

Creating a Marketing Strategy

Your business doesn't have to be the best kept secret in town just because your budget is small. This seminar will walk you through the basics of creating a marketing strategy that fits in your budget and allows you to grow your business.

A good marketing strategy consists of three parts:

1. A look inside
2. A look outside
3. An easy to implement, step-by-step strategic plan

Step 1: A look inside

You can't sell something if you don't know what it is. Take some time to reflect on your business, what it means to you and to your customers. Write down these things:

Your Purpose

Why are you in business in the first place? So much of what you do comes from this piece of information. This isn't about profit. Your purpose goes beyond profit. It is your motivation that keeps you going in the face of setbacks. What is the purpose of your business?

Core Values

Your values represent what you believe in and what you stand for. They should be sincere and succinct. You may not print these in your brochure, but you will use them everyday as you conduct business. Figure out what they are and keep them in mind as you develop your marketing strategy. What are your core values?

Value Proposition

Your value proposition is where you explain the value of your product or service to your customer. What makes you unique? What do your clients or customers get from doing business with you?

Step 2: A look outside

The second step of this process is to take a look outside. You'll need to consider three things before you can begin to develop an effective marketing strategy:

1. The industry
2. The customers
3. The competition

Industry

You'll want to take an *objective* look at the industry in which you plan to do business and describe what is happening without drawing conclusions. There are a number of perspectives in an industry that may be full of opportunities for your business:

- ✓ Products/Service Trends

- ✓ Demographic Trends and Needs

- ✓ Social-Cultural Trends

- ✓ Technological Issues and Trends

- ✓ Economic Issues and Trends

- ✓ Political-Legal Issues

Customers

No business can be all things to all people. Instead, you must reach specific customers and satisfy their particular needs. As an entrepreneur, you must identify those customers and understand as precisely as possible what they want.

The process of finding and studying potential customers for your venture doesn't have to be complex or expensive -- but it is extremely important. In a nutshell, it requires you to find out everything you can about the customers you intend to pursue. Once you have that information, you'll have a much better chance of capturing those customers for your business. The facts you need to know about your target market fall into these three categories:

Demographics. Begin your research by checking the demographics of the customer you plan to target and how many of them are in the region(s) in which you be doing business. You'll want to know the population's make-up in terms of age, gender, income level, occupation, education and family circumstances (married, single, retired and so on).

Geographic and lifestyle factors. Give some thought to where and how your target customers live. Are they Southerners or Yankees; urbanites, suburban soccer moms or country folk? Are they risk-takers or conservative; athletes or couch potatoes; spenders or savers? The answers will help determine what you can sell to them, how you should sell it and at what price.

Customer needs. Consider all the reasons why people might buy your product or service. For example, say you're opening a string of health clubs. Will your customers come to meet other people, to take exercise classes or to play racquet sports with their friends? Find out by talking to people in the local fitness industry and by quizzing friends or acquaintances who go to health clubs. Then you can design and market your club accordingly.

Once you've considered the key demographic factors, you can begin to assemble a customer profile, a more focused statement that describes your target market in detail.

Competition

Knowing what your competitors are up to is critical – even if you believe they don't know what they are doing. You can't counteract a competitor's strategy if you don't know what it is!

You'll want to have a complete and thorough overview of the competitive market. Be sure you cover not only the directly competing companies you face (those who offer a very similar product with similar attributes), but also other product variations you may be competing with and product alternatives. For example, if you're selling herbal teas, are you also competing with regular teas? Instant teas? Canned teas? What about coffee? Or the drink market in general? Review these types of competitors as well as your direct competitors.

Describe all of the heavy hitters and answer the following questions:

- ✓ What are their product or service strengths and weaknesses?

- ✓ What are their strengths and weaknesses as a company (financial strength, reputation, management, etc.)?

- ✓ Are there weaknesses you can exploit?

- ✓ What are the differences between your product features and theirs?

✓ What is their pricing structure, if relevant?

✓ In what media vehicles do they promote their products?

✓ What is their advertising message?

✓ How else do they promote their products?

✓ What is their overall goal (profitability, market share, leadership)?

✓ How are they trying to meet their goals (low prices, better quality, lower overhead)?

✓ How will you position yourself to compete with them?

SWOT Analysis

Now that you have all of this internal and external information, you can use it to create a strategy. One way to do that is through a SWOT Analysis. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. The SWOT Analysis considers both internal factors (strengths and weaknesses) and external factors (opportunities and threats) that impact your business and your marketing strategy. Completing a SWOT analysis helps you identify ways to minimize the effect of weaknesses in your business while maximizing your strengths. Ideally, you will match your strengths against market opportunities that result from your competitors' weaknesses or voids.

