



HOME-BASED AND MICRO BUSINESSES
**CASHING IN ON
BUSINESS OPPORTUNITIES**

TARGETING NEW MARKETS

PREFACE

This guide contains the basic text for teaching “Understanding Marketing.” It is designed to be taught in two, two-hour presentations. One is on basic marketing and includes packaging; one is on advertising. It is recommended that the full two hours be given to these topics because of their importance to the success of the business venture. However, if less time is available, shorten the sections on packaging and advertising budget. It is suggested to survey the participants in advance to determine where the emphasis in the marketing and advertising sections should be placed.

Throughout the text, PowerPoint slides are indicated as well as exercises. In addition, handouts at the end of the section may be used at the leader’s discretion. If handouts are used they should be discussed or reviewed with the program participants. The handouts can be used as discussion points throughout the teaching of the marketing section. Additional references are listed at the end as well as marketing terms.

Goal: The goal of this session is to provide the new business person or those just starting a business the basics of marketing and advertising. The session will create awareness and understanding of the basic principles of marketing by enabling the individual to understand that marketing is more than advertising or selling; the marketing process begins well before the product or service is developed.

Objectives: The objectives of this section are for participants to:

- Understand the need of planning ahead for the marketing and advertising of the business’s product or service.

- Develop a systematic process of analysis in determining customer wants and needs, competitor strengths and weaknesses, and the business's competitive advantage.
- Develop an effective advertising program that matches the competitive advantages of the business with the needs and wants of the customer through an advertising medium the customer relates with.

HANDOUTS

Handout 1 — How Marketing Helps Increase Sales

Handout 2 — Rules of Marketing

Handout 3 — Marketing Differs from Selling

Handout 4 — Customer Profile Form

Handout 5 — Who Is the Competition?

Handout 6 — Checklist - Factors Important to Customers

Handout 7 — Ten Steps to Developing an Advertising Strategy

Handout 8 — Advertising Score Sheet

Handout 9 — Road Signs: Content, Visibility, and Letter Size of Advertising Advance Sign

Worksheet 1 — Advertising

Worksheet 2 — Advertising

Worksheet 3 — Packaging

Worksheet 4 — Packaging

INSTRUCTIONAL MATERIALS

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What is marketing? Marketing is more than advertising or selling. It is a complex process involving three steps: (1) determining what customers want or need; (2) supplying the customer with the goods and services to satisfy these wants and needs; (3) doing so at a price that shows a profit to the business. Good marketing starts before a product is produced or a service delivered.

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First, determine if there is a market for your product or service. This is one of the most critical questions for any business. Then, analyze the market to understand customers, competitors, and the supply network. Next, look closely at your products or services. Try to be as objective as possible. Ask the following questions:

- What is the size of the market?
- What type of customer will buy the product or service?
- What are the characteristics and values of these customers?.
- What will customers do with the product or service?
- How many potential customers are there?
- Where are these customers located?
- How will customers learn about the product or service?
- Is the market growing?
- Are there any new trends in the market?
- What's the future of the product?
- Who else is making the product or providing the service?

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Market research is the way to answer the above questions. **Market research supports feeling, intuition, and judgment with numbers and provides background information that can be used to answer market questions.**

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Market Research. Customers are the foundation of any successful business. Effective market research results in increased sales and profits. Use market research to develop marketing plans.

Market research 1) identifies customer needs and wants, 2) determines if the product or service meets customer needs, 3) identifies potential target markets, and 4) determines the best advertising technique for each customer group. Market research is an organized process to collect information about the business environment before the business starts. Market research consumes enormous amounts of time and requires skill and patience. Market research is detective work: it begins with searching for published information in the library and “picking the brains” of experts, then going on to primary research - using interviews, surveys, focused discussions, and other techniques.

Market research is an effective way to learn about potential customers, their opinions, habits, trends, and plans. Use it to determine the geographic area of a business and demographic characteristics of customers such as age, gender, income, and educational level.

Market research may make the difference between the right and wrong decisions that affect sales. It may reveal unfilled needs, suggest marketing strategies, or identify the competition's strengths and weaknesses. Business cannot afford poor decisions.

One approach to market research is to compare customer needs and wants to competitors' weaknesses as well as to customer demographics. For example, a large customer base of dual income families with discretionary income may exist. If this customer base is being ignored, turn competitors' weaknesses into a business' strength by expanding store hours to evenings and weekends, offering a better quality line, and targeting advertising to this group.

Market Segments (Target Markets).

Marketing opportunities increase when customer groups with varying needs and wants are recognized. Markets can be segmented or targeted on a variety of factors including age, gender, location, geographic factors, demographic characteristics, family life cycle, desire for relaxation, or time pressures. Segments or target markets should be accessible to the business and large enough to provide a solid customer base. A business must analyze the needs and wants of different market segments before determining its niche.

Market segmentation is dividing a larger market into submarkets based upon different needs or product preferences. A key factor in competitive success is focusing on little differences that give a marketing edge and are important to customers. Market segmentation matches consumer differences with potential or actual buying behavior. It may prove more profitable to develop smaller market segments into a target segment.

