
YOUR PLACE IN THE

Marketplace

**A Simple Guide To Your
Small Business Marketing Plan**





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**Got a good product?
A great service?
Unfortunately,
that's not enough.**

Today, smart, targeted, relentless marketing is often the difference between a business that has reached a plateau and one that has reached its potential. Savvy entrepreneurs who respect the power of marketing set aside money for it in their annual budgets. They think of marketing not as an expense, but an investment.

In simple, easy-to-understand language, this book aims to take the mystery out of writing a marketing plan.

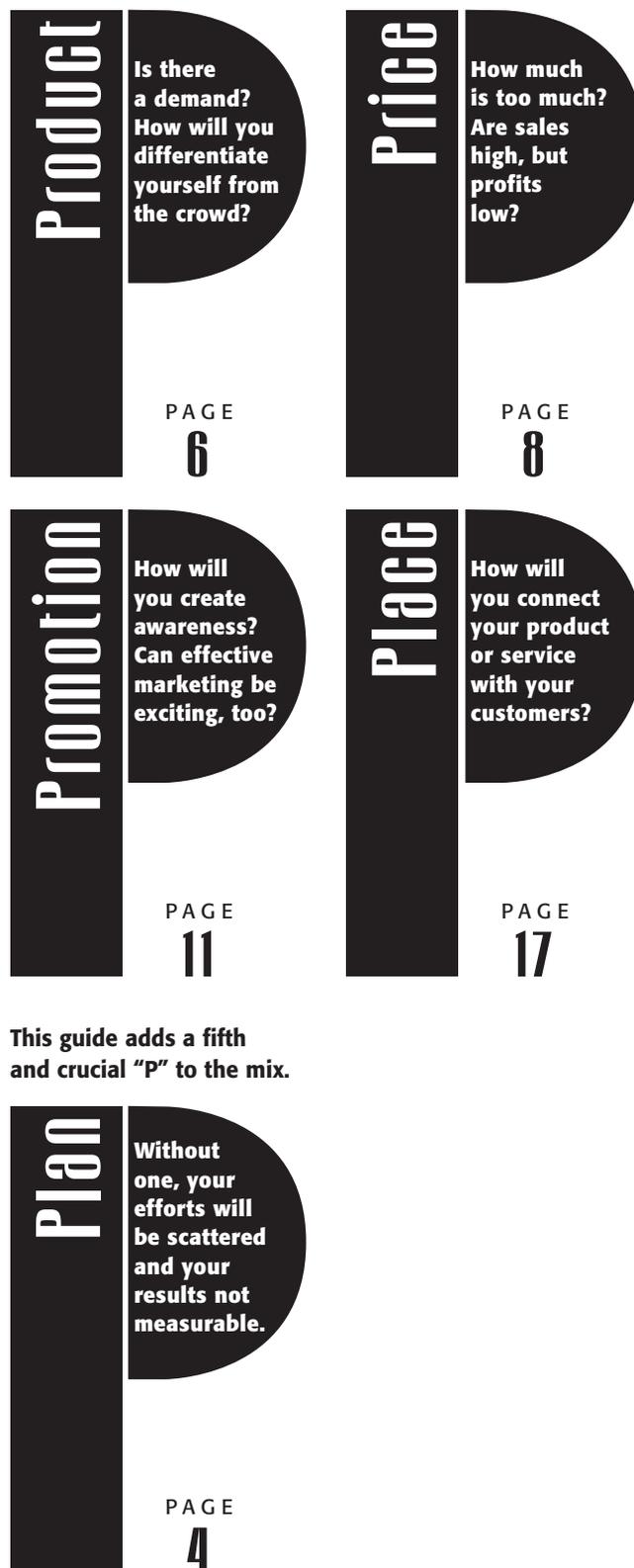
Between the covers is a basic framework for "selling yourself" as a company. Whether you're a retailer or a manufacturer, whether you sell a product or service, whether you operate from a storefront or on the Internet – thinking like a marketer is the first step.

Remember that your business is not a photo, but a video. Industry trends, consumer sentiment and the economy – these are all in constant motion and so you must be, too. Your "5Ps" must change, grow, adjust and evolve.

This material is not intended to provide or take the place of legal or professional financial advice. If you need advice, look for a professional financial manager, consultant, accountant and/or attorney.

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This book explains the classic "4Ps," which make up the four corners of a marketing foundation:



This guide adds a fifth and crucial "P" to the mix.

Marketing your small business may seem like a daunting task, but like all tasks, the first step is to formulate a plan. Remember that lenders look closely at your marketing plan in relation to your financial statements.

You need to designate a specific amount of money in the yearly budget for marketing. Keep in mind that new businesses often require more marketing dollars to establish themselves than companies who have already made a name for themselves.

A Goal Isn't a Goal Unless You Write It Down

Make marketing real. Start by physically setting yourself up. Organize a file system, with clearly marked folders. Add marketing folders to your computer's hard drive.

As you begin to think about your goals and plan of attack, always write them down. Keep paper and pen nearby so your thoughts won't get lost in the shuffle. And be specific!

