

Small Business Management ^{19e}

LAUNCHING AND GROWING ENTREPRENEURIAL VENTURES

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CHAPTER

7

The Marketing Plan

What is Small Business Marketing?

- Small Business Marketing (**definition**)
 - Business activities that direct the creation, development, and delivery of a bundle of satisfaction from the creator to the targeted user.
- Small Business Marketing Activities
 - Identification of the target market
 - Determining target market's potential
 - Preparing, communicating, and delivering a bundle of satisfaction to the target market

What is Small Business Marketing?

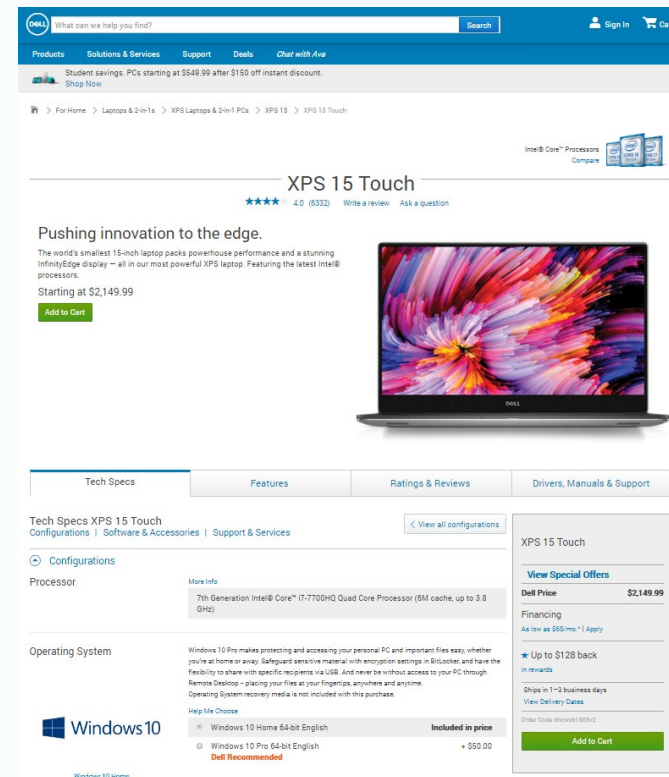
Another Definition

There is only one valid definition of business purpose: to create a satisfied customer. It is the customer who determines what the business is. Because its purpose is to create a customer, any business has two – and only two – basic functions: marketing and innovation

Peter Drucker, 1954

Changes in Marketing over 50 years?

- Companies used to “decide” upon combinations of marketing mixes (not the customer)
- Today often the customer “decides” and “chooses” most appropriate combination



The screenshot displays the Dell website's product page for the XPS 15 Touch laptop. The page features a navigation bar at the top with a search bar and links for 'Products', 'Solutions & Services', 'Support', 'Deals', and 'Chat with Ave'. Below the navigation bar, there is a promotional banner for 'Student savings' and a breadcrumb trail: 'Home > Laptops & 2-in-1s > XPS Laptops & 2-in-1 PCs > XPS 15 > XPS 15 Touch'. The main heading is 'XPS 15 Touch' with a 4.0 star rating and 8332 reviews. The tagline is 'Pushing innovation to the edge.' followed by a description: 'The world's smallest 15-inch laptop packs powerhouse performance and a stunning InfinityEdge display — all in our most powerful XPS laptop. Featuring the latest Intel® processors.' The starting price is '\$2,149.99' with an 'Add to Cart' button. Below the product image, there are tabs for 'Tech Specs', 'Features', 'Ratings & Reviews', and 'Drivers, Manuals & Support'. The 'Tech Specs' tab is active, showing details for the processor (7th Generation Intel® Core™ i7-7700HQ), operating system (Windows 10 Pro), and other specifications. A 'Special Offers' sidebar on the right highlights a 'Dell Price' of '\$2,149.99', financing options, and a reward of 'Up to \$128 back in rewards'.

