

START-UP BRIEFING



Highlands & Islands
ENTERPRISE

Marketing your business

● If you think marketing is just another term for advertising — think again. While advertising plays a part in promoting your business, marketing is a far broader concept. 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's 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 play a large part in making the start-up successful. However, 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

- A** 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. For example, a consumer doesn't want to buy a drill, they want the holes the drill creates.
- B** The **price** you attach to your product or service will also be essential to your marketing programme (see **Pricing your product or service**, SuB 5).

- C** You should already have a clear, detailed picture of your **target market** (see **Researching your market**, SuB 3).
- ◆ 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. Other peripheral customers will take up a lot of your time for little reward.
- D** Once you have a firm grasp of your product, price and place, a thorough evaluation of your competition and the anticipated

FURTHER HELP

There are other Start-up Briefing titles that can help you. These briefings are referred to in the text by name and by the code given to each briefing. For example, SuB 4.

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strengths and weaknesses of your business will lead to the construction of your promotion and **marketing plan** (see 3).

2 You and your competition

A 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.

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

- ◆ Your business's 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, a plumber in a rural area may capitalise on location, offering a guaranteed two-hour response time.

- ◆ Offering the lowest price for your product or service can be a USP, but it is dangerous to compete on price alone.

Your established competitors may have deeper pockets and start a price war to

keep you out of the market.

C Assess your **weaknesses** honestly and acknowledge these limitations rather than ignore them.

- ◆ With careful and creative thought, you can turn many 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.

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 will also be an important part of your total business plan.

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

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

- ◆ Which features provide the benefits your customers want?

- ◆ What is its USP?

B 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.

For example, a start-up car dealership may split its customers into large corporate fleet, small corporate fleet and private buyers.

C 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 (see **Pricing your product or service**, SuB 5).

D 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

"A business reliant upon word-of-mouth marketing should spend as much time managing its image and reputation as it does its profits."

Jenny Covey,
Javelin Marketing
Services

"When you think how much more resource it takes to find and qualify a new customer than to keep an existing customer satisfied, it is obvious that after-sales support and customer service are two of the most cost-effective marketing activities for most small businesses."

Alistair Baxter,
Baxter Marketing

Powerful PR

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

To the outside world, 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 invite the mayor or a local celebrity to the launch of your business, or offer prizes to the first few customers.

Articles in trade and technical 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 enough time — and make the editor feel he or she would be excited by or interested in the news — you are on the way to creating some 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 — be able to tell them immediately what it is in your story that will interest their readers or listeners.

communicate it effectively.

- E** 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.
- F** 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. But make sure your target customers are reached by the media you are advertising or promoting yourself in.
- For example, if you are starting a local video rental shop, the entertainments page of your local newspaper may be a useful place to advertise. An advertisement in the local business magazine is unlikely to be as effective.
- ◆ A direct mail campaign can spread your message to potential customers. While the costs of design, print and mailing

Buying advertising

It pays to make sure the media you use are getting to the right people. Look at where your competitors are advertising — as well as where they don't — to help focus your thinking.

National newspapers are often the right choice for high-volume consumer sales and direct response selling (eg air tickets).

Local paid-for and free newspapers and community magazines have the geographical focus needed for shops or local services. They are also inexpensive per advertisement and useful for test-marketing.

Trade and technical journals and club and society magazines may be suitable if you supply businesses or specialist groups. There is a large variety of publications offering accurate targeting of well-defined and committed readerships.

'Lifestyle' magazines and hobby magazines are particularly useful for promoting consumer goods, especially for mail order.

Business phone directories such as Yellow Pages and trade directories work well where customers naturally turn to this kind of reference source (eg building, tool hire). These have a high circulation and a long shelf-life, but results are often slow in materialising.

can be high, it can be a useful tool if your business is built around high sales volumes.

Names and addresses of consumers or businesses can be bought from Marketing File (www.marketingfile.com or 0845 345 7755) or Yell.com (www.yell.com or 01753 583311).

- ◆ 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 and new businesses, meet customers face-to-face and find other businesses to work with through showing at exhibitions.

Make sure the exhibition will be attended by your target customers. Check with the organisers about previous attendance statistics. It is also worth asking your competitors who have showed there — most will tell you.

- ◆ More companies are choosing to promote themselves on the Internet. This is a particularly useful method if your business has limited face-to-face contact with your customers. Sales can also be made via websites.

Sites can be designed for as little as £500 and maintenance costs start at around £30 a year for a simple promotional site.

- ◆ 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.

- G After sales** — 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

- A** 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 in year one.

- B** Make it **easy** for customers to understand

"Marketing must be central to the business. It is the force that drives the business forward."

*Michelle Render,
York Place Company
Services*

"There are dozens of niche markets where being small or being local can give you a knockout advantage over any big corporate competitor. Many people feel much happier dealing with a local supplier that understands their needs."

*Donna Gibson,
ScottishPower*

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what you do (eg don't call your company A2B — call it A2B Delivery Services).

- C** Offer your customers what **they want** — not what you think they want.
 - ◆ Ensure your research has proved there is a gap for your product and service — and check that is the gap you are filling.
- D** Avoid **over-ambitious** growth targets.
 - ◆ Do not presume you will sell 100 cars in year one and 1,000 cars in year two. Cautious planning ensures your business will survive; exceeding realistic targets is a bonus.
- E** Remember the market is **always** changing.
 - ◆ If you conducted your research a year ago, the competition may have changed. Keep up to date with who is doing what in your sector.

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.

- A** 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?
- B** **Investigate** missed targets.
 - ◆ Has something gone wrong, or have circumstances changed? What can you do about it?
- C** Continuously **review** your marketing plan.
 - ◆ As the market changes, so should you. 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.

- A** You or your staff are the company as far as the customer is concerned. Everything 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.
- B** Make sure that you are **self-marketing**.
 - ◆ The more people that you talk to about your business, the more sales you could generate.
- C** Make a point of asking each **new customer** how and where they heard about the company.
 - ◆ This will help identify the most successful marketing tactics.
- D** 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-set 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.

- A** Small businesses can often capitalise on **change**, adjusting quickly before larger competitors react.
 - ◆ For example, small fashion retailers can source and sell summer clothes if the sun starts to shine in April. Multiple high street stores will still have to wait until they receive their scheduled delivery in June.
- B** Whatever your line of business, look out for **niches** in areas where you have strengths.
 - ◆ Small companies can exploit niches and fragmented markets (eg gluten-free foods, body-piercing) 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 business's growth strategy.

EXPERT CONTRIBUTORS

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