Now, respect your plan and chip away at it. And when you're feeling overwhelmed, it helps to focus your energy. Circle one thing on your list to work on, cross it off the list — and your sense of accomplishment will fuel you to tackle the others.

Without a Target There's No Bullseye

No doubt, you've heard the phrase "target market." So what is it? The best way to illustrate the point would be to squeeze out an example.

Take toothpaste. In the old days, it was pretty much a one-tube-fits-all product. There were a few brands to choose from, with very little difference. Have you walked down the toothpaste aisle lately? There's kids toothpaste, whitening toothpaste, sensitive teeth toothpaste, baking soda toothpaste, striped toothpaste, fluoride toothpaste...the selection is telling, indeed.

Segmented markets produce the greatest sales potential. Put another way, don't try to be all things to all customers. Refine your efforts. Focus on the most targeted segments of the market, the ones you can serve best.

Know Your Audience

How do you find segmented markets? You must think constantly about who your customers are. In what ways will they use your product or service? How often will they buy?

If you're targeting consumers, think about their age, income, gender, education, marital status, profession, lifestyle, hobbies and household size in relation to your product or service.

If you're targeting businesses, what size are they? Think about segments in terms of annual sales, number of employees, number of locations, etc.

Gather market research at every opportunity. There's a wealth of data on web sites, at the library, in magazines, newspapers, reference books and trade journals. The government is a good resource for information and statistics.

Lastly, ask! Talking to your existing clients not only makes for good customer relations, but it can also bring great insight into the best way to target new ones. Find out what your customers like, what they want and what they need — then give it to them.

Treasure Your Existing Customers

All too often, small business owners make the mistake of thinking that marketing is only to attract new customers. What about the ones you already have? They're a captive audience, already "sold" on your company, so don't forget to let them know how much you value their business.

Keep a detailed list of your customers and study it. Break the list down however you like: by sales volume, buying frequency, etc. Review patterns. If a customer tends to buy heavily in the spring, contact them in March.

Convince Customers They Need You Before They Need You

Marketing can be “passive” or “aggressive.” The result of passive advertising is that you wait until a customer needs you. Aggressive companies don’t wait; they create opportunities. They know that marketing consistency wins customers long before they need you.

For example, Pipe Dreams is a small plumbing and heating company. Their ad used to appear in the local phone book and customers would call when their hot water heaters burst. That was passive advertising.

Now Pipe Dreams places frequent ads in the community, sends out fridge magnets and buys radio time. The strategy is, the next time a potential customer’s water heater breaks, Pipe Dreams will be the first plumber that comes to mind.

Advertising Is Marketing, But Marketing Isn’t Just Advertising.

The ways to market your business go way beyond placing an ad in your local paper. The overall marketing might include sponsoring a cultural event, participating in a trade show or appearing on a local radio show as a guest. Your efforts should be diverse and flexible.

Tune In to Frequency

The owner of a small business runs an ad every quarter and comes to the conclusion that “Ads just don’t work!” Remember, once isn’t enough. The goal is to become a constant presence rather than a flash in the pan. For example, rather than running one big ad in your industry’s trade journal every quarter, place smaller ads once a month for a year.

Use Downtime to Move Up

If your sales slow down, don’t slow down your marketing efforts. Not being consistent is a classic mistake. Use slow time to restore and create demand with aggressive efforts. Remember that the only thing you’ll get from less marketing is less business.

Be smart about *when* you place ads. For example, a local magazine rep calls offering a small interior design company ad space in an upcoming design issue. But how many similar companies will be advertising as well? Wouldn’t it be a better idea to hold off, to capture more “quiet time” with prospective clients?

Step Outside The Box

Thinking creatively about *where* to market should be at the foundation of your efforts. Suppose you own a small finance company. Don’t automatically place ads in financial journals. Instead, how about your ads appearing in home construction magazines? Always think of places to reach an audience where you’ll have the greatest impact.

F.Y.I.

Your Marketing Budget: How Big Should It Be?

Because marketing needs and costs vary widely, there are no simple rules for determining your budget. A popular method among small business owners is to allocate a percentage of gross sales for marketing. But if you’re launching a new business or product, the challenge will likely demand a larger financial commitment.

Another method used by small business owners is to analyze and estimate the competition’s budget, then to use it as a guide when determining your own.

Once your Marketing Plan is complete, estimate the costs of each marketing activity you have described, and arrive at a grand total. Having a “hard number” will help keep everyone on track over the course of the coming year.

Maxtronics, a retailer of electronic games with three locations, might have a Marketing Budget that looks like this:

Direct mail printing	\$5,000
Direct mail mailing cost	\$2,000
Web site development	\$5,000
Development of ads	\$2,000
Ad space in local magazine	\$3,000
Sponsorship of “Today’s Gear” radio show	\$2,000
Booth at Teen Expo	\$3,000
Production costs –	
T-shirts/temporary tattoos	\$1,000
Total marketing budget	\$23,000

Why should someone use your product or service? What do you have that your competitors don't? Your Unique Selling Proposition (USP) should be the cornerstone of your thinking when designing and marketing products. Your product or service must have the potential to sell. Make your product or service stand apart from the crowd in any way you can. Make sure there's a demand for it.