- Check out: <http://www.dell.com>

Marketing Philosophies Make a Difference

- Production-Oriented
 - Emphasizes development of the product and production efficiencies over other activities.
- Sales-Oriented
 - Favors product sales over production efficiencies and customer preferences.
- **Consumer Oriented—The Right Choice**
 - All marketing efforts begin and end with customers.
 - The focus is on consumers' needs, which is most consistent with long-term success of the firm.

The Marketing Plan and Supporting Marketing Activities

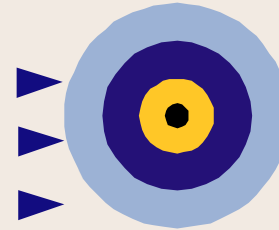


Marketing Research Activities

Market Analysis



Evaluation Process
Marketing Research
Market Segmentation
Sales Forecasting



Entrepreneur

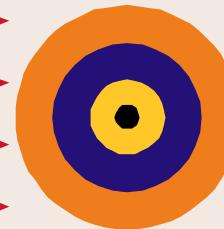
Target Market

Develop Marketing Mix



Develop Combination of:

Distribution
Promotion
Pricing
Product



Entrepreneur

Target Market

Steps In the Marketing Research Process

1. Identifying the informational need
 - Why do we need to know this?
2. Searching for secondary data
 - Who has researched this topic already?
<https://www.claritas.com/>
<http://www.colapublib.org/business/>
<http://www.mintel.com/>
<http://www.rkma.com/>
<http://simplyanalytics.com/>
<https://ww2.frost.com/research/>
3. Collecting primary data
 - Who do we ask and what do we ask them?
4. Interpreting the data
 - Got the information, now what does it mean?

Interpreting Data Collected . . .

“ He uses statistics as a drunken man
uses lamp-posts . . .
for support rather than illumination”

Andrew Lang - Scottish author (1844 - 1912)

Be careful that your research does
not simply support your
assumptions – learn from it instead



Focus . . .

“ Focus on the finding that makes no sense”

Intuit

First product “Quicken”:
Personal Finance Software

They asked customers
where they used the software?

Answer: 50% at home; 50% at office.

Why use personal finance at the office?

Come to find out most small businesses did not understand
how to use professional grade accounting software.

Created “QuickBooks” - quickly jumped to #1



Methods for Collecting Primary Data

- **Observational Methods**

- Human
- Mechanical



- **Questioning Methods**

- Surveys
 - eMail/text
 - Telephone
- Personal interviews
- Experiments

How are you polled?
Which would you use?
Why?

Market Segmentation

Market Segmentation

(Its really Customer Segmentation)

- A description of potential customers (a target market)
- Description must be “measurable”
- For consumer or industrial markets
 - Demographic
 - Geographic
 - Psychographic
 - Benefit/ End Use

Customer (Market) Segmentation

Identify:

3 types of buyers ...

2 types of markets ...

How will the product/service be bought and used?

Buyer Market	Consumer	Industrial
User	Who will use it?	Industry, Occupation (type of job)
Technical	Who wants it and why? (tends to be the <u>User</u>)	Departments, Managers ...
Economic	Who makes the “buy” decision?	Directors, Purchasing ...

Source: [Crossing the Chasm](#), by Geoffrey Moore

Cater to Multiple Buyers (Customers) OR Show Dual Use of product/service

Appeal to multiple types of buyers, simultaneously:

- User
- Technical
- Economic

“What’s in it for me?”

Segmentation

Demographic **Personal Characteristics**

Age, Race, Gender,
Hair Color, Height, Weight,
Income, Home Owner

Psychographic **Personal Attitudes**

Golfers, Sports enthusiasts,
Parents, Read types of magazine,
Watch types of movies

Geographic **Physical Characteristics**

MSA-metropolitan statistical area
City, State, Country, County
Climate, Terrain, Zip code

Benefit & Volume Related **Product use Aspects**

Frequent user, occasional user,
Re-order vs. First-time buy,
Quantity vs. Single units

