

# MARKETING YOUR BUSINESS

As you determine your business potential you should ask the following questions:

- Is there a need for your business?
- Will your business be able to survive the competition?

Once you have answered these questions you will be able to check additional sources and develop a marketing plan.

## Is There a Need for Your Business?

People have a natural tendency to be overly optimistic about the prospects of success for a proposed venture. Yet the failure rate for new small businesses is high. To improve your odds, you should conduct a careful feasibility study before you start. Marketing research is a good way for you to look at your chances for success. The key to marketing your business is knowledge about your customer.

## The Customer

Most businesses depend on a specific group of the population for their sales. This group of potential customers is called a target market. The first thing you must do is get to know your target market. Find out the demographics of your intended target market population by determining age range, sex, profession, income level, population size and growth rate, and permanency of the population.

The next step is to find out as much as you can about the life-style and social behavior patterns of your target market, such as buying habits, changing trends and social influences. The more you know about your potential customers, the more easily you can build a business to provide a service they need. After knowing who your customers will be, you must look into what their needs are and how to satisfy them.

Some other aspects of marketing that you should be aware of and familiar with are the four "P's" of marketing: **P**roduct, **P**lace, **P**rice, and **P**romotion.

## Product or Service

Remember, a business must serve the needs of its customers if it intends to survive. A product/market mismatch can lead to the failure of the business. Successful people do not start out with a fixed idea for a product or service. They let the market tell them what is missing, and decide whether they are interested in supplying it or not. Build your business to fill the needs of the market and not what you think the market needs.

The word product can be interpreted broadly to include not only the good or service itself, but also all the intangible benefits that come from doing business with you. You

should ask yourself the following questions:

- a) Why should anyone want my product or service?
- b) Is it currently supplied by another business?
- c) How is my product or service superior to others?

It is also important to find out about the industry that you will be joining:

- a) What is the future outlook for the industry?
- b) What impact will the national economy have on your industry?
- c) What is the projected growth rate of the industry?
- d) When will the growth occur?

## Place

Place involves both location and physical facility.

**Location:** Many marketing experts consider location the make or break decision. Will customers be willing to go out of their way to come to you, or should you go out of your way to go to them? Your decision on where to locate must also tie in with your product. If your product is subject to impulse buying and is not very different from other similar products, then you need a place with a lot of casual traffic. If you have a special product that people need, then you can afford to be somewhat out of the way.

A successful location is largely dependent on the type of business, (manufacturing, wholesale, retail, etc.) type of goods or services to be sold and the target market. Major considerations are:

- Closeness to the target market. Customer flow is important to retail establishments and restaurants.
- Supplies and/or raw materials availability.  
Transportation costs.  
Labor availability, rates and productivity.  
Utilities and their respective rates.  
Overall business environment in the community.  
Police and fire protection.  
Housing availability for owner and employees.  
Quality of life in community (educational, cultural, etc.)  
Future quality of location. Location in relation to major competitors' locations.

**Physical facility:** The next step is to determine whether to build, buy or lease the business facilities. The first two choices involve a considerable outlay of funds and raise problems of future relocations. Major considerations are:

- Zoning: Can the business be operated without an exemption, or will a delay be involved? How many permits are required?
- Rental Expense: How is the rent determined, by flat rate or percentage of gross sales? What about sublet rights?

Lease Terms: What are the options to renew or cancel the lease?

Additional Costs: What is the condition of the facility? How much remodeling will be needed? Does it need additional lighting, air conditioning, plumbing, etc.?

Remodeling: Will a permit be required?

Lot and building Size: Can expansion be accommodated? If leased, will the lessor build additional facilities? If lessee remodels or adds additions, who owns such improvements?

Storage Capacity: Is there enough to meet the need?

Parking: Is there adequate parking for customers and employees?

Insurance: What insurance does the lessor carry? Must the lessee purchase additional coverage (lessee should consider title insurance for leased or purchased facilities)?

Type of shopping center: Will the nature and design of the shopping center complement or hinder your business?

### **Sources of Assistance in Locating a Business Site**

Banks and insurance firms.

Real estate agents specializing in commercial and industrial property.

Chamber of Commerce and/or city and county economic development corporations

### **Price**

The right price is very important in forecasting the cash flow your business will generate. The prices you charge will determine the dollar amount of your sales. You must set your price to be competitive, but at the same time, make enough profit to stay in business.

### **Promotion**

It is your responsibility to let your customers know about your business. What are you selling? Where are you located? What are your hours? How can you use your product packaging to increase sales? Like pricing policy, promotion decisions are mainly ongoing business decisions. You need not be overly concerned about promoting your business until all other considerations are taken care of. However, pre-opening promotion is a good idea. It lets you start your business with a bang! Be certain that you have sufficient product and staff to support your Grand Opening. It also helps shorten the time it takes to turn a profit. Be careful, though; most new businesses badly underestimate their advertising budget.