Identify and Develop a Customer

Profile. Analyze market segments. Where do customers differ? Is it geographic area, demographic characteristics, social class, stage in family life cycle, personality, self-image, or benefits sought (such as convenience, time saving, and independence from chores or buying behavior)?

Also consider frequency or regularity of purchases; amount of purchases; brand loyalty; attitudes toward the product or brand; use of cash, check, or credit card; or customer's desire for personal friendship with business personnel.

Use a customer profile form to identify potential target markets. A customer profile form might ask age (18-24, 25-35, 36-49, 50-65, older than 65), approximate income (less than \$20,000, \$20,000-\$29,999, \$30,000-\$44,999, more than \$45,000), gender (female, male), occupation (clerical, professional, retired, not employed), how the customer learned about the business (newspaper, direct mail, word of mouth, chance), children at home (under 6 years, 6-12, 13-18, over 18), in college, in military, married, employed outside the home, and sports enthusiasts. Ask questions important to your business interests. Try to identify types of customers and the benefits they need and want.

Profile of Industry. Identify and evaluate the competition, their number, size, location, strengths, and weaknesses. How will the business overcome competitors' strengths and take advantage of their weaknesses? Compare what customers need and want to what competitors offer. Develop a checklist of factors important to customers, such as the one in Handout 6.

In most cases, seek a market segment not being well served that shows potential for growth. Remember, many factors influence

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actual sales volume, including economic conditions and advertising effort. Develop alternative markets, such as additional market segments, or a wider distribution area.

Constantly review marketing strategies to determine if the customer needs are being met, and analyze sales trends, customer comments, number of returns, requests for unavailable merchandise, repeat customers, and customer surveys. Decide whether to offer new products, seek new markets, or further penetrate current markets.

Where To Go for Help. Obtain market research information from a variety of sources. In addition to direct contact with customers and the competition, the local library includes reference materials, magazines, a directory of associations, sales and marketing figures, and an annual survey of buying power. Try a local college library or business school, vocational or technical institute, chamber of commerce, wholesale or manufacturers' sales representatives, trade associations, media representatives such as advertising space salespersons, or competitors.

Additional sources of market information include the Small Business Answer Desk 1-800-8ASKSBA (1-800-827-5722), administered through the Small Business Administration; regional planning organizations; banks; real estate agents; and economic development agencies. Customer phone numbers, addresses, and past business records indicate geographic market areas.

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Market Strategy. Market strategy is defined as an action plan for influencing customer choices and obtaining a market share. Market strategy should entice customers to buy the product or service. Market strategy encompasses customer

perception of the relationship between price and quality. Is the quality of the product or service worth the price? Is the price too low for the quality the customer desires? Is the price higher than the customer's perception of quality? Market research identifies the price and quality relationship customers perceive to be important. Remember; customer perception is the bottom line.

Market strategy also includes the distribution channels for the product, pricing and terms of sale, promotion and advertising plan, marketing budgets, inventory selection and management, visual merchandising, customer relations, and an evaluation of the marketing strategy.

The marketing plan provides information on what the market will be (retail, wholesale) and what specific customer groups will be targeted, what will be sold, where it will be sold, and how wide the area of distribution will be.

Ideally, market segments with a potential for high sales, profits, growth, and a minimum of competition are the most attractive.

A Word of Caution. Price is a function of both cost and marketing. Price should be determined in relation to fixed and variable cost and should reflect a profit. Profit is the reason to be in business! For more information on determining price, refer to the pricing section of this material. Price is also a function of marketing. What the customer perceives to be a just price may not cover the costs of the business. Be sure to consider both functions of price before determining what price to charge.



ADVERTISING—AN INVESTMENT IN YOUR BUSINESS' FUTURE

Most business people do not enjoy wrestling with the problems of advertising. To many, it seems they are buying an invisible product at a high price. The effects of advertising are indeed quite difficult to measure accurately, since often there is no visible effect. This is especially true when the advertiser has given little thought to his advertising program.

What Is Advertising/What Will It Accomplish? Advertising is communicating a sales message to potential customers. Advertising is one segment of a well organized, continuous marketing plan. Effective advertising is a cumulative process that maintains current customers, attracts new customers, and establishes a favorable position for the business with competitors. Advertising will not cure slow business growth or low profits, nor will it create a better business person or a well-organized business. Advertising offers specified benefits to a specific or target audience. As part of a sound marketing plan, advertising becomes an investment in the future of the business, instead of one more expense. An effective advertisement is based on a careful analysis of the situation before money is spent.

Setting Advertising Goals. The first step to an effective advertising plan is to define the advertising goals. Decide what advertising goals will be achieved by the dollars spent. The primary goal of advertising is to get the right message to the right audience at the right time. A related goal might be to build or create a business image in the customer's mind. This may be an image of quality, friendliness, customer service, or perceived value. Another advertising goal might be to increase customer information about the business, such as location or product and services offered at a given price. A fourth advertising goal might be to attract customers who are passing by the business to stop. The number of advertising goals is almost endless. There is no one best advertising medium for achieving all goals. The prudent advertiser decides which advertising medium works best for each goal.

Branding

Selecting a Medium. After choosing a target market, select the best medium to reach that specific market. Carefully consider each advertising option. Develop a score sheet to help in the selection of the advertising medium. For example, rank each advertising option from best to worst.