An Unsegmented Market Strategy

Two Men and a Truck

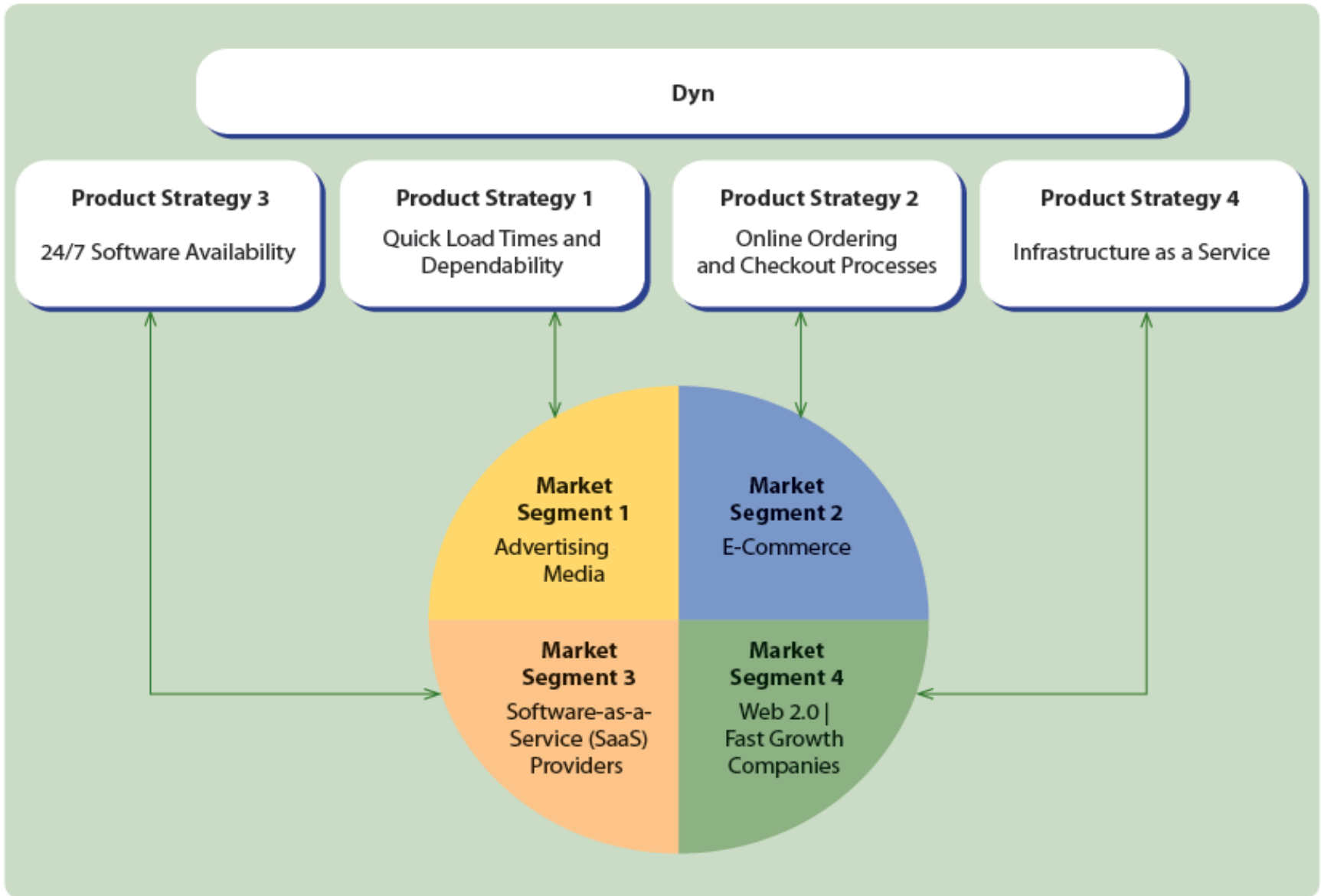
Product and Marketing Strategy

Product:	Local and Long-Distance Moving
Promotion:	Online and Through Social Media, Public Relations, and Direct Mail
Media:	Mass Media by Event Organizer