### **Will your business be able to survive the competition?**

In our free-enterprise system, no business is without current and future competition. Assessing the competition and finding a way to beat the competition is the key to success. Many entrepreneurs mistakenly believe that their competition consists solely of firms that offer similar products or services in the same geographical area. However,

competition may actually include indirect competitors who are vying for the same customers. Your estimation of your competitors should include all those who offer similar products and substitute products. They may be in the same geographical area or in any other area that is accessible to your market.

To determine the competitiveness of your market, you need to find out:

- What businesses offer substitute or similar products or services?
- Who are your major competitors (direct and indirect, local, catalog and the Internet)?
- How long have your competitors been in business?
- How will your business benefit the customer more than your competitors?
- How are the competitors' businesses similar to and/or different from yours?
- What are your competitors' strengths and weaknesses?
- How is the competitor's business doing?
- How will competitors react when you enter the market?
- What are the competitors' managerial abilities, financial situations, facilities, reputations, etc.?

Financial institutions and investors often place heavy emphasis on the elements of competition when deciding whether to fund a new business. Therefore, you should take their cue and evaluate very carefully your ability to compete. Join the game only if you are confident that you can be successful. If not, you may want to try another field.

## **Sources of Market Information**

There are several sources available for obtaining market information. They include:

- One of the many web search engines (such as Google, MSN Bing, Yahoo Search or ASK)
- Market research consultants and advertising firms.
- College, university and civic libraries for census data, etc.
- Trade associations and government agencies.
- Research you conduct on your own.
- Other sources such as telephone Yellow Pages for competition, Polk City Directories, state industrial directories.

## **Trade Associations and Government Agencies**

A trade association is a restricted membership organization that functions in a particular type of business or industry and is usually financed by membership dues. You can profit from the accumulated experience of the established businesses in your industry by joining a trade organization. Check the Internet and the San Luis Obispo City/County Library which maintains directories of trade associations locally, statewide, and nationally.

## Colleges and Universities

Local college schools of business often have professionals and student groups that offer consulting services. They can help you with the market survey and the marketing plan as well as other problem areas. However, services may only be available during the academic year. Contact:

### **California Polytechnic University, San Luis Obispo**

San Luis Obispo, California 93407

Phone: 805-756-1111

(805) 756-2704

[www.calpoly.edu](http://www.calpoly.edu)

### **Cuesta College**

PO Box 8106

San Luis Obispo CA 93403

(805) 546-3251

[info@cuesta.edu](mailto:info@cuesta.edu)

[www.cuesta.edu](http://www.cuesta.edu)

### **Allan Hancock College**

800 S. College Drive

Santa Maria, CA

(866) 342-5242

[www.hancockcollege.edu](http://www.hancockcollege.edu)

## Other Sources

Your local Chamber of Commerce is another source of information because most Chambers function as the central clearing house for all types of business information. For information regarding Chamber of Commerce locations and phone numbers, see the Resources section.

State and Federal procurement agencies are valuable sources of information and possible business opportunities. For example, you may contact:

### **California State Contracts Register**

Office of Small Business and DVBE

Services 707 3<sup>rd</sup> Street, First Floor,

Room 400

West Sacramento, CA 93605

(916) 375-4940

[www.dgs.ca.gov/pd](http://www.dgs.ca.gov/pd)

## The Marketing Plan

Now that you have decided to go ahead with your business venture, you must prepare a marketing plan to attract your customers. Price and promotion play a big role in this plan. Find out all you can about your competitors' pricing policies. Look through their catalogs and promotional materials. Estimate all your expenses to determine the minimum price you can afford to charge. Calculate when you expect to make a profit, and then set up a promotional plan to get the customers into your business.

Promotion can take many different forms. Each has its own advantages and disadvantages. The appropriate method of promotion depends upon the type and scope of your business. See the section on **Structuring Your Business**.

The primary advertising media are print, broadcast and the internet. Print includes newspapers, magazines, fliers and posters. Broadcasting includes radio and television. The internet includes direct advertising on your website, links from other websites and advertising space on other websites.

Determine which options give you the better dollar value and best reaches your target audience. Be skeptical when you talk with media experts. Be sure to conduct a follow-up test to evaluate the results of your promotional efforts. Modify your plan when necessary. Remember repetition is the key to successful media advertising.

A comprehensive marketing plan also includes a marketing budget. How much can you afford and how much are you willing to spend? How and when are you planning to spend it? Where will you get the necessary funds?

A very important aspect in designing your marketing plan is that it must be consistent with the sales goal you set for your business in the pro-forma statements. (Refer to the financial forms at the end of this booklet).

Financial institutions weigh the soundness of your market survey and your marketing plan heavily when deciding whether your business is a good risk for their money. It is very important for you to prepare and present a credible market survey that shows there is a need in the community for your business. You must also demonstrate that you have the ability to compete successfully. A comprehensive marketing plan and budget are usually taken as a sign of responsibility and are viewed favorably by the financiers.