Different customers respond to different types of media. Consider each target customer group and the most effective medium to reach that group. Develop a mix of types of media. Be cautious of putting all advertising dollars into one effort.

The Advertising Budget. An advertising budget should be planned to cover a 12-month period that helps the business look ahead and gives enough time to measure results. Since the cost of advertising must be paid by revenue produced from sales, the dollar amount designated for advertising should always be expressed as a percent of anticipated sales. First, prepare a budget based on sales goals. Project how much the business will sell in a month, a season, or a year. Setting goals may be a form of a guessing game. Advertising Worksheet 1 establishes a yearly advertising budget based on a percent of gross sales from the previous year. Advertising Worksheet 2 breaks down the total advertising budget and sales on a

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monthly basis. (This gives the business the advantage of determining the advertising dollars to be spent each month based on the sales per month and helps determine any other special promotions on a monthly basis.)

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Advertising Media. The following ten advertising media are the main choices open to you.

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Newspapers. Newspaper ads can be an effective medium to reach a large number of people. The newspaper display ad can be effective in both building an image of your business and giving potential customers information as to what you have available and where you are located. The copy or layout of your ad is important. There is a trend away from the so-called laundry list type ad where a large number of items are listed. In this type of ad there is usually no particular emphasis on any one item. The laundry list approach is widely used by supermarkets in their newspaper ads. Many small retailers have found that a strong emphasis on one or two items gets better results than a long list. They have found that fewer items stick better in the customer's mind. If you are attempting to etch the name of your business in the mind of a customer, a symbol of some sort should be included in every newspaper advertisement. A distinctive trademark can set your market and ad apart from others. Such a trademark will make it easier for customers to locate your ad in the paper. A word of caution. To create customer recognition of your business, repetition is the key. Ads run on consecutive days or on certain days for consecutive weeks may be necessary. It is also a good idea to have your ad placed in a section of paper most people read. Classified advertising can be used in some situations. It is a very low cost. It gets exposure to a large number of people each day. Newspapers can cut across occupational, ethnic, income, and age groups; thus it is a broad spectrum medium.

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Radio. Radio is another medium that can be of great value to the business person. You have a flexibility with radio that chooses the audience that will hear your advertisement. This can be done by choosing the station and time of day the ad is broadcast. The radio time salesman can be of much help to you in designing your ads to accomplish your goals, if you can tell him what your goals are. Many stations know what their listener composition is at different times of the day. If you have such information, you can make a better decision of the time of day and the station you want to use your advertising.

The length of the radio ad is another consideration. In many cases, spot ads from 10 to 30 seconds will reach more people; however, there are cases where longer ads may be justified. Again, the length of spot you want to use will depend largely upon the goal you wish to accomplish and the audience you want to reach.

Radio rates vary from station to station; this will be another consideration in deciding whether or not radio is the most economical medium. An example of a targeted radio announcement to attract potential audiences is illustrated below. This may also be used as a TV spot by adding visuals.



Example Radio Spot (Draft)

- **30 TV - Gourmet Greg's**
- Close-up of a steak
- Close-up of a steaming burger
- Close-up of a gourmet fish dish
- Picture of the restaurant's exterior, showing the neighborhood as well
- Dissolve to food dishes
- Group celebrating event and family eating out
- Show exterior again and zoom to Greg's sign

30 Radio - Gourmet Greg's

- Sizzling steaks...
- Juicy deli burgers...
- Fresh fish...
- Ashville's newest restaurant features this and more. Located at the corner of spaghetti and meatball avenue.
- Gourmet Greg's will please your taste buds with gourmet specialties as well as a long list of food just like mom used to make.
- Food cooked just right for a special occasion or when you just can't think of a thing to fix at home.
- Give Greg's a try during the month-long grand opening

Television. Television as a medium is similar to radio. It is, however, more expensive than radio in most cases. This extra expense often deters businesses from using TV as their medium of advertising. There are cases where television can be an effective medium; if you are reaching a large number of people who are likely to become customers, it can be very effective.

Direct Mail. The use of direct mail as an advertising medium has considerable potential for the business person. Direct mail advertising can be expensive if the advertiser does not keep an up-to-date mailing list. It requires some method of collecting names and addresses. Probably the cheapest and easiest way this can be done is through a guest register. Direct mail is most effectively used on customers within a 50-mile radius of your business. Direct mail does have the advantage of being selective. It can be used to announce specific types of products or service. It can be directed to customers who are specifically interested in a particular item or package.

Finally, direct mail adds a personal touch to your advertising. It is a direct communication between you and the customer. This is a good strategy to use, since many of the customer transactions in the economy today are impersonal.

Road Signs. Road signs are probably the most common type of advertising employed. They are almost a necessity for those businesses that depend primarily on transient traffic. Road signs as a medium are limited in the number of people they reach. Only those traveling the road where they are placed are reached with the message, but these people are good prospects because they are already on the road. This means you have only to convince them to stop. With most other media, you must motivate them

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to get into the car and drive to your business. When the potential customer is already in the car and near your business, you have part of the battle already won.

Signs also have the advantage of being on the job 24 hours a day, seven days a week. This is not true for most other media. By comparison, most other media are short in duration and more costly. There are a wide variety of sizes, shapes, and types of signs for the business person to choose from. Whether your road signs are effective or not depends upon their appearance, content, visibility, and location.

