media and sales strategies, etc.

Why is marketing important to your business?

Finding Your Target Market

Marketing and targeting your products and services to a specific area with a real need will prove beneficial and successful for your business. To learn your target market, you must conduct research in the area in which you plan to open your business. Ask yourself these four questions to begin your research. Key phases of the target market research process (STP and Stakeholder Analysis model) that align with each question are in parenthesis:

- Who are your existing customers and potential customers? (**S**egmentation)
- How would you describe or profile your customers? (**T**arget Market Identification)
- Where are your customers located to appropriately position your business? (**P**ositioning)
- Are you offering the types of products and services customers want --- at the best place, at the best price, and in the right amounts? (**S**takeholder Analysis)

Now that you know the questions, actually conducting the research takes action. A few methods to get you started include:

- Learn demographic information by conducting internet searches, connecting with economic development agencies and trade groups, and reviewing Census and Labor Department publications.
- View local maps using the internet to gain perspective of potential sites.
- Develop customer surveys.
- Get to know your competition.

Who is your target market?

Marketing Plan

Once you have identified your target market by completing thorough research of the local population's demographics and reviewed the surrounding area, it is time to write your marketing plan. A marketing plan is the blueprint of strategies to help you win and retain customers. Considered the heart of your business, a marketing plan includes detailed information about your business location, prices of products and services, promotional methods, and the product itself. Including this mix of marketing factors - Place, Price, Promotion, Product - called the 4Ps of Marketing, in your marketing plan will help to focus your content.

- Place - Identify target markets. Describe product location & distribution.
- Price - Outline pricing strategy. Prepare marketing budget.
- Promotion - Develop advertising strategy. Identify your business's competitive advantage.
- Product - Define products/services. Describe product location & distribution.

Marketing Plan Template/Example

Marketing Strategies

Your marketing plan is written and money is allocated for marketing purposes. Now what? Focus on how you will present your business and product to the community by developing marketing strategies that best fit your situation. A strategy is an approach or plan designed to achieve a goal. Strategies that are well planned and well executed usually result in favorable outcomes. Your goal is to sell your product so align your marketing strategies to support your goal.

Best practice to developing your marketing strategy is to employ a variety of methods. Focusing on one technique is easier and might prove to work for a while, but blending several techniques to reach potential customers from all angles will introduce and showcase your business to more prospective clients. Combine several of the strategies from the list below to ensure a successful marketing solution:

- Develop surveys and questionnaires.
- Give freebies and coupons.
- Offer free seminars or demonstrations.
- Use effective signs in well-traveled areas.
- Study and know your competition.
- Create a website.
- Start a blog.
- Incorporate Social Media such as Facebook, Twitter, LinkedIn, Google+, etc.

What marketing strategies are best for your business?

Measure Your Marketing Strategies' Performance

You've researched your target market, written your marketing plan, and implemented marketing strategies. So now you need to know how well your marketing approaches working. How do you know if your coupons are bringing in customers? Did you get any new customers from the free seminar you hosted? Is the sign/banner on display in front of your store notifying potential customers of your existence? Or what about your website? How much new and returning traffic is your website experiencing? These are all valid and important questions to ask. Learning the answers to these questions will give insight into marketing strategies you should continue and those you should stop.

Consider these factors to measure marketing performance:

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

Metrics, such as Key Performance Indicators (KPI), are used in web analytics to measure website traffic. (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.) 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 decide what KPIs fit your business situation, establish processes to measure your website traffic using the analytic tools below.

- Google Analytics
- Bit.ly
- Piwik
- Open Web Analytics
- AdWords Grader Plus!
- Followerwonk (collects Twitter traffic)

Return on Investment (ROI) is another method to measure marketing performance. ROI is simply how much money you invested in relation to how much money you make. There are three key factors used in determining ROI:

- Call to Act (CTA) - What marketing action persuaded the potential customer to become a paying customer? CTA is determined by using surveys, questionnaires, and analytic tools to help you determine what marketing campaign is enlarging your customer base.
- Customer Lifetime Value (CLV) – How much revenue will the average customer generate during their time with you?
- Customer Acquisition Cost (CAC) – How much did it cost to secure that paying customer?

Jose and Annette’s Pet Shop

Using the scenario of Jose and Annette’s pet care business, follow these steps to calculate their CLV and CAC to determine ROI figures:

Jose and Annette own a local pet care business. They have 200 regular, repeat customers who bring in their dogs every month for grooming. The monthly rate is \$60 for customers with memberships. They also have customers who come in irregularly; the fee for those customers to have their dog groomed is \$100. Jose believes that by charging more for non-membership customers will encourage those customers to become members.

Customer Lifetime Value (CLV)

Jose and Annette’s monthly rate for membership is \$60 with a one-year contract. What is their CLV?

