

Strategic Marketing: How to Win Customers in a Slowing Economy

Text File

Slide 1 Strategic Marketing: How to Win Customers in a Slowing Economy

Welcome to SBA's online training course, Strategic Marketing: How to Win Customers in a Slowing Economy.

This program is a product of the agency's Small Business Training Network and is championed by Entrepreneurial Development's Office of Entrepreneurship Education.

Slide 2 Introduction

The course is a self-paced training exercise designed to provide guidance on how to expand market share and tap new markets. It is a practical program with real-world examples and helpful tips.

The course is directed to small business owners who are seeking to counter the effects of a slowing economy.

You will find the course easy to follow and the subject matter indexed for quick reference and easy access.

The highlighted "next steps" at the conclusion of the program will help you apply what you have learned and engage you in the process of strategic marketing.

Slide 3 Course Objectives

This course has four key objectives:

- Encourage business owners in a slowing economy to explore new markets.
- Describe how to conduct effective marketing research.
- Explain how to develop a marketing plan and successful strategies.

And lastly, provide access to quality marketing resources.

Slide 4 Explore New Markets

In general terms, marketing is the process of planning and executing the development, pricing, promotion and distribution of products and services to satisfy customer needs.

The key word here, is satisfy. Your products and services must provide a solution to an unfulfilled need in the market place.

In a slowing economy, your marketing efforts should be more creative and aggressive. Specifically, you must be open to, and actively look for, new ways to diversify and offer new products and services that satisfy needs and generate revenues.

It is particularly important to stand back from the easel, recalibrate and explore new business opportunities created by the downturn. There are many ways to do this. However, the easiest and perhaps first thing you should do is to ask your customers, employees, mentors and other business advisors for suggestions on how to diversify and tap new markets.

Once you have done, this you will need to apply basic marketing principles as discussed throughout the remainder of this course.

Slide 5 Market Research is Key

It doesn't matter whether you are looking at existing markets or potentially new markets, it all begins with research. You can't be successful selling in or to a "market" you don't understand.

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.

Other market research techniques include analyzing demographic data such as population changes, gender, income levels, age ranges, education levels and other information.

Whatever method you use, your focus should be on gathering enough information to determine who your potential customers are; what their needs are; and what products they would consider buying from a business like yours. Market research should answer questions such as:

- Who are your current and potential customers?
- Are there new markets you should be considering?
- 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?

Slide 6 Market Research is Key (Cont.)

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.

Slide 7 The Marketing Plan

OK... you’ve done your research, so how do you pull it all together to reach your customers, especially new customers? The answer is preparing a meaningful marketing plan.

The marketing plan is the heart of any business and it is a particularly important in a slowing economy.

It is a blueprint of strategies designed to help you win customers. Your marketing plan – which is generally included within the overall business plan, should consist of several key components. These components or strategies include: identify your target market; define your products and services; outline your pricing strategy; describe how your products will be distributed; develop a promotion strategy; review your competition; and prepare a marketing budget.

Each of these components or strategies will be discussed in the following sections. All of them are important. However, it’s important to note that once your target market is identified, your plan is designed to apply strategies around the marketing mix or 4p’s of marketing – product, price, place and promotion.

Slide 8 Identify Target Markets

Small businesses typically have limited resources to spend on marketing. Concentrating your 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...

That is, 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. And, customer segmentation...

That is, identifying people who are most likely to buy your products or services --- and then targeting 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.

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

Slide 9 Description of 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.

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

Slide 10 Pricing Strategies

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 a number of pricing decisions you can make to support a sound marketing strategy for your business.

Everyday 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.

Slide 11 Promotion

Promotion is a key. 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 darn 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.

Slide 12 Location, Place & Distribution

Place 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.

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.

In terms of your marketing strategy, you will need to consider ease and cost of product distribution. Decisions will focus on customer convenience, speed, transportation, warehousing and eCommerce options.

Slide 13 Competition

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?”

Slide 14 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.

Slide 15 Measure Performance

A good marketing plan and strategy include a process to evaluate the results of your efforts. You've probably heard the phrase, “if you can't measure it, you can't manage it.” And, “if you can't manage it, it's probably not worth doing.” A lot of truth here.

Measuring performance means addressing questions like:

- 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?

Think about these questions. These are sample questions, but are representative of the types of questions that should be asked to create benchmarks --- so that performance results can be measured over time. Obviously, you want to make certain that whatever marketing efforts you implement – have a positive impact on performance.

Slide 16 High Impact 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, proven to be effective and easy to implement.

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 – all right, maybe not every sale, 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.

Slide 17 High Impact Strategies (Cont.)

Write an article – on 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 have gotten free advertising from articles that support the community and mention the company. The key --- prepare an article that is interesting and has a local flavor. An advertisement, disguised as an article will never get published.

Create an online presence – the internet is a great way for you to reach potential customers. Use a Website to provide information about your company and help customers find you. Also, use the Web to sell products online to new markets.

Start a blog - it is estimated that there are over 100 million active blogs. They are powerful communication vehicles and are a mainstay of the under 30 crowd. The bottom-line, starting and/or participating in a blog can be an excellent strategy for reaching customers, especially the young at heart.

Slide 18 High Impact Strategies (Cont.)

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?

Seminars and demonstrations – as we just mentioned, people love free stuff. This is particularly so if it's helpful. 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.

Slide 19 High Impact Strategies (Cont.)

Good Signage – is an excellent way to get the attention of customers. Signs, even very simple ones, are very effective marketing tools. 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 under-estimate the value of good signage.

Coupons - offer a proven method of generating interest. Hand them out at the cash register. Distribute them through your sales force. Coupons can be an inexpensive, but effective target marketing strategy.

Stay Alert – earlier we talked about learning from others. This is one of the most powerful strategies a small business can apply. Observe, listen and know your customers. Study your competition. Be alert. Watch for new trends, look for weaknesses and follow what works. There is no shame in learning from others and there is much to be gained by staying alert.

Slide 20 Next Steps

Now that you have completed the course, take the next steps. Put what you have learned into action.

1. Identify 5 new product development or marketing approaches your business could engage in.
2. Describe the customer needs your company currently fulfills or will satisfy.
3. Identify marketing approaches taken by other companies that appeal to you and others. Describe how such approaches could be used to enhance the marketing efforts within your company.
4. Prepare a new, marketing strategic plan and discuss it with a mentor, business coach, or SBA representative.

Slide 21 Additional Assistance

Many resources are available to assist you. The following resources can help you build a foundation of knowledge.

- SBA has over 60 district offices located throughout the country to help you grow your business.
- There are more than 1,000 Small Business Development Center locations around the country. SBDC's provide management assistance to 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 wisdom and lessons learned in business.
- The Small Business Training Network is a powerful virtual campus.
- And finally, Women's Business Centers assist women in achieving their dreams by helping them run successful businesses. Almost 100 WBCs are located around the country.

Click on these resources to learn more and access their assistance.

Slide 22 Other Resources

These additional and more specific resources can help you find demographic information about your market and provide more detailed information about marketing and advertising.

A link is also provided to an automated business plan template to help you organize your planning efforts.

Slide 23 Have a Question?

I am sure you have questions....

This course has covered a great deal of material. And, there is much to learn and understand about marketing. If you have questions about market research, developing a marketing plan or general questions about expanding your market share, contact SBA or one of our resource partners. We will do our best help you.

Use the 800 number or referenced hyperlinks to contact us directly.

Slide 24 Course Completion

Congratulations on completing this training program. We hope it was helpful.

Most importantly, however, we hope it sparks new ideas and helps you shape marketing strategies that will counter the effects of a slowing economy.