AFRICA POPULATION INSTITUTE (API)

BUSINESS MARKETING AND SALES STRATEGIES (BMSS) HANDBOOK

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Forward:

API is a registered organization with 4 years' experience of supporting voluntary organizations, agencies and individuals in developing quality systems. A major part of our work is providing external evaluations and trainings to organizations or specific projects and also building capacities of the members to have relevant skills applicable to their working environment.

How we work:

We aim to understand the precise needs of your organization and to offer you good value, an integrated service, and work which is based on clear principles. Our style is inclusive, participatory and flexible.

We aim to help you:

- Develop your skills, reflect and gain focus
- Make your organization more confident, effective and efficient, and able to demonstrate this to others
- Help you plan more effectively and strategically for the future
- Demonstrate the benefits (or outcomes) for your service users.

Our approach

- Starts by listening carefully to what you need and tailoring our services accordingly
- Includes clear and practical advice, plans and reports
- Is based on extensive knowledge and experience of the voluntary sector
- Is supportive and friendly.

Courses offered in our training workshops that are client tailored

Monitoring and Evaluation Training
Project Planning and Management
Public Health and HIV/AIDS management
Guidance and Counseling Techniques
Family Planning and RH issues
Research Methods and Data management
Specialized Statistical Packages for data analysis (SPSS, STATA, EVIEWs, ATLAS TI, SUDAN, EPINFO and Epi Data etc)
Training of Trainers Course
Management and Leadership Skills Development
Procurement and Contract Management
Peace and conflict Management/Resolution
Disaster Preparedness and Management Course
Communication Skills and Technique
Heath Care Administration (HCAD)

Interdisciplinary Environmental Health Studies (ENVHs)

Substance Abuse and Addictions Management (SAAM)

Advocacy and Lobbying Techniques

Strategic Planning and Management

Business Sales and Marketing Strategies

Health Marketing and Health Promotion
Logistics, Transport and Supply Chain Managemen

Module 1: Introduction to Marketing Concepts:

Every organization must have some objectives to accomplish in order to succeed. However, business success is not determined by the producer but by the customer. Business success lies in satisfying the customer by getting the right product at the right time, at the right place and at the right price. This is possible through marketing because it is the marketing function that provides the driving force for the integration in business organizations. i.e. marketing is the focal point around which all other departments rotate.

Definition of Marketing

- It is the function responsible for identifying and satisfying the requirements of customers/consumers' demand of products or services, motivating its sales and distributing into ultimate consumption at a profit. (Brich E.T).

- It involves designing of the products acceptable to the consumers and conducting those activities which facilitate the transfer of ownership between the seller and the buyer. (Hary Hansen).

- Marketing management is the process concerned with the identification and evaluation of consumer needs so as to meet them.

- Marketing is also concerned with the promotion through various methods, controlling market activities through monitoring measurement of performance and correcting deviations.

Core Marketing Concepts

- **Need in Marketing: -** This refers to the state of self deprivation. Needs may take different forms but they can be categorized and the most accepted category of needs are those of Abraham Maslow's hierarchy of needs.
- **Wants: -** These are the forms that take the human needs and they are described in terms of objects that will satisfy needs. E.g. a thirsty person is deprived of something to drink and this can be satisfied by drinking water or juice, milk, etc.
- **Demand:** - This is a want backed by willingness and ability to pay for it. Many people may want a particular product but only a few may be able to pay for them. Marketing does not consider how many people want a particular product but also how may will be able to buy it.
- **Product:** - This is anything that is offered and can satisfy a need. It covers both physical products (goods) and non physical products (services). Goods are demanded because of the services they provide (bundle of benefits). Consumers look for the services or benefits in a product.
- **Customer value and Satisfaction: -** Products are of many types that consumers have to choose from among – in order to satisfy their needs. The consumers' choice is influenced by the amount of satisfaction derived from consuming the product. Customer value is the difference between the value the consumer receives from the use of the product and the actual cost. On the other hand customer satisfaction is the degree to which a product meets the consumers' expectations.
- **Exchange and Transaction: -** Marketing is enforced when people exchange. Exchange is the act of acquiring a desired object from someone else by offering something in return. It is

determined by the amount of transaction carried out and here transaction consist of exchange of value between two or more parties and this is characterized by each party having something that is of value to others.

- **Market: -** Whenever exchange and transactions take place, there is a market. Therefore a market is a collection of actual and potential buyers and sellers and having similar needs and consumer wants that can be satisfied through exchange.
- **Customer/ Consumer: -** This is the one who provides regular support to the trader or supplier.

Module 2: Marketing Philosophies

The marketing concept has evolved overtime and some philosophies under which organizations conduct their marketing activities have been advanced. These philosophies include:

- **The Production philosophy**
  This is one of the oldest philosophies of marketing and it assumes that consumers are interested in the availability of products and their affordability in terms of prices. The emphasis under this philosophy is on efficient production and distribution.
- **The product philosophy** (Quality or product oriented)
  This assumes that consumers will prefer quality products and a product will not sell unless it can satisfy the consumer in terms of quality and performance. The emphasis under this philosophy is on technology, research and development.
- **The Selling philosophy (**Sales oriented)
  This assumes that consumers if left alone will not buy. Therefore the managers must undertake aggressive selling and promotion activities. The emphasis should be on intensive promotion.
- **The marketing philosophy** (Consumer oriented)
  This assumes that an organization can only accomplish its goal by determining the needs of the consumers and satisfying them more effectively than her competitors. The emphasis is on research on buyers' needs and their satisfaction.
- **The Societal philosophy** (Environmental oriented).
  It assumes that organizations are always interested in satisfying the needs of the consumers while also providing for the society's welfare. So managers must balance the company's profits against the consumers' wants and satisfaction and society's welfare. The emphasis is on ultimate benefit of the society.

Marketing is an integrated communications-based process through which individuals and communities are informed or persuaded that existing and newly-identified needs and wants may be satisfied by the products and services of others.

Marketing is used to create the customer, to keep the customer and to satisfy the customer. With the customer as the focus of its activities, it can be concluded that Marketing is one of the premier components of Business Management - the other being Operations(or Production). Other services and management activities such as Human Resources, Accounting, Law and Legal aspects can be "bought in" or "contracted out".

Marketing practice tended to be seen as a creative industry in the past, which included advertising, distribution and selling. However, because the academic study of marketing makes extensive use of social sciences, psychology, sociology, mathematics, economics, anthropology and neuroscience, the profession is now widely recognized as a science, allowing numerous universities to offer Master-of-Science (MSc) programmes. The overall process starts with marketing research and goes through market segmentation, business planning and execution, ending with pre and post-sales promotional activities. It is also related to many of the creative arts. The marketing literature is also adept at re-inventing itself and its vocabulary according to the times and the culture.

Seen from a systems point of view, sales process engineering views marketing as a set of processes that are interconnected and interdependent with other function, whose methods can be improved using a variety of relatively new approaches.

A further concept is the value-based marketing which states the role of marketing to contribute to increasing shareholder value In this context, marketing can be defined as *"the management process that seeks to maximise returns to shareholders by developing relationships with valued customers and creating a competitive advantage.*

The marketing concepts

The term *marketing concept* pertains to the fundamental premise of modern marketing. This concept proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

Marketing orientations: An orientation, in the marketing context, relates to a perception or attitude a firm holds towards its product or service, essentially concerning consumers and end-users. There exist several common orientations:

Product orientation: A firm employing a product orientation is chiefly concerned with the quality of its own product. A firm would also assume that as long as its product was of a high standard, people would buy and consume the product.This works most effectively when the firm has good insights about customers and their needs and desires, as for example in the case of Sony, Walkman whether these derive from intuitions or research.

Sales orientation: A firm using a sales orientation focuses primarily on the selling/promotion of a particular product, and not determining new consumer desires as such. Consequently, this entails simply selling an already existing product, and using promotion techniques to attain the highest sales possible. Such an orientation may suit scenarios in which a firm holds dead stock, or otherwise sells a product that is in high demand, with little likelihood of changes in consumer tastes diminishing demand.

Production orientation: A firm focusing on a production orientation specializes in producing as much as possible of a given product or service. Thus, this signifies a firm exploiting economies of scale, until the minimum efficient scale is reached. A production orientation may be deployed when a high demand for a product or service exists, coupled with a good certainty that consumer tastes do not rapidly alter (similar to the sales orientation).

Marketing orientation: The marketing orientation is perhaps the most common orientation used in contemporary marketing. It involves a firm essentially basing its marketing plans around the marketing concept, and thus supplying products to suit new consumer tastes. As an example, a firm would employ market research to gauge consumer desires, use R&D to develop a product attuned to the revealed information, and then utilize promotion techniques to ensure persons know the product exists. The marketing orientation often has three prime facets, which are:

Customer orientation: A firm in the market economy survives by producing goods that persons are willing and able to buy. Consequently, ascertaining consumer demand is vital for a firm's future viability and even existence as a going concern.

Organizational orientation: In this sense, a firm's marketing department is often seen as of prime importance within the functional level of an organization. Information from an organization's marketing department would be used to guide the actions of other department's within the firm. As an example, a marketing department could ascertain (via marketing research) that consumers desired a new type of product, or a new usage for an existing product. With this in mind, the marketing department would inform the R&D department to create a prototype of a product/service based on consumers' new desires. The production department would then start to manufacture the product, while the marketing department would focus on the promotion, distribution, pricing, etc. of the product. Additionally, a firm's finance department would be consulted, with respect to securing appropriate funding for the development, production and promotion of the product. Inter-departmental conflicts may occur, should a firm adhere to the marketing orientation. Production may oppose the installation, support and servicing of new capital stock, which may be needed to manufacture a new product. Finance may oppose the required capital expenditure, since it could undermine a healthy cash flow for the organization.

Mutually beneficial exchange: In a transaction in the market economy, a firm gains revenue, which thus leads to more profits/market share/sales. A consumer on the other hand gains the satisfaction of a need/want, utility, reliability and value for money from the purchase of a product or service. As no one has to buy goods from any one supplier in the market economy, firms must entice consumers to buy goods with contemporary marketing ideals.

The role of Marketing

The process of marketing is concerned with relating the needs of the consumers with the goods and services produced by the producer. Marketing plays a big role in providing a linkage between the consumer and the producer in the following ways.

- Production of socially acceptable goods and services. Marketing involves frequent interaction with the consumers in order to determine and satisfy their needs. Once the needs are determined, desired goods and services will be provided. NB: A producer who will not meet the needs of customers may not survive.
- Improvement in the standards of living; marketing does not only identify the needs of the consumers and satisfy them but distributes the goods and services produced from different manufacturers or producers and this enables the consumers to make choice from the variety of goods and services available.
- Usefulness to the economy; All economic activities such as production, distribution and consumption are dependent on consumers' satisfaction. NB: Effective marketing ensures consumer satisfiance and in the process it enables full employment of the factors of production.
- Increases National Income: Efficient Marketing leads to a reduction in the cost of distribution and this will result into lower prices and lower prices may mean more consumption leading to more production (output) thus increase in national income.
- Education value: This is through advertising, personal selling, publicity, etc. All these promotional tools provide vital information to the consumers which results into reduction of ignorance among the masses.
- Employment opportunities: Greater percentages of the population around the world are involved in marketing activities especially in the distribution of goods and services.

Module 3: Consumer Behavioural Analysis

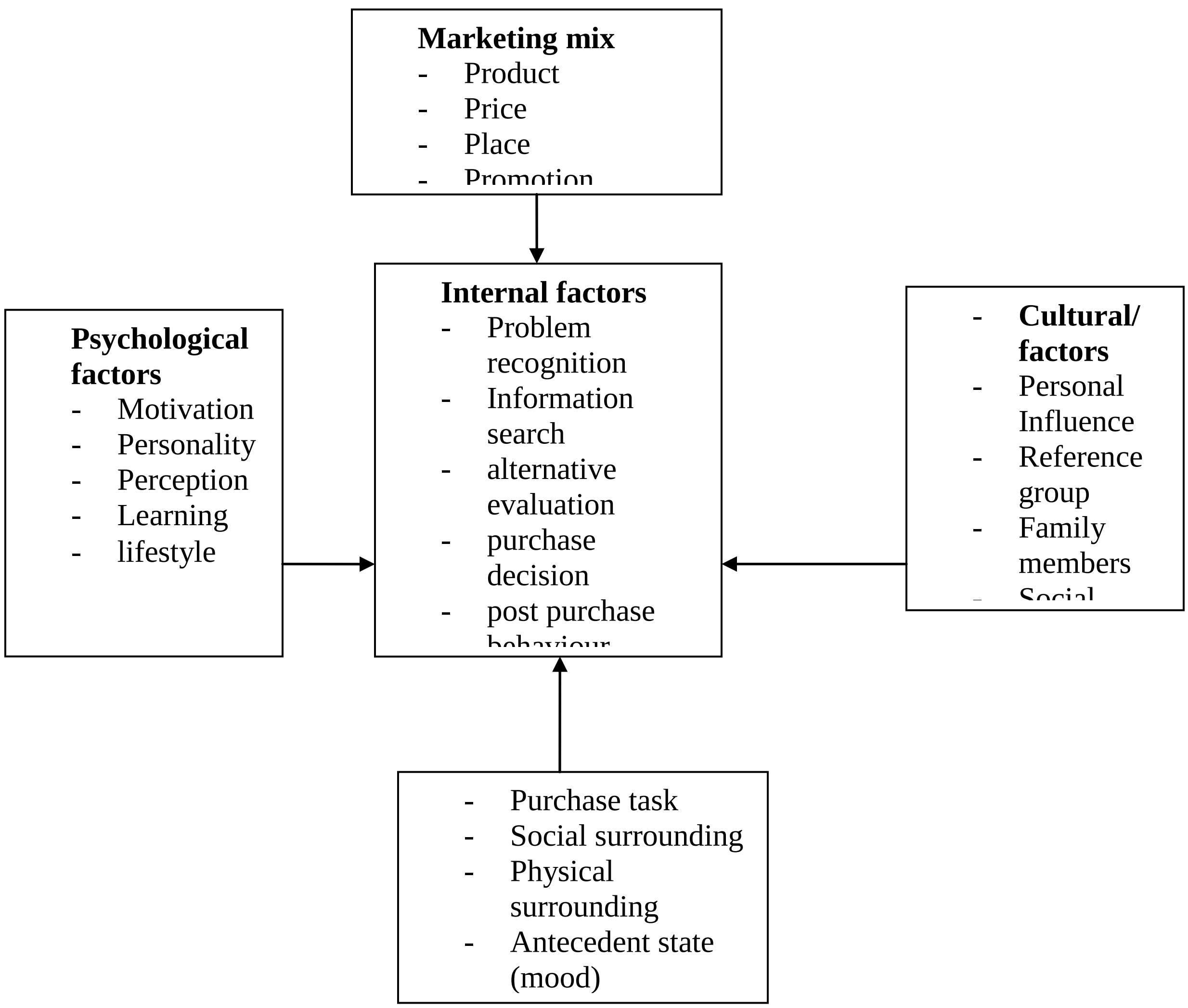
In business, it is important to have a clear idea of why consumers buy what they buy. Successful marketing begins with understanding the consumer behaviour. It is concerned with finding out how individuals make decisions to buy what they buy, when they buy, from whom they buy.

Factors that influence consumer's behaviour to buy:

There are several factors that influence the consumers behavior and these can be illustrated using the consumer purchase model below:

The Consumer purchase decision Model:

Marketing mix



(i) Internal forces

– **Problem recognition:** The stages through which the consumer passes in a purchase decision start when the consumer becomes aware that there is a discrepancy between the actual state of affairs and the desired state of affairs. It can also be an identification of an opportunity that exists or it can be the dissatisfaction with the current product or service.