Staying Flexible Is Part of Growing

In order to stay vital, most businesses have to practice fluid thinking. Revising, adjusting and improving products and services to meet customer needs will keep you vital. If a particular product isn't selling, why offer it? If another product is selling well, expand on it.

Take the example of The Mouse Trap, a small business that custom builds computers and sells them in a retail space. When it seemed that 8 out of 10 customers inquired about tutoring, a light went off in the owner's head. A few weeks later, he was offering evening classes, and even making house calls to his customers, who were willing to pay handsomely for help with their new machines. He expanded his services to meet the demand of his customers.

Service Is Everybody's Product

All the marketing in the world can do but one job: bring customers to you. What you do with them then is your choice. It matters very little whether you landscape gardens or sell shoes — customer service should be every business owner's priority.

Your corporate culture or the standard of behavior you set for your company is key. Are salespeople friendly and helpful? Is the phone answered politely? Do you follow a sale with a thank-you letter, a phone call or an e-mail? The way your business "behaves" is marketing in action.

Asking friends to act as undercover customers can give you unbiased feedback about how client-friendly your business truly is. Whether ordering a thousand widgets from your manufacturing facility or dropping off some dry cleaning, their feedback on the experience can be invaluable.

Discovering Your Features & Benefits

All products and services have features and benefits. Features are your products' characteristics that translate into benefits. For example, an air mattress with an attached pump is a feature. The benefit? The pump takes the work out of making a guest bed.

Features are easy to point out, but describing benefits may take more thought. Benefits that provide emotional or financial rewards are especially attractive to people. Financial rewards allow the buyer to save money, make money, or gain time (since time is money). Emotional rewards allow the buyer to feel better.

- > **An emotional payoff:** the benefit of low-fat cookies is not reduced caloric intake; it's what a thinner body might bring.
- > **A financial payoff:** the benefit of professional asset management is not retiring with more money, but being able to enjoy your golden years.

Reap The Benefits of Asking Your Customers

How do you clearly identify your benefits? Consider your target markets' viewpoints. Develop surveys. Talk to customers and ask them for suggestions or ideas for improving your products and services.

Look at who has purchased your product in the past. Develop profiles (a list of information) about these customers. What do the profiles tell you about your benefits? On the reverse side, understand the value of customer complaints. What benefits are missing? You could even train employees to question customers about what they like and don't like.

Once you know your benefits, use them relentlessly in your marketing material and in all selling situations.

Competition: Know What You're Up Against

Business is highly competitive. If you're not aware of your competition, how will you offer customers something different or better? Don't just compare obvious things like product and price. Compare your quality, promotion, perceived value, flexibility, prestige, knowledge, innovation, reliability, and schedules. It will become obvious where your business needs to improve.

Find out the answers to these questions:

- Who are your closest competitors?
- Are these businesses growing or shrinking?
- How do they run their operations?
- What are their strengths and weaknesses?
- How do their products and services differ from yours?
- In what ways are they the same?
- What are their sales strategies?
- Who are their target markets?
- How do their prices compare to yours?

Information Is a Powerful Tool

Create a file for each of your competitors. Include their advertisements, promotional materials, prices, and any other research you gain. Review their marketing materials throughout the year for content and frequency. Know what promotions they run, when they offer sales and what events they sponsor.

Where can you gather data on your competition? These days, it flows freely. Log on to their web sites, search the Internet, flip through written sources (local newspapers, industry/trade publications) and attend trade shows where they exhibit.

There's no rule against doing a little investigating to explore the field you'll be playing on. Pick up the phone, log on to your competitor's web sites or visit in person. If you're uncomfortable doing this yourself, or you think a competitor would be resistant to your visit, send a "secret shopper" instead.

Differentiation

A thorough understanding of your benefits compared to your competitors' allows you to compete through differentiation. Now you can explain how your product is different or better — your Unique Selling Proposition.

What happens if your product or service really isn't all that different? Keep in mind that a company differentiates itself when prospects and customers *perceive* it to be different. How can you create this defining factor?

- **Be New** Be the first to offer a new product or service. There can only be one "first," so claim the leader position if you can.
- **Be Improved** Improving your product or service shows you care about customer satisfaction. Remember, when you modify your product's features, benefits will change.
- **Be Creative** For example, by putting products or services into groupings, you can create perceived value. A hair salon charges one price for a cut, another fee for a color. When they decided to add in a blow dry and call it the "Total Trio," sales went up.

Little Things Count

Any opportunity you can seize — or create — to further your marketing cause deserves consideration. Be a relentless promoter of your business. Get creative. Have fun! Remember that little things can equal big impressions.

