

# Marketing your business

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**If you think marketing is just another term for advertising – think again. While advertising plays a part in promoting your business, marketing is far broader.**

Marketing is getting your product or service right for your customers, making sure they know about it and consistently delivering the promises that your business' image implies.

An understanding of good marketing practice is essential to a successful start-up. It draws together the key elements of your market and your business. Getting it right can make the start-up successful. Getting it wrong can have serious consequences.

This briefing covers:

- The key rules of marketing.
- Building your marketing plan.
- Measuring the effectiveness of your marketing.
- Keeping ahead of the competition.

## 1 The ingredients

**1.1** You must have a clear picture of your product or service, and the **benefit** your customer will gain from buying it.

- Your marketing and sales operations will be dependent upon customers understanding the benefit. This is what the customer buys, not the product.

**1.2** The **price** you attach to your product or service will also be essential to your marketing programme.

**1.3** You should already have a clear, detailed picture of your **target market**.

- You should know by now who your most important customers are going to be.
- Be careful to focus on the section of your customer base you are most likely to be able to sell to. If a number of sectors seem promising, consider them objectively and then prioritise them.

Concentrate on the 20 per cent of customers who will make up 80 per cent of your business. Peripheral customers will take up a lot of time for little reward.

**1.4** Once you have a firm grasp of your product, price and place, you will need a good evaluation of your competition and an assessment of the anticipated strengths and weaknesses of your business. This information will lead to your promotion and **marketing plan**.

## 2 You and your competition

**2.1** Every business will face **competition**.

- You may be the only Thai restaurant in town, but you still have to compete with every other restaurant and takeaway.

**2.2** Decide what will make a customer buy from you and not your competitor. This is your **unique selling proposition (USP)**.

- Your business' USP could be any number of benefits you will offer to your customers.
- USPs can be most easily identified by completing the phrase: "Customers will buy from me because my business is the

only...”

For example, the only baker in town using entirely organic ingredients could focus on being the only ‘natural’ option.

- Offering the lowest price for your product or service can be a USP, but don't compete on price alone.

Your established competitors may have deeper pockets and start a price war to keep you out of the market.

### 2.3 Assess your **weaknesses** honestly and acknowledge rather than ignore them.

- With creative thought, you can turn competitive weaknesses into strengths. For example, many small businesses find it difficult to compete with large companies on price. But the small business can make a virtue of the personal service it can offer ahead of the larger business, and therefore justify a higher price.

## Powerful PR

Positive press coverage can provide an invaluable boost for a start-up. Effective PR can help let the world know that your product or service is there, generate leads and establish a market.

Your product or service may seem unexciting, so it is worth trying to find a connection that will link it to something more interesting. For example, you could offer prizes to the first new customers, or give some of your product to a well-known public figure or organisation to use.

Articles in trade magazines would concentrate on how your new business is doing something different in your sector.

If you tell your target newspaper or magazine in good time — and make the editor feel the news is of interest to his or her readers — you are on the way to creating successful publicity.

Send a written press release followed by a phone call to the news editor. When approaching the media always think of the story from their perspective — tell them immediately what it is in your story that will interest their readers or listeners.

Some firms have benefited from publicity stunts that have caught the eye of the press, such as My 1<sup>st</sup> Years, which sent customised baby gifts to new celebrity mums.

## 3 Building the marketing plan

Your marketing plan is a useful document in its own right. It will clarify how you intend to sell to your customers and promote your business. It is also an important part of your business plan.

The plan should be clear, easy to understand and cover the following points:

### 3.1 What the most important **elements** of your product or service are.

- Which features provide the benefits your customers want?
- What is its USP?

### 3.2 Who your **target customers** are.

- Your potential customers should be divided into groups, with the most promising and relevant groups at the top of your list.

### 3.3 Your **pricing**.

- If you have already set your prices, you may want to revise them as a result of the competitive analysis undertaken to create your marketing plan. Don't be afraid to do this — but don't slash prices just because you can see a niche in the market at that price point.
- Strong marketing can overcome customers' objections over price.

### 3.4 Who will do the **selling**?

- Any marketing strategy is useless without an effective sales capability to back it up. Make sure you and any staff know everything your customer would want to know about your business — and how to communicate it effectively.

### 3.5 How you are going to **distribute** your product or service to your customers.

- Personal selling, mail order or a website if you are selling direct; wholesalers, retailers or agents if you are selling indirectly.
- Work out which is the most suitable for your product or service. Your research should have told you how your target customers prefer to buy.

### 3.6 What form of **promotion** you are going to use. There are many forms. Most start-ups will want to use a combination.

- Advertising and PR are useful for building awareness of your business. Make sure your target customers are reached by the

media you advertise or promote yourself in. For example, if you are starting a local DVD and computer game rental shop, the entertainments page of your local newspaper may be a useful place to advertise. An ad in the local business magazine is unlikely to be as effective.

- A direct mail campaign can spread your message to potential customers. The costs of design, print and mailing can be high, but it can be a useful tool if your business is built around high sales volumes; an email campaign might be more cost-effective for you and reach more potential customers. Names and addresses of consumers or businesses can be bought from a number

### Buying advertising

Most people search for goods and services online, meaning it may be vital to have an online advertising campaign. It pays to understand which media your potential customers use, whether on — or offline. One way to discover this is to look where your competitors are advertising — and where they are not.