- **Information search:** After the consumer has identified the need, he/she will have to gather information in connection to that need. This information can come from various sources which can be either internal or external. The internal source can be the result of memories from personal experience of the consumer or a result of promotional exposures. The external source can be from friends, fellow workmates, catalogues, or other publications.
- **Alternative evaluation:** The consumer has to evaluate the alternatives before buying. It can be done by developing evaluating criteria which can be based on the features or benefits of the product which may also include the price, performance, reliability and durability.
- **Purchase decision and action:** After careful evaluation, the consumer will make a purchase decision and carryout, the act to purchase and this may also be influenced by factors like location, delivery, credit facilities and after sales services.
- **The post purchase behaviour:** The act of purchase creates either satisfaction or dissatisfaction. The buyer will observe the closeness between the actual state of affairs and the desired state of affairs. If the actual state equals the desired state of affairs, the consumer is satisfied. Whereas if the actual is less than the desired state of affairs, then there is dissatisfaction. But if the actual state is greater than the desired state of affairs, the consumer is delighted. A dissatisfied consumer experiences a post purchase, psychological stress of tension called Cognitive Dissonance. However, consumers at times find ways of reducing the cognitive dissonance. These include: Praising themselves for making the right choice, seeking information which re-assures them of their choices, Some consumers may give negative information about the goods and services that they did not purchase, Some consumers abandon the product or return the product to the seller however, this is subject to conditions.

(ii) Psychological factors;

Psychological factors are responsible for determining the behaviour patterns of the consumers. Although consumers behave differently, psychologists of a felt need. The individual consumers must always act to satisfy a need. This need can be referred to as a motivating factor that will drive or lead a person to act in a particular way in response to a given need or identified need.

- **The consumer's personality:** This can also affect purchase behaviour. It can also influence the type of product that is purchased in order to satisfy a particular need. Personality may include all those characteristics that make a person unique compared to others. The bias personality and purchase behaviour is affected by 'self-concept theory' i.e. – real-self thus what people actually are as human beings. deal-self; thus what people actually are as human beings. Looking – glass - self thus how people think others regard them.
- **Perception:** This refers to how people see the world around them and also the process by which an individual selects organizes and interprets information so as to create a meaningful picture of what hey see. Consumers may see the same object but differently. Since consumers use all their five senses when trying to buy a product, it implies that the product must therefore appeal to all the five senses if the producer is to be successful.
- **Learning**: This is acquired knowledge as a result of exposure to pasty experience. Consumers like all other human beings are capable of learning about a given product and this can come from their personal experiences with those products or they may acquire the knowledge from other consumers who must have used the product. The knowledge acquired about a product will influence the purchase decision of the consumer.
- **The life style**: This refers to how people spend their time i.e. mode of living. It also includes interests and habits. The purchase decision of a consumer will depend on his/her interest or habits.

(iii) Cultural / Social factors

– **Personal influence:** This refers to the forces imposed on the consumers by other people who may be recognized in the society or opinion leaders or famous people for some acts.
– **Reference group:** This refers to that group to which an individual belongs and the individual uses the group as a source of information and comparison. The consumer will always tend to buy that product that will be in line with the taste of the members of the reference group.
– **Family members:** That is where someone is born, married. The family and its members can influence the purchase decision of a consumer. Each member of a family has a role to play in the purchase decision making e.g. others are initiators, influencers, decision makers, purchasers, users, etc.
– **Social class:** That is ranking of people according to some common characteristics. The class to which a consumer belongs determines what he/she id going to buy and from where.

(iv) Situational Factors:

– **The purchase task:** The amount of involvement in terms of looking for information, where to find it, where to obtain the products and their section, time spent, etc.
– **Social surrounding:** That is the presence of other people and their relationship with the consumer will determine what to buy.
– **Physical surrounding:** For example, the structure of the premises, how it is designed, displays, location, color of the premise.
– **Antecedent factors:** That is the mood of the consumer at the time of purchase. This can range from excitement, sadness, happiness. All these moods will determine what a consumer will purchase.

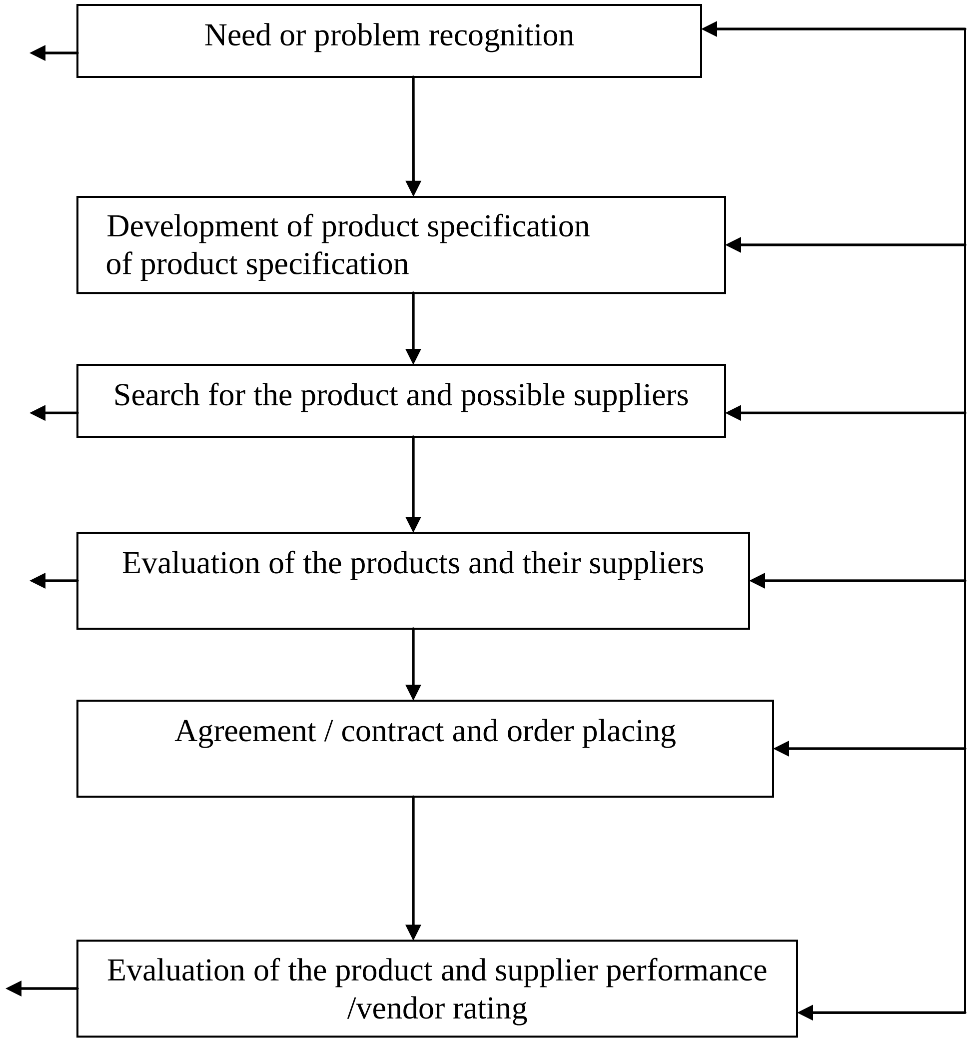
Organizational Buying Behavior

This refers to t he behaviour of producers, resellers, central and local government institutions etc. The organizational buying behaviour is more complex than the individual buying behaviour. Organizational buying decisions may involve many different people ho may exert some form of influences. Most organizations have a buying centre which is at times referred to as the Decision Making Unit (DMU) or PDU – (Procurement and Disposal Unit).
The buying centre may have members who play different roles. They include the following:

- **Users** (User centre). This refers to members of the organization who will actually use a product.
- **Influencers**: These are technical personnel who set out the specifications for purchasing a product and their expertise provides them with power within the organization.
- **Decision makers:** These are those members of the organization who make the ultimate decision to buy or not to buy a given product and from which supplier.
- **Buyers:** Are those who finally select the suppliers and negotiate the terms of the sale.
- **Gate keepers:** These are members whose role is mainly to control the flow of information to persons within the organization and those at the buying centre. They may be the office staff or technical personnel.

Organizational Buying Processes

The buying process of organizations follows the steps illustrated below



Factors that may influence the organizational buying decision.

- **Environmental Factors**: i.e. changes in the economy, political factors, legal aspects – what should be and not bought, pressure groups, action of the competitors, technological changes, etc.
- **Organizational influence:** This refers to the factors within the organization which may influence the buying process e.g. the size of the organization, the buying objectives of the organization, procurement procedures to be followed.
- **Interpersonal factors:** This refers to he inter-relationship between the individual members within the Decision Making Unit i.e. where does the power lie? Who has that power and who uses it?
- **Individual factors:** These refer to personal characteristics of the members of the organization especially those of the Decision Making Unit. Their characteristics in terms of age, gender, expertise, personality, the position within the organization etc.

Module 4: The Marketing Mix

A marketing mix refers to factors/elements which can be varied in order to increase the customer appeal and sales of a product. The elements are generally referred to as the four Ps namely: Product, price, place and promotion.

They are the marketing tools which a firm uses in order to achieve its objectives. The marketing manager has to decide the right mixture of these elements in order to meet the requirements of the customer.

To create the right marketing mix or blend, all the four elements must be considered and each element must be designed to meet a certain need of the consumer.

a. The Product: The product must be what can satisfy the customers' needs or should be able to solve a customer's problems i.e. it must have the right features, quality, color, size, packaging style and the brand name.
The product must have more than the physical characteristics. The product dimensions must be considered. These dimensions may include:

- **Core product** or the basic product i.e. what it is and is supposed to do.
- **Generic product:** This refers to the general function of a given product.
- **Expected product:** This refers to the set of attributes and conditions that a consumer expects in a given product.
- **Augmented product:** This refers to the additional benefits or services that distinguish one product from another of its kind e.g. packaging.

b. Pricing: Pricing is one of the most difficult decisions to make. The price must always be affordable to the consumer. Consumers always have price perception and they associate high prices with high quality products and low prices with low quality products. There are a number of factors to consider while determining the price e.g. the cost of production, the policy of the firm regarding discounts, credit terms, repayment periods, competitors' pricing strategy.

c. **The place:** The products must be in the right place, at the right time to ensure convenience of purchase, at the right time to ensure convenience of purchase when they are needed by the consumer. There are number of issues to consider in connection with the place (distribution) e.g. direct or indirect marketing types of distribution channels, the number of intermediaries, i.e. retailers, agents, wholesalers, e-marketing, etc. Besides these issues, the place or distribution must be consistent with other elements within the marketing mix e.g. a quality product will have a high price and quality distribution.

d. **Promotion:** The target group needs to be made aware of the existence and availability of the product. This can be done through the use of various media and also consideration should be given to the message to be used the role of personal selling, different sales promotional activities etc. The mixture and which element to emphasize will vary from one organization to another. For instance in the Supermarkets, emphasis is on low price whereas in a departmental store, they maintain their reputation by providing a range of products. On the other hand, the Airlines compete on prices, frequency of services and also the range of destinations (place). In the banking industry, the products and their charges are similar so the areas of emphasis are the availability of services and their distribution. In most cases organizations create differences by manipulating the four Ps. But it is important to maintain consistency and there must be some economic sense for a given mixture.

The Four Ps

In the early 1960s, Professor Neil Borden at Harvard Business School identified a number of company performance actions that can influence the consumer decision to purchase goods or services. Borden suggested that all those actions of the company represented a “Marketing Mix”. Professor E. Jerome McCarthy, at the Michigan State University in the early 1960s, suggested that the Marketing Mix contained 4 elements: product, price, place and promotion.

Product

The product aspects of marketing deal with the specifications of the actual goods or services, and how it relates to the end-user's needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantees, and support.

Pricing

This refers to the process of setting a price for a product, including discounts. The price need not be monetary; it can simply be what is exchanged for the product or services, e.g. time, energy, or attention. Methods of setting prices optimally are in the domain of pricing science.

Placement (or distribution)

This refers to how the product gets to the customer; for example, point-of-sale placement or retailing. This third P has also sometimes been called *Place*, referring to the channel by which a product or service is sold (e.g. online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc. also referring to how the environment in which the product is sold in can affect sales.

Promotion

This includes advertising, sales promotion, including promotional education, publicity, and personal selling. Branding refers to the various methods of promoting the product, brand, or company.

These four elements are often referred to as the marketing mix which a marketer can use to craft a marketing plan

The four Ps model is most useful when marketing low value consumer products. Industrial products, services, high value consumer products require adjustments to this model. Services marketing must account for the unique nature of services.

Industrial or B2B marketing must account for the long term contractual agreements that are typical in supply chain transactions. Relationship marketing attempts to do this by looking at marketing from a long term relationship perspective rather than individual transactions.

As a counter to this, Morgan, in *Riding the Waves of Change* (Jossey-Bass, 1988), suggests that one of the greatest limitations of the 4 Ps approach "is that it unconsciously emphasizes the inside–out view (looking from the company outwards), whereas the essence of marketing should be the outside–in approach".

In order to recognize the different aspects of selling **services**, as opposed to **Products**, a further three Ps were added to make a range of Seven Ps or service industries:

Process - the way in which orders are handled, customers are satisfied and the service is delivered.

Physical Evidence - is tangible evidence of the service customers will receive (for example a holiday brochure).

People - the people meeting and dealing with the customers.

As markets have become more satisfied, the 7 Ps have become relevant to those companies selling products, as well as those solely involved with services: customers now differentiate between sellers of goods by the service they receive in the process from the people involved.

Some authors cite a further P - **Packaging -** this is thought by many to be part of **Product**, but in certain markets (Japan, China for example) and with certain products (perfume, cosmetics) the packaging of a product has a greater importance - maybe even than the product itself.

The marketing environment

The term "marketing environment" relates to all of the factors (whether internal, external, direct or indirect) that affect a firm's marketing decision-making/planning. A firm's marketing environment consists of three main areas, which are:

- The macro-environment, over which a firm holds little control
- The micro-environment, over which a firm holds a greater amount (though not necessarily total) control

The macro-environment

A firm's marketing macro-environment consists of a variety of external factors that manifest on a large (or macro) scale. These are typically economic, social, political or technological phenomena. A common method of assessing a firm's macro-environment is via a PESTLE (Political, Economic, Social, Technological, Legal, Ecological) analysis. Within a PESTLE analysis, a firm would analyze national political issues, culture and climate, key macroeconomic conditions, health and indicators (such as economic growth, inflation, unemployment, etc.), social trends/attitudes, and the nature of technology's impact on its society and the business processes within the society.

The micro-environment

A firm's micro-environment comprises factors pertinent to the firm itself, or stakeholders closely connected with the firm or company. A firm's micro-environment typically spans:

- Customers/consumers
- Employees
- Suppliers
- The Media

By contrast to the macro-environment, an organization holds a greater degree of control over these factors.

Marketing research

Marketing research involves conducting research to support marketing activities, and the statistical interpretation of data into information. This information is then used by managers to plan marketing activities, gauge the nature of a firm's marketing environment, attain information from suppliers, etc.

A distinction should be made between ***marketing*** research and ***market*** research. Market research pertains to research in a given market. As an example, a firm may conduct research in a target market, after selecting a suitable market segment. In contrast, marketing research relates to all research conducted within marketing. Thus, market research is a subset of marketing research.

Marketing researchers use both quantitative research, qualitative research, to interpret their findings and convert data into information.

Module 5: Market Segmentation, Targeting and positioning (STP)

A company cannot serve all the customers in a broad market where there may be many competitors. It therefore needs to identify the market segments which it can serve effectively, i.e. instead of spreading the marketing efforts; they should focus on specific markets. To get a product to the right person or company, three stages are required:

1. Market segmentation (distinct group within the market which you want to serve).
2. Market targeting (selecting one or more of the segments).
3. Market positioning (establish a place in the mind of the consumer)

Market Segmentation

A market consists of buyers who differ in one ore more respects in terms of their wants/needs, income (purchasing power and also in terms of geographical location). The markets are not homogeneous i.e. consumers are not all alike and they may not wish to buy and use identical products. Marketing managers must therefore adopt a strategy of market segmentation. Market segmentation refers to a process of dividing a potential market into distinct sub-sets of consumers and selecting one or more segments as a target to be focused on.