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Appearance. Novelty attracts attention. Along many highways a bright, clean, neatly painted sign is a novelty in itself. Signs scrawled in crayon on a piece of cardboard should be avoided. Signs that imitate highway department or traffic signs in shapes, colors, and letter designs should also be avoided. Signs should be painted every three years or sooner if needed. Shabby signs imply a sloppy, poorly managed operation.

Content. Signs should encourage the motorist to stop at your business. Give your business a distinctive name or trademark so customers can remember it. Use this name in all your advertising and put it on your highway signs so customers can recognize it. Finally, tell customers how to find your business. Give distances to your business in tenths of a mile rather than in feet or yards.

Too much information can be as bad as too little. The more words a sign has, the less apt the motorist is to read it carefully. The skillful use of symbols, such as a large picture of a maple bucket and tree for a maple syrup business, can often convey the name of the item and an impression of freshness and quality much faster and better than mere words.

Visibility. How far a sign can be seen depends in part upon the colors and size of letters used. The most legible color combinations suitable for roadside signs are black on yellow, green on white, scarlet red on white, black on white, and navy blue on white. Colors should also be selected to contrast pleasingly with the background against which the sign will be viewed.

Location. Check that the sign can be seen from as far away as needed for full readability, for tall grass, trees, fences, houses, and other roadside obstacles that can obscure your sign. Of course, signs should be faced perpendicular to the highway, not parallel with it, and on the outside of curved sections of the highway for best visibility. Put your signs out in the open where they will be well-lighted by the sun. Don't hide them in the shade of a tree or building.

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Yellow Pages, or other Directory Listings. Depending on the type of business you have, the yellow pages may or may not be a necessary advertising vehicle for your business. To help decide on whether to use the yellow pages or not, ask yourself the following questions. 1) Do the people who need my product or service tend to consult the Yellow Pages, other directories to determine what businesses they should buy from?

Do they refer to the yellow pages as a matter of convenience for looking up your telephone number? 2) Do your competitors use the yellow pages or other directories? Do you know how successful this form of advertising has been for them?

In making a decision on advertising in the yellow pages, remember the circulation is large. It goes to everyone who is a subscriber. Research will show that the use of the yellow pages varies by age and by frequency. Eighty plus percent will use the yellow pages at least once. Fifty-seven percent use the yellow pages at least once per month. An ad in the yellow pages is expensive. However, for a new business it may well be a good investment. But will you see a return on this advertising investment? The answer lies with the customer and his tendency to use the yellow pages for your type of business.

Brochures/Hand-Out Flyers. The use of brochures and hand-out flyers is an excellent method to advertise your business. A neat, attractive flyer always helps in the promotion of the business. The flyers can be mailed, handed out to customers who call at your business, and given to prospective clients. The uses are many. There are, however, several important considerations that need to be thought through before printing a brochure.

An obvious, but overlooked, consideration is the distribution of your flyer. How will you use the flyer? How will you distribute it? Are these methods cost effective? Here is another set of considerations: Is the flyer attractive? Will your flyer be read? Will it excite the customer to purchase? All too often business people overlook the fact that if the flyer is not well designed with a goal to attract the attention of the customer and excite the customer actually to read the flyer, it is a wasted effort. Look at all the junk mail you receive. The vast majority of this mail is advertisements. These flyers were sent to you by a real business person hoping you would read the flyer and respond. Many of us throw them in the trash. Why? Most likely, the flyer did not excite you to open it, let alone read it. Do not invest money in a brochure or flyer if you do not consider how it will be used, who it will be used for and if it is constructed in such a way that it will be opened, read and responded to.

Label Advertising. Tags or labels in which your product is sold are a medium for advertising. Label advertising is particularly well suited for establishing the name of your business in the customer's mind. Your name is then associated directly with the quality of the product that is sold.

For image building advertisements, this medium can be one of the cheapest. In addition, it is a longer exposure item than you get from most other methods. It does, however, have the limitation of reaching only those customers who have visited your business and made a purchase.

Finally, you must remember that the image you build will be closely related to the quality of the product sold. Thus, this kind of advertising can help build a good or bad image, depending upon the quality you are selling.

Point of Sale Advertising. A good product, to a great extent, is an advertisement itself once the potential customer has bought. Products come in an array of textures and shapes

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that can be most appealing. Simply displaying this product in the correct manner can be effective advertising.

Another medium is the brochure given out at point of sale. Brochures can tell about the type of product purchased and can advertise other items that may be appropriate for your business center.

A well kept, attractive business is a good medium for advertising itself. Likewise, if the facility is carelessly maintained, it is a bad advertisement. The visible appearance of the facility is an advertisement, whether you want it to be or not. Thus, it is necessary for you to make sure it is good. The buildings do not necessarily have to be elaborate, but they should be clean, in a good state of repair, and tastefully painted.

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Word of Mouth. This medium is a difficult one to manipulate but nonetheless, it is a very powerful one. It is of importance to almost all businesses to some degree. It is especially important to those who depend on local business. Customers who tell their neighbors or friends about your business are a powerful advertising force. What these people will say about your business can be either good or bad advertising. It is largely up to you to make sure the product and the experience they tell others about is the kind of advertising you want. At first glance, word of mouth advertising may appear to be free, but it is quite costly if you provide customers with a bad experience. Snappy, impolite clerks, slow service, and uninformed sales personnel can all be bad advertisement.