- Suppose you own a restaurant. The wait staff includes a response card with every check, asking about the food and service, and for a mailing address. The card also asks for a birthday (month and day only). A month before the big event, you send a mailing offering them a complimentary birthday cake if they celebrate at your restaurant. The mailing costs a few dollars, the cake may cost you \$30, but you get \$400 in business and 15 new people who can now tell others about your wonderful restaurant.
- If you own a windshield repair service, every car that leaves your premises is vacuumed and given an air freshener.
- Your delivery service gives the client a chocolate bar each time you pick up a package.

Nothing is more important than the price you get for your products or services. You must offer them at prices your market is willing to pay, yet ensure that you make a profit.

Reaching the Break-Even Point

A company is at the break-even point when it has neither a profit nor a loss. For example, if it costs you \$500 to produce a product and you sell it for \$500, you are at the break-even point — with \$0 profit or loss.

To determine your break-even point, you must know your expenses. Expenses can be divided into two categories:

- 1 **Fixed expenses** do not change whether sales are up or down. For example, your rent.
- 2 **Variable expenses** do change. Factors that might affect these expenses are inventory costs, sales commissions and how good or bad business is.

FINDING A PRODUCT'S BREAK-EVEN POINT

Example: Colina Corkscrew Inc.

\$500,000	100%	Total Sales
- \$350,000	- 70%	less Variable Expenses (cost to produce \$500K in products)
\$150,000	30%	Margin/Profit
- \$100,000		Total Fixed Expenses
\$50,000		Profit
<hr style="border-top: 1px dashed black;"/>		
\$100,000		Total Fixed Expenses
÷ 30%		divided by the Margin
\$333,333		Sales needed to cover expenses or break even

To increase profits, lower expenses or increase sales.

FINDING A SERVICE'S BREAK-EVEN POINT

Example: Ezra's Interiors charges \$100 an hour for design services. Rent and other fixed expenses total \$30,000 annually. The firm has one project assistant who is paid \$25 an hour.

\$30,000	Fixed Expenses
÷ \$0.25	Variable Expense (divide \$25 paid to the assistant by the \$100 hourly fee). Math Reminder .25 = 25%
\$120,000	Sales needed to cover expenses or break-even

The \$100 hourly charge does not create a profit since the break-even amount is \$120,000.

\$200,000	Sales (\$100/hour x 2000* billable hours)
- \$30,000	less Fixed Expenses
- \$50,000	less Variable Expenses ((\$25/hour to assistant x 2000 hours)
\$120,000	Profit

The hourly rate must be increased or the assistant's fee must be lowered.

Pricing for Profit You're in business to make money, so sales and expenses must be adjusted to gain the profit you want. These adjustments might include increasing your sales, raising prices or fees and lowering expenses.

ADJUSTING A PRODUCT'S BREAK-EVEN POINT

Lower variable expenses to 60% and profits rise to \$100,000.

\$500,000	100%	Sales
- \$300,000	- 60%	less Variable Expenses
\$200,000	40%	Margin
- \$100,000		less Fixed Expenses
\$100,000		Profit

Raise prices to increase sales to \$800,000 and the profit rises to \$140,000.

\$800,000	100%	Sales
- \$560,000	- 70%	less Variable Expenses
\$240,000	30%	Margin
- \$100,000		less Fixed Expenses
\$140,000		Profit

ADJUSTING A SERVICE'S BREAK-EVEN POINT

Lower the assistant's rate and profits are \$140,000

\$200,000	2,000* hours x \$100 per hour
- \$30,000	less Fixed Expenses
- \$30,000	less Variable Expenses (2000* hours x \$15 per)
\$140,000	Profit

Raise the hourly fee to \$125 and profits are \$170,000.

\$250,000	2,000* hours x \$125 per hour
- \$30,000	less Fixed Expenses
- \$50,000	less Variable Expenses (2000* hours x \$25 per)
\$170,000	Profit

* This example is based on **2000 billable hours** annually (250 days a year x 8 hours a day = 2,000 hours). Why not 365 days? Subtract for holidays, vacations, sick days, and non-billable activities.

Name Your Price

Fair pricing is a delicate balancing act. Charge too little and your profits are too low — charge too much, and your sales go down. So how do you determine a fair price for your product without pricing yourself out of business?

Think of your cost (what it costs to offer your product or service) as the floor, and your product's perceived value (what you sell it for) as the ceiling. Somewhere between the two is the right price — the price that seems fair to your customers *and* brings you a profit.

What Will The Market Bear? How much are your customers willing to pay? For example, a company produces widgets for \$2 each and they're a top seller. The price is raised to \$2.50 and sales come to a screeching halt. The good news is, they've learned what their market will bear.

Consider Price and Demand Sometimes it's more important to consider a product's total contribution to profits rather than what it's sold for. For example, the owner of a coffee shop wants to sell a new popular frozen drink which costs him \$1. Based on his research, he found he shouldn't sell the drink for the highest price (\$5) or for what will move the most number of units (\$2). The best price (\$3) maximizes the item's contribution to his profit. The coffee shop sells the drink for \$3, but its "total contribution" is that it brings people in who buy a muffin as well.