Reasons for Segmenting the Market

- Market segmentation enables the organization to maximize the efficiency of its marketing efforts specifically in terms of market penetration or entrance. This increases the value and volume of sales for the organization.
- It enables product development. The organization is able to have a wider market for the product. A wider product range is provided to the existing markets by catering more closely for the needs of the different segments.
- Enables the organization to diversify its production. This is achieved by entry into new markets with new products.

The Segmentation process

Segmentation as a process follows certain steps as below:

1. **Market Mapping:** This is the first requirement of segmentation and the aim is to determine who the decision makers in the market are. I.e. a clear definition of the market to be segmented should be made. This should be in terms of a customer need and all possible alternative products that are capable of satisfying the customer. Once the definition is clear, it is important that the market is mapped out in such a way that shows where the decision makers are to be found.

2. **Who buys:** After defining the market clearly, another requirement for a successful segmentation is to identify who buys the product. I.e. identifying which customers fall into each of the identified segments for instance, suppliers, distributors, retailers, consumers, etc.

3. **What is bought:** This refers to determining what the customers in each segmentation are looking for. Customers express their requirements by some features on which they focus their decision making. (Key discriminating features or factors). These could be in terms of the design of the product, color, price, size, packaging, etc.

4. **How viable is that segment:** Is there sufficient business in each segment? I.e. can the company make some profits by serving that segment?

5. **Forming the Segments:** With a fair representative picture of the market, a number of micro-segments may be identified. NB: Not all these segments will be economical to be served by the organization. Therefore the organization should identify the segments which should not be too small or **t**oo large in order to be effective in its marketing activities.

Segmentation bases

The most commonly used approaches in segmentation are the traditional bases where no data base exists. These include:

(i) **Demographic segmentation:** Demographic variables are closely related to customer needs and their purchasing behaviour and this enables the producers to be more focused. These include age. This is very common wit manufacturers of soft drinks, textiles, etc.

- **G**ender (female and male): This is common with the cosmetics industry, car manufacturers.
- **E**thnic background: This is common with the food and music industries.
- **L**evel of education: This is common with the books industry which focuses mainly on the level of education.

(ii) **Social – Economic Segmentation:** This is done according to the level of income, occupation and the social class. Expenditures and consumption depend on all these variables.

(iii) Segmentation according to lifestyle: This refers to grouping customers according to how they spend their time. Products can be designed to appeal to groups with similar lifestyles. There are four groups that can be identified:

a. **Upwardly mobile and ambitions:** These people seek a more affluent lifestyle and a higher material standard of living. These types of customer always find ways of making money and they are prepared to adapt to new products.

b. **Traditional and Sociable:** These are those who conform to the group norms and type of behaviour accepted by the group. Their purchase and consumption decisions are based on that of their group.

c. **Security and status seeking:** This kind of lifestyle emphasizes enjoyment now with immediate satisfaction of needs and they are less bothered about the future. They argue that tomorrow will cater for it.

(iii) **Geographic Segmentation:** This assumes that consumers are not found in one place. Consumers' indifferent regions may have different tastes and preferences and they may also be affected by the climate, natural factors e.g. earthquakes, population density, etc. By dividing the markets according to geographical location, it is possible to identify the different needs for the different consumers in each region or location.

The non-traditional bases /approaches to segmentation (Modern segmentation approach or data driven)

(i) **Geo-demographics:** This combines both geographic and demographic segmentation principles and it is based on the belief that households in a particular locality demonstrate similar purchasing behaviour.

(ii) **Behavioristic segmentation:** This is based the behaviour patterns of the consumer e.g. frequent buyers and infrequent buyers, loyalty to the product.

(iii) **Use of the product:** This is done according to the usage rate or the variety of uses of that product.

(iv) **Segmentation according to customer size:** i.e. small size, large scale, or medium scale consumers.

Targeting

Targeting refers to evaluation, selection of a specific segment of potential consumers towards which an organization directs its marketing programmes. It is deciding on which segment to serve. The selection of the segment can depend on:

(i) **Size of the market:** Segmentation should not be too small or too large. When it is too small and sales very little likewise it will be very expensive.

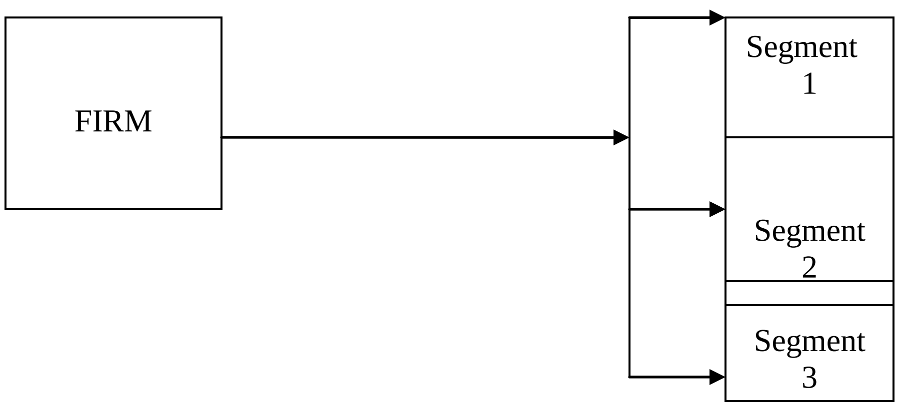
(ii) **Expected growth of the segment.**

(iii) **Competitive positioning:** You should avoid a segment where there is too much competition.

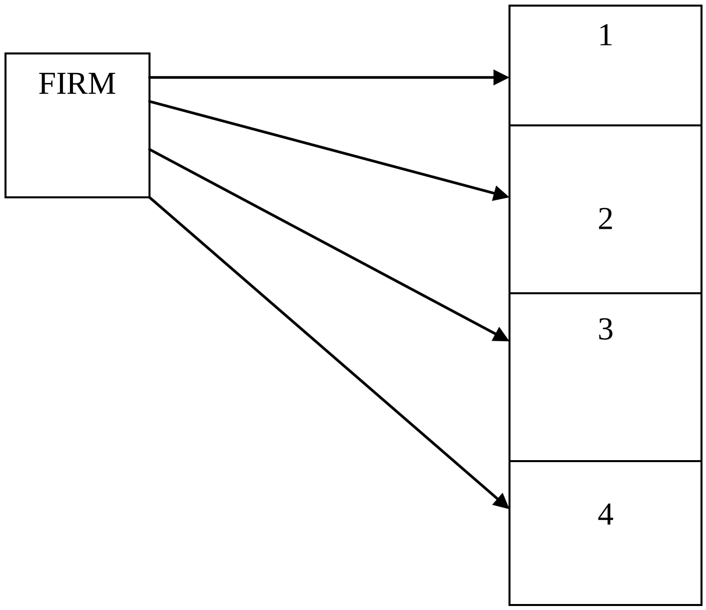
(iv) **The Cost of reaching the target Market:** This should be relatively approachable to the firm.

Approaches of Targeting

1. Take a single product and target a single market. This is also called concentrated marketing.
2. One product for all segments. It is sometimes called differentiated segment. It is an aggregation of the market.



3. Many products ; this targets different markets. It is also called differentiated markets.



Positioning (Perception of a product by consumers)

Once a firm has defined the market and has also identified which segments are available and which segment to target, it must then position its product. Product positioning refers to the place a product occupies in the mind of the consumers i.e. how the product is perceived in the mind of the consumer. Successful positioning will require responding to the following questions:

- What is your current position?
- What position do you want to own?
- Who are your competitors?
- What is the position of the competitors?
- Do you have enough resources to compete for the position you want to be in?

Market segmentation pertains to the division of a market of consumers into persons with similar needs and wants

As an example, if using Kellogg's cereals in this instance, Frosties are marketed to children. Crunchy Nut Corn Flakes are marketed to adults. Both goods aforementioned denote two products which are marketed to two distinct groups of persons, both with like needs, traits, and wants.

The purposes of market segmentation

Market segmentation is conducted for two main purposes, including:

- - A better allocation of a firm's finite resources
- - To better serve the more diversified tastes of contemporary Western consumers

A firm only possesses a certain amount of resources. Accordingly, it must make choices (and appreciate the related costs) in servicing specific groups of consumers.

Moreover, with more diversity in the tastes of modern consumers, firms are taking noting the benefit of servicing a multiplicity of new markets.

Overview of segmentation process

Segmentation can be defined in terms of the STP acronym, meaning Segment, Target, Position.

Segment: Segmentation involves the initial splitting up of consumers into persons of like needs/wants/tastes.

Four commonly used criteria are used for segmentation, which include:

- **Geographical** (a country, region, city, town, etc.)
- **Psychographic** (i.e. personality traits or character traits which influence consumer behavior)
- **Demographic** (e.g. age, gender, socio-economic class, etc.)
- **Behavioral** (e.g. brand loyalty, usage rate, etc.)

Target: Once a segment has been identified, a firm must ascertain whether the segment is beneficial for them to service.

The *DAMP* acronym (meaning Discernable, Accessible, Measurable and Profitable) are used as criteria to gauge the viability of a target market. DAMP is explained in further detail below:

- - **Discernable** - how a segment can be differentiated from other segments.
- - **Accessible** - how a segment can be accessed via Marketing Communications produced by a firm
- - **Measurable** - can the segment be quantified and its size determined?
- - **Profitable** - can a sufficient return on investment be attained from a segment's servicing?

The next step in the targeting process is the level of differentiation involved in a segment serving. Three modes of differentiation exist, which are commonly applied by firms. These are:

- **Undifferentiated** - where a company produces a like product for all of a market segment
- **Differentiated** - in which a firm produces slight modifications of a product within a segment
- **Niche** - in which an organisation forges a product to satisfy a specialized target market

Position: *Positioning* concerns how to position a product in the minds of consumers. A firm often performs this by producing a perceptual map, which denotes products produced in its industry according to how consumers perceive their price and quality. From a product's placing on the map, a firm would tailor its marketing communications to suit meld with the product's perception among consumers.

Marketing communications: Marketing communications is defined by actions a firm takes to communicate with end-users, consumers and external parties. Marketing communications encompasses four distinct subsets, which are:

Personal sales: Oral presentation given by a salesperson who approaches individuals or a group of potential customers:

- Live, interactive relationship
- Personal interest
- Attention and response

- Interesting presentation
- Clear and thorough.

Sales promotion: Short-term incentives to encourage buying of products**:**

- Instant appeal
- Anxiety to sell

An example is coupons or a sale. People are given an incentive to buy, but this does not build customer loyalty or encourage future repeat buys. A major drawback of sales promotion is that it is easily copied by competition. It cannot be used as a sustainable source of differentiation.

Public Relations: Public Relations (or PR, as an acronym) is the use of media tools by a firm in order to promote goodwill from an organization to a target market segment, or other consumers of a firm's good/service. PR stems from the fact that a firm cannot seek to antagonize or inflame its market base, due to incurring a lessened demand for its good/service. Organizations undertake PR in order to assure consumers, and to forestall negative perceptions towards it.

PR can span:

- Interviews
- Speeches/Presentations
- Corporate literature, such as financial statements, brochures, etc.

Publicity: Publicity involves attaining space in media, without having to pay directly for such coverage. As an example, an organization may have the launch of a new product covered by a newspaper or TV news segment. This benefits the firm in question since it is making consumers aware of its product, without necessarily paying a newspaper or television station to cover the event.

Advertising: Advertising occurs when a firm directly pays a media channel to publicize its product. Common examples of this include TV and radio adverts, billboards, branding, sponsorship, etc.

Marketing communications "mix": Marketing communications is a "sub-mix" within the Promotion aspect of the marketing mix, as the exact nature of how to apply marketing communications depends on the nature of the product in question.

Accordingly, a given product would require a unique communications mix, in order to convey successfully information to consumers. Some products may require a stronger emphasis on personal sales, while others may need more focus on advertising. Marketing Planning

The area of marketing planning involves forging a plan for a firm's marketing activities. A marketing plan can also pertain to a specific product, as well as to an organization's overall marketing strategy.

Generally speaking, an organization's marketing planning process is derived from its overall business strategy. Thus, when top management are devising the firm's strategic direction/mission, the intended marketing activities are incorporated into this plan.

Module 5: Marketing Planning Process

Within the overall strategic marketing plan, the stages of the process are listed as thus:

- Mission Statement
- Corporate Objectives
- Marketing Audit
- SWOT analysis
- Assumptions arising from the Audit and SWOT analysis
- Marketing objectives derived from the assumptions
- An estimation of the expected results of the objectives
- Identification of alternative plans/mixes
- Budgeting for the marketing plan
- A first-year implementation program

Levels of marketing objectives within an organization

As stated previously, the senior management of a firm would formulate a general business strategy for a firm. However, this general business strategy would be interpreted and implemented in different contexts throughout the firm.

Corporate: Corporate marketing objectives are typically broad-based in nature, and pertain to the general vision of the firm in the short, medium or long-term. As an example, if one pictures a group of companies (or a conglomerate), top management may state that sales for the group should increase by 25% over a ten year period.

Strategic business unit: Strategic business unit (SBU), in this case, means strategic business unit. An SBU is a subsidiary within a firm, which participates within a given market/industry. The SBU would embrace the corporate strategy, and attune it to its own particular industry. For instance, an SBU may partake in the sports goods industry. It thus would ascertain how it would attain additional sales of sports goods, in order to satisfy the overall business strategy.

Functional: The functional level relates to departments within the Strategic Business Units (SBUs), such as marketing, finance, HR, production, etc. The functional level would adopt the SBU's strategy and determine how to accomplish the SBU's own objectives in its market.

To use the example of the sports goods industry again, the marketing department would draw up marketing plans, strategies and communications to help the SBU achieve its marketing aims.

Product Life Cycle

The *Product Life Cycle* (or **PLC**, for short) is a tool used by marketing managers to gauge the progress of a product, especially relating to sales/revenue accrued over time. The PLC is based on a few key assumptions, including:

- A given product would possess an Introduction, Growth, Maturity and Decline stage. - No product lasts perpetually on the market. - A firm must employ differing strategies, according to where a product is on the PLC.

Introduction: In this stage, a product is launched onto the market. To stimulate growth of sales/revenue, use of advertising may be high, in order heighten awareness of the product in question.

Growth: The product's sales/revenue is increasing, which may stimulate more marketing communications to sustain sales. More entrants enter into the market, to reap the apparent high profits that the industry is producing.

Maturity: A product's sales start to level off, and an increasing number of entrants to a market produce price falls for the product. Firms may utilize sales promotions to raise sales.

Decline: Demand for a good begins to taper off, and the firm may opt to discontinue manufacture of the product. This is so, if revenue for the product comes from efficiency savings in production, over actual sales of a good/service. However, if a product services a niche market, or is complementary to another product, it may continue manufacture of the product, despite a low level of sales/revenue being accrued.

Module 6: Sales Promotion Mechanisms

In order to position a product in the market, a firm needs to make the target group of a specified segment aware of the existence and availability of the product in question. This can be done through sales promotion. Sales promotion refers to those marketing activities that add value to the product for a limited period of time to stimulate consumer purchasing and a dealer effectiveness e.g. exhibitions, demonstrations, etc.

Objectives of Sales promotion

Some of the objectives of sales promotion among others include:

- Creating new interest in established product.
- Increasing immediate market sales.
- Increase retail inventories so that more goods may be sold.

Classification of Sales Promotion:

Sales promotion is classified into two:

a. **Consumer Sales Promotion:** This is directed to the ultimate user of the good or service. It is intended to "pre-sell" consumers so that when people go into a store, they will look for a particular brand. Consumer sales promotion may include price deals/reduction s, sweep stakes i.e. participants exhibit some sort of skill or ability in order to win a product, refund where the marketer returns a certain amount of money to the customer who purchases the product.

b. **Reseller (Trade) Sales Promotion:** The manufacturer usually is certain that the product is acceptable only if resellers are willing to carry and push it. Among the aims of reseller promotion is to create a high level of excitement about the product among those who sell it.

Developing a Sales promotion program:

There are six steps involved in developing a Sales promotion program i.e.;

(i) Establishing the Sales Promotion objectives: The sales promotion objectives are developed from broader and specific objectives set for the promotion. It points out the target market encouraging purchasers in larger volumes and attracting switching from other competitors.

