Marketing Basics Essay, Research Paper

What is Marketing?

What exactly is marketing and why is it important to you as an entrepreneur? Simply stated, marketing is everything you do to place your product or service in the hands of potential customers.

It includes diverse disciplines like sales, public relations, pricing, packaging, and distribution. In order to distinguish marketing from other related professional services, S.H. Simmons, author and humorist, relates this anecdote.

“If a young man tells his date she’s intelligent, looks lovely, and is a great conversationalist, he’s saying the right things to the right person and that’s marketing. If the young man tells his date how handsome, smart and successful he is — that’s advertising. If someone else tells the young woman how handsome, smart and successful her date is — that’s public relations.”

You might think of marketing this way. If business is all about people and money and the art of persuading one to part from the other, then marketing is all about finding the right people to persuade.

Marketing is your strategy for allocating resources (time and money) in order to achieve your objectives (a fair profit for supplying a good product or service).

Yet the most brilliant strategy won’t help you earn a profit or achieve your wildest dreams if it isn’t built around your potential customers. A strategy that isn’t based on customers is rather like a man who knows a thousand ways to make love to a woman, but doesn’t know any women. Great in theory but unrewarding in practice.

If you fit the classic definition of an entrepreneur (someone with a great idea who’s under-capitalized), you may think marketing is something you do later — after the product is developed, manufactured, or ready to sell.

Though it may feel counter-intuitive, marketing doesn’t begin with a great idea or a unique product. It begins with customers — those people who want or need your product and will actually buy it.

Entrepreneurs are in love with their ideas, and they should be. After all, why would anyone commit their energy, life savings, and no small part of their sanity to anything less than a consuming passion. Because entrepreneurs are passionate about their idea, product, or service, they innocently assume other people will feel the same. Here’s the bad news — it just doesn’t work that way!

People have their own unique perceptions of the world based on their belief system. The most innovative ideas, the greatest products, or a superior service succeed only when you market within the context of people’s perceptions.

Context can be many things, singly or simultaneously. To name a few, you may market to your customers within the context of their wants, needs, problems solved, or situation improved. Entrepreneurs need to be aware of many other contexts, such as social and economic trends or governmental regulations, which we’ll discuss another time.

People don’t just “buy” a product. They “buy” the concept of what that product will do for them, or help them do for themselves. People who are overweight don’t join a franchise diet center to eat pre-packaged micro-meals. They “buy” the concept of a new, thin, happy and successful self.

Before you become consumed with entrepreneurial zeal and invest your life savings in a new venture, become a smart marketer. Take time at the beginning to discover who your potential customers are, and how to effectively reach them.

Without a plan, your entrepreneurial dream is really wishful thinking. While a marketing plan can be a map for success, remember that the map is not the territory. A strategy that ignores the customer isn’t an accurate reflection of the landscape.

A good marketing plan can help you focus your energy and resources. But a plan created in a vacuum, based solely on your perceptions, does not advance the agenda. That’s why market research, however simple or sophisticated, is important.

Just keep in mind that research attempts to predict the future by studying the past. It reveals what people have done, and extrapolates what people might do — not what people will do.

Planning is imperative, research is important, but there’s no substitute for entrepreneurial insight. After all, as Mark Twain wrote, “You cannot depend on your eyes when your imagination is out of focus”.

The Marketing Plan

If marketing is everything you do to place your product (or service) in the hands of potential customers, how do you do it all — especially if you’re all alone? It helps to have a plan.

A marketing plan is more than your map for success. It’s actually a map-making process that when complete will reveal a clear route to your prospective customers.

A good map reveals specific items of information. A good marketing plan should do the same for you. Here are six things your marketing plan should help you accomplish.

1) Prove that you understand your industry. Knowing your product isn’t enough.

2) Identify your target market. These are the people most likely to buy your product or use your services.

3) Identify your competition. Who’s out there and what are they doing?

4) Establish your pricing, distribution, and product positioning. How much will it cost plus a fair profit? How will you get it there? And where do you fit into the marketplace?

5) Get someone to subsidize your dream. If you want to attract investors, a written marketing plan is essential.

6) Focus on a single effective marketing concept. Define your strongest strength and lead with that. For example, Little Caesar’s “pizza pizza” may not be the most innovative idea ever conceived — but it’s certainly one of the more effective. Why? Because it’s simple and consistent.

Here are the major components that you should consider when writing your marketing plan.

Mission (or vision) statement:

This is an external communication of your company’s values. Like Admiral Stockdale, you’re answering the question, “Who am I and what am I doing here”.

Company objective:

This section communicates what you want to do, by when, and how (what are your resources?). It is specific, quantifiable, and is inclusive of your entire company. It is not merely a sales goal. If you’re an entrepreneur, your company objective might also serve as your marketing objective.

Market analysis:

This section reports on the findings of the extensive research that you have pursued and prepared. You need to discuss various factors of the market environment in relation to your product. These factors include legal, social, political, economic, and technological considerations.

Target audience:

Based on your research, discuss who your customers are and how you can reach them. Here’s where you decide whether to niche or not, or to segment your audience either vertically or horizontally.

Competitive analysis:

Your advance research should reveal your competitors, the obvious and especially the others. How does what they’re doing relate to your product? What advantages do you have? How can you keep the advantage?

Action plan:

As Shakespeare said, “Action is eloquence”. You’ve made your map. Now you can define the best route to reach your customers. This section of your marketing plan outlines what media mix you’ll use to reach your audience. Advertising — where, how often, and at what cost. Public relations — specific programs and promotions of interest to the community. Sales strategies — incentive programs for representatives and distributors as well as prospective customers.