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E-commerce. The consuming public is more convenience oriented and time-conscious in their decision making than any time in our history. We want information now and when we have adequate information, we want to make a decision and get what we want as soon as possible. "Find it on the net" is becoming the first response to gathering information, comparing prices and/or features, and even purchasing products and services. Use of the internet as a communication and advertising medium is captured in terms such as e-mail, Web page, e-commerce, and, more recently, Web portals, blogs, and other social marketing resources. It is not necessary for the home-based business owner to understand all of this terminology. It is important to understand that more products can be presented to more people electronically, in a shorter time, for less money than many other forms of advertising. For some companies, going electronic may mean posting an e-mail address on an Internet list somewhere, with just enough information for someone to find you if they had to. Other companies will design their Web page, with full color (and slow) access by the user. Others will contract with an Internet service provider (ISP) to post their company information on a heavily visited site specific to their type of business. For most businesses, the question is not if they use electronic media, but rather which form and when. The decision on whether or not to use electronic media also needs to be based on your target market. Ask yourself the question whether or not your targeted customers frequent the Internet. Also, consider what type of Internet users they are and what types of sites they visit.

Business Cards. Business cards can be one of the best reminders to pique a potential customer's interest in making a purchase or in building a mutually beneficial relationship. It is a common courtesy to exchange business cards when dealing with those who supply raw

materials for your business and with key customers who purchase your product or service. Business cards should always be used at tradeshows where buyers make decisions at the show, but actually place orders at some future date. Specific information on the card should include: name of business, name and title of contact person, address, telephone number, fax number, and e-mail address, if available. The company logo is also desirable, but will increase cost significantly, especially if done in color. It is advisable to pay the extra cost to have an exceptional business card printed and then use discretion in handing them out, rather than cutting costs and having a lesser quality card as a result.

PACKAGING

Packaging can be very simply defined as designing and producing the container or wrapper for the product. However, the market in which the product is placed will determine the effort and cost allocated to packaging. For example, if your product is going to be purchased by someone other than a final consumer, the need for elaborate packaging may be limited. However, in retail markets, packaging should be viewed as the silent salesman. Since it is impossible for you as the manufacturer of the product to personally visit with each customer, the package has to capture as much as possible of your sales pitch. It communicates the expected, and in many cases mandatory, information about the product. But it also needs to communicate benefits and excitement and reasons to buy your product rather than a competitor's. Close attention must be given to the size of the package, colors used, type style, etc., which affect the customer's desire to buy the product. Attention must also be given to meeting labeling regulations, particularly when dealing with food products.

Storefront marketing. Opportunities exist to increase point of purchase marketing with greater utilization of store frontage. The storefront area can be thought of as the store package similar to the packaging of a product. Half the battle to sell a product is to get the customer to notice the product in the same way owners strive to get a customer into a store. Food stores use sampling of food products at the front of a store or just outside the front entrance to entice customers to venture into the store. Attractions other than food, such as live demonstrations or video presentations, can be located at the storefront to help lure impulse shoppers into the establishment. Make the storefront inviting and interesting to the casual shopper and increase traffic flow in the business.

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KEY WORDS

- Advertising** - Printed or non-personal presentations to call public attention to a product or service offered for sale. The advertiser is usually identified in the advertisement and usually pays for the space or time used.
- Comparative advertising** - Selling efforts that promote products by making direct comparisons with other competitive brands.
- Institutional advertising** - Promotion of an idea, concept, philosophy, goodwill of an industry, company, or organization.
- Brand** - An identifying name, term, symbol, design, or combination that differentiates a product from competitive products.
- Brand loyalty** - Strong consumer preference for one particular brand of a product.
- Broker** - An independent wholesaler in the distribution system who does not take title or possession of the products he/she brokers but works primarily to bring buyers and sellers together.
- Business traffic** - The number of potential customers entering a place of business.

