

**Suite 302****MARKETS & MARKETING**

*Markets & Marketing*  
*Market Research*  
*Market Strategy*  
*Marketing Plan*

**302.01 A GENERAL UNDERSTANDING OF MARKETING**

All successful businesses need to have a close understanding of potential and existing customers and the marketplace they work in. This understanding allows you to target customers, sell effectively, compete with other suppliers and spot new opportunities.

Every business needs customers. You'll find it hard to persuade potential customers to buy your product if you don't understand what makes them tick. Choosing the right channels to sell to them is a crucial decision. You need to know how and where customers want to buy your products or services, and the best way of getting customers to hear about them.

Getting your sales and marketing right is crucial to the success of your new business. Be aware of how to target the right people in an organisation to show how to identify and make fruitful contacts with decision-makers in your target organisations.

According to the American Marketing Association, marketing research is the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services.

Business owners should carefully plan their marketing strategies and performance to keep their market presence strong.

**Marketing relies on two important principles:**

- All company policies and activities should be directed toward satisfying customer needs.
- Profitable sales volume is more important than maximum sales volume.

To best put these principles into practice a business should:

- Determine the needs of their customers through market research.
- Analyze their competitive advantages to develop a market strategy.
- Select specific markets to serve by target marketing.
- Determine how to satisfy customer needs by identifying a market mix.

## **MARKET RESEARCH**

### **302.02 GATHERING FACTS AND OPINIONS**

Marketing research deals with people and their constantly changing feelings and behaviours, which are influenced by countless subjective factors. To conduct marketing research you must gather facts and opinions in an orderly, objective way to find out what people want to buy, not just what you want to sell them.

Market research will also identify trends that affect sales and profitability. Population shifts, legal developments, and the local economic situation should be monitored to quickly identify problems and opportunities. It is also important to keep up with competitors' market strategies.

New products and services have to offer benefits that meet your customers' needs. So you need to discover what these are.

Market research, using techniques such as surveys and focus groups, will help you do this. Remember, however, that although the end user of your product or service might be your most important customer, you may have to take the needs of other parties into account. For example, if you're creating a toy, you should consider what parents as well as children will think of it.

Proper market research will identify who will buy your product or service while securing similar information on your competitors. This will show potential investors or partners that you have researched and identified a gap in the market. You should also include any product testing and development that you have carried out.

It is impossible to sell products or services that customers do not want. Learning what customers want, and how to present it attractively, drives the need for marketing research. It ensures that such information is timely and permits entrepreneurs to:

- Reduce business risks
- Spot current and upcoming problems in the current market
- Identify sales opportunities
- Develop plans of action

The first step of the research process, defining the problem or opportunity, is often overlooked – but it is crucial. The root cause of the problem is harder to identify than its obvious manifestations; for example, a decline in sales is a problem, but its underlying cause is what must be corrected. To define the problem, list every factor that may have influenced it, then eliminate any that cannot be measured. Examine this list while conducting research to see if any factors ought to be added, but don't let it unduly influence data collection.

Assess the information that is immediately available. It may be that current knowledge supports one or more hypotheses, and solutions to the problem may become obvious through the process of defining it. Weigh the costs of gathering more information against its potential usefulness.

Primary research can be as simple as asking customers or suppliers how they feel about a business or as complex as surveys conducted by professional marketing research firms. Direct mail questionnaires, telephone surveys, experiments, panel studies, test marketing, and behaviour observation are all examples of primary research.

This research is often divided into reactive and non-reactive research. Non-reactive primary research observes how real people behave in real market situations without influencing that behaviour even accidentally. Reactive research, including surveys, interviews, and questionnaires, are best left to marketing professionals, as they can usually get more objective and sophisticated results.

### **Market Research Process:**

1. Define marketing problems and opportunities
2. Set objectives, budget, and timetables
3. Select research types, methods, and techniques
4. Design research instruments
5. Collect Data
6. Organize and analyze the data
7. Present and use market research findings

Those who can't afford high-priced marketing research services should consider asking nearby college of university business schools for help.

Before considering surveys or field experiments, look at currently held information: sales records, complaints, receipts, and any other records that can show where customers live and work, and how and what they buy. Customers' addresses tell much about them. Credit records are an excellent source of information, giving information about customers' jobs, income levels, and marital status. Employees may be the best source of information about customer likes and dislikes. They hear customers' minor gripes about the store or service – the ones customers don't think important enough to take to the owner.