(ii) Selecting the Sales Promotion tools: The tools used in sales promotion should be in accordance with the type of the market, competitive condition and cost effectiveness e.g. for a consumer market. The tool should be that which can attract more buyers like price cuts, coupons.

(iii) Determining the cost and duration of the program: This involves developing the condition for participation. Is it going to be for all or to a selected segment because the larger the segment the higher the costs?

- How long will the promotion last. It should not be too long a calendar could be drawn for annually planned sales promotion.
- Finally determine the total sale, the promotion budget costs including administrative and incentive costs.

(iv) Pre-testing the Sales Promotion program: Sales promotion should be tested to see if the tools are appropriate, the incentive size is optimal and the presentation method efficient.

V Implementing and controlling the Sales Promotion Program: Implementation planning should cover lead-time and sell in time, lead time here is the time necessary to prepare the program prior to launching it.

Vi Evaluating the Sales Promotion results: There are four methods of gauging the effectiveness of sales promotion. They include:

- Examining the Sales data before, during and after the promotion.
- Consumer panel data, which will reveal the kind of people who have responded to the promotion and what they did after the operation.
- Consumer survey can also be conducted to learn how they took advantage of it and how the promotion affected their brand choice.
- Through experiments that vary attributes like incentives, duration and the media used.

Public Relations:

This is a planned and sustained effort to establish and maintain good will and mutual understanding between an organization and its target publics. It is also a management function enabling organizations to achieve effective relationship with various audiences through an understanding of the audience's opinions, attitudes and values.

Publicity refers to "News" or information in relation to the organization transmitted through a range of different media.

Objectives of Public relations:

- Creating and maintenance of the corporate positive image and indeed brand image.
- Communicating the organization's ethics and philosophy.
- Undertaking damage imitation activities so as to overcome poor publicity for the organization.
- Disseminating information to the public. The basis of public relations is to change attitudes of the public towards the organization negative to positive, hostility to sympathy, prejudice to acceptance, and ignorance to knowledge.

Major tools in public relations:

- **Publication; Companies** rely extensively on published materials to reach and influence their target markets. These include annual reports, bronchures, articles, company newsletters and magazines and audio – visual materials.
- **Managed events;** These are ways of reaching the chosen audience or target group directly. Companies can draw attention to new products or other company activities by arranging special events like news conferences, seminars, outings, competitions and anniversaries that will reach the target publics.
- **Sponsorship;** Companies can promote their brands and corporate name by sponsoring sports and cultural events and highly regarded causes.
- **News;** One of the major tasks of public relations professionals is to find or create favorable news about the company; its products and its people and get the media to accept press releases and attend press conferences.
- **Speeches;** This is where the public relations professionals can promote the company through answering questions from the media or giving talks at trade associations or sales meetings and these appearances can build the company's image.
- **Identity media;** Companies need a visual identity that the public immediately recognizes; company logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms and dress codes carry the visual identity.

Examples of Public relations issues:

Situation	Poor response	Good response
Fire breaks out in a company plant	Requests for information by media are ignored	Company spokesperson explains the cause of the fire and the measures to avoid its re-occurrence.
A New product is introduced	Advertising is used without publicity.	Pre-introduction news releases, product samples

Decisions to consider when making marketing public relations.

I. Establish the objectives or state its problem on whether the public relations is to promote a new product, inform the sales force or promoting the company as a while.
II. Do research to establish facts about the present situations especially on how the public relations will be carried out.
III. Identify the public who need to be talked to and what to be said to them.
IV. Choose the appropriate public relations message and media. Here the public relations professional should develop the best message and the best media like TV, Newsletter, and the media type should be that which is accessible to the target public.
V. Monitor the effect of the activity being implemented. Make sure that the message is being received and understood in the way intended.
VI. Evaluate the public relations results and the financial effect and find out if it was within the budget.

The Importance of Public relations:

- It helps in the launch of a new product.
- Aids responding a mature product back into the market.
- Assists in overcoming a negative image of an organization or a product that has encountered a bad public reaction.
- Makes people aware of a company's products, brands or activities.
- Maintains a certain level of positive visibly with the public.

- Promotes a particular image for instance “A sports loving company”, “A progressive company” etc.

Personal selling

This refers to a process of informing customers and persuading them to purchase products through communications in an exchange situation. Personal selling involves oral communication with one or more prospective buys by paid representatives for the purpose of making sales. It relies on personal contact unlike advertising.

Key issues in personal selling:

- It involves passing on of information and persuasion with face-to –face communication.
- It is narrowly focused often on only one customer prospect.
- Management of the sales force involves establishing clear objectives, determining sales, force size, recruiting and selecting the right staff, training, rewarding and motivating.
- It heavily depends on language, proximity and fact. The languages require much skills and management recruitment training and motivation of the sales force are specialist activities.

The process of personal selling
The process of personal selling follows a logical order as indicated below:

Step 1. Prospecting: This involves gathering information so as to establish prospective clients.
Step 2. Communicating; This involves providing information about the organization, its products, or services and after sales service.
Step 3. Selling; This is the actual role of convincing a potential customer to adopt the product, service, pricing strategy and individual competitive strategies.
Step 4. Market research; this is the environmental scanning of computer intelligence, customer intelligence, etc.
Step 5. Service of Accounts; this involves providing and maintaining an ongoing customer service including technical support, financial support and logistical arrangement.
Step 6. Allocating products; this involves ensuring that allocation of products to customers is undertaken at all times in particular times of production shortages.
Step 7. Customer relationship building; This involves ensuring that the right long term customer relationship is built and also sustained.

Merits of Personal selling

a. To customers
- They can order goods for themselves or others easily.
- Provides an easy guide to product use (instructions by sales people).
- It saves time and introduces customers to larger selection of merchandise.
- Home shopping is fun, convenient and hassle free.

b. To sellers
- They can buy a mailing list containing the names of almost any group like left handed people, overweight people and offer products which suit their tastes and preferences.
- They can customize and personalize their messages.
- It can be timed to reach prospects at the right moment.

Demerits of personal selling

- It is ineffective for generating awareness because sales people may be able to talk to less that 20 people per day if the average length of customer contact is say 15 minutes to half an hour.
- Personal selling costs may be very high due to the one –on-one nature of selling, e.g. in terms of transport, lunch allowance.
- Personal selling especially amongst final consumers has a poor image. It is criticized for lack of honesty and pressure tactics.

Improving the Sales persons' performance.

There are three steps in bringing about improvement when and if it is needed. They include;
Planning: Get the salesperson's agreement about what he/she is to obtain or exceed for the next year – say – Total profit contribution - Profit contribution for each product line. Get the salesperson's agreement about expenses within which to stay for the next year. Have him/her plan the number of calls t o make to accounts and prospects.
Measuring: Review at least monthly the salesperson's records for the year to-date progress towards his or her twelve month contribution, year to-date budget compliance.
Correcting: Meet with the salesperson if records show that he/she is 10% off target. Ask what he/she feels arte his/her accomplishments and problems. Do something to help by;

- Giving the salesperson more day-to-day help and direction.
- Increase sales promotion activities.
- Establish tighter control over price variances allowed.

Module 7: Market Analysis:
Successful companies have taken on inward and outward looking i.e. they do some environmental scanning. The environmental scanning requires the identification of some internal factors as well as the external factors which may have direct or indirect influence on the marketing decisions from time to time.

The internal environment is the forces within the organization which affect marketing decisions – directly. These may include all the resources that the organization uses and the stakeholders such as the shareholders themselves, customers, suppliers, competitors etc. Sometimes there are referred to as the micro environment. The internal or micro environment can provide some strength or weaknesses and they can provide some strengths or weaknesses and they can influence directly the marketing decisions. Strengths e.g. marketing expertise, location, quality of the product or service offered in the market, development of new products from time to time.

Weaknesses include: Lack of market expertise, untimely delivery of products, bad/damage reputation, and poor quality products. On the other hand, the external environment or macro-environment are those forces outside the organization which have influence on the marketing decisions but the organization does not have control over them except to be flexible and respond to those environmental forces.

The external environment provides opportunities and threats for the organization. Examples of opportunities include growing market, mergers if the competitor loses part of the market, favorable government policy regarding business activities. Threats include new competitors coming into the market heavy taxation, unfavorable government policies, and price wars.

The marketing environment which the decision makers must identify and respond to can be grouped into:

(i) **Demographic factors/environment:** These include all changes in the population which also includes: The population growth, age structure, ethnic composition, gender composition, population distribution, family structure, geographical shift.

(ii) **Economic environment/factors:** This refers to the economic systems, conditions and policies in place which the marketing managers would be aware of. An economic system influences decision making for example in a free market economy, producers and consumers have freedom of choice of what to produce, what to consume, where to produce and buy from. The economic conditions such as changes in income, changes in employment will affect the purchasing power of the consumers and this will also affect the marketing decisions.

(iii) **Technological environment/factors:** There is an accelerating pace of technological changes which can be an opportunity or threat to an organization. For example[le the methods of production are changing from time to time as a result of technology and also exchange and distribution requires some research and innovation from time to time and all this affects the marketing decision and requires a lot of flexibility.

(iv) **Political and the legal environment/factors:** The marketing decisions must be made within the framework of th political systems in place and also within the framework of the laws concerning business practices. The laws may provide opportunities if they are favorable or may provide threats if they are unfavorable. Even government policies and the political system may or may not be favorable to the marketing decisions. It is advisable to be flexible and do what the law requires.

(v) **Socio-cultural environment/factors:** This refers to the beliefs, values and norms of the society. These factors affect people' view of themselves, view of others and the society as a whole. This in turn will affect their altitudes in regard to the products being offered, where they are being bought from and their pricing. The socio-cultural factors affect our tastes and preferences.

Competition

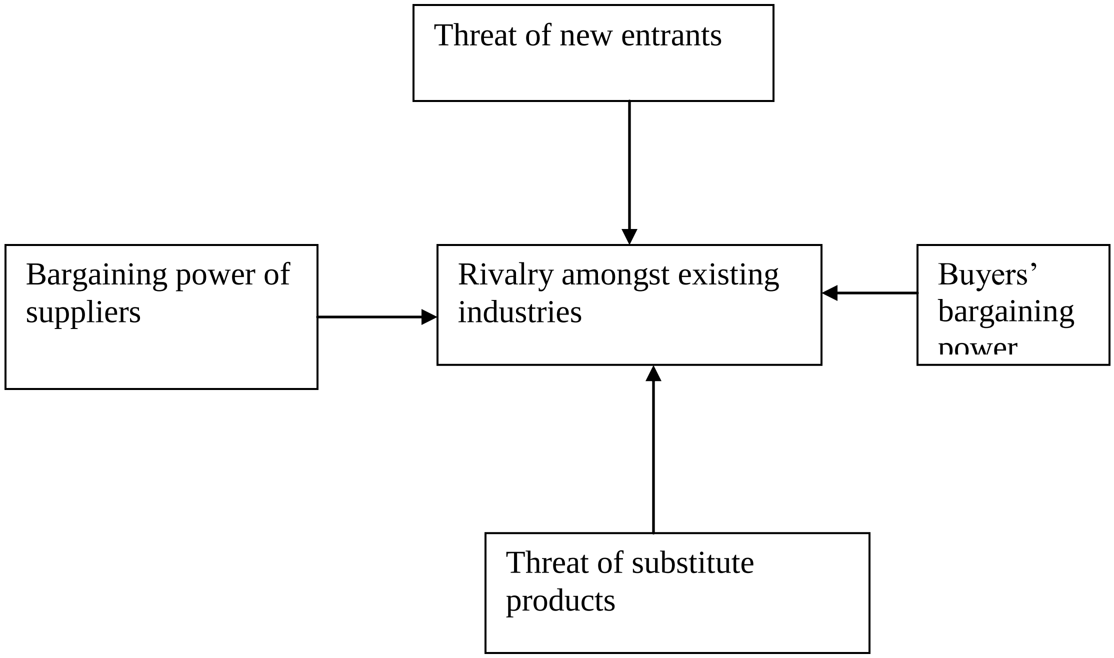
Today, competition is growing very fast and because of this understanding the customers and the marketing environment is as important as understanding the nature of competition in the market place. Competitors are those companies that satisfy the same customer needs and they consist of actual or potential competitors. Competition can be direct or indirect. It may be advantageous or disadvantageous to an organization/company. It is advantageous in that it can force an organization to act reasonably by offering better products at affordable prices. It may provide a wider choice and better value for money for the customer.

- On the other hand, competition may also be disadvantageous in that it can be expensive especially in terms of advertising and brand building.
- It can also be harmful to industries which might wish to spring up or start.
- Unfair competition may corrupt the mind of th consumer.

Characteristics of a competitive environment

- Higher levels ad intensive competition. Michael Porter identified five competitive forces which determine the intensity of competition in the market place.

Michael Porter's Competitive forces model



(i) **Rivalry among existing competitors:** The existing competitors in the same industry always seek dominance in that industry. They offer homogeneous products and at times they provoke price competition. The marketing managers should be aware of the intensity of the competition in that industry and should realize that it is expensive to compete in a segment that already has a number of firms. The nature and intensity of the competition within the market is determined by the interaction of the five forces. These forces will affect the level of profitability of the whole industry.

(ii) **Threat of new entrants:** Some markets are easy to enter or eave and the ease of entry may be influenced by some factors such as the capital requirements, the economies of scale obtained by the industry, policies in connection with entry into the business. All attractive industry or market is where entry barrier is high.

(iii) **Buyers' bargaining power:** The buyers always bargain for quality products at low prices. Where the bargaining power of the buyers is strong, the level of profitability will be low for the industry and vice – versa.

(iv) **The Suppliers' bargaining power:** Suppliers may put pressure for higher prices for their products and their success will depend on the number of suppliers to the industry, and the relative importance of their products to the industry.

(v) **Threat of the substitute products:** In the same market, there may be some substitutes to your product. The substitutes may be perceived by the customers to perform the same function as the products we offer and customers may prefer them if they offer higher value fore money. Substitutes may place a limit on the prices the industry can charge and also on the profitability level. Industries with few substitutes are more likely to be stable and profitable. A segment becomes unattractive if the products are easily substitutable.

Summary of Michael Porter's Competitive forces model and their impact on profit.

Force	More profit	Less profit

1. Rivalry in the industry	Little rivalry	Intensive rivalry
2. Threats of new entrants	High entry barrier	Low entry barrier
3. Buyers' bargaining power	Weak	Strong
4. Supplier's bargaining power	Weak	Strong
5. Threat of substitute products	Few possible substitutes	Many possible substitutes

- A competitive environment is also characterized by new and more aggressive competitors who are emerging from time to time.
- It is also characterized by changing bases of competition as organizations strive for competitive edge.
- Strategic alliances e.g. merging, takeovers.
- Aggressive price competition.

How to identify competitors:
In order for the marketing managers to take appropriate actions with regard to competition, there is need to obtain adequate information about the competitors. There are two broad sources of information about competitors:

(i) Field data (Primary source): There are various methods of obtaining information about our competitors from the field. Common sources include:
- Sales personnel/Representatives
- Distribution channels such as wholesalers, retailers
- Customers, suppliers to the organization
- Visits to Trade Shows/Exhibitions.

(ii) Published data sources (secondary sources). These include:
- Annual company reports/accounts
- Inter-firm comparison/industry analysis
- Newspapers: local, national or international.
- Trade journals
- Media interviews
- The internet

Analyzing Competitors
Competitor analysis seeks to provide an understanding of competitive advantages and disadvantages that a competitor may have. Competitor analysis must focus on the following areas:

Strategies of the competitors: A company must continuously monitor the competitors' strategies so as to take appropriate actions when needed. This can be in terms of the 4 Ps i.e. product strategy, pricing strategy, distribution and promotion strategy.

Analyze the objectives of the competitors: Once a company has identified the main competitive strategies, the next question is what a competitor is seeking in the market place or what drives the competitors to behave the way they do. The competitor may be seeking to increase the market share or improve on the cash flows. It is therefore important that a company understands whether the competitors is planning to grow or become a market leader or wants to maximize profits.

