

SAVVY ENTREPRENEURSHIP

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Marketing Essentials

LEARNING OBJECTIVES

- Understand and develop a marketing plan
- Target marketing at specific customer segments
- Evaluate the market through different market-research methods
- Identify the 4 Ps of marketing and apply them to a small business
- Develop a SWOT analysis
- Develop marketing promotions that fit your company's needs
- Analyze customer response through various means
- Demonstrate professional communication skills by conducting a phone survey

The Marketing Plan

- Is focused on how to get your product into your customers' hands; serves as the "game plan" for the business
- Defining the target market: Identifying the specific group of customers and their unique needs and wants
- Customer segmentation: Breaking a large population into smaller, targetable groups called market segments

Target Market (cont.)

Four types of characteristics used to create market segments:

- Demographic: Based on basic statistical data like age, gender, and income
- Geographic: Based on where the target market is located (neighborhood, urban vs. rural)
- Psychographic: Based on values, attitudes, beliefs, and lifestyles
- Behavioral: Based on purchasing habits and brand loyalty

The Marketing Mix and the 4 Ps



The Marketing Mix and the Four Ps (cont.)

- Features–Benefits–Value (FBV) Analysis: Examining product features to identify the benefits and overall value perceived by customers
- Unique Value Proposition (UVP): A clear statement explaining why a customer should choose your product over that of competitors

Choosing the Right Price

- Demand-Based Pricing Strategies: Adjusting prices based on customer demand and product age
 - Price skimming: High initial prices that may reduce over time
 - Penetration pricing: Low initial prices to gain market share
 - Odd-even pricing: Psychological pricing (e.g., \$2.99) to make prices seem lower
- Cost-Based Pricing Strategies: Based on internal expenses and markup
 - Standard markup pricing: Adding a percentage on top of the item's cost
 - Cost-plus pricing: Summing costs and adding a flat fee
- Competition-Based Pricing Strategies: Setting prices above, at, or below competitors to match or beat their rates

Place and Distribution, Marketing Promotions, and Digital Marketing

- Place and Distribution: Easy access (online or nearby) increases sales and customer satisfaction; limited availability can create a sense of exclusivity
- Promotional goals: Commonly include increasing brand awareness, website traffic, or sales
- Tracking success (KPIs):
 - Benchmarks: Indicators to measure business performance
 - Digital analytics: Measuring online content performance like click-through rates
 - Return on investment (ROI): $(\text{Net Income} \div \text{Cost of Investment}) \times 100$
- Digital and Social Media Marketing: Using search engine optimization (SEO), influencers, and platforms like Instagram or TikTok to reach audiences quickly

Market Research

- Primary Research: Direct engagement with customers via surveys, focus groups, and interviews
- Secondary Research: Gaining insights from generalized, published data like Census.gov or the Better Business Bureau
- Identifying Problems and Opportunities: Market research helps reveal customer complaints, unmet needs, and gaps in products
- Combining Ideation and Market Research: The creative process of generating ideas and innovative solutions
 - Brainstorming: Writing down as many ideas as possible without initial judgment

Professional Skills for Entrepreneurs

- Effective communication: includes tone, pitch, volume, and clear annunciation
- The seven deadly sins of communication: gossip, judging, negativity, complaining, excuses, exaggeration, and dogmatism
- HAIL framework: using honesty, authenticity, integrity, and love (wishing others well)
- Vocal tools: utilizing register, prosody, pace, silence, pitch, and volume to add meaning and authority to speech

SWOT Analysis

Internal

- Strengths
- Weaknesses

External

- Opportunities
- Threats

Competitive Analysis

- Used to identify:
 - Direct competitors (similar products)
 - Indirect competitors (alternative solutions)
- Helps you understand who your competitors are and what they are doing so you can position your own business more effectively

CHAPTER SUMMARY

- Marketing serves as the strategic backbone of your business by identifying customer needs and ensuring they can find your products.
- Target markets are defined by breaking down large populations into market segments using demographic, geographic, psychographic, and behavioral characteristics.
- The 4 Ps (Product, Price, Place, and Promotion) represent the key decisions an entrepreneur must balance to satisfy customers and achieve profitability.
- Market research provides the data necessary to identify marketplace problems, while ideation allows for the creation of innovative solutions.
- A SWOT analysis is an essential tool for evaluating internal strengths and weaknesses alongside external opportunities and threats.
- Professional communication skills, such as using the HAIL framework (Honesty, Authenticity, Integrity, and Love), are vital for building trust with customers and stakeholders.