Perceived Value. Determining a price for your product is based on many factors, but don't forget to consider perceived value. Suppose you were asked if you'd pay \$40,000 for a car. Your first response would be, "What kind of car?" This simple exchange illustrates the two main ingredients in the pricing pie: what you will pay *vs.* what you expect to receive.

Value-based pricing goes beyond a standard mark-up method, allowing you to think about your business from the customer's perspective, their perceived value of your product or service. Understand the perceived value of your product or service by studying its consumer benefits, convenience and quality. Factor in your company's image, reputation and packaging. Think about customer demand and competitive prices.

For example, Copy To Go comes to its customers to pick up printing jobs, then delivers when the job is done. Because this convenience eliminates an hour or so of down time for customers for every job, Copy To Go can charge more than the printer down the street who doesn't offer these services.

A Few Value-based Pricing Strategies

- **Aim High** There are instances when you can charge a high price compared to your costs: if your product is unique and valuable, if your target market is affluent or if you're offering something prestigious. If you're selling bike helmets with a headlight built in — and no one else is — you can probably charge more. If you have a great location or you can offer the convenience of free delivery, you can push your prices a bit higher.

- **Custom Design** Sometimes creating a product to suit your audience affects pricing. For example, you're a company that designs and manufactures solid brass doorknockers. A very upscale catalog company wants to include them in their book. It might be better if you developed a more expensive collection just for the catalog's clientele. On the flip side, if you were a florist doing business in a working class neighborhood, it would be smart to offer more affordable bouquets.

- **Stay the Same.** Keep your price the same as your competitors when offering a similar product or service, when prices are well-established or when you have nothing that would justify a higher price.

- **Go Low.** A low-price strategy gains customers who are price sensitive, allowing you to create awareness and establish your business. Make sure you are producing a profit. If your prices cannot be the cheapest, make customers believe they're getting something special for the extra expense.

- **Give Them a Break.** Consider offering cash discounts to customers who pay promptly, since they help you maintain a positive cash flow. Offer quantity discounts on large orders, since the cost-per-unit to sell or deliver your product will likely go down.

- **Mix It Up.** Price some products low to attract customers, but put a higher mark-up on other items to make up for it.

- **Pricing Is Not Forever** As your business grows and changes, be sure to fine-tune your prices. The factors that determine the price of your product — cost increases, seasonal demands, product upgrades — change. While you don't want to confuse your customers with constant price adjustments, don't be afraid to revisit the math regularly to make sure you're still turning a profit.

- **After The Sales** Don't forget to factor in what it will cost to service the customer after the sale. Do you provide customer service, technical advice, maintenance, returns or exchanges? All these costs should be included in the pricing mix.

Creating effective ads, designing brochures, developing web sites and writing press releases is challenging. But, armed with a few basics, you can have fun promoting your company.

Promotional materials serve as “reminders” of the benefits of your products and services. Every piece of promotion you do is another step toward building your company. Each one encourages existing customers to buy more and attracts new customers to replace lost business. Remember, your promotional efforts probably won’t create an instant customer base or cause sales to skyrocket. Growing a business takes time, perseverance and consistency.

Hiring graphic designers, copywriters, mailing houses and printers to promote your business gives you a polished image. Find creative professionals by looking in the yellow pages, searching the Internet and asking for referrals from other small businesses.

COMMUNICATIONS BASICS

The Playing Field

The world we live in is exploding with marketing messages. Today, we are marketed to when we’re put on hold, when we rent movies, go online, open our bills, even when we pump our gas. This week alone, you’ll be bombarded with *thousands* of marketing messages.

Just notice what happens on the TV screen as the credits are run after your favorite show. You might see the logo of your local TV station, a sponsor logo and slogan, a current event headline, the time and temperature, even the weather forecast, all on screen at the same time! What a telling example of how inundated with information audiences are these days.

Less Is More

Trying to jam every little point about your product into one ad is a great way to make sure none of them get through. Smart communication is built on a foundation of discipline. Exercise restraint constantly. Choose your information wisely, for it will be competing with scores of other messages. (Will “free parking” really attract more customers?) If you have a list of ten points you want to make in a communication, include the top one or two only. Trust that once you gather customers, you will have the opportunity to make the rest of your points.

Mix It Up

Don’t put all your marketing eggs in the same basket. Try a variety of marketing vehicles, and in different combinations. You’ll soon get a feel for which ones work. For more information about media choices, see page 12.

Back Into Your Message

Smart communication isn’t what you want to say, but saying what your audience wants to hear. This strategy grows from one of the basic principles of marketing: to know your audience. If your response cards and customer surveys show that your clients care about price above all, then make price your lead point. Make it your business to find out what your audience wants to hear, and gear your messages accordingly.

The Glaze Phrase

“Great quality at great prices.” “We value our customers.” “The best for less.” Consumers have heard these clichés a million times, so what makes you think they’ll listen when you say them? Use marketing language that’s fresh and interesting. Instead of saying, “We have a large selection,” how about, “You’d have to go to China to find more varieties of tea!” Say the same old thing, but in a brand new way.

