

MARKETING

Effective marketing means increased sales

Small business success is based on growing your market. Entrepreneurs must focus on identifying, satisfying and following up on the customers' needs.

Marketing emphasizes what the customer wants. Selling emphasizes the product or service that a business already has. A comprehensive marketing system encompasses the pricing, promotion and distribution of goods and services to a consumer.

The marketing concept states that all company policies and activities should be aimed at satisfying customer needs and desires, and that profitable sales volume is a better company goal than maximum sales volume. Increased sales do not always equate to additional profitability.

Using this marketing concept, a small business should:

1. Research customer needs (market research).
2. Analyze competition (market strategy).
3. Select target market (target marketing).
4. Determine how to satisfy those needs (market mix).

For a successful marketing campaign, good information about the market is critical. Market research should identify trends that may affect sales and profitability levels. Population shifts, law changes and the local economic conditions must be monitored to identify problems or opportunities. Good sources of information on these issues include:

www.census.gov, <http://www.sbdnet.utsa.edu>,

and <http://www.census.gov/sdc/www/ndcdc.html> (North Dakota State Data Center).

For an existing business ongoing market research can disclose customer problems and areas of dissatisfaction and identify new products or services. Competitor's activity should also be monitored. Your competitors may be entering or leaving the market. What strategies are they using successfully or unsuccessfully?

Marketing strategy identifies customer groups (target markets) which a small business can serve better than its larger competitors. Tailor your firm's products, prices, avenues of distribution and promotional efforts and services to this newly found market segment. Ideally this strategy should attempt to address customer needs which currently are not being met in the marketplace and which represent adequate potential size and profitability. Analyze the market and target a consumer group you can best serve. Target marketing allows a cash starved small business to conserve marketing dollars and concentrate marketing efforts on a particular group.

The management of your marketing mix involves four key marketing decision areas. These include:

- Products and Services
- Promotion
- Means of distribution
- Pricing

Marketing mix is used to describe how owner-managers combine these four important variables into an overall marketing program.

Products and services. Effective product strategies 1) Concentrate on a narrow product line, 2) Develop a highly specialized product or service 3) Provide an unusual amount of service. A dissatisfied customer tells nine others of their dissatisfaction. Conversely, the a happy customer tells only five people.

Promotion. This marketing decision area includes advertising, salesmanship and other promotional activities. Every employee is involved in sales. Excellent service means increased sales. High quality salesmanship is the best way for a small business to sell its goods and services. It is inexpensive and very personal.

Price. Determining price level or pricing policies is the major factor affecting total revenue. Higher prices mean lower sales volume. A loss leader policy will develop higher sales levels, but less profitability. Small businesses can often command higher prices because of the personalized service they can offer. Customers pay more for better service.

Distribution. Manufacturers and wholesalers must determine how to distribute their products. Working through established distributors or manufacturers' agents generally is most feasible for small manufacturer. Small retailers should consider cost and traffic flow as two major factors in location site selection since advertising and rent can be reciprocal. In other words, low cost, low traffic locations means you must spend more on advertising to build traffic.

After all marketing decisions are made, evaluate the impact and results of your decisions. Standards of performance need to be set up so results can be evaluated against them. Data on industry norms and past performance provide the basis for comparing against present performance.

To be successful a small business owner must know the market. A concise comprehensive marketing plan is an orderly, objective way of learning about the most important people to your business — your customer!