Formula:

$$\text{CLV} = \text{Amount per Month} \times \text{Number of Months}$$

$$\text{CLV} = \$60.00 \times 12$$

$$\text{CLV} = \$720.00$$

Jose and Annette can assume that each membership customer will pay them \$720 a year.

Customer Acquisition Cost (CAC)

Jose and Annette’s total marketing budget is \$10,000 and they have attracted 200 membership customers. What is their CAC?

Formula:

$$\text{CAC} = \frac{\text{Total Marketing Budget}}{\text{Number of Customers}}$$

$$\text{CAC} = \frac{\$10,000}{200}$$

$$\text{CAC} = \$50.00$$

Jose and Annette are acquiring a customer for \$50 and the customer is paying them \$720. Remember, you don’t want your CAC number to be more than 10% of your CLV number!

Return on Investment (ROI)

Now let’s determine Jose and Annette’s ROI for their marketing efforts. Remember their CLV is \$720.00; they have 200 membership customers; and their total marketing budget is \$10,000.

Formula:

$$\text{ROI} = \frac{((\text{CLV} \times \text{Number of Customers}) - \text{Total Marketing Budget})}{\text{Total Marketing Budget}}$$

$$\text{ROI} = \frac{((\$720 \times 200) - \$10,000)}{\$10,000}$$

$$\text{ROI} = \frac{\$144,000 - \$10,000}{\$10,000}$$

$$\text{ROI} = \frac{\$134,000}{\$10,000}$$

$$\text{ROI} = \$13.40$$

Jose and Annette are making \$13.40 on every dollar spent!

Your Turn

You can determine your Customer Lifetime Value (CLV) by multiplying the amount per month that a customer pays you by the number of months h/she is your customer.

$$\begin{array}{ccc} \underline{\hspace{2cm}} & \times \underline{\hspace{2cm}} & = \underline{\hspace{2cm}} \\ \text{(Amount per Month)} & \text{(Number of Months)} & \text{(Your CLV)} \end{array}$$

You can determine your Customer Acquisition Cost (CAC) by dividing your total marketing budget by your number of customers:

$$\text{Your CAC} = \frac{\text{Your Total Marketing Budget}}{\text{Your Number of Customers}}$$

$$\text{Your CAC} = \underline{\hspace{2cm}}$$

$$\text{Your CAC} =$$

You can determine your Return on Investment (ROI) by first multiplying your CLV by your number of customers and then subtracting that number from your total marketing budget. Finally, divide that amount by your total marketing budget.

$$\text{Your ROI} = \frac{((\text{Your CLV} \times \text{Your Number of Customers}) - \text{Your Total Marketing Budget})}{\text{Your Total Marketing Budget}}$$

$$\text{Your ROI} = \frac{((\underline{\hspace{1cm}} \times \underline{\hspace{1cm}}) - \underline{\hspace{1cm}})}{\underline{\hspace{1cm}}}$$

$$\text{Your ROI} =$$

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RESOURCES:

This worksheet is intended to help you document your ideas and possible solutions to common challenges small businesses face daily. You are not alone! If you would like talk to someone about your business, the SBA has a broad network of skilled counselors and business development specialists waiting to help your business start, grow, and succeed. Below is a short description of our resource partners:

- There are more than 1,000 **Small Business Development Centers (SBDCs)** located around the country. SBDCs provide management assistance to current and prospective small business owners.
- **SCORE** is a powerful source of free and confidential small business advice to help build your business. More than 10,000 SCORE volunteers are available to share their experience in lessons learned in small business.
- **Women’s Business Centers (WBCs)** assist women and men in achieving their dreams by helping them start and run successful businesses. Over 90 WBCs are located around the country.
- The **SBA** has over 60 **District Offices** located throughout the country to help you start and grow your business.
- The **SBA Learning Center** is a powerful virtual campus with online training, videos, tools and links to local resources.
- The SBA’s **Office of Women’s Business Ownership (OWBO)** serves as an advocate for women-owned businesses. The office oversees a nationwide network of 110 Women’s Business Centers that provide business training, counseling and mentoring geared specifically to women, especially those who are socially and economically disadvantaged. The program is a public-private partnership with locally based nonprofits.
- The **Veterans Business Outreach Program (VBOP)** is designed to provide entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. The SBA has 15 organizations participating in this cooperative agreement and serving as Veterans Business Outreach Centers (VBOC).
- **Procurement Technical Assistance Centers (PTACs)** provide local, in-person counseling and training services for you, the small business owner. They are designed to provide technical assistance to businesses that want to sell products and services to federal, state, and/or local governments. PTAC services are available either free of charge, or at a nominal cost. PTACs are part of the Procurement Technical Assistance Program, which is administered by the Defense Logistics Agency.

Find all your local resources in one place using our handy [zip-code tool](#).

For more information about SBA programs and services, please download the [Resource Guide for Small Business](#).