Remember that telling isn’t necessarily selling. Consumers read from one point of view: “What’s in it for me?” So instead of listing a feature of your product (“Our travel agency offers electronic ticketing”), talk about the benefit to your customer (“Save time, gas and parking hassles — one click of the mouse and you’re on your way!”).

Your Name

Marketing starts with your company's name. Smart marketers know that it's a big task to get consumers to remember a name, so make sure your name is simple and memorable. If you repair computers, which name would be more consumer-friendly: JB Computer Repair or The Mouse Trap?

Make sure your name isn't already "taken." One determining factor might be, "Is the name available for a web site?" You can go online and check yourself. An attorney can check for registered trademarks. Contact your Secretary of State's office to see if a company name is being used in your state.

Your Logo

A company's logo — the symbol that represents the business — is the very foundation of your image. A logo should be easy to recognize and read, whether it's large or small. Color helps to "brand" your company. Once you settle on logo colors, use them persistently to help customers associate you with them. Put your logo everywhere — on your products, signs, business cards and stationery. Use it consistently and proudly. If you invest in making the right first impression, it's likely to be a lasting impression.

Your Tagline

Your company slogan should be short and memorable. In some cases, it has to work very hard. Suppose your company name is unspecific, like Ocean State Restoration. What do you restore: cars, homes or antique boats? In this case, a tagline — "New life for old boats" — is a hard-working completion to the name. Include your tagline wherever your logo appears.

Your Packaging

Suppose someone handed you a brown paper bag with a gold watch inside. Now imagine getting that same watch in a sleek black velvet box, wrapped with a gorgeous gold ribbon. Pay careful attention to presentation and packaging. If you deal with the public, make sure everything they see or leave with — bags, boxes, menus, gift wrap, etc. — reflects your image in a positive way.

Your Printed Material

If it's on paper, it's a crucial piece to your image puzzle. Ads, direct mail, brochures and flyers all represent your image, so make sure they look professional. But even if you don't use any of them, chances are you're still using printed material in the form of invoices or letters to your customers. Remember, everything reflects your image!

Your Physical Space

Even if customers and clients rarely come to you, there needs to be a professional standard for the appearance of your space. When a store, factory or office is pleasant, orderly and clean, it affects attitude and productivity. When a space is orderly, it affects productivity. If clients and customers visit your location, take a look at it from their point of view. Is it comfortable? Is it safe? Is it the best reflection of your image? If not, there are simple, inexpensive ways to remedy the situation. A few gallons of paint or some storage units could make a huge improvement.

F.Y.I.

Is Your Marketing List-Less?

Smart marketers understand that good lists are invaluable marketing tools, and they mine for names as if they were gold. The word "lists" is plural because, the more specific the list, the more specific you can be in your marketing. You could potentially have a list of customers who buy regularly, a list of customers who haven't bought in a year, or a list of prospective customers who've never done business with you.

You can rent or buy databases for just about any group imaginable. If your business is open to the public, you could easily develop your own list from active customers. Why not keep a book for people to sign? Or a fishbowl for people to drop their business cards in? Another idea might be to print response cards that ask for feedback — and a name & address.

Your Web Site

The web is a powerful marketing tool, opening your business to potential customers all over the world. Your web site does not have to be extensive. Keep it simple, pleasing to the eye and easy to navigate, with clear, well-written copy. Be polite to your visitors, giving them several ways to communicate with you, and make sure there's a system in place to handle inquiries.

Tools of the Trade

Media is the varied means of communication — the ways you market your company, including print ads, radio, television, direct mail, telemarketing and having a web site. Every business needs to find which mix of media tools works best for them. Don't make the mistake of spreading yourself too thin. Each marketing tool demands frequency.

Direct Mail

Sending a mailer, whether a postcard, a letter or a discount coupon can be a highly effective marketing tool, but it takes a lot of calculated thinking. Today's customer is savvy and can pick out "junk mail" instantly. So work hard on being creative. Ask yourself, "Would I read this or toss it?"

For starters, keep in mind that a 2% response rate (20 responses from 1,000 letters) is common. Your success depends on the quality of three things: the list, the offer and the creativity. The more personalized you can make direct mail, the better.

The postcard is a terrific direct mail vehicle. As long as you keep it clean and simple, everyone's got time to read this "mini billboard." Another benefit? It's cheaper to produce and mail.

Make it easy for the recipient to respond to your direct marketing efforts by giving them choices. They could potentially contact you by phone, fax or e-mail. They could visit you via your web site or in person. Or you could include a BRC (Business Reply Card), a very hardworking little direct mail tool.

Recipients tear off a BRC, fill in some information and send it back to you. Design the BRC to be easy. People are more likely to check off boxes than to actually write something. Also, you'll get a better response if you don't expect a potential customer to provide a stamp. Set up a bulk permit account at the post office.