Strengths and weaknesses (capacity) of the competitor: A company needs to assess a competitor's strengths and weaknesses. In a market place, a competitor will occupy at least one competitive position in he target market and this position may be described as:

- **Dominant** position especially where the firm controls the behaviour of other competitors in the same market.
- **Strong** i.e. when it can take independent actions without endangering its own position.
- **Weak** i.e. it has unsatisfactory performance through an opportunity exists for improvement.
- **Non-viable** i.e. it has unsatisfactory performance and has no opportunity for improvement.

Key success factors of the competitors:
They key success factors can be in terms of customer awareness, product quality, product availability, technical assistance, selling staff. This can be illustrated using three competitors offering the same product as below:

Competitors	**Selling staff**	**Consumer awareness**	**Product quality**	**Product availability**	**Technical assistance**
A	Good	Excellent	Excellent	Poor	Poor
B	Excellent	Good	Good	Excellent	Good
C	Fair	Fair	Poor	Good	Fair

From the above illustration, competitor **A** is well known for producing quality products sold by a good sales force, but they are poor at product availability and technical assistance. This means that competitor **A** can be attacked on product availability and technical assistance.

Competitor **B** is good across the board and is excellent in product availability and in terms of their selling staff. It is difficult to find ways of attacking these competitors.
Competitor **C** is a weak one and can be attacked on any of the areas.

The Percentage share of our competitors in the market .: A company can also monitor the competitor in terms of the share they have. Three variables can be put into consideration when analyzing the competitors' share.
Share of the Market: This focuses on the competitors' proportion of the market.
Share of the 'mind': This refers to the percentage of the customers who name a particular competitor as first when they are asked to do so.
Share of the heart: This refers to the percentage of the customers' preference of a firm within an industry.

Competitors	Market share	Share of the mind	Share of the heart
A	51%	60%	70%
B	40%	70%	30%
C	45%	50%	80%

Reaction patterns/reaction profiles
Companies react differently to a competition situation. Some of them are slow to respond while others respond immediately and aggressively.

Kotler identifies four common reaction profiles or patterns among the competitors and these are:

- The laid-back competitor: These are competitors who are slow in responding to any move taken by a company. This is because they may feel that their customers are loyal and they will continue to buy from them or they may lack the necessary resources to respond favorably.

- Selective competitors: These are competitors who may react to certain types of moves and ignore others e.g. they may react to price change and not advertising.
- The 'Tiger' Competitors: These are those who react very fast and aggressively to any move taken by a competitor.
- **The stochastic competitors:** These are those who are unpredictable in that they do not indicate their react in patterns.

Designing a Competitive Intelligence system:
There are four steps a company can adopt in designing competitive intelligence system. These include:
(i) Identifying the competitive sources of information and th personnel who should handle that information. This can be an expert or any member of the organization who is assigned with this responsibility.
(ii) **Collecting the data:** The information can be collected from various sources e.g. the sales persons, suppliers, trade associations, and websites of competitors.
(iii) **Evaluating and analyzing the data:** This involves checking for validity and reliability of the information so as to organize and interpret it in line with competition.
(iv) **Disseminating the information and responding:** The major findings should be sent to the relevant decision makers within the organization for actions to be taken.

Dealing with competitors:
- Poor firms ignore their competitors
- Average firms copy their competitors
- Winning firms lead their competitors

Designing competitive strategies;
Competitors can be classified by the roles they play in the market i.e. they can be leaders, challengers, followers or niches.

1. Market Leader strategy: Many industries have one firm that can be described as a market leader i.e. one that ha the largest market share and usually leads in price changes, new product innovations, distribution coverage and promotional. Examples include Coca-Cola in the soft drinks and Kodak in the film industry, etc. To remain a market leader, the firm has to expand its total market share. This can be done by looking for new uses of the product (attract consumers who have been unaware)
- Looking for new uses of the product and promoting them. For instance Vaseline petroleum jelly was primarily used as a lubricant in machines but today it is also used as a skin ointment.
- Encourage more usage – frequency of use (try to convince people to use the product more frequently. E.g. Fair and Lovely for better results, apply twice a day, any time is tea time to encourage frequency in taking tea.
- The firm has to defend its market share. While trying to expand the total market share, the dominant firm must continuously defend its current position. "The leader is like an elephant being attacked by a Swarm of bees". This can be done by continuous innovation, creative promotion, exploiting the weaknesses of its competitors.

2. Market challenger strategy: A market challenger is that firm that occupies the second or lower position in an industry and can attack the market leader with the aim of acquiring more market share ore overtaking the leader. A market challenger must examine the competitor's strategy before launching an attack. It must ask some of the following questions:
Who attack among the competitors?
What options to use?

What specific strategy to adopt? E.g. should it be price discount, improved services, intensive advertising or carrying out innovations in distribution channels.

3. Market follower strategy: This refers to firms that do not want to challenge the market leader but would like to remain the follower in the market place. The follower can take any of the following strategies:

4. Counterfeit strategy i.e. duplicating the leader's product – imitating the market leader. While doing this, the firm must be innovative in such a way that it copies some characteristics while maintaining some differentiation in terms of advertising, packaging, pricing etc. Example Masomo and someni chalk producers.

5. Adopter strategy:
This involves taking on the leaders product and improving on them.

- **a. Market Niche strategy:** This can be an alternative to being a follower in a large market thus being a leader in a small market. A niche can be a specialist by customer size, geographical specialization i.e. selling in a locality or region, channel specialization – specializing in serving only one channel of distribution.

Michael Porter's competitive strategies:

- (i) **Overall cost leadership:** The firm should always aim at achieving the lowest cost of production and distribution which will lead to lower prices for consumers.
- (ii) **Differentiation strategy:** Concentration should be on creating highly differentiated product, creating brand loyalty to the firm's products.
- (iii) **Focus Strategy:** This involves directing the firm's efforts towards serving a few market segments.

Module 8: Market Research:

Market involves the identification of customer needs and converting these needs into products desired by the consumers. If this is to be accomplished, its necessary to acquire relevant information for correct decision making and this is the role of market research. According to the American Marketing Association, Market research is defined as the systematic gathering, recording to analyze data about problems relating to marketing of goods and services.

Emergence of Marketing Research Practice

In 1930s, there was an economic depression, marked by low economic activities, low demand and most factories closed down. The business practitioners began to ask questions as to what was happening.

After 1930's, competition became intensive among the business organizations and there was production and mass marketing. This required the assessment of market potential so as to decide whether to operate on small or larger scale. Yet this also required some information.

In 1960s, the teaching of market research began in Britain and America. This is because there was need for a systematic approach to information gathering about market problems.

Thereafter, the use of marketing research continued to grow from time to time since managers realized the cost of ignorance and later it was extended into political and other non-business organizations.

Objectives of Marketing Research in Business Organization

In business organization, knowledge about the customers is very important and this is the focus of marketing research. Marketing research may have some general objectives depending on the organization. For most manufacturing firms, the marketing research is to determine:

(i) The degree to which a product is acceptable to consumers.
(ii) The reason for particular preference
(iii) When products are needed
(iv) The price which will be acceptable to consumers.
(v) The most suitable methods of distribution
(vi) The most appropriate method of promotion.

Major Areas of Marketing Research:
These include:
(i) **The Market:** This may be in terms of size, segmentation consumer profiles.
(ii) **The product:** In terms of type, design, package etc.
(iii) **Promotion:** What is the most acceptable advertising theme, selection of the media for communication?
(iv) **Distribution:** Identifying suitable outlets
(v) **Pricing:** What the consumer perception of the price.
(vi) **Competition:** Identifying the potential competitors, what is their market share like and their offerings, etc.

The Importance of Marketing Research
- It provide information to assist marketing managers make informed decisions, i.e. it is an information link between an organization and th relevant publics e.g. consumers, suppliers, competitors stakeholders etc.
- Helps managers identify, select and react to marketing problems/opportunities.
- It plays an advisory role in marketing management as in what should be done by managers.

Types of Marketing Research
There are two categories of marketing research i.e.
a. **Applied Marketing Research:** This is concerned with finding solutions of marketing problems. It is concerned with the practice of marketing and provision of solutions which can be used in day to day marketing activities.
b. **Basic Marketing Research:** This is intended to expand th body of knowledge in th field of marketing. This knowledge can be used by other people or organizations.

The Marketing Research Process:
1. **Define the problem or opportunities:** This involves identification of opportunities which normally center around the 4 Ps i.e. product, price, place and promotions.
2. **Specify what information is needed:** This information must be in line with the problem or opportunities identified and it should be relevant enough.
3. **Identify the sources of information:** This implies where to get it from and who will give this information to you. There are two broad sources of information i.e. primary and secondary source. The primary source gives the original data from th field while the secondary source gives second hand information. Primary research can use:
    - Interviews which can be face to face or through telephone.

- Questionnaires which are written lists o questions designed specifically for collecting information.
- Consumer panels where a selected group of people are given a product and they are asked to comment I detail about the product.
- Test marketing which refers to marketing a given product to a small group of consumers to test their reactions before launching the product on a large scale.
- Retail audit refers to the identification of the various retail outlets in given distribution channels in orders to investigate the sales of products of the competitors.

4. **Select a Sampling method:** This can be random sampling, stratified or cluster sampling.
5. **Choose the method of data collection to use:** The secondary source of information involves obtaining information which already exists. There are various ways of getting this information. The most common ones include: Publications such as journals, published company accounts, trade associations' reports, government statistics which may come from census conducted.
6. **Method of data analysis:** Which statistical methods and computer packages are you going to use in analyzing the data.
7. **Estimate the budget and time frame:** How much will the research cost and within which time frame will it be completed.
8. **Seek approval of management:** This is because some of the top management may or may not agree. So there is need to convince them.
9. **Collect, analyze and draw conclusions** from the finds.
10. **Communicate the findings**. The findings of the research should be communicated to decision making personnel.
11. **Implementation of the decisions** using the results.
12. **Evaluating or monitoring** whether the identified problem has been solved or the opportunity identified has been exploited successfully.

Marketing Information System (MIS)

Marketing research when undertaken properly creates a considerable flow of information through out an organization and in order to coordinate this information and ensure that data is collected and used properly. It is important to set up some form of marketing information system.

A marketing information system consists of people, equipment, procedures of gathering, sorting, analyzing, evaluating and distributing timely and accurate information system is being emphasized because of the rise of global marketing and a changing trend in the marketing environment.

MIS has got three definite stages that managers must go through. It starts and ends with the marketing managers.

Stage (i) Assessing information needs

This should be in terms of information the managers would like to have and that which they really need. This is because "too much or too little" information is both harmful to an organization. Also managers should compare the cost of obtaining, processing, storing and delivering information with the benefits resulting from having that information.

Stage (ii) Developing information sources:

Once the information needs have been properly assessed the sources from which the information needed can be obtained must be identified. The common sources include:

(a) Internal records (databases)

This information is within the organization and can come from – the accounting department especially financial statements, sales records, sales force records (reseller reactions, competitors' activities).

- The marketing department itself 9customer demographics i.e. profile about customers and their buying behaviour)
- It has an advantage of being cheap because it is internal.
- It may be disadvantageous if the information is not relevant.

(b) Marketing intelligence

This refers to obtaining information from an external source about development in the marketing environment that will assist managers prepare and adjust their marketing activities. It can start with the organization's own employees.

- Job applicants when interviewing them.
- Interviewing competitors' employees and their customers
- Surfing through the competitors and other organizations' websites.

(c) Commission marketing research

This refers to formal studies concerning marketing problems or opportunities. This can be done by the research department or an outside firm.

3. Distributing Information

Marketing information has no value until managers use it to make better decisions. Therefore the information obtained must be distributed to the right tie since it is needed for panning, implementing and controlling marketing activities.

Marketing and Sales Strategies Section

When you are **writing a business plan**, the Marketing and Sales Strategies section is an important part of your formal business plan. This part of writing a business plan essentially involves developing a marketing and sales strategy for your business.

What to Include in the Marketing & Sales Strategies Section

When you are writing a business plan, the Marketing and Sales Strategies section should include:

- How you will promote your business
- How you will get your product or service to your customers
- The costs to promote and distribute you products or services
- How you will measure the effectiveness of the methods you plan to use.

Writing a Marketing Plan

Once you've completed the Market Analysis section of your business plan, you'll know more about your customers, your competition and your company. That information should make writing the Sales and Marketing Strategy section of your business plan all the easier.

Depending on how detailed your marketing plan is, you may include the marketing plan in its entirety while you are writing this section of your business plan or you may just want to include highlights of your marketing plan.

If you are writing a business plan and only including highlights of your marketing plan, you'll want to make sure that the marketing plan is complete in case an investor requests the entire document. If your marketing plan is not overly long, you may also want to include it in the Appendix when you're writing your business plan.

Why this is an Important Step in Writing a Business Plan

Those who are considering lending your small business money or investing will want to know how you intend to reach your target market and attain the market share you feel you can attain, which you've already discussed in the Market Analysis section of your business plan. Your marketing plan will help them understand that.

Essentially your marketing plan needs to discuss your marketing mix - how the 5 P's of marketing will be implemented in your small business and what roles each will play.

The 5 P's of Marketing

For years marketers referred to the 4 P's of marketing. Only recently has a 5th P been added. Whether you subscribe to the theory that there are four p's or five p's of marketing, this is essentially referred to as your "marketing mix".

Not all marketers subscribe to the theory that the 5th P - People - should be included, but the people responsible for providing service to your customers can be vital in making your small business successful.

Here are the 5 P's of marketing:

- **Product** – The product or service offered to the customer by your small business. The physical attributes of your products or services, what they do, how they differ from your competitors and what benefits they provide to your potential customers.
- **Price** – Your pricing strategies that will help you reach your target profit margin. How you will price your product or service so that the price remains competitive but allows you to make a good profit. When calculating price make sure you have included both fixed expenses and variable expenses and be sure that your price will allow you to reach your breakeven point within a reasonable amount of time. Also discuss if your price will be lower or higher than your competition and how you can accomplish that while maintaining both demand for your products or services and a profit.
- **Place** (Distribution) – Where your small business will sell its products or services and how it will get those products or services to your customers in your your target market. For example, the percentage of sales you expect through the Internet and the percentage of sales you expect through door to door selling. Additionally, what your delivery terms and costs, and how will you handle the

cost of getting your products or services to your customers? When you are writing a business plan you also want to indicate if there any shipping or labeling requirements that need to be considered and how you will meet those requirements. Finally, outline how a transaction takes place and what return policies are in place.

- **Promotion** – What methods of promotion you will use to communicate the features and benefits of your products or services to your target customers. Will you advertise? If so, where? What percentage of advertising will be handled by each advertising vehicle? How much business do you anticipate that each form of advertising will result in? How much is this all going to cost? Also indicate if you plan to offer coupons or other incentives to get customers in the door.
- **People** – How your level of service and the people who will provide that service will be used in marketing your products or services to the customer. Who are the people that will be providing this service and what kind of training will they receive. Do you plan to offer any incentives to your customer service representatives and how do you plan to measure customer satisfaction?

Essentially, the 5 (or 4) P's of marketing will form the basis of your marketing plan. If you want to make your marketing plan a standalone document, you'll also want to include the information you prepared in the Market Analysis section for your business plan.

Your Sales Strategy in Writing a Business Plan

If it applies to your business, outline your sales strategy in this section when you are writing a business plan. For example, will there be a sales force? Will sales training be provided? Will your sales team be given incentives to encourage them to increase sales and meet or exceed their goals?

What is Branding and why is It Important?

Exploring brand marketing concepts is a great way to fine-tune your business model and business practices, but what is branding and why is it important? A strong brand is invaluable as the battle for customers intensifies day by day. It's important to spend time investing in researching, defining, and building your brand. After all your brand is the source of a promise to your consumer.

What is Branding and How Important is it to Your Marketing Strategy?

The American Marketing Association (AMA) defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers.

Therefore it makes sense to understand that branding is not about getting your target market to choose you over the competition, but it is about getting your prospects to see you as the only one that provides a solution to their problem.