Secondary research exploits published sources like surveys, books, and magazines, applying or rearranging the information in them to bear on the problem or opportunity at hand. Localized figures tend to provide better information as local conditions might buck national trends. Newspapers and other local media are often quite helpful. Seek information in libraries, colleges, trade and general business publications, and newspapers. Trade associations and government agencies are rich sources of information.

It is essential for any new business to have accurate data about market size this will help to prevent over-optimistic forecasts about your market share. A lack of proper market research is a key problem for any new business. You must test the viability of your original idea.

It is a common mistake to think that entrepreneurs who fail simply lack sufficient funding or didn't put in place the best team. In most cases it is simply because they did not spend enough time researching the idea and its viability in the marketplace.

### 302.03 MARKET FIELD RESEARCH

Add to your knowledge by conducting field research from surveys and discussions to product tests to investigate customers' attitudes and examine questions specific to your business.

Published market information and your own data can tell you a lot about your customers and your market – but it's unlikely to tell you everything.

You'll probably need to carry out some of your own field research – talking, observing or carrying out product tests with customers and potential customers.

This can help you to:

- **Test customers' reactions** to a new product, and adapt it if necessary
- **Investigate attitudes** of customers and potential customers
- **Find specific information** to your business or a local market, rather than the market as a whole.

Field research can be quantitative or qualitative:

- **Quantitative research** provides statistical information
- **Qualitative research** examines people's feelings and attitudes towards your product or service, and what motivates them.

First you need to decide how to collect the information you want. Popular methods include:

- **A survey**, using a fixed set of questions
- **A discussion** – discussions are good for qualitative research
- **Observation** – investigate what people do rather than what they say.
- **An experiment** – you might, for instance, run a blind taste test

Once you've decided how you'll go about getting the information, you'll need to work out how to make it happen. Budget how much time and money will be needed – the time involved will normally be significant.

You'll need to design your research. For example, drawing up a questionnaire or deciding how you'll run a focus group. You will need to:

- **Ask** the right questions
- **Talk** to enough people
- **Keep** research **impartial**
- **Interpret** the results **with care**

Target marketing will provide the best return for small businesses who usually have limited resources to spend on marketing. This can be achieved by concentrating their efforts on one or two key market segments. There are two tried methods used to segment a market:

1. **Geographical segmentation** – Specializing in serving the needs of customers in a particular geographical area.
2. **Customer segmentation** – Identifying those people most likely to buy the product or service and targeting those groups.

## 302.04      **MARKETING COMPONENTS**

Every marketing program contains four key components:

**Products and Services** – Product strategies may include concentrating on a narrow product line, developing a highly specialized product or service, or providing a product-service package containing unusually high-quality service.

**Promotion** – Promotion strategies include advertising and direct customer interaction. Good salesmanship is essential for small businesses because of their limited ability to spend on advertising.

**Price** – The right price is crucial for maximizing total revenue. Generally, higher prices mean lower volume and vice-versa; however, small businesses can often command higher prices because of their personalized service.

**Distribution** – Working through established distributors or manufacturers' agents generally is easiest for small manufacturers. Small retailers should consider cost and traffic flow in site selection, especially since advertising and rent can be reciprocal: A low-cost, low-traffic location means spending more on advertising to build traffic.

The nature of the product or service is very important in making decisions. If You are dealing with impulse purchases, then visibility and high traffic locations are critical. For products or services that customers are willing to go out of their way to find then location is less of a concern.

Highly segmented mailing lists, purchased from list brokers, magazines, or other companies, have enabled certain small businesses to operate from any location yet serve national or international markets.

These must be combined into an overall marketing program.

## 302.05      **MARKET INTELLIGENCE**

Market analysis information including statistical data is available for you to build a picture of general trends. There is also a whole host of published market information – from free government statistics and data to paid-for market reports from commercial providers. Your own contacts and sales records can also prove to be a rich source of information.

From within this website you can access collections of geographic and sector-specific market reports from governmental and non-governmental sources, trade leads, and trade statistics. See **Aid to Trade** which can be accessed through the Site Map menu of this site. Information on exports and imports and the trading history of any country is available within this website under **Country Profiles**.

## **302.06      LEGAL BEST PRACTICE**

The following legal issues are considered best practice for everyone. However, businesses operating within the United Kingdom must comply as it is law under the Data Protection Act 1998.