Market
Businesses and Homes

A Multi-Segment Market Strategy



7.4

A Single-Segment Market Strategy

Startup Professionals

Marketing Strategy
 Market: High-Growth Entrepreneurs
 Promotion: Internet and Social Network Promotion
 Media: Online versions of National Magazines and Newspapers



Segmentation at Best Buy

Best Buy Segmentation

While watching this film, think about:

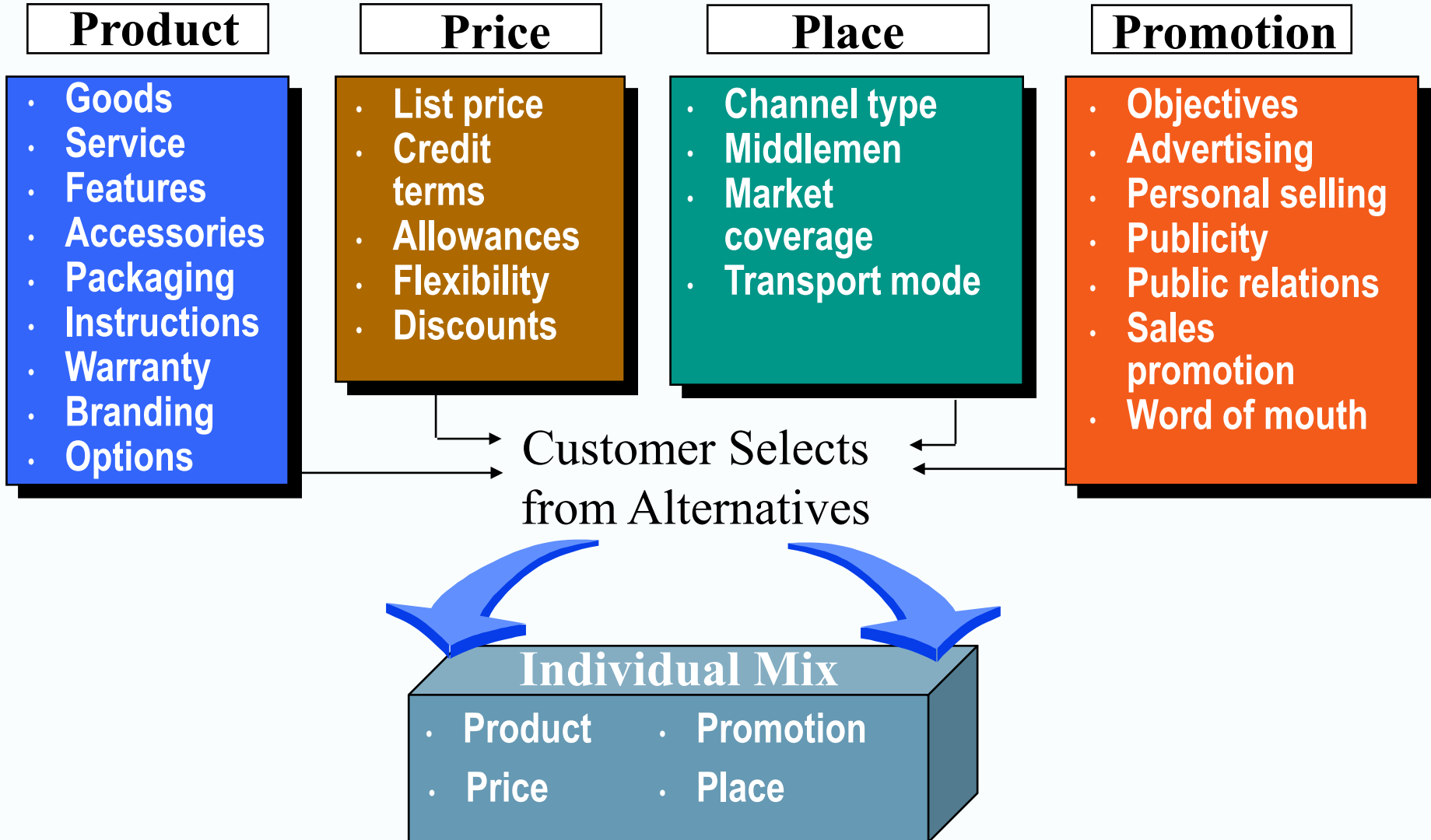
1. What are their 4 segments?
2. How do they use these segments?
3. How can you adapt this method for a small business? What would you do?