TARGETING NEW MARKETS

- Catalog retailer** - A merchant who distributes from a showroom in which samples of a product line are displayed. Customer's order from the catalog and orders are filled from a warehouse.
- Channel of distribution** - The route a product takes as it moves from producer to consumer.
- Cold call** - A sales method by which a salesperson stops at every business or home in an area without prior screening.
- Commodity** - An item of merchandise that is not distinguishable from like items either as to origin or use.
- Consumer** - A customer who buys a product, usually an end-product, for his own personal use.
- Consumer products** - Products purchased by the ultimate customer for personal use.
- Convenience products** - Products that consumers purchase frequently, with minimum effort, and conveniently.
- Customer** - An individual or organization that purchases a product; may be a consumer of the end product for personal use or industrial buyer purchasing for intermediate use in making products.
- Demographics** - Characteristics of potential buyer groups, such as age, sex, income level, behavior.
- Demonstration** - A form of sampling provided personally (such as by a salesperson or an attendant) at the point of sale.
- Differentiation** - Product attributes or benefits or services that differentiate a product from competitors.
- Differentiation benefits** - a package of benefits or attributes that increases the value of a product with respect to competitive products.
- Direct selling** - An actual sales presentation to a consumer. Discount pricing - A price below the published or list price to encourage product sales.
- Distribution** - The system of getting products to potential buyers.
- Distribution marketing channels** - The steps a product or service follows from producer to final consumer.
- Franchising** - The practice of offering exclusive rights to sell a manufacturer's products and use its name as an independent firm.
- Generic advertising** - An advertisement that promotes a type of product but not one particular firm's product.
- Impulse products** - Products purchased by a customer on the spur-of-the-moment, with little or no conscious deliberation.
- Life cycle** - A product's sales volume curve from introduction to removal from the market.
- List price** - The suggested selling price of a product.
- Logo** - An identifying symbol for a product.
- Loss-leader pricing** - The practice of offering reduced prices on certain items to encourage purchase of other items.
- Market** - A segment of the population with purchasing power and the ability and willingness to buy, such as youth market, mature market, Hispanic market; or a segment of industry, such as manufactured homes, or furniture.
- Marketing** - Development and distribution of products and services for selected consumer segments.

- Marketing mix** - Coordinating products, pricing, distribution, and promotion to satisfy the needs and wants of selected customer segments.
- Market research** - Systematic gathering, recording, and analyzing information about the marketing of products and services.
- Maturity** - The point at which total sales volume approaches and reaches peak total sales.
- Multiple channels** - The process by which a product moves through more than one channel from producer to consumer.
- Niche product** - A narrow segment of a market that a manufacturer can serve better or more efficiently than any other company.
- Outdoor advertising** - Advertising displayed outdoors that takes the form of posters, printed bulletins, or spectacles.
- Packaging** - Protective covering used to store a product and supply brand identification and associated attributes.
- Penetration of market** - The practice of offering a product at a low price to gain product recognition.
- Personal selling** - Selling on a person-to-person basis.
- Point of purchase display** - A display of merchandise, posters, signs, stickers, that draws attention to a product at the point of purchase — for example, a display of dairy products with advertising posters in a grocery store.
- Point of purchase promotion** - Advertising, displays, and other promotions at locations where the customer makes the decision to purchase.
- Positioning** - A marketing strategy aimed at a specific segment of the market and designed to position the product in the mind of a prospective buyer. Positioning promotes differential product benefits to satisfy buyers' wants and needs.
- Price** - The amount the buyer is willing to pay for a product; the value a seller sets on the product.
- Primary demand** - Advertising that creates a desire for a type of product rather than for a specific brand.
- Product** - an identifiable item with physical, service, or other attributes that is designed for a specific use for a specific market segment.
- Product advertising** - Advertising designed to promote a particular product.
- Product characteristics** - Attributes of a product that may be readily apparent to consumers.
- Product image** - The consumer's view of the quality of a product.
- Product life** - The period a product is on the market, from introduction to removal.
- Product life cycle** - The stages in the life of a product.
- Promotion** - Actions taken to inform, persuade, and influence the customer's decision to purchase.
- Promotional strategy** - Blending of personal selling, advertising, publicity, and sales promotion to achieve sales objectives.
- Publicity** - Promoting products or services without identifying the firm. Usually, space and time are not paid for.
- Retailer** - One who buys in quantity from a wholesaler and then sells the product to the final customer (buyer).
- Salesperson** - Person selling a product or service.
- Sales promotion** - Displays, shows, expositions, demonstrations, and marketing activities

TARGETING NEW MARKETS

(other than personal selling, advertising, and publicity) to stimulate customer purchasing and dealer activities.

Segmentation - Dividing the population into potential buyer groups. Demographic -

Dividing a population into groups that share the same age brackets, sex, or income level.

Geographic - Dividing a population into buying groups on the basis of location.

Market - Dividing the market into smaller groups with similar characteristics and similar product interests.

Psychographic - Dividing buyers into different groups on the basis of social class, lifestyle, and/or personality.

Selective appeals - Sales appeals made on the basis of specific criteria, such as age, income, and geographic location.

Selective distribution - The practice of a manufacturer's allowing only a limited number of outlets to carry its products.

Specialty products - Products purchased for special characteristics that fill unique wants in the customer, usually higher priced and branded. Also called premium products.

HANDOUT 1

HOW MARKETING HELPS INCREASE SALES

Develops Realistic Sales Objectives.

Helps a Company Position Itself To Achieve That Sales Objective.

Enables a Company To Enter Global Competition.

Provides Way for a Company To Use Innovation and Creativity To Win Customers.

Takes Advantage of Economic and Demographic Changes to Target Sales.

Saves Money for Advertising, Sales Promotion, Product Development, and Pricing by Spending It Only on Targeted Potential Customers, Not Indiscriminately.

HANDOUT 2

RULES OF MARKETING

1. Keep your eyes and ears open for new ideas.
2. Learn all you can about the market, customers, and competitors.
3. See for yourself.
4. Learn about consumer trends (problem areas, preferences, buying power).
5. Keep up-to-date.

HANDOUT 3

MARKETING DIFFERS FROM SELLING

In selling, a company sells what it can make. The company focuses on its product.

In marketing, a company makes what it can sell. The company focuses on the customer.