A successful marketing plan is based on research and analysis. But because information can be manipulated to prove almost anything, insight is equally important. As Edward de Bono says, “Proof is often no more than a lack of imagination”.

Market Research

As a famous scientist once responded to a reporter’s earnest question: “Research is what I’m doing when I don’t know what I’m doing”. As entrepreneurial-minded people, we would be well advised to listen to this simple wisdom.

Market research is more than the analysis of raw data. It is the opportunity to look outside your company to factors that may affect your success.

Research often begins with a guess, sometimes an informed guess based upon your observations, experiences, and belief system. Often the process of gathering information can feel counter-intuitive, especially when research indicates something other than what you believe.

Contrary to popular belief, market research is subjective — and that’s o.k. Your entrepreneurial vision becomes both a filter and a framework for reviewing information. The process begins with an idea or a passion. Then we conduct research to determine if the idea has merit. We begin by asking questions. Who are my potential customers? How large is my target market? What’s the perceived value of my product? Who are my competitors? How is my idea unique? How can I communicate that uniqueness?

Market research is like a scientist who seeks to prove or disprove a hypothesis through questions, analysis, and observation. But research is much more than the analysis of information. It is a willingness to admit “I don’t know”. While market research seeks to confirm your idea with information, the admission of “I don’t know” affords you the opportunity to discover other, possibly superior ideas.

Market Positioning

Falling in love! As entrepreneurs, we do it every day. Our passionate belief in, and commitment to, our product (or service) makes all things seem possible. The most successful entrepreneurs learn to transform their passion into position.

Positioning is a perceptual location. It’s where your product or service fits into the marketplace. Effective positioning puts you first in line in the minds of potential customers.

As individuals, we continually position ourselves. The responsible older sibling, the class clown, a number cruncher, a super genius are all examples of positioning. These identifiers help us define ourselves and distinguish our abilities as unique and different from other people.

Positioning is a powerful tool that allows you to create an image. And image is the outward representation of being who you want to be, doing what you want to do, and having what you want to have. Positioning yourself can lead to personal fulfillment. Being positioned by someone else restricts your choices and limits your opportunities.

That’s why it’s so important for entrepreneurs to transform their passion into a market position. If you don’t define your product or service, a competitor will do it for you. Your position in the market place evolves from the defining characteristics of your product. The primary elements of positioning are:

+ Pricing. Is your product a luxury item, somewhere in the middle, or cheap, cheap, cheap.

+ Quality. Total quality is a much used and abused phrase. But is your product well produced? What controls are in place to assure consistency? Do you back your quality claim with customer-friendly guarantees, warranties, and return policies?

+ Service. Do you offer the added value of customer service and support? Is your product customized and personalized?

+ Distribution. How do customers obtain your product? The channel or distribution is part of positioning.

+ Packaging. Packaging makes a strong statement. Make sure it’s delivering the message you intend.

Positioning is your competitive strategy. What’s the one thing you do best? What’s unique about your product or service? Identify your strongest strength and use it to position your product.

The product Nyquil was conceived as a superior daytime cough suppressant. Unfortunately, it made people drowsy. Determined to recoup product development costs, the side affect of drowsiness was then transformed into a powerful positioning strategy. Nyquil became “the night time, coughing, sniffling, sneezing so you can rest” medicine. Nyquil created and owned the nighttime cold remedy market.

As the Baptist minister of my childhood would say at the conclusion of a lengthy sermon, “I’ve said all that to say this”. Positioning, when used effectively, can help you be first in the mind. Being first in mind equals ownership. Market ownership allows you to be a big fish in a small pond. When you’re a big fish, you can always increase the size of the pond.

Marketing Tips

After more years in marketing than I care to publicly confess, here it is. The distilled wisdom and previously undisclosed two-step strategy for success is simply this:

1) Have a clear intention. Know what you want to be, do, or have.

2) Take consistent action. Do the things necessary to achieve the desired outcome.

Like all things simple, the practical reality is somewhat more complex. That’s because the process of taking action in accordance with a clear intention often takes you someplace unexpected.

It’s a fundamental misconception to believe that you can control the process or the outcome of marketing activity. You can have a clear intention (a goal), a step-by-step process for achieving the intention (objectives), and an internal plan for providing the product or service (a strategy). But if taking action alters even the clearest intention, how does an entrepreneur avoid descending into chaos?

Enter the two most important words in the entrepreneur’s vocabulary — not “undercapitalized” — but focus and flexibility. Focus is that rare ability to pay attention to a select number of things — the finite not the infinite. Flexibility is the willingness to continually re-focus your intention based on the new information that arises from consistent action.

If you can’t control the process or the outcome of marketing, where’s the fixed point? The one constant is the customer. Building relationships and providing customer service is not a marketing event but the creation of an environment of trust.

Just as Will Rogers “never met a man he didn’t like”, I’ve never met an entrepreneur who focused too much on potential customers. Passionate belief in their product or service leads many entrepreneurs into the pitfall of universal appeal. Even if everyone on the planet is a potential customer, mass marketing in the early stage of your company development is too expensive and unwieldy.

Focusing on specific groups of potential customers that share common characteristics (vertical markets) is both economical and quantifiable. It’s easy to monitor a target audience response while you build in-depth knowledge of their profile and develop an environment of trust. If focused activity produces results other than those you desire, it’s time to be flexible and re-direct your intention, or approach another vertical market, with consistent action.

The entrepreneurial watchwords for this month — focus, flexibility, and fun. To paraphrase Joline Godfrey, if you aren’t making money, doing some good, and having fun, what’s the point!

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