This applies if you are gathering, storing or using information about customers, potential customers or suppliers.

You must:

- Have permission to hold third-party information
- Store information securely
- Check whether you need to register with the Information Commissioner

Other regulations, on electronic communications, require you to get individuals – including sole traders and unincorporated partnerships – to opt in before sending them marketing emails, unless they've already shown interest in products or services similar to those detailed. But you can send unsolicited marketing emails to companies or individuals within companies – though doing so may not be good for your reputation.

Some individuals and businesses may prefer not to be contacted by your business unless they have requested it – not just e-communications. If you are selling or marketing using post, phone, fax or email, you should check if anyone you intend to contact doesn't want to be approached in this way without permission.

They may have registered through the Mailing Preference Service, the Telephone Preference Service, the Fax Preference Service, or the Email Preference Service. It is illegal to communicate by telephone or fax with anyone registered with the Telephone or Fax Preference Service if you do not have their permission first.

As with all marketing, you must be honest and accurate about the goods and services you offer.

## **MARKETING STRATEGY**

### **302.07      CREATING A MARKET STRATEGY**

Your marketing strategy should identify your customer groups which your business can better serve than your competitors. This should include: product offerings, prices, distribution, promotional efforts, and services toward those market segments.

Ideally, your strategy should address unmet customer needs that will also identify potential profitability. A good strategy helps a business focus on the target markets it can serve best. This will describe how you will market and sell your product. Explain how you will price your product and identify methods of promoting your product or service.

The best marketing strategy will put forth the general principles of how you're going to promote and sell your products or services. Then draw up a detailed marketing plan that sets out the specific actions to put that strategy into practice.

Some questions to ask are:

- What are my potential customers looking for – what are their needs?
- How can I find them?
- What's the best way of communicating with them?
- Which customers will be the most profitable?
- Will putting my prices up increase profits or drive customers away?
- What are they interested in apart from price – quality, reliability, efficiency or value for money?
- What new customers can you reach?
- Is the wider market attractive?
- How do you get the right market information?
- Are your products or services suitable?
- What new competition will you face in your existing markets?
- Are you organised within your business to learn about the wider market and to promote your products or services effectively?

The best strategy will reflect your own strengths and weaknesses. For example, there is no point in a strategy based on rapid growth if you won't be able to produce enough goods.

Some questions to ask are:

- How will you target the right people?
- Could changing your products or services increase sales and profitability?
- How will you price your product or service? Trying to compete on price alone is a poor strategy.
- How can you promote your products? Options might include advertising, direct marketing, exhibiting at trade fairs, PR or marketing on the web.
- What is the best way of distributing and selling your product? Directly to a few key customers, or to sell to the general public through retailers.
- Can customer service be improved? Better customer service can be low-cost, keep customers, boost sales and build a good reputation.
- How will you tell if your marketing is effective? Testing via a small-scale trial prior to committing yourself to excessive costs.

Remember your marketing strategy must have an honest and rigorous analysis of – Strengths, Weaknesses, Opportunities and Threats.

## **THE MARKETING PLAN**

### **302.08 CREATING A MARKETING PLAN**

Please take note that there is a distinct difference between your "Marketing Plan" and your "Business Plan" although they should be on the same wave length being both supplemental and complimentary.

Your marketing plan is the key to your success and gives you the action points to implement your marketing strategy.

This should include your market research, your location, the customer group you want to focus on and what your marketing objectives are. You must include all of this information in order to accurately determine your targets and how you will set about to achieve them.

Your research should include your competition, your position in the marketplace, the product or service you are selling, pricing, advertising, and promotion.

In order to undertake the most effective market plan you must start your research with current information about the marketplace. Visit your local library, talk to customers, study the advertising of other businesses in your community, and consult with any relevant industry associations. This interactive source will help you assess your marketing strengths and weaknesses.

#### **STEP NUMBER 1**

Define your business:

- Your product or service
- Your geographic marketing area – neighbourhood, regional or national
- Your competition
- How you differ from the competition –what makes you special
- Your price, pricing methods and position with competition
- The competition's promotion methods
- Your promotion methods
- Your distribution methods and business location

Define your customer base:

- Your current customer base: (age, sex, income, etc)
- How did your customers learn about you?
- Patterns or habits of your customers, where they shop, what they read, what they watch and listen to
- Qualities your customers value most about your product or service – selection, convenience, service, reliability, affordability
- Qualities your customers like least about your product or service – can they be adjusted to serve your customers better?
- Prospective customers whom you aren't currently reaching

## **STEP NUMBER 2**

What your marketing plan should set out:

- Specific actions which you want to take and when
- Marketing and selling programmes that will deliver
- The costs, staff and other resources required
- How will you measure the effectiveness of what you intend to do, and
- When will you change things that aren't working?