Traditionally, small businesses have advertised in local, paid-for and free newspapers and community magazines (local services); national newspapers (high-volume consumer sales); trade and technical journals (sales to businesses); lifestyle magazines (consumer goods) and business directories (eg domestic services). With the advent of the internet, new opportunities have emerged.

With **pay-per-click advertising** you bid on search engine phrases and appear in the listings accordingly. You only pay when someone clicks your link.

**Search engine optimisation**, while not strictly advertising, also uses keywords to enable you to feature prominently in relevant searches to potential customers.

With **affiliate marketing**, your advert/logo features on a related site, and you either pay per click or per sale.

**Banner advertising** is most like traditional advertising — you simply pay to have your logo and message on a website used by your customers.

**Online directories** are flourishing and many are based on user recommendation. Some are free, some cost.

of companies. Many are registered with the Direct Marketing Association ([www.thedma.org.uk](http://www.thedma.org.uk) or 020 7291 3300).

- Exhibitions can also provide a direct route to customers, particularly for businesses selling to other businesses. You can collect leads to follow up, make direct sales, promote new products, meet customers face to face and find other businesses to work with through showing at exhibitions. Make sure the exhibition will attract your target customers. Check with the organisers about previous attendance statistics. It is also worth asking your competitors who have showed there.
- More companies are choosing to promote themselves online. This is a useful method if your business has limited face-to-face contact with your customers. Social media such as Twitter and Facebook has become a major promotional channel for small businesses. E-commerce is also growing and a basic website can be built for as little as £500 with low running costs.
- The most cost-effective promotion is to get satisfied customers to recommend your business to friends and colleagues. This is the ideal for start-ups to aim for and is achieved by consistently exceeding your customers' expectations.

**3.7 Your after sales service.** It can be helpful to demonstrate how you will promote your business to existing customers after you start trading.

For example, regular mailings or telephone contact or a discount scheme based on sales volume.

- Retaining customers is essential for any business. It is cheaper and easier than finding new business.

## 4 Avoid common mistakes

**4.1 Aim for customers you have a good chance** of selling to and not those you cannot hope to win.

- For example, a printing start-up can get business from smaller local firms but is unlikely to get the entire print contract for a multinational company.

**4.2 Make it easy** for customers to understand what you do. For example, don't call your company A2B — call it A2B Delivery Services.

**4.3 Offer your customers what they want** — not what you think they want.

- Ensure your research has proved there is a gap for your product or service — and check that is the gap you are filling.

#### 4.4 Avoid **over-ambitious** growth targets.

- Set realistic targets. Cautious planning ensures your business will survive; exceeding realistic targets is a bonus.

#### 4.5 Remember the market is **always** changing.

- If you conducted research a year ago, the competition may have changed. Keep up to date with who is doing what.

## 5 Setting targets

Marketing is a continuous process. To keep track of your progress — and how the market is changing — you will need yardsticks and milestones that mean something to you.

#### 5.1 Set **realistic** targets to measure your performance against.

- What sales do you expect in your first 12 months for each customer or each type of customer?
- What sales do you expect from each type of product or service?
- What sales growth should you aim for?
- How much should you spend on marketing, month by month?

#### 5.2 Investigate missed targets.

- Has something gone wrong, or have circumstances changed? What can you do about it?

#### 5.3 Continuously **review** your marketing plan.

- A marketing plan is a working document; it is not set in stone.

## 6 Everyday marketing

Your marketing becomes an integral part of your business once you are operational. Every time your business has contact with a customer, you are marketing your business. Remember that it is easier and cheaper to keep existing customers than it is to get new ones.

- 6.1 You and your staff are the company as far as the customer is concerned. What you say or do creates either a good or bad **image**.

- Make sure you and your employees are sufficiently skilled or trained to deal with each customer professionally and not waste their time.
- The informal nature of social media can easily lead you or your employees to make inappropriate off-the-cuff comments. Develop a social media policy and stick to it.

#### 6.2 Make sure that you are **self-marketing**.

- The more people that you talk to about your business, the more sales you could generate.

#### 6.3 Make a point of asking each **new customer** how and where they heard about your company.

- This will help identify the most successful marketing tactics.

#### 6.4 If you are advertising or sending out promotional material, keep it **consistent** with your customers' requirements and the image that you wish to portray.

- If you manufacture diamond jewellery, your brochures and advertisements will probably need to be stylishly designed and glossy. But if your business offers a keenly priced window-cleaning service, a simple black-and-white flyer will be sufficient.

## 7 Keep ahead of the game

What are the trends in your market? The more you know about your business environment, the more you will be able to anticipate change and turn threats into opportunities.

#### 7.1 Small businesses can often capitalise on **change**, adjusting quickly before larger competitors react.

- Twitter provides a very good example of this — smaller firms have been much quicker to capitalise on its potential than larger firms and use it more effectively.

#### 7.2 Whatever your line of business, look out for **niches** in areas where you have strengths.

- Small companies can exploit niches and fragmented markets where large companies cannot make a profit.
- Building or acquiring new strengths — by recruiting appropriately skilled staff, for example — can be a part of your growth strategy.

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