

## **BASICS OF BUSINESS**

### **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. Market Research is a good way for study 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: Product, Place, Price, and Promotion.

**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. Build your business to fill the needs of the market, 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:

- Why should anyone want my product or service?
- Is my product or service currently supplied by another business?
- How is my product or service superior to others?
- What is the future outlook for the industry?
- What impact will the national economy have on your industry?

- What is the projected growth rate of the industry?
- When will the growth occur?

**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 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.

**Competition** 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 their competition consists solely of firms offering similar products or services in the same geographical area. However, competition may actually include indirect competitors 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, Yahoo, etc.)

- Market research consultants and advertising firms
- 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 offering 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  
[www.calpoly.edu](http://www.calpoly.edu)

Cuesta College  
(805) 546-3251  
[info@cuesta.edu](mailto:info@cuesta.edu)  
[www.cuesta.edu](http://www.cuesta.edu)

Allan Hancock College  
(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. The [US Chamber of Commerce](#) has listings of all the local chamber of commerce locations and phone numbers.

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

California State Contracts Register  
(916) 375-4940  
[www.dgs.ca.gov/pd](http://www.dgs.ca.gov/pd)

## **Answer Five Questions, Write a 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 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?

**Keep reading—and find out how write a marketing plan by answering five simple questions.**

### **1. What's my target market?**

You can't figure out how to market to your target customers unless you know who they are. If you did market research for your business plan, review that information and update it if you need to. Gather these facts about your target market:

- Demographics (household income, age, gender, marital status, employment, location)
- Media they use (specific websites, blogs or publications, social media channels, TV or radio shows)
- Motivation (What motivates them to buy? Do they want to save money, save time, appear successful or enjoy themselves?) Motivators are generally emotional.

### **2. How does my business fit into the marketplace?**

Next, assess your business's position in the marketplace. First, describe what you sell; next, answer these questions:

- What is your unique selling proposition (USP)? How is your business different from and better than the competition?
- Who are your competitors? There may be dozens or only a few. Don't forget about online competition.

- What are your marketing strengths and weaknesses? If your biggest competitor has an outdated business brand, there's an opportunity for you to make a splash. On the other hand, if you're starting a new business, you don't have any brand awareness yet, which is a weakness.
- What marketing tactics do your competitors use, and how successful are those tactics?

### **3. What is my goal for my marketing?**

Answering the questions in Step 2 will help identify your marketing goals. If your business is brand-new, for instance, building brand awareness should be your main marketing goal.

Choose specific, measurable goals, such as growing your website traffic by X percent or getting X number of prospects to complete a leads form on your website. All of these marketing goals should help to increase sales.

### **4. How big is my marketing budget?**

Look for that middle ground between spending too much on your marketing and too little. Marketing is an investment, not an expense. If a marketing campaign costing \$1,000 brings in \$5,000 of new business, it's well worth the cost.

In reality, small business owners have limited budgets. To keep your marketing costs manageable, look to affordable (or even free) tactics such as organic search engine optimization, public relations, and social media marketing.

### **5. What marketing channels should I use?**

With your goals and budget in mind, figure out the best marketing channels to reach your target customers. If your target market is seniors who own their own homes, direct mail postcards or door hangers could be good marketing channels. For millennials, however, digital channels such as social media, online review sites, or paid search advertising could be better solutions.

Once you know what marketing channels you want to use, drill down into what marketing tactics you'll use and when. If you plan to use pay-per-click ads, decide how many ads to place each month and how much money you want to spend. If you're going to send sales letters, set a date and budget for that. Put it all in writing so nothing gets forgotten.

### **There's still one question to ask yourself: Is my marketing working?**

Knowing how to write a marketing plan is just the beginning. To see if your marketing is paying off, you need to track how well your marketing works. Look at where your customers come from, which calls to action work best, and what approaches deliver the biggest bang for your buck.