### **A good marketing plan:**

- Sets clear, realistic and measurable targets
- Includes deadlines for meeting targets
- Provides a budget for each marketing activity
- Takes your resources into account
- Specifies who is responsible for each activity

### **Make choices**

- Allocate your resources into priority areas

### **Be prepared**

- To focus your resources into areas you have identified as promising targets

### **Analyze the results**

- Failing to do so can be disastrous. Each and every part of your business must work together.

### **Look to the long-term**

- Steer clear of selling inappropriate products or reducing customer services

### **Reduce risk**

- Carefully measure the cost-effectiveness of what you do.

### **Plan your marketing**

Your highest priority for both your time and resources would be to start with you're most important customers followed by new potential customers.

Always timetable your activities to have the maximum impact. Try to find out:

- What the customers purchasing cycles are
- When do the customers make their purchasing plans
- When do the customers have money available to make purchases

It is sensible and beneficial to contact every customer at least once every three months. Make sure they think of you when they are planning a purchase. It is essential to include in your marketing plan the how and when of communicating with your existing customers.

Your employees need to reflect your marketing strategy

- This may include winning new customers, sales efforts, answering the phone – if necessary; offer your sales team special incentives.

The final component in your marketing plan should be your overall promotional objectives to communicate your message, create an awareness of your product or service, motivate customers to buy and increase sales, or other specific targets.

Objectives make it easier to design an effective campaign and help you keep that campaign on the right track. Once you have defined your objectives, it is easier to choose the method that will be most effect

## **208.09      MARKETING PLAN OUTLINE**

### **Cover Page**

- Legal name of business
- Name of document (Marketing Plan)
- Date of preparation or modification of the document
- Name, address and phone number of the business or contact person
- Name, address and phone number of the individual or business who prepared the plan.

### **Table of Contents**

#### **Introduction**

- Describe product or service. (Emphasize unique or innovative features and/or protection by patent, copyright or other legal means)

#### **The Market**

- Description of your total potential market (i.e. your potential customers).
- How does your product/service satisfy the needs of this market?
- Describe the particular customers that you will target
- Size of (1) total potential market, and (2) your target market – support with factual data
- Growth potential of (1) total potential market, and (2) your target – support with factual data.
- Your estimated market share

**Competitors**

- Major competitors: name, location, and market share
- Compare your product/service with that of your major competitors (brand name, quality, image, price, etc.)
- Compare your firm with that of your major competitors (reputation, size, distribution channels, location, etc).
- How easy is it for new competition to enter this market?
- What have you learned from watching your competition?
- Are competitors' sales increasing, decreasing, steady? Why?

**Technology**

- How is technology affecting this product/service?
- How soon can it be expected to become obsolete?
- Is your company equipped to adapt quickly to changes?

**Socio-Political Effects**

- Describe changing attitudes and trends. How flexible and responsive are you.
- New laws and regulations that may affect your business. What might be the financial impact?

**Other**

- Include other situational factors that will affect your marketing plan.

**Problems and Opportunities**

- State each problem or opportunity and what you will do about each.

**Objectives**

- State objectives in precise, quantifiable terms. (e.g. "To obtain a sales volume of ?????? units by the end of the fiscal year.")

**Strategy**

- How will you reach your objective? (Amount of market penetration, expansion of market share, etc.)
- How have you taken into account the previously mentioned problems and opportunities, and the reactions of your competitors?

**The Action Plan**

- How will you implement the above strategy?
- Product/service: quality, branding, packaging, modifications, location of service, etc
- Pricing: How will you price your product/service so that it will be competitive, yet profitable?

- Promotion/advertising: How, where, when, etc.
- Selling methods: Personal selling, mail-order, etc. Include number of salespersons, training required, etc.
- Distribution methods
- Servicing of product
- Other: Add any other relevant information

### **Financial Information**

- Sales projections for the next 5 years (optimistic, pessimistic, realistic).
- Breakeven Analysis
- Cash Flow Monthly for Year 1, quarterly for Years 2 and 3