Television

Throwing your hat into the TV arena is relatively expensive, but very effective in establishing a presence in the marketplace. Ask local TV stations, both network and cable, about packages they offer. Often, they'll produce your TV spot and give you air time for a set fee, but be careful. Be sure you reach exactly who you want. If it's in the budget, hiring a media buyer can be very helpful.

Radio

Before deciding whether to use radio in your marketing mix, determine if your target audience is listening. If you're hoping to reach CEOs, chances are good they're not tuned in to the radio.

Radio is best used when you create mental imagery. Don't be afraid to use sound effects to paint a picture, or music to set a mood. Hiring a writer to create and produce your spots is the best way to go. If that's not in the budget, most radio stations can provide everything you need: the copy, the engineer, the voices and the airplay. The more spots you buy, the cheaper they will be. Be clear on when the ads will air, then listen to make sure they do.

Print Ads

Print ads are in a tough competition, with the reader's attention as the prize. Therefore, don't make your ads too busy. You'll find that a "less is more" approach cuts through. Your ad should include a headline, a visual (pictures or graphics are proven attention-getters) and some short text. Also included is your "hard information" — address, phone, web site, hours of operation, etc.

A word about text: Advertisers sometimes forget to offer evidence of their claims. Remember, your audience has heard words like "quality" and "value" many times before. Prove your point with new information or an offer that backs up your claim. Always end with a "call to action" that directs readers to move in your direction.

Internet and Worldwide Web

The Web is a powerful worldwide marketing tool. Developing a web site takes a lot of work and planning. Have you secured a web address? Who will help you develop the site? What information will be included? If you sell on your site, who will handle the transactions and respond to inquiries? How will the site be maintained and updated?

Creating traffic on your web site is crucial. Register with as many search engines as you can. And be sure to read *The Power of Partnerships* on page 14 for some good ideas on increasing traffic.

Without a web site, you can still take advantage of the Internet by setting up an e-mail account. E-mail allows you to send and receive business information quickly and globally.

Public Relations

Giving talks to trade groups, getting mentioned in a national trade publication, having your local newspaper do a story on your business, sponsoring an event — these are all public relations in action.

The backbone of public relations is the press release, a one-page workhorse that tells the “who, what, when, where and why” of a special event or new product. A successful press release has newsworthy content and should be sent (via e-mail, newswire, fax or mail) to editors of your local newspapers and magazines, pertinent business publications, or your industry’s trade journals — anyone who would be interested in your products and services.

The press release doesn’t have to be creatively written. It should be clear, simple and loaded with facts that can be used by a newspaper reporter or trade publication editor. Usually the last paragraph is reserved for company information. If appropriate, include a good photograph. If there is a story written about you in the local paper and a wire service picks up on it, your article could run nationwide.

Merchandising

Another good way to promote your business is to design merchandise — like T-shirts, caps, mugs and calendars — that features your logo. Think for a minute of all the T-shirts you see with big company logos: the wearer is like a walking billboard!

Start small when producing merchandise and be clear on all the production costs up front. Unless your business is solidly established, and there’s some consumer demand, you will probably have to give merchandise away instead of selling it. It can be a viable marketing tool when used as an incentive. (“Spend \$100 and get a travel mug with our thanks.”)

Trade Shows

Trade shows are a powerful, concentrated marketing medium because they take place at one location for a short time, bringing together many exhibitors and potential customers. Trade shows also level the playing field since smaller companies can be on the same floor as the larger companies.

In the trade show arena, you’re able to introduce and demonstrate your products and services in a way not possible in other marketing channels. By being an exhibitor, you can generate many sales leads and make actual sales. It’s a wonderful setting for meeting customers, competitors and suppliers, and for finding new distributors and dealers.

There are thousands of trade shows held every year, so pick the most important shows. Observe which ones your competitors attend and which have the most traffic. Develop a budget, which includes the cost to create and ship a booth as well as the marketing materials you’ll need. Don’t forget the cost of traveling, accommodations and food.

Can’t afford to exhibit? You can still gain a lot of research by attending trade shows. What a perfect opportunity to view your competitors’ displays from a customer’s point of view.

Word of Mouth

Word of mouth is advertising that costs virtually nothing! Studies have shown that word of mouth is taken very seriously among potential customers, so strive to make every customer happy. But suppose your best customers are across the country. Could word of mouth advertising benefit you? Take the manufacturer who built a great relationship with a long-distance client. At the annual trade show, that client passed along the manufacturer’s name to two or three “big fish” in the industry, who eventually became clients as well.

Serious thought must be given to how your product will get to the customer, a crucial matter to discuss in your Marketing Plan. Keep in mind that your company may use several distribution channels. For example, you may sell directly to customers who place large orders, but also to those who buy small quantities through retail outlets.