The objectives that a good brand will achieve include:

- Delivers the message clearly
- Confirms your credibility
- Connects your target prospects emotionally
- Motivates the buyer

- Concretes User Loyalty

To succeed in branding you must understand the needs and wants of your customers and prospects. You do this by integrating your brand strategies through your company at every point of public contact.

Your brand resides within the hearts and minds of customers, clients, and prospects. It is the sum total of their experiences and perceptions, some of which you can influence, and some that you cannot.

A strong brand is invaluable as the battle for customers intensifies day by day. It's important to spend time investing in researching, defining, and building your brand. After all your brand is the source of a promise to your consumer. It's a foundational piece in your marketing communication and one you do not want to be without. Brand development is a foundational piece in your marketing communication and one you do not want to be without. In order to perfect the image and message of your brand you must do the research to determine your target audience and how you want to be seen by that audience.

Types of Branding

There are different types of branding including personal or corporate branding. Which one is right for you? There are pros and cons to both, explore the differences and learn which one is right for you.

- Personal Branding: Is It Right For You?
- Internal Branding - Branding From the Inside Out

Implementing Your Brand Strategy

You've defined your brand and you've done the research, but what steps do you need to take to successfully implement your brand strategy? These resources well help in not only defining what your strategy and objectives are, but they will help you in the implementation process.

- Developing Your Brand Strategy
- Determining Your Brand's Objectives
- Focusing on your Target Audience
- Discover and Crush Your Brand Barriers

- Continuity: Creating An Image Greater Than The Parts
- Brand Packaging: Are You Reflecting the Right Company Image?
- What Role Does Your Logo Play in Your Branding Strategy?
- Write a Slogan that Sticks

Brand Revision and Recreation

There are times where you will find yourself revisiting your brand to make sure it's reflecting the mission and goals of your company. Brand revision and recreation can either add life to your business or destory it - by managing the process you can ensure success.

- Recreating Your Brand: Make it a Smooth Transition
- Characterize Your Brand it Can Make Development Easier
- What’s In A Name? The Six Essential Elements You Need To Know

Marketing vs. Advertising: What's the Difference?
You will often find that many people confuse marketing with advertising or vice versa. While both components are important they are very different. Knowing the difference and doing your market research can put your company on the path to substantial growth.

Let's start off by reviewing the formal definitions of each and then I'll go into the explanation of how marketing and advertising differ from one another:

Advertising: The paid, public, non-personal announcement of a persuasive message by an identified sponsor; the non-personal presentation or promotion by a firm of its products to its existing and potential customers.

Marketing: The systematic planning, implementation and control of a mix of business activities intended to bring together buyers and sellers for the mutually advantageous exchange or transfer of products.

After reading both of the definitions it is easy to understand how the difference can be confusing to the point that people think of them as one-in-the same, so lets break it down a bit.

Advertising is a single component of the marketing process. It's the part that involves getting the word out concerning your business, product, or the services you are offering. It involves the process of developing strategies such as ad placement, frequency, etc. Advertising includes the placement of an ad in such mediums as newspapers, direct mail, billboards, television, radio, and of course the Internet. Advertising is the largest expense of most marketing plans, with public relations following in a close second and market research not falling far behind.

The best way to distinguish between advertising and marketing is to think of marketing as a pie, inside that pie you have slices of advertising, market research, media planning, public relations, product pricing, distribution, customer support, sales strategy, and community involvement. Advertising only equals one piece of the pie in the strategy. All of these elements must not only work independently but they also must work together towards the bigger goal. Marketing is a process that takes time and can involve hours of research for a marketing plan to be effective. Think of marketing as everything that an organization does to facilitate an exchange between company and consumer.

Module 9: Developing a Sales Strategy

Saying that you want to reach $1 million, $10 million or any other number in annual sales is one thing; figuring out how you're really going to do it is another. Setting lofty sales goals is useless unless you develop a strategy to reach those objectives. Implementing a strong sales strategy can maximize your sales efforts and improve your bottom line. When developing your sales strategy, consider these elements:

1. Sales goals.
2. Staffing requirements.
3. Training and management of staff.
4. Reporting processes and metrics to measure performance.
5. Sales techniques.
6. Your target market.

7. Your competitive advantage.
8. Costs.

Action Steps

The best contacts and resources to help you get it done

Identify your goals

Forecasting sales is more of an educated guess than a mathematical formula. Start by estimating monthly sales for one year and then annual sales for three years. If you've been in business for some time, make projections based on past sales history. If you're a startup, estimate by looking at the sales of other products or companies like yours.

Consider your sales team

If you have a sales staff, it will play a huge role in your sales success. Hiring the right people is critical. But you must also supply them with the training and sales materials necessary for success and you must provide ongoing management.

Develop sales techniques

Decide which techniques and strategies you and your sales team will use to reach your target market, such as telemarketing, email marketing or exhibiting at trade shows.

Create reporting processes and measure success

To keep track of your sales team's efforts, develop a reporting system. Decide how you will measure your sales team's performance and communicate your plan with your salespeople so they know what's expected of them.

Set a sales budget

Your sales budget should include costs for sales force training, compensation, entertainment, travel and administration.

Put your plan in writing

Detail your sales strategy in a comprehensive sales plan. Similar to a business plan, a sales plan should be your roadmap to help you arrive at your sales goals.

Tips & Tactics

Helpful advice for making the most of this Guide

- Review your sales strategy often and make adjustments as necessary.
- Don't forget to include incentives and performance bonuses in your sales budget.
- Solicit feedback on your sales strategy from your sales reps. Since they're on the front lines, they may have innovative ideas to increase sales or to streamline the process.

Module 10: Marketing Basics for the Small Business

The essence of marketing is to understand your customers' needs and develop a plan that surrounds those needs. Let's face it anyone that has a business has a desire to grow their business. The most effective way to grow and expand your business is by focusing on organic growth.

You can increase organic growth in four different ways. They include:

- Acquiring more customers
- Persuading each customer to buy more products
- Persuading each customer to buy more expensive products or up selling each customer
- Persuading each customer to buy more profitable products

All four of these increase your revenue and profit. Let me encourage you to focus on the first which is to acquire more customers. Why? Because by acquiring more customers you increase your customer base and your revenues then come from a larger base.

How can you use marketing to acquire more customers?

- Spend time researching and create a strategic marketing plan.
- Guide your product development to reach out to customers you aren't currently attracting.
- Price your products and services competitively.
- Develop your message and materials based on solution marketing.

The Importance of a Target Market in Small Business

When it comes to your customers keep in mind the importance of target marketing. The reason this is important is that only a proportion of the population is likely to purchase any products or service. By taking time pitch your sales and marketing efforts to the correct niche market you will be more productive and not waste your efforts or time.

It's important to consider your virtual segmentation by selecting particular verticals to present your offerings to. Those verticals will have the particular likelihood of purchasing your products and services. Again, this saves you from wasting valuable time and money.

Small Business Marketing and Large Business Marketing are Different

If you are like the majority of small business owners your marketing budget is limited. The most effective way to market a small business is to create a well rounded program that combines sales activities with your marketing tactics. Your sales activities will not only decrease your out-of-pocket marketing expense but it also adds the value of interacting with your prospective customers and clients. This interaction will provide you with research that is priceless.

Small businesses typically have a limited marketing budget if any at all. Does that mean you can't run with the big dogs? Absolutely not. It just means you have to think a little more creatively. How about launching your marketing campaign by doing one of the following:

- Call your vendors or associates and ask them to participate with you in co-op advertising.
- Take some time to send your existing customers' referrals and buying incentives.
- Have you thought about introducing yourself to the media? Free publicity has the potential to boost your business. By doing this you position yourself as an expert in your field.
- Invite people into your place of business by piggybacking onto an event. Is there a concert coming to town, are you willing to sell those tickets? It could mean free radio publicity. If that is not your cup of tea, how about a walkathon that is taking place in your area, why not be a public outreach and distribute their material?

When you do spend money on marketing, do not forget to create a way to track those marketing efforts. You can do this by coding your ads, using multiple toll-free telephone numbers, and asking prospects where they heard about you. This enables you to notice when a marketing tactic stops working. You can then quickly replace it with a better choice or method.

Getting Started with Small Business Marketing

By being diligent in your marketing and creating an easy strategy such as holding yourself accountable to contact ten customers or potential customers daily five days a week you will see your business grow at an exceptional rate. The great thing is it will not take a large marketing budget to make it happen.

Choosing a Sales Incentive System

In sales, one of the most common ways to manage motivation is to use incentives. Here are some examples of popular sales incentive systems that can help you effectively boost your sales team's motivation.

Motivate Salespeople Without Breaking the Bank

There is an old adage in sales: Ability x Motivation = Performance. When recruiting and training salespeople, businesses often pay closer attention to the ability factor. As a top-level manager or business owner, you must ensure that your salespeople are properly motivated and sales incentives are a great motivator.

Motivation is a tricky concept. Management science and psychology have begun rigorously investigating it only in the past half-century, and our overall picture of motivation is just beginning to take form. While science has not yet nailed down the precise nature of motivation, there are two things we do know for sure: It is a quality that exists in every human being, and it can be managed.

In sales, one of the most common ways to manage motivation is to use incentives. Here are some examples of popular sales incentive systems that can help you effectively boost your sales team's motivation:

Method: Cash bonus

Pro: Naturally enough, money is the best reward for most salespeople.

Con: Salespeople may see a cash bonus as part of an overall compensation package, not as a special sales incentive. Also, small businesses may lack the financial resources to make this system feasible.

Method: Merchandise

Pro: Sometimes people are more excited by a hot item than by the equivalent amount of money; consider the iPod or Wii.

Con: Finding the right item with which to crown a sales incentive campaign is tricky. You have to acquire an intimate knowledge of your sales force or else be flexible enough to offer a wide range of merchandise from which they can choose.

Method: Experience

Pro: Offering someone an experience - for example, an all-expenses paid vacation, a day at the spa, a plane trip, or a hot sports ticket - can create memories that last forever.

Con: As with merchandise, choosing the right experience demands a thorough knowledge of your salespeople. This type of incentive can also be expensive for you to underwrite.

Method: Recognition

Pro: Taking the time to recognize a leading performer with a plaque, cake or special lunch doesn't require much in terms of expense.

Con: Although everyone appreciates recognition, salespeople may expect more than this kind of gesture, no matter how thoughtful it is.

Method: Workplace perks

Pro: It's free. Giving top performers the right to work from home one day a week, their own office, the ability to take a class, regular time off for child care or any other kind of workplace flexibility costs nothing - but can be very valuable to employees. It can also motivate salespeople to look up to you for trusting them.

Con: None. Salespeople, like all employees, like to negotiate workplace privileges.

These motivational methods are not mutually exclusive; in fact, many successful organizations employ a mix of sales incentives. A few basics, however, do apply across the board when it comes to sales incentives systems:

- **Simplicity:** Do not make incentives cumbersome for the individual salesperson to understand or track. It is demotivating to have to puzzle over incentive systems, and salespeople will simply not bother to decipher complex rules.
- **Publicity:** Psychologically, a reward becomes more enticing when it is within reach. Publicize sales incentives in printed matter and conversations so that salespeople know not only that the incentives exist but also that they are attainable.
- **Knowledge:** If you want to get the best out of your employees, you have to know what makes them tick. This can be a con for sales incentive systems, particularly since small business owners may not have the time to dedicate to this aspect of human resources. If you have the time and inclination, however, learn as much as you can about personality-based theories of motivation, and figure out where your salespeople fit in.
- **Professionalism:** The existence of an incentive system isn't meant to replace day-to-day efforts to equip, support, and respect your sales force. Even flashy incentives won't make up for a poorly run business.
- **The Big Picture:** Remember that incentives programs aren't the end-all of sales management. Sales motivation is holistic, encompassing proper recruitment, training and direction as well as incentives. Motivation comes not simply from the lure of tangible rewards but from being treated well. Paying attention to the whole process is the best thing you can do for salespeople.

Manage Your Customer Relationships or Perish

Reaching and nurturing customer relations are essential for a small business to survival. Central to managing any customer relationship is CRM or customer relationship management software. Discover the necessary survival strategy of managing customer relations with the technology of today.

With an explosion of choice in product and service selection winning more business is getting tougher each year. Reaching and nurturing customer relations are essential for a small business to survival. Central to managing any customer relationship is CRM or customer relationship management software. Discover the necessary survival strategy of managing customer relations with the technology of today.

Gone are the days of marketing to your potential customer base and sitting back to reap the rewards of a great ad campaign. Gone are the days of grabbing the hottest leads and forgetting about the warmer less inclined to buy now clients. Gone are the days of using a simple notebook or excel spreadsheet to collect your lead list.

Customer Relationship Management: Share of Wallet

The late father of management Peter Drucker, simply stated, “Shares in disposable income are the foundation of all economic information. Businesses keep figures on sales and know whether they go up or down. But practically none knows the truly important figure: the share of the disposable income of their customers that is being spent on the products or services that they produce and sell.”

The battle for customers is a zero sum game. No matter how wonderful your product or service, your potential customers have a limited disposable income. Their disposable income is in a state of change with rising and fall incomes and living expenses. How can you get your share of their wallet?

Companies poised to win their share of the wallet know customer relationship management is not a luxury but an essential to being in business. According to Forrester Research, businesses under 100 employees will account for more than 30% the CRM market reach in 2007. Is your small business CRM ready?

Overcoming the Hurdles to Successful CRM Implementation

Customer relationship management or CRM is the methodology and tools of finding, communicating, and retaining your best customers. Software programs such as GoldMine or ACT! or subscription services like Salesforce.com help you build lead lists, merge mail, handle contacts, and assess the results of your marketing campaigns.

Many larger corporations have failed at successful implementation of CRM. While it's easy to blame the software or incompetent staff, the real issue lies with employee motives, time, and training. Use these success tactics for overcoming the hurdles you will encounter with CRM.

Spot Check: My own experiences with customer relationship management tools found employees aren't only reluctant to adapt a new technology but outright resist the sales lead component of CRM software. For under performers, tracking leads reveals their true incompetence. I have witnessed sales personal enter in fake names and numbers to avoid the scrutiny of a sales manager. Successful implementation of CRM requires periodic spot checking of lead entries and even calling leads to see if they exist.

Make Time: Whether you are the only user of CRM software or have a staff, it's critical to set aside time each week for using the technology. Like any new business application, regular use will reduce time and help you see the rewards of CRM.

Get Trained: A large part of setting aside time is learning the new tools of CRM. Learning typically follows a U-shaped curve with the initial phase being difficult till it peaks and learning accelerates. Be patient and in no time you will master the must have tools of CRM.

Winning the customer game with customer relationship management tools is a necessary for any small business today. The more you know your customers and build a strong relationship, the greater your odds at winning the minds and wallets of your customers in the competitive market.

Small Business Sales Strategies for a Tough Economy
Small business sales strategies to beat eroding margins, longer sales cycles and penny pinching clients. Five key tips to maximize your sales success.

Strategies for Overcoming a Sales Depression

No business is immune to a sales slump. Changing market conditions, sagging consumer confidence, unmotivated staff, and new competitive threats can all quickly turn stellar sales performance into a fast downward spiral. Small business owners and their sales teams today are facing intense competition for accounts, eroding margins, and longer sales cycles. What's a small business owner to do when sales start to take a dip? Here's 5 key sales strategies for small business experiencing a sales dip.

Focus on Fundamentals: As any sports team knows during a slump, the best approach is to go back to basics. Look at each stage of your sales process: Do your lead generating activities bring quality, interested clients or mere "tire-kickers"? Does your team really understand your customers with in-depth needs assessments? Are features and benefits tied to specific problems facing customers today? Can you & your team close sales effectively in a smooth well-timed manner?

Fire your Customers: Closely examine all of your accounts. There might be clients who are high maintenance using up your time and resources with little or zero profit. Focus on your customers that appreciate your business and are profitable.

Trim the Dead Wood: In flourishing times, sales come easy so your top performer may have really been an order taker. The current market requires professional sales personnel. Evaluate your under performers, support, and coach them. If they can't learn the necessary skills or are unmotivated, it's time to part ways.