Which of the 4 segments is this ad targeting?

Sometimes ... it's about appearances VIDEO

Think of a personal computer to buy...

As a consumer, what Can You Choose within each “P”?



Competition? An exercise . . .

You have \$500 to spend on a dinner – where will you go?

How about . . .

Beverly Hills



Hollywood



Pico Rivera



Competition? An exercise . . .

How about . . .
Staples Center –
Guest Services
(213) 742-7-FAN



Candlelight Pavillion
Dinner Theater
(909) 626-1254



Remember also: Substitute Products/Services
e.g., - margarine vs. butter
tea vs. coffee

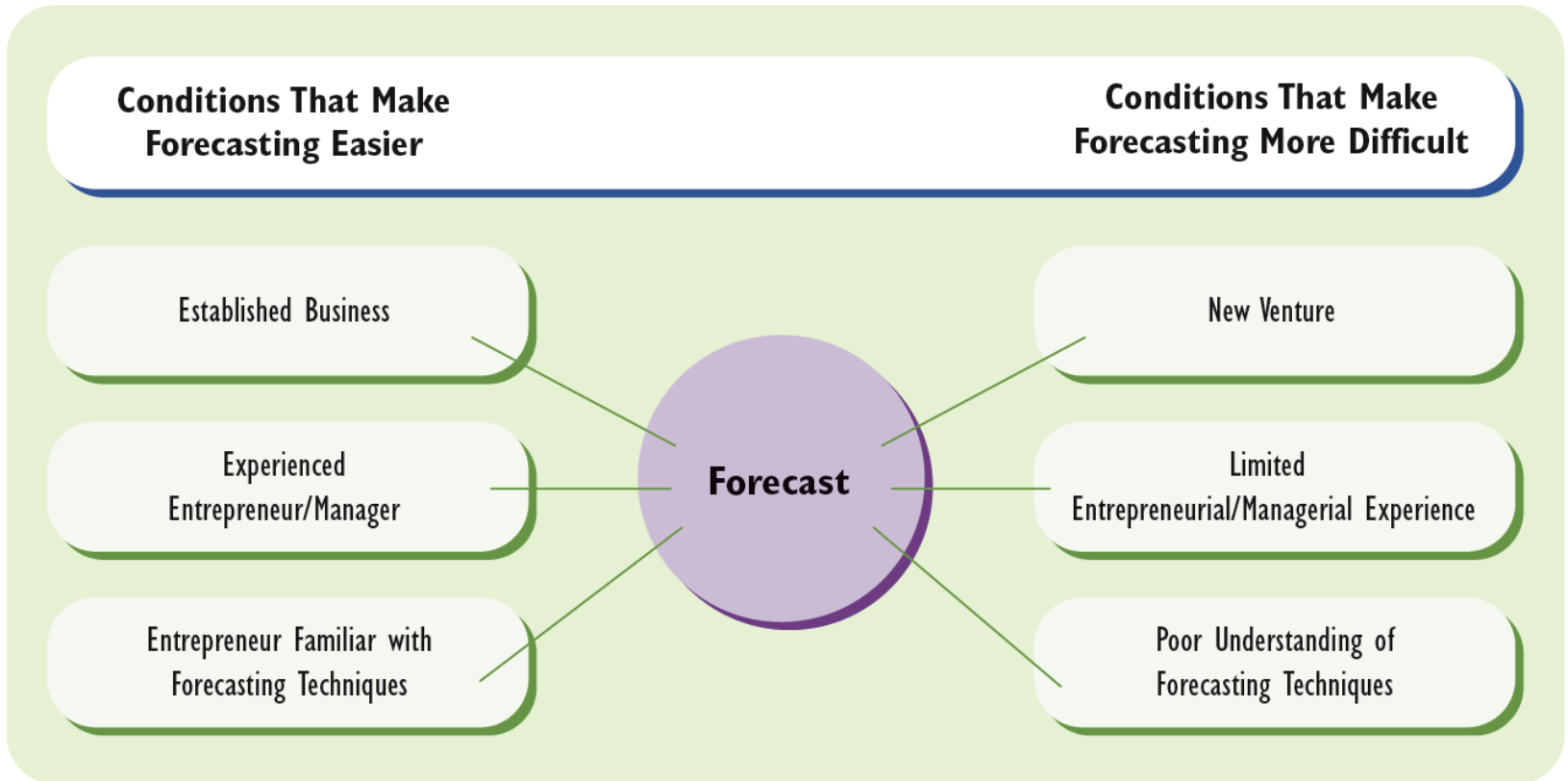
The Formal Marketing Plan

- Sales forecasts
 - “Most likely,” “pessimistic,” and “optimistic”
- The Competition
 - Profile of key management personnel
 - Assess strengths and weaknesses
 - Related products being marketed or tested
 - Competitors’ entry into target market
 - <http://www.scip.org>
 - <http://www.fuld.com> (SCIP Founder)

BRING TEXTBOOK TO NEXT CLASS



Exhibit 7.7 Dimensions of Forecasting Difficulty



The Forecasting Process: Two Dimensions of Forecasting

- The Starting Point
 - Breakdown process (chain-ratio method)
 - Forecasting begins with a macro-level variable and works down to the sales forecast (top-down).
 - Buildup process
 - All potential buyers in various submarkets are identified and then the estimated demand is added up (bottom-up).



Sales Forecasting with the Breakdown Method

Linking Variables	Sources	Estimating Values	Market Potential*
1. State population	U.S. census of population		1,429,096