Benefits SWOT analysis can provide:

- ✓ a framework for identifying and analyzing strengths, weaknesses, opportunities and threats
- ✓ an impetus to analyze a situation and develop suitable strategies and tactics
- ✓ a basis for assessing core capabilities and competences
- ✓ the evidence for, and cultural key to, change

You can develop a SWOT analysis in a brainstorming session with members of your team, or by yourself. To begin the SWOT, create a four-cell grid or four lists, one for each SWOT component. Then, begin filling in the lists. You can use the template included with this handout.

Strengths

Think about what your company does well. What will make you stand out from your competitors? What advantages will you have over other businesses? Don't forget to mention the leadership of the organization if their background, education or experience serves as a competitive advantage or strength.

Weaknesses

List the areas that may be a struggle. What might your customers complain about? What are the unmet needs of your sales force? What processes have not yet been clarified? Be realistic with yourself when you list your weaknesses. The biggest step toward fixing a problem is realizing that it is, in fact, a problem.

Opportunities

Try to uncover areas where your strengths are not being fully utilized. Are there emerging trends that fit with your company's strengths? Is there a product/service area that you could do well in but are not yet competing? Are there environmental or regulatory issues that you could capitalize on? Don't be too limiting here. Consider all of the possibilities, this part should be fun.

Threats

Look for things that could possibly be damaging to your business. Are your competitors becoming stronger or quicker at responding to trends? Are there emerging trends that amplify one of your weaknesses? Are there social or regulatory factors that threaten your success? Do you see other threats to your company's success?

SWOT Template

Internal Factors	Strengths	Weaknesses
External Factors	Opportunities	Threats

Positive Factors

Challenging Factors

To develop strategies that take the SWOT Analysis into account, a matrix of these factors can be constructed. This TOWS (SWOT backwards) Matrix is below:

	Strengths	Weaknesses
Opportunities	S – O Strategies	W – O Strategies
Threats	S – T Strategies	W – T Strategies

S – O Strategies pursue opportunities that are a good fit to the company's strengths.

W – O Strategies overcome weaknesses to pursue opportunities.

S – T Strategies identify ways that the company can use its strengths to reduce its vulnerability to external threats.

W-T Strategies establish a defensive plan to prevent the company's weaknesses from making it highly susceptible to external threats.

The Market Mix

What to expect

Even a superior product doesn't sell itself. Your customers need information about your product or service before they buy it. The ways you communicate features and benefits to your potential customers is called a marketing mix.

What you should know before getting started

When you market your business, you're engaging in persuasive communication: You want to convince others to buy from you. You must select the right marketing strategy to:

1. Capture the attention of the right group of potential customers in a credible yet catchy way.
2. Educate them about your products or services.
3. Influence them to buy from you.

A marketing mix is an allocation of resources among five primary elements:

- ✓ Advertising
- ✓ Public relations or publicity
- ✓ Sales promotion
- ✓ Direct marketing
- ✓ Personal selling

How you integrate these elements depends on what you're marketing, the biases and preferences of the potential customers you're courting, general market conditions and your budget.

The communications process will succeed if:

- ✓ **You deliver a clear, compelling message.** You may have several important or beneficial product features, but if you don't emphasize what's most important to your target market or you overwhelm prospects with too much data, they might reject your message. Example: If the target-market customer cares most about saving money, your message should emphasize how this will happen.
- ✓ **You choose the most appropriate marketing method(s).** To convey your message effectively, you must understand the best way to reach your target market. If your key customers are manufacturers and you supply specialized equipment, communicating through an advertisement in a People Magazine will waste time and money.

Understanding the main communication channels

- ✓ **Advertising.** Advertising is any paid form of media communication. This includes print ads in magazines, trade journals and newspapers, radio and TV announcements, Web-based visibility-building, and billboards. Advertising is a non-personal promotional activity because the seller has no direct contact with the potential customer during the communication process.

Television	Internet	Newspaper
Radio	Trade Magazines	Newsletters
General Magazines	Billboards	Bus signs
Theater ads	_____	_____

- ✓ **Sales Promotions.** In-store demonstrations, displays, contests and price incentives (50% off, buy-one-get-one-free) are sales promotion techniques.

Consumer Promotions: When the user is the target market

Coupons	Demonstrations	Rebates
Free samples	Point of Purchase Displays	Money refunds
Sweepstakes	Frequent user incentives	Premiums
Cents-off offers	Contests & games	_____

Trade Promotions: When the reseller is the target market

Buy back allowance	Buying allowance	Free merchandise
Count & recount	Merchandise allowance	Push money
Dealer listings	Cooperative advertising	Sales contests
Dealer loader	_____	_____

- ✓ **Public Relations.** These activities promote a positive image, generate publicity and foster goodwill with the intent of increasing sales. Generating favorable media coverage, hosting special events and sponsoring charitable campaigns are examples of public relations.