Methods for Reaching Customers

- **Selling directly to the end user** means ordering products directly from a manufacturer or distributor, and then keeping them in stock until you receive an order. You are responsible for storage, bookkeeping, shipping and handling, customer service and marketing. The advantage is you can ship orders immediately, with control over good customer service. In addition, you have a bank of customer information you can use to market your product in the future. The disadvantage is that you tie up money for inventory that could just sit on your shelves. Before deciding to sell direct, ask yourself important questions: Will you accept credit cards? How much commission will you pay to the credit card company? Who will help your customers with information requests, orders, status inquiries and returns? Will your credit policy allow customers to pay you at a later date? In 30 or 60 days?
- **Selling to a wholesaler** A wholesaler will buy a large quantity from you, to resell at a profit. The wholesaler handles the shipping and storage and takes a percentage of the final sale.
- **Selling through a manufacturer's representative** A rep will sell your product, along with those of others in the same business, for a commission.
- **Selling by consignment** Someone else sells your product and the sale price is divided. For example, the consigner or drop-shipper sells your product for 40% of suggested retail, and may also charge another 10% for drop-shipping services. Most drop-shippers allow you to send them your labels and forms, so the package looks like it came from your company. Be prepared for lower profit margins and investigate their customer service to insure it is up to your standards.
- **Selling via the Internet** Selling online is like operating from a virtual "mail-order storefront." See page 12.

The Power of Partnerships

Forming partnerships with other businesses can be mutually beneficial to all involved. And your partner's business doesn't have to be even remotely like your own. One phone service provider offers new customers a free pint of a top-brand ice cream every month for a year. A carpet retailer might offer a gift certificate to a local restaurant with every purchase.

If your business has a web site, you know that the worldwide web seems like it was custom designed for partnerships. There are "links" that will connect people from one web site to another with a click of the mouse. Suppose you manufacture pet supplies for people who travel a lot — airline-friendly pet containers, portable food bowls and pet tags that come in two languages. Wouldn't it make sense to have your web site appear as a link on a travel agency web site?

If you think a partnership might work for your business, approach the idea with professionalism and a well-thought-out plan. Find out the name of the right person to approach. Then, make a presentation that emphasizes the benefits your potential partner will reap. All the details — the "what ifs" — should be considered and worked out.

F.Y.I.

These days, it is entirely possible to run a business that outsources everything to a "fulfillment house." For a percentage of each sale, these houses handle some or all aspects of getting product into the customer's hands. They can warehouse your inventory, order replacement products from you, and provide the Internet shopping cart on your web site. When an order is placed, they'll handle it all — from packing and shipping to processing credit cards and handling customer service.

How do you measure the effectiveness of your marketing? Let's say you've had a great year. Profits are way up. Is it because of the economy? Word of mouth? The time of year? Would profits have grown if you did more marketing? Isolating your marketing effectiveness may be tricky, but it's not impossible.

Tracking Your Results

Establish a method for determining how customers find you, then keep track of the results. Whatever system you use, tracking is the only way you can assess marketing effectiveness. Tracking can make the crucial distinction between which media choices bring inquiries and which bring sales. For example, if you have a web site, a tracking program can monitor the number of site visitors (inquiries). If you've done a coupon promotion, you can simply count the number of coupons customers redeem (sales).

As we discussed on page 12, change is important when it comes to which mix of marketing tools you use. Tracking can be important in keeping the mix effective. When you see results from one media choice dwindling, you know it might be time to give it a rest and try something else. For example, in the summer, radio listeners are likely to be outdoors and away from their radios. If response from your radio spots dwindles, it may be time to move on to something else.

Ways To Track

Just Ask It's so simple. Why not just ask your customers how they heard of you? Always engage them in conversation — their feedback is one of the most valuable tools a business owner can use. Send a survey after you render a service or ship an order. Call or e-mail customers. Ask them what they liked (or didn't like) about the experience of doing business with your company. Especially right after a marketing promotion, keep close track of where customers heard about the promotion.

The Mention of Your Name Whether you're using print ads, TV & radio commercials or mailings, "the mention" is the granddaddy of measuring techniques. Simply put, "Mention this ad and get 10% off" works.

But Hurry...This Sale Won't Last A sale or special promotion is a great way to measure marketing effectiveness. Have a big sale this September, then again next September, and compare figures. Run a weeklong promotion and compare sales to a non-promotion week.

Keep Your "Price Category" in Mind

One factor that will impact the way you measure effectiveness is your price category. For example, if you're selling homemade candy for \$5 a box, consumers are more likely to buy immediately after seeing your ad or flyer. After all, it's only \$5, so your sales may likely show a spike. But if, on the other hand, you're selling luxury automobiles, response will obviously have to be measured over a longer period of time.

Be Well Adjusted

We've established that adjusting your media mix is a good idea, but it shouldn't be the only ingredient that is constantly under review. Your budget (see "Your Marketing Budget" on page 5) always needs updating. You may also need to change your product or service (review "Discovering Your Features and Benefits" on page 6). And lastly, your prices should be scrutinized regularly (see Value-Based Prices on page 9).

Be patient and persevere. A successful marketing and media mix is a trial-and-error process. Trying out various options and assessing results could take several years. Remember to stay fluid in your thinking, constantly adjusting your goals to reflect the ever-changing marketplace.