2. State population in target age category	<i>Sales & Marketing Management Survey of Buying Power</i>	12%	171,492
3. Target age enrolled in colleges and universities	State Department of Education	30%	51,448
4. Target age college students preferring convenience over price	Student survey in a marketing research class	50%	25,724
5. Convenience-oriented students likely to purchase felt-tip pen within next month	Personal telephone interview by entrepreneur	75%	19,293
6. People who say they are likely to purchase who actually buy	Article in Journal of Consumer Research	35%	6,753
7. Average number of pens bought per year	Personal experience of entrepreneur	4	27,012

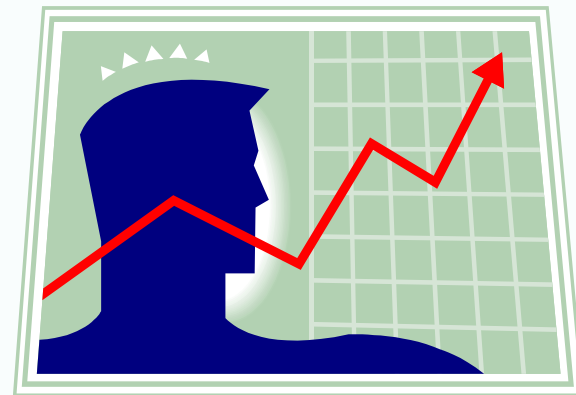
* Figures in this column, for variables in rows 2-7, are derived by multiplying the percentage or number in the Estimating Value column by the amount on the previous line of the Market Potential column.

SALES FORECAST FOR STATE



Forecasting and Predicting Variables

- Direct Forecasting
 - Use of sales as the predicting variable
- Indirect Forecasting
 - Use of related variables related to sales as proxies to project future sales



BUSM 66 Project

Follow instructions on the Project handout sheet

- Write ONLY in 1st person “I ...” (Not “Mrs. Jones ...”)
- Type input into text file, then edit your work for content
- Provide detailed responses – ask for more details

Look at Grading Rubric (on syllabus)

- Screen your own paper through the rubric (to maximize pts.)
- After editing again, please copy and paste into web form
- **Verfiy** that your project posted correctly