Corporate identity:	Organized events:	Networking
<i>Logos</i>	<i>Open houses</i>	Brochures
<i>Business cards</i>	<i>Grand opening</i>	Company magazines
<i>Stationary</i>	<i>Customer picnics</i>	Speeches
<i>Signs</i>	Event sponsorship	Seminars / Training
<i>Branding</i>	Newsletters	Annual reports
	<i>Strategic Relationships</i>	

Publicity

More powerful than public relations. Get someone else to do a story on you.

Press releases	Feature article	Captioned photos
Press conference	Letters to the editor	Editorials
Community activities	Videos & audio to broadcast stations	

- ✓ **Direct Marketing.** A form of advertising aimed directly at target customers (usually in their homes or offices) that asks the receiver to take action, such as ordering a product, clipping a coupon, phoning a toll-free number or visiting a store. Catalogs, coupon mailers and letters are common forms of direct marketing.

Public data lists	Customer lists	Referral lists
Mailed letters	Catalogs	Coupons
Flyers	Email lists	Opt in promotions
Personal calls	Mailed brochures	Moving notifications
Announcements	_____	_____

- ✓ **Personal Selling.** Face-to-face communication between buyer and seller.

Sales representatives	Retail salesmen	Car salesmen
Telemarketing	Order getters	Order takers

Why you need a marketing mix

If you deliver your message in many different ways, you increase your odds of reaching your target market. Hundreds of messages a day bombard your target market, but only a select few penetrate their consciences. Of those, an even smaller percentage eventually lead them to act.

You may want to communicate a range of messages to different markets. If you have a product, such as spot remover, that's used by general consumers but that auto mechanics apply in a more specialized way, you should communicate different messages to each market via different media and methods. You might air a TV commercial to reach consumers and place an ad in an auto magazine to reach mechanics.

Without the proper marketing mix, you may squander your limited resources by taking a scattershot approach. Marketing must advance your overall marketing strategy and reinforce the dialogue you want to establish with the segments of the marketplace you covet most.

STEP 3: Strategic Plan

Now that you've completed the research portion of the Marketing Plan, it is time to set some goals and define a plan to reach them. In the Strategic Marketing Plan you will start with broad marketing goals and narrow them down into specific objectives. Based on these objectives, you will define strategies and detail the tactics you will use to implement those strategies. When all is said and done, you should have a step-by-step, timeline for executing your market strategy. To begin, you must understand the components.

Goals

A goal is a clear statement of intent to solve a significant problem or achieve a significant result within a specific time frame. Goals should satisfy the following criteria:

1. Do they clearly describe the end result expected?
2. Are they understandable to everyone in the organization?
3. Do they list a firm completion date?
4. Are they realistic, attainable and measurable?
5. Are they consistent with the core vision?

Objectives

An objective is an action step through which a goal is to be accomplished. Objectives spell out the key results that must be achieved with each public to reach the program goal. The idea is that the goal will be attained once all of the objectives are reached.

Strategies

Strategies are the tools you will use to meet the marketing objectives. Obviously, not all strategies are appropriate for reaching all goals. A marketing plan is often divided into general strategies and market strategies.

General strategies include the positioning strategy, product differentiation strategy and the price/quality differentiation strategy. Specific market strategies will include the tools for reaching the stated objectives for each target market. Each strategy should also include an expectation, stating exactly how you will determine if this has been a useful strategy.

For some of the most common strategies see the handout "Market Mix."

Tactics

Tactics are the details and dates of the activities, messages and media that will be used to carry out the stated strategies. Tactics should include all of the steps involved in implementing each strategy including the action items, deadline dates, expected expense and the responsible person or department. You can create a detailed and strategic marketing calendar with a clearly defined set of tactics.

Example

Use the attached Template to write the Practice Strategic Marketing Plan as we create it together.

Strategic Marketing Plan Practice Template

Goals

Our goal for the following _____ months is:

1. _____

Objectives

To reach this goal, we must:

1. _____

2. _____

Strategies

To achieve objective #1 we will implement the following strategies

Strategy

Expectation

A1. _____

A2. _____

A3. _____

To achieve objective #2 we will implement the following strategies

Strategy

Expectation

B1. _____

B2. _____

B3. _____

Tactics

To implement Strategy A1, we must do the following:

Strategy A1:

Action	Person Responsible	Deadline Date	Expected Cost
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____