Have Huddles: Hold regular monthly meetings for your staff. Spend this time to role-play skills, share best practices, have fun, and give a motivational boost.

Re-Examine Pricing Models: Blindly cutting prices to increasing competitive pressure is a sure way to shorten your businesses lifespan. Carefully, look where to change prices and find ways to tie pricing to a long-term relationship. For example, a 3-year $599.00 contract is better for you and your client than a yearly $249.00 contract. Build a long-term relationship with your market.

During a sales dip, the small business that prospers and survives is the one who adjusts their sales approach to meet the current conditions. Don't wait for an automatic turn around...the time is now for a closer look at your sales

Sales Strategy Creates a Competitive Advantage

In today's economy, big and small businesses are seeking every opportunity to win sales through competitive advantages. Smart small business owners know a sales strategy can create a competitive advantage.

Triple-tiered Sales Strategy

Selling consists of two main functions: tactics and strategy. Sales strategy is the planning of sales activities: methods of reaching clients, competitive differences and resources available. Tactics involves the day-to-day selling: prospecting, sales process, and follow-up.

The tactics of selling are very important but equally vital is the strategy of sales. The advantages are too compelling to ignore.

Competitive Advantages of Strategic Sales Planning

- Increased closing ratio by knowing clients hot buttons
- Improved client loyalty by understanding needs
- Shorten the sales cycle with outside recommendations
- Outsell competitors by offering the best solution

Triple-tiered Sales Strategy

The development of any type of plan begins with research. The insight gained for a competitive advantage comes from the marketplace not from your mind. The approach to use is what I call "Triple-tiered Sales Strategy". Look at your client and the outside influences on their business. Approach all three tiers to understand your customer.

Tier 1: Associations: What associations does your target customer belong to? Contact the membership director and establish a relationship not for selling but to understand their member's needs.

Tier 2: Suppliers: Identify non-competitive suppliers who sell to your customer. Learn their challenges and look for partnering solutions.

Tier 3: Customer: Work directly with your customer and ask them what their needs are and if your business may offer a possible solution.

An excellent example of developing a "triple-tiered sales strategy" is a story of a small accounting firm. This firm decided to target independent truck drivers for accounting services.

The competition for this firm was a big accounting company. This small business approached the truck drivers association and learned that one concern of their membership was receiving financing for a new vehicle.

A discussion with the suppliers of trucks, revealed financing was only approved after the truckers supplied financial statements. The financials were often prepared by a large accounting firm who set appointments on their time and in their office.

The pieces of the puzzle were now coming together. The customer was the last piece of critical information. Truckers were frustrated by the inconvenience of visiting an accounting firm because of the time they spend on the road. The best solution was to bring the accounting service to the customer on their terms and time.

The small accounting office had defined a clear sales strategy: offer in-home financial statement preparation for truck drivers seeking financing through truck manufacturers. All sales leads would be referred from the supplier. This strategy was a win-win for the association, the supplier, the customer and the accounting firm.

The moral of the story is to gain a competitive advantage by looking at both sides of the equation, tactics and strategy. Use the triple-tiered approach to win business and outsell the big companies in your market.

The 5 Biggest Sales Management Blunders
Learn the biggest sales management blunders and how you can avoid them. Spending the necessary time wearing your sales manager hat will help foster a rewarding culture and build a successful sales team to boost your business to new levels.

The 5 Biggest Sales Management Blunders

Avoiding Sales Management Blunders

Hiring a sales staff for your small business comes with the responsibility to provide effective sales management. Learn the biggest sales management blunders and how you can avoid them.

1. Mixing Recognition with Coaching: One common sales management blunder is to congratulate your sales force for a job well done and quickly move to areas of improvement. This tactic can often be interpreted by sales staff as a lack of appreciation. A best practice is to separate the recognition from the coaching. Save the performance improvement areas for coaching sessions. Set up separate recognition of your sales rep success even if it's a small celebration. It's the little gestures of respect and celebrations of achievement that gain the hearts and minds of the sales force.

2.No Sales Plan: Another common sales management blunder is not developing a sales plan to help manage the sales team. A successful sales team requires regular planning tracking, and review to achieve the targeted results. Every sales rep requires their own action plan to direct day-to-day activities and set up accountabilities.

All sales plans have at least 3 requirements:

- Sales Rep Development: Where most plans fail is they are developed by the sales manager not the sales rep. To ensure a high level of plan acceptance, have the rep develop the plan and guide them toward the right objectives.
- Regular Reporting: Sales plans should be established on a weekly basis to provide flexibility in the planning cycle. Reviewing can take place on a monthly basis. Sales management excellence involves reviewing the results against the plan to determine missed opportunities and areas for improvement.
- Sales Metrics: A successful sales plan focuses on results and activities. Establish the proper sales metrics to drive your business results. Metrics can include: number of client phone calls, number of contacts, appointments set, appointments conducted and sales closed. Do not overwhelm your sales staff with excessive tracking numbers. Focus on the few measures that matter the most to your business.

3. No Sales Support: A common sales management blunder is to hire a sales person without providing them with the level of support required to succeed. Even if your new rep is well-versed in your industry and a top performer, they will still require help to familiarize themselves with your company, products, and markets.

Not all sales reps require the same level of support. For many small business owners, a hands-off approach to sales management is not the best strategy. Successful sales management requires a commitment to sales force training. Regardless of the size of your firm, an investment in sales training and support can pay big dividends on profitability. Spending the time one-on-one and in the field with your sales team will not only provide support but convey a sense of the importance of sales people in your organization.

4. Focus on Control Sales Management: Many new and unsuccessful sales managers will focus on the traditional sales management by intimidation or control approach. The top sales performers know they have a valuable skill set and will quickly walk to a competitor if treated poorly. Sales management is a partnership between the sales rep and the sales manager. Effective sales management requires sharing in the responsibility to find the problems and bottlenecks in your sales process. Seek the solution together with your reps. Be a champion for helping them achieve their agreed results.

5. Lack of Sales Accountability: There will be times when sales reps fail regardless of the support and training they receive. It is easy to pass off the lack of results to external forces such as competitors, the economy, or poor marketing. Remember the sales rep was hired to bring in sales. When support, training, and market potential are available, a lack of results often means it's the rep's performance.

Who is responsible for the lack of performance? Your sales management program. If your small business lacks a clear policy of sales accountability, it remains your responsibility to implement the process. Creating a culture of sales accountability will not happen overnight. Expect to lose sales staff. Sales reps who have under performed and will not accept personal responsibility for their own results, will leave. This is a good thing. A sales accountability culture only accepts top performers; exactly what your business needs to survive in a competitive market.

Other big sales management blunders do exist. It is vital to have an honest feedback system in place. Alan J. Zell, "The Ambassador of Selling" feels "most sales managers do not have a system of feedback that will allow the staff to have a way to comment back to the sales manager without the fear of being chastised or being known as a complainer."

Growing a small business is hard work. The sales management function is often overlooked by small business owners. Spending the necessary time wearing your sales manager hat will help foster a rewarding culture and build a successful sales team to boost your business to new levels.

8 Secrets to a Knockout Business Presentation
The presentation is starting. Dim the lights. Time for a nap. These are the thoughts of many audiences subject to yet another boring business presentation. How can you awaken the cognitive powers of your audience? Start by learning the 8 secrets of a knockout business presentation.

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Dig Deep: Having an effective business presentation that will have the audience on their feet requires more than the usual factoid dropped into your PowerPoint. Find a relevant fact beyond your topic norm. Give them the unexpected. The one obscure and contradictory piece of information that will raise heads and stimulate discussion. Where do you find such information? Go past the typical quick search engine scan. Check out educational websites for new research, interview industry mavericks, or scour the business press.

Avoid Info Overload: PowerPoint expert Cliff Atkinson, author of *Beyond Bullet Points* says, "When you overload your audience, you shut down the dialogue that's an important part of decision-making." He points to some important research by educational psychologists. "When you remove interesting but irrelevant words and pictures from a screen, you can increase the audience's ability to remember the information by 189% and the ability to apply the information by 109%," recommends Atkinson.

Practice Delivery: A knockout business presentation is so captivating it makes you forget about the speaker and become absorbed in the talk. Practice your delivery over and over until you remove the distractions including nervous tics and uncomfortable pauses. Pay particular attention to your body language. Is it non-existent or overly excessive? Good presenters work the stage in a natural manner.

Forget Comedy: Business presenters will flirt with the temptation to deliver the stand up humor of Chris Rock. Remember your audience didn't come to laugh; this is a business presentation. Leave your jokes at home. It's ok to throw in a few natural off the cuff laughs but don't overdo it.

Pick Powerful Props: You don't need a box full of props like the watermelon-smashing comic, Gallagher. A few simple props to demonstrate a point can be memorable in the minds of your target audience. Management guru, Tom Peters, uses a cooking timer to show how quickly factory expansion is occurring in China.

Minimize You: "Frankly, your audience doesn't care as much about your company history, as they do about whether you can help them solve the specific problems they face. Write a script for your presentation that makes the audience the protagonist, or the main character, who faces a problem that you will help them to solve," says Atkinson.

Speak the Language: A knockout business presentation doesn't leave people wondering what you said. It might be tempting to throw in a few big words but are you alienating your audience? Always explain terms and acronyms. The number of smart executives who aren't up on the latest terminology would surprise you.

Simple Slides: Beware of the PowerPoint presentation. Many corporate brains will turn off at the sight of yet another PowerPoint presentation. Over 400 million desktops currently have the PowerPoint application. If you want your business to stand out, don't be like everyone else. Use slides in your knockout presentation to highlight and emphasize key points. Don't rely on your slide projector to run the show.

It all comes down to what your audience walks away with in the end. Did you deliver another boring business presentation? Or did you persuade or motivate everyone to action? Apply the 8 secrets to a knockout presentation and watch your ratings soar.

Pricing Strategies for Small Business
The pricing strategy of your small business can ultimately determine your fate. Small business owners can ensure profitability and longevity by paying close attention to their pricing strategy.

Super Charge Your Business With Profit Pricing Strategy

The pricing strategy of your small business can ultimately determine your fate. As a small business owner you can ensure profitability and longevity by paying close attention to your pricing strategy. Commonly, for many small businesses, the pricing strategy has been to be the lowest price provider in the market. This approach comes from taking a superficial view of competitors and assuming one can win business by having the lowest price.

Avoiding the Lowest Pricing Strategy

Having the lowest price isn't a strong position for small business. Larger competitors with deep pockets and the ability to have lower operating costs will destroy any small business trying to compete on price alone. Avoiding the low pricing strategy starts with looking at the demand in the market by examining three factors:

1. Competitive Analysis: Don't just look at your competitor's pricing. Look at the whole package they offer. Are they serving price-conscious consumers or the affluent group? What are the value-added services if any?

2. Ceiling Price: The ceiling price is the highest price the market will bear. Survey experts and customers to determine pricing limits. The highest price in the market may not be the ceiling price.

3. Price Elasticity: If the demand for your product or service is less elastic, you can then have a higher ceiling on prices. Low elastic demand depends on limited competitors, buyer's perception of quality, and consumers not habituated to looking for the lowest price in your industry.

Once you understand the demand structure in your industry, review your costs and profit goals as set in your business plan or financials. The low price strategy is best avoided by small business but there are conditions such as a price war that can drag a company into the lowest price battle.

Evading a Price War

A price war can wreck havoc in any industry and leave many businesses, out of business. In the early 90's, I observed the competitive exercise equipment market enter a price war in a large city. Profits were plentiful but a price war took the gross margins from 42% to 12%. In less than 18 months, over 60% of the retailers were out of business while my division went national. Take these tips to evade a deadly price war:

- Enhance Exclusivity: Products or services that are exclusive to your business provide protection from falling prices.
- Drop High Maintenance Goods: There may be products or services in your business that have high customer service and maintenance costs. Drop the unprofitable lines and find out what customers don't want.
- Value-added: Find value your business can add to stand out in the marketplace. Be the most unique business in the category.
- Branding: Develop your brand name in the market. Brand name businesses can always stand strong in a price war.

Leave the price-cutting and price wars to big business. Small businesses with solid pricing strategy can escape a price war and low price position. Carefully, consider your price decisions. Your business depends on it.

Sales Techniques for Sealing the Deal in Seven Seconds

Can you close a sale in just seven seconds? You can do it faster if you use a sales technique to make a great first impression. Seven seconds is the average length of time you have to make a first impression. If your first impression is not good you won' t get another chance with that potential client. Make a great first impression and the client is likely to take your small business seriously.

Whether your initial meeting is face-to-face, over the phone or via the Internet, you do not have time to waste. It pays for you to understand the sales technique of how people make their first judgment and what you can do to control the results.

- **Learn the Non-verbal Sales Technique:** When you meet someone face-to-face, 93% of how you are judged is based on non-verbal data - your appearance and your body language. Only 7% is influenced by the words that you speak. A good sales technique is to remember people do judge a book by its cover. When your initial encounter is over the phone, 70% of how you are perceived is based on your tone of voice and 30% on your words. It's not what you say - it's the way that you say it.
- **Choose Your First 12 Words:** Although research shows words make up a mere 7% of what people think of you in a one-on-one encounter, don't leave them to chance. Express some form of thank you when you meet the client. Perhaps, it is "Thank you for taking your time to see me today" or "Thank you for joining me for lunch." Clients appreciate you when you appreciate them.
- **Use Their Name Immediately:** Another forgotten sales technique is to remember there is no sweeter sound than that of our own name. When you use the client 's name in conversation within your first twelve words and the first seven seconds, you are sending a message that you value that person and are focused on him. Nothing gets other people's attention as effectively as calling them by name.
- **Pay Attention to Your Hair:** Your clients will. In fact, they will notice your hair and face first. Putting off that much-needed haircut or color job might cost you the deal. Don't let a bad hair day cost you the connection.
- **Shiny Shoes Sales Technique:** People will look from your face to your feet. If your shoes aren't well maintained, the client will question whether you pay attention to other details. Shoes should be polished as your sales technique. They may be the last thing you put on before you walk out the door, but they are often the first thing your client notices.
- **Walk Fast:** A faster walker can be perceived as important and energetic - just the kind of person your clients want to do business with. Pick up the pace and walk with purpose if you want to impress.

Selling Strategy to Reach Big Corporations

Selling your services to big corporations is an attractive proposition. The contracts are larger than with small businesses and individuals, and often longer-term. There's the possibility of repeat business worth many billable hours at respectable rates.

But the best clients are not always the easiest to get. If you don't grasp the realities of the corporate environment, you may sabotage even a hot lead. Here are five selling strategies to working with the corporate buyer.

1. Managers are busy. This is true in economic downturns as during a boom. When business is slow, unnecessary employees get laid off. The people left behind have to pick up the slack.

Busy people ignore unsolicited email and letters, and will not return your phone calls. Even when you are in the final stages of closing a deal, your contact may not return your calls for weeks. If you accept this as normal behavior instead of obsessing about how you may have caused it, you will sleep better at night and use your daylight hours more productively.

2. Hot buttons open doors. If you want to capture the interest of a busy person, you need to tell them exactly how you can help them. Calling just to introduce yourself will not get their attention.

What do the people in your target market perceive to be the greatest problems they face, or the biggest goals they wish to achieve? Ask these questions of the people you serve and the other businesspeople who serve them. Read trade literature or special interest publications and educate yourself on the key issues in your marketplace. Then tell your prospects in every communication how you can help address these needs.

3. Every choice must be justified. When you sell to the owner of a small business or to an individual for his or her own use, your buyer is free to make purchasing decisions based on instinct or gut feeling. But when selling to big corporations every sale must be justified to someone else in the organization.

A supervisor must justify choices to a manager, the manager to an executive, the executive to the CEO, the CEO to the board, the board to the shareholders. Each one of these people wants to look good and dreads making a public mistake. If you want your sale to go through, you need to provide your contact with evidence why you and your solution are the best choice.

4. The bottom line rules. When you provide your evidence, it better include dollars and cents. If you are more expensive than your competition, what added value will you provide? If hiring you will cost more than solving the big company's problem in some other way, what tangible benefits will they receive that make the added expense worthwhile?