In selling, packages are designed to protect the product.

In marketing, packages are designed to make the product more convenient for the customer to buy and use.

In selling, customer service is considered a necessary evil.

In marketing, customer service is considered part and parcel of the product.

In selling, the manufacturer often has no idea what the product will be used for or by whom.

In marketing, the manufacturer designs and services the product for specific uses by a group of customers.

In selling, a manufacturer concentrates on production. In marketing, a manufacturer concentrates on sales.

Selling uses little strategy and planning.

Marketing coordinates planning of all business activities, from resource and product through manufacturing to getting and keeping customers.

In designing a new product, selling concentrates on the manufacturing process.

In designing a new product, marketing begins with the customer's needs and manufactures to fill those needs.

HANDOUT 4

CUSTOMER PROFILE FORM

Use the customer profile form shown as an example only. Develop your own customer profile based on the type of business you operate. Think carefully about what you would like to know about your customers. How will you use the information you collect? What will it tell you about customers or potential customers? What else would be helpful to know? Do you want to know if customers buy particular products similar to yours or that complement the purchase of your product? Do you think customers who live a certain lifestyle such as people who ski or take vacations are more likely to buy your product? Are people who own certain appliances more likely to buy your product? Spend time watching customers in settings similar to your business setting. How do they act? What questions are asked? What do they purchase? Then, develop your customer profile to learn more about who are your potential customers. Use the information learned to make decisions concerning store location, hours of operation, choice of advertising to reach your target market.

Customer Profile

Use of a Particular Product or Service

I am a:

- light user
- medium user
- heavy user
- non-user

I use your product/service:

- daily
- once a week
- once a month
- once a year

I have used your product for:

- a short time
- many years

I have tried similar products. The names are:

I use your product in combination with:

- other products
- different seasons

I buy your product at a:

- supermarket
- drugstore
- department store
- discount store
- hardware store
- other store

The quantity I buy at one time is:

- a single package
- several packages
- many packages

Customer Profile

Trade with a Particular Store

I shop in your store:

- more than once a week
 at least once a week
 every two weeks
 once a month
 once a year

The distance from my home to your store is:

- less than five blocks
 one mile away
 two or three miles
 five miles
 more than ten miles

I usually buy these types of products at your store: _____

The part of my shopping I do with your store is:

- All Most

My favorite stores that are similar to yours (and including it) are:

First choice: _____

Second choice: _____

Third choice: _____

Each year, I spend this amount in your store
\$ _____

Age

- 18-24 50-60
 25-35 over 65
 36-49

Gender

- female male

How the customer learned of your business

- newspaper word of mouth
 direct mail other

Children

- children at home
 under 6 years
 6 - 12
 13 - 18
 over 18
 children in college
 children in military

Employment

- employed away from home
 employed at home

Approximate Income

- less than \$20,000
 \$20,000 - \$29,999
 \$30,000 - \$39,999
 more than \$45,000

Occupation

- clerical retired
 professional not employed

Use

I have tried similar products - the names are:

I buy this product at:

- your business supermarket
 specialty stores mail order
 other

The distance each way from my home to your business is:

- < 5 miles 5-10 miles
 10-25 miles over 25 miles

Each year, I spend about \$ _____ on products/services.

Each year, I spend about \$ _____ from your business/services.

Once you develop the customer profile, collect information from current customers by personal interviews, telephone surveys, and mail surveys. To collect information from potential customers:

- Ask friends and neighbors if they would purchase the product or service.
- Sample people at random in a given neighborhood and use a follow-up telephone or mail survey.
- If your customers are a type of business, develop a contact list from the phone book and mail or call.
- Purchase a mailing list targeted to a particular interest and mail a survey. Look in the yellow pages under “mailing list” for sources.

Direct observation of customers provides good, reliable, and easy-to-obtain information.

HANDOUT 6

CHECKLIST - IMPORTANT FACTORS

Factors to Consider About the Competition

	Local Competitor	Regional Competitor	National Competitor
Number	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delivery service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenient access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knowledgeable employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appearance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Factors Important to Customers

	I have	Competitor #1 has	Competitor #2 has	Competitor #3 has
Customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Installation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warranty service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product selection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Easy access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knowledgeable personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Effective market research must include business strengths as well as weaknesses. Take corrective action to strengthen your market position. To help organize your market research, consider the following format:

Targeted markets: _____

Potential strengths: _____

Potential weaknesses: _____

Potential competitors: _____

Potential opportunities: _____

Potential threats: _____

HANDOUT 7

TEN STEPS TO DEVELOPING AN ADVERTISING STRATEGY

1. Determine the specific target audience.
2. Determine the size of the market and number of customers to be reached.
3. Explore the factors that influence the targeted customers.
4. Determine the person(s) to whom promotion should be directed in each target customer family.
5. Define specifically the objectives for personal selling, advertising, and sales promotion in influencing these customers.
6. Determine the specific message or messages to be communicated to the customer.
7. Select the most effective combination of media to carry the intended message.
8. Use primary research to determine how effective the promotion was in reaching potential customers.
9. Calculate the budget required to implement the advertising strategy.
10. Devise methods for monitoring the effectiveness of the advertising strategy.