Individuals and small businesses buy services in the category of nice-to-have, often to improve their quality of life or of their employees. Corporations, especially in lean times, don't. You must sell them something they actually need and prove how it will enhance their bottom line. A good selling strategy is to provide real-life examples of results at other companies. Illustrations with charts and graphs are more convincing than any brochure.

5. No budget; no project. Even when the company needs what you have and thinks you're the best one for the job, the deal won't go through if there's no money in the budget. You can ask your contact to try for a budget variance, but no budget usually means your project will be deferred until the next fiscal year.

Always ask if the client has a budget at the first meeting. Don't necessarily expect them to tell you how much it is -- price negotiations will come later. But if your contact can't answer budget questions, it's a strong clue you are not talking to the decision-maker.

Getting the Most Out of Business Networking

Networking is a lot of fun! Business networking is when a group of like minded business people gather and help each other. If you check, you will surely find a networking group in your area. The networking group can meet as often as they wish, as is convenient for the participants.

Regretably, most people start with a networking group by looking for immediate gains.... that is, for favorable results for themselves. If this is what you are trying to achieve, you are networking for the wrong reasons and will be sticking out like a sore thumb.

Many people think that the size of a networking group makes the difference in networking. When groups start falling in size, members will say, "we have to build up our numbers." Now, what numbers are they referring to? Is it the number of participants? I would rather belong to a networking group of two people who can help each other on a regular basis then have a large group of business people not following the Ten Commandments of Networking. It is not the quantity, it is the quality.

"I haven't got any leads yet!" Well excuse me, have you given one, ever? Or, have you made a suggestion that might help a fellow member? Did you call anyone with a compliment and say, "Just wanted you to know, Jim, that your comments on the XYZ expansion was right on the money." One must be willing to put in time waiting also. It might take a while before people feel comfortable with offering you a referral.

Networking groups will come and go. To get the most out of your networking experience, you need to build a relationship with people who you want to have contact with. Not all members will be able to help you, nor will you be able to help them. That doesn't mean you should snub them! I still have strong relationships with my networking friends from groups that are long gone.

When networking, spend most of your time and effort on people who can help each other out, for the long term. That is right. This is a long term project. Countless times I have been to business networking events and have seen people actually run from person to person, with the expectations of first giving away their card and hoping to gather the other person's. How can you possibly build a relationship with a person when your objective is to get out there, and collect cards? Some networking groups make a game out of it to see who can collect the most in a certain time. What a waste of business cards!

You will find that a highly effective networker will "work the net". What I mean is that they will go into a function with a goal in mind. My usual goal when business networking is to have the expectation that I will "meet" and "understand" only three people per event. I know what kind of person that I can help and expect that this person will be able to do the same for me. A win/win situation is what I am talking about. The highly effective networker will take the time to cultivate a rapport.

After the business networking event is when the real work begins. After all, you are only at the networking event to meet and build rapport. Follow up ASAP. Now is the time to send a nice customized card, and call a few days after to arrange a time to meet for a coffee or to have lunch. That is when you can listen to the details of what your new "friend" requires. You might even have the chance to offer your goods and services, only after listening.

If you want to gain the most out of business networking, follow the Ten Commandments of Networking!

- 1) Thou shalt drop the "what is in it for me?" attitude.
- 2) Thou shalt listen.
- 3) Thou shalt build a relationship.
- 4) Thou shalt give the first referral.
- 5) Thou shalt not tell others of the referral you require; thou shalt "show them" with a story.
- 6) Thou shalt be specific of the type of referral.
- 7) Thou shalt reciprocate when appropriate.
- 8) Thou shalt participate in the network executive, functions, and network time.
- 9) Thou shalt thank the person who gave a referral.
- 10) Thou shalt follow up on the referral within 24 hours.

Business networking is productive and fun, and that is why it will always be part of the Bigger Picture.

Top Five Traits You Got to Have to Sell

To understand the valuable qualities in selling, experts and business owners were asked what characteristics allow a salesperson to excel.

Stellar sellers and entrepreneurs share great commonality, including personality traits. An entrepreneur will excel because she has such enthusiasm for her service, and her ebullience is embraced by prospects accustomed to the same-old, same-old hackneyed pitches. A great closer will possess an aura of competence and zeal that makes him top of the board each month.

To understand the valuable qualities in selling, I asked experts and business owners what characteristics allow a salesperson to transcend the trite.

1. Creativity. Having an appreciation for the non-obvious solution is a must if a sales pro is going to outpace the pack. While an average salesperson depends on business cards and leave-behinds, a true rainmaker brings a "unique vision to his work that makes him stand out," says Wendy Weiss, a.k.a. "The Queen of Cold-Calling" and president of Weiss Communications, a sales training and coaching company in New York City.

2. Passion. Genuine love for a product gets salespeople through the inevitable dark times, and it makes their offers all the more irresistible to their clients. Passion, like creativity, cannot be faked, so it has great weight with customers.

Paul R. DiModica is president of DigitalHatch Inc., a sales training business for high-tech firms in Peachtree City, Georgia. DiModica ranks passion as the number-one characteristic a salesperson needs. "You must believe in what you sell," he says. "This belief is communicated to the prospect invisibly."

3. Integrity. Why are used-car salesmen so poorly regarded? Because the perception is that they lack integrity and that they'll say anything to get the sale. Dave Condensa, CEO and founder of Helio Solutions, an IT consulting firm in Sunnyvale, California, thinks integrity tops the list of qualities salespeople need. "We're building a relationship, and it's imperative that the customer trusts the salesperson."

Feeling good about a purchase is a hallmark of buying from a salesperson with integrity. "Trust brings [customers] back, and that's a key factor to the success of any salesperson," adds Condensa. The importance of selling with integrity has been heightened by the recent poor ethical and financial performance of huge corporations. Says DiModica, "Customers still buy the salesperson."

4. Tenacity. Shelving feelings of rejection to keep plugging away is another essential requirement for sales success. "It takes personal courage to get up every morning and say 'I am going to be the best,'" says DiModica. It also requires a certain steely quality to persist in the wake of one dismissal after the next. Weiss agrees: "Sales requires someone who can always see possibilities, even in difficult situations."

5. Commitment. The sales cycle for any big deal can typically take months, even years. Keeping an eye on the prize, while continuing to sell to other prospects simultaneously, takes commitment. "Selling is never easy," explains DiModica. "You must have a burning desire." Weiss also believes that success is the result of a person's "willingness and intent to make things happen."

On the flip side, certain traits will surely doom any salesperson to the also-ran heap: lack of integrity, for instance. "Integrity means the person will always attempt to do the right thing for the company and the customers," says Weiss.

DiModica also points to not being prepared when trying to make a sale. "You can't just pick up the phone and call a prospect because your contact manager says it's time.

Making Your Trade Show Exhibit Successful

The key to great trade show exhibiting is marketing. But marketing is a very inexact science that leaves room for a multitude of errors to occur. Learn to avoid exhibitors' mistakes and increase your chances for a successful trade show exhibit.

Have an Exhibit Marketing Plan: Having a strategic exhibit marketing and tactical plan of action is a critical starting point. To make trade shows a powerful dimension in your company's overall marketing operation, there must be total alignment between the strategic marketing and your exhibit marketing plan.

Know and understand exactly what you wish to achieve:

- increase market share with existing users
- introduce new products/services into existing markets
- promote new products/services into new markets

Have a Promotional Plan: A significant part of your marketing includes promotion: pre-show, at-show, and post-show. Most exhibitors fail to have a plan that encompasses all three areas. Budget will play a major role in deciding what and how much promotional activity is possible.

Developing a meaningful theme that ties into your strategic marketing plan will then help to guide promotional decisions. Know whom you want to target and consider having different promotional programs aimed at the different groups you are interested in attracting. Include: direct mail, broadcast faxes, advertising, PR, sponsorship, and the Internet as possible ways to reach your target audience.

Use Direct Mail Effectively: Direct mail is still one of the most popular promotional vehicles trade show exhibitors use. Many of the mailings come from show management's lists, and as a result, everyone gets everything. Use the following to make the most of direct mail:

- use your own customer and prospect list to target the people you want to visit your trade show booth
- design a piece that is benefit-oriented and makes an impact
- starting four weeks out, mail 3 pieces at regular intervals before the show
- use first-class mail

Give Visitors an Incentive: Whatever promotional vehicles you use, make sure that you give visitors a reason to visit you. With a hall overflowing with fascinating products/services, combined with time constraints, people need an incentive to come and visit your booth.

Their primary interest is in "what's new." They are eager to learn about the latest technologies, new applications, or anything that will help save them time and/or money. Even if you don't have a new product/service to introduce, think about a new angle to promote your offerings.

Module 11: Marketing strategies

What is Marketing Strategy?

Marketing strategy is essentially a pattern or plan that integrates your organization's major goals, policies, and action sequences in a cohesive whole to achieve customer success 360 degrees. Marketing strategies are generally concerned with four Ps, product strategies, pricing, strategies, promotional strategies, and placement strategies. The focus of marketing strategies must the objectives to be achieved – not the process of planning itself.

Market Leadership Strategies

The market leader is dominant in its industry and has substantial market share. If you want to lead the market, you must be the industry leader in developing new business models and new customer value. You must be on the cutting edge of new technologies and innovative business processes. Your customer value proposition must offer a superior solution to a customers' problem, and your product must be well differentiated.

Winning In the Customer-driven Rapidly Changing Market Place

"You're headed in the right direction when you realize the customer viewpoint is more important than the company viewpoint. It's more productive to learn from your customers instead of about them."

– John Romero

Why Should You Strive To Become a Market Leader?

It's better to be the first than it is to be better. Being first in any category is going to give you the edge – being the leader comes from being first. It's much easier to get into the mind of consumers first than try to convince people you have a better product or service than the one that did get there first. Improvements are always made to product/service inventions and innovations but the first in has a head start. Once you are the leader, a position mostly gained by being first, it is pretty hard for competitors to dislodge you, as long as you keep your products up to date and of comparable quality.

Further, the first in to the market has the opportunity to have its brand name adopted as the generic category name. Once you are first and get the consumers to buy your brand, often they won't bother to switch. People tend to stick with what they've got.

Competitive Strategies
Survival vs. Market Leadership Strategies

Area of Competition	SURVIVAL STRATEGY Staying alive	LEADERSHIP STRATEGY Targeting market leadership
Winning and Retaining Customers		
Customer Value	Low cost/benefit ratio	Creating higher customer value
Marketing Strategy	Mass marketing	Differentiation and positioning
Customer Satisfaction	Customer service	Customer intimacy
Product Innovation	New attributes. Line extensions.	New product categories. New brands. Speed.
Building Your Sustainable Competitive Advantage		
Strategic Growth Focus	Building resources	Building distinctive capabilities
Innovation	Linear	Systemic
Technology Innovation	Incremental	Radical
Process Innovation	Functional improvements	Enterprise-wide BPM
Business Innovation	Perfecting traditional business model	Creating new adaptable business models

What It Takes To Become a Market Leader?

The market leader is dominant in its industry and has substantial market share. If you want to lead the market, you must be the industry leader in establishing an innovation-friendly organization, developing new business models and new products or services. You must be on the cutting edge of new technologies and innovative business processes. Your customer value proposition must offer a superior solution to a customers' problem, and your product must be well differentiated.

SWOT Analysis: Questions To Answer

- What do you offer that makes you stand out from the rest?
- Do you have any specific marketing expertise?

Keep your answers short, simple, specific, and realistic.

Strengths

- What is your strongest business asset?
- Do you consider your team strong? Why?
- What do you offer that makes you stand out from the rest?
- What unique resources do you have?
- Do you have any specific marketing expertise?
- Do you have a broad customer base?
- Additional strengths

Weaknesses

- What can be improved?
- In what areas do your competitors have the edge?
- What necessary expertise / manpower do you currently lack?
- Do you have cash flow problems?
- Are you relying primarily on just a few clients or customers?
- Additional weaknesses

Opportunities

- What trends do you see in your industry?
- What trends do you foresee?
- What trends might impact your industry?
- What external changes present interesting opportunities?
- What have you seen in the news recently that might present an opportunity?
- Additional opportunities

Threats

- What obstacles do you face?
- What is the competition doing that you're not?
- What challenges can be turned into opportunities?
- Are external economic forces affecting your bottom line?
- Additional threats

10 Strategic Tips on How To Achieve High Visibility In Your Target Market

Your Strategic Thinking Business Coach strongly emphasizes the importance of achieving high visibility and establishing yourself and your business in your targeted networks. Gaining high visibility and a positive, trusted position will ultimately enable you to build quality relationships with more people in your niche markets and result in an increased number of prospects. The people who achieve this high visibility exhibit certain characteristics and behaviors. Your Strategic Thinking Business Coach offers five (5) DO's and five (5) DONT'S to make up the following ten (10) strategic tips on how to achieve high visibility in your target market.

THE FIVE DO’S:

Strategic Tip #1: DO commit to and act as a strategic leader. Be proactive and seize the opportunity to step forward and lead.

Strategic Tip #2: DO commit to be and be a rapport builder. High visibility people develop rapport with almost every individual with whom they come in contact. Highly visible people are communication builders.

Strategic Tip #3: DO commit to and be a contributor. Give, not for the opportunity to get, but because you recognize that ultimately it will result in more opportunities to give.

Strategic Tip #4: DO commit to and be an idea generator. Highly visible people are seen as resources and people who can really help move a business, an organization and/or ideas forward.

Strategic Tip #5: DO commit to and become involved in the whole process. Highly visible people demonstrate their intentions with their actions. They "walk the talk."

THE FIVE DON'TS:

Strategic Tip #6: DON'T limit yourself to simply being a joiner. And don't attend only a meeting or two with sole purpose to sell something.

Strategic Tip #7: DON'T be a "non-involved" member of an organization. Don't stand in the background.

Strategic Tip #8: DON'T expect prospects to come to you without you reaching out to them. Don't expect anything to happen if you don't initiate contact.

Strategic Tip #9: DON'T limit yourself to meeting only a few people. Don't limit your influence to a small group of prospects you actually meet.

Strategic Tip #10: DON'T limit yourself to producing only a few contacts per opportunity. Don't exhibit a lack of energy or enthusiasm when faced with an opportunity to meet and interact with people in your target market.

Your Strategic Thinking Business Coach encourages you to commit to becoming highly visible in your target market as a strategic marketing initiative to grow your business

Modern Customer-based Relationship Approach

In today's customer-driven economy, corporations must move from product-based campaign marketing to a customer-based relationship approach. Customer relationship management is the management of customer communication over a relationship continuum. It includes relationship strategy and multi-channel relationship programs that produce both business value and customer experiences on a scale not seen in traditional marketing.

Competitive Strategies

To be successful today, your company must become competitor-oriented. You must pursue the right competitive strategy – avoid strengths of your competitors and look for weak points in their positions and then launch marketing attacks against those weak points.

Differentiation Strategy

The key to successful marketing is differentiation. "If consumers don't perceive your brand(s) as being different from those offered by the competitors, you won't win the marketing war. The battle for consumer minds is a battle of perceptions not products. Thus, "differentiation is one of the most important strategic and tactical activities in which companies must constantly engage. It is not discretionary."

Test Marketing Your New Products or Service

How do you test market a new product or service? How do you find out if people are actually going to buy it? First, make or get a prototype. Create or get a sample. If it's being manufactured somewhere else, get a sample of it. If you're going to manufacture it yourself, create a prototype so that you can show it, demonstrate it, photograph it. So that you can let people see it, touch it, feel it, and get an opinion from it.

"In the 1950s the Jacuzzi brothers invented a whirlpool bath to treat people with arthritis. Although the product worked, it was a sales flop. Very few people in the target market, sufferers from arthritis, could afford the expensive bath. So the idea languished until they tried re-launching the same product for a different market – as a luxury item for the wealthy. It became a big success.

"Strategy and timing are the Himalayas of marketing. Everything else is the Catskills."

References:

i. William. K. (1999), contemporary advertising 7th edition.
ii. Dibb et al (1997), Marketing concepts and strategies 3rd edition
iii. Kotler et al (1996), Principles of Marketing 8th edition.