HANDOUT 8

ADVERTISING SCORE SHEET

Medium	Market Coverage	Type of Audience	Sample Time/Space Costs
Daily Newspaper	Single community or entire metro area; zoned editions sometimes available	General - Trends more toward men, older age group, slightly higher income and education	Per agate line, weekday open rate circ: 7,800: \$.25 16,500: \$.35 21,300: \$.60 219,200: \$2.10
Weekly Newspaper	Single Community usually; sometimes a metro area	General - Usually residents of a smaller community	Per agate line, open rate, Circ: 5,400: \$.35 20,900: \$.35 40,000: \$1.20
Shopper	Most households in a single community, chain shoppers can cover a metro area	Consumer households	Per 1/4 page black and white open rate. Circ: 1,300: \$45 22,500: \$185 183,400: \$760
Direct Mail	Controlled by the advertiser	Controlled by the advertiser through use of demographic lists	Production and mailing cost of an 8 1/2 x 11" 4-color brochure, 4-page, 2-color letter; order card and reply envelope; label addressed; third-class mail: \$.35 each in quantities of 50,000
Radio	Definable market area surrounding the station's location	Selected audiences provided by stations with distinct programming formats	Per 60-seconds morning drive time spot, one-time pop: 400,000: \$45 1,100,000: \$115 3,500,000: \$200 13 mill: \$385

HANDOUT 8

ADVERTISING SCORE SHEET CONTINUED

Medium	Particular Suitability	Major Advantage	Major Disadvantage
Daily Newspaper	All general retailers	Wide circulation	Nonselective audience
Weekly Newspaper	Retailers who serve a strictly local market	Local identification	Limited readership
Shopper	Neighborhood retailers and service businesses	Consumer orientation	A giveaway and not always read
Direct Mail	New and expanding businesses; those using coupon returns or catalogs	Personalized approach to an audience of good prospects	High cost per mailing
Radio	Business catering to identifiable groups; teams; communities; homemakers	Market selectivity, wide market coverage	Must be bought consistently to be of value

HANDOUT 9

ROAD SIGNS: CONTENT, VISIBILITY, AND LETTER SIZE OF ADVERTISING SIGNS

Maximum number of words on sign (# of words which can be read by the average motorist traveling at various speeds)				Distance from which sign must be visible to be fully read	Minimum letter height
<u>30mph</u>	<u>40mph</u>	<u>50mph</u>	<u>60mph</u>	<u>Feet</u>	<u>Inches</u>
4	2	1	0	50	1 3/4
8	5	4	3	100	3 1/2
15	11	8	3	200	7
22	16	13	10	300	11
30	22	17	14	400	14
38	28	22	18	500	17 1/2

Location of Advance Signs - Deciding to stop at a business takes time. Bringing the car to a stop takes more time. When motorist is traveling 50 miles per hour, each second carries him 73 feet closer to your business. Give your customers adequate time to make the decision to stop and actually bring the car to a stop.

Advance Sign Locations for Various Speed Zones

Speed Limit (miles per hour)	Minimum distance from advance sign to tree lot
30	2/10 mile
40	1/4 mile
50	3/10 mile
60	4/10 mile

WORKSHEET 1

ADVERTISING

	SALES LAST YEAR				GOALS THIS YEAR *				ACTUAL THIS YEAR **			
	Sales last Year	% of Year's Sales 100%	Adv last year	% of Year's Adv 100%	Sales This Year	% of year's Sales 100%	Adv This Year	% of Year's Adv 100%	Sales this Year	% of year's Sales 100%	Adv This Year	% of Year's Adv 100%
Jan.												
Feb.												
Mar.												
Apr.												
May												
June												
July												
Aug.												
Sept.												
Oct.												
Nov.												
Dec.												
Total		100%		100%		100%		100%		100%		100%

* Check these figures every month; if you're not reaching your goal, check and find out why. You may want to revise your sales goal for the balance of the year.

** Remember, in setting the goal, if you increase your sales by the amount of inflation, you aren't making a gain but are only holding your own in constant dollars.

Source: More Sales and More Profits for your Advertising Dollar, author unknown.

WORKSHEET 2

ADVERTISING

Monthly advertising planning sheet for _____

Month: _____

Budget: _____

Special events or holidays to consider: *

Other considerations:

Weekly budget breakdown

	Week 1	Week 2	Week 3	Week 4	Week 5
Medium and Cost					
Total Each Week					
Other Notes					

*Special events to think about should be ones that involve your target customers; or the ad should be constructed to appeal to the target group. Remember; the most effective special ads will be similar to your regular ads as a way to maintain and reinforce your business image.

Source: Advertising: An Investment in Your business's Future by Jim Nuss, Carol Ouverson and Joy Banyos, NCR 299.

WORKSHEET 3

PACKAGING

What is your positioning statement? (High quality/high price, average quality/average price, low quality/low price.)

What kind of packaging does your target customer want/need?

Type:

Size:

Color:

Special Treatment:

Price:

WORKSHEET 4

PACKAGING

Are there custom design costs? What for? How much?

What kind of labels will you use?

What information will you include on your label?

Will you design your packaging to fit your positioning statement?

What are your sources for purchasing packaging?

Prepared by Gregory Pasewitz, Director, Alber Enterprise Center, Ohio State University.