



Oifig  
Fiontair  
Áitiúil

Local  
Enterprise  
Office

**Marketing  
the Product  
or Service**

*...Let's talk  
business*



Oifig Fiontair Áitiúil Dún na nGall

Local Enterprise Office Donegal

## Marketing & Sales

*The aim of marketing is to satisfy the needs of every customer as best you can, while making a profit.*

## Market Research

Your market research should have defined the customers the business is going to target. Can you write a profile of your typical customer? Can you distinguish your customers from those of your competitors? How can you identify your customers from among the many people in the town, city or country in which you are located? This is critical because, unless you can identify your customers, how will you know how to reach them?

What are the defining characteristics of your customers:

- Are they old or young?
- Are they rich or poor?
- Do they have children? Babies or teenagers?
- Where do they live?
- What kinds of cars do they drive?
- Do they take foreign holidays? How often? And where?
- Do they use the Internet?
- Have they credit cards? Which ones? How much do they use them? And for what?
- Do they buy locally or will they buy by post or over the telephone?
- Do they respond to television advertising?

There are hundreds of questions that you can ask about your customers that will help you to define who they are. Without this customer profile firmly in your mind, most of your marketing effort will be no more than random shots into the dark. Find out what elements in your service or product are most important to your customers. To understand fully your customers' needs, make sure to clarify exactly what the customer means by probing until you are clear what the real needs are. For example, if customers say they want '**Total quality**', ask '**What do you mean by that?**'. When they answer '**Quick response**', you ask '**What do you mean by quick response?**' After asking '**What do you mean?**' a few times, you will establish the real need.

## Competition

Your competition can come in different forms. It can be local, national or, increasingly, international. Or your competition can be direct [someone who provides the same, or very similar, product or service] or indirect [someone who provides something completely different, but which takes potential spending power from your customer].

Ask yourself these questions to identify and assess your competitors:

- What are the alternatives for your products or services?
- Who makes / sells these alternatives?
- What range of products or services do they have?
- What kind of choices do they offer customers?
- How broad is their range?
- What are their target groups?
- What are their future prospects?
- What are they good at and what are they not so good at?

The key to winning at competition - especially indirect competition - is to understand your customer and why they buy (or don't buy) from you.

## Image

Image is increasingly important as a way to distinguish your business from the competition.

You should now decide what image you want your business to convey to your customers. For example, you may want your business/office/ practice/shop to appear:

- Practical, simple and objective
- Exclusive, high value and durable
- Modern, new and trend-setting
- Personal, multi-faceted and results-oriented.

Once you have chosen an image, make sure it is expressed in all aspects of your business, especially in any advertising or promotion that you do.



## Marketing Mix

To market your product and project your image, you use a mix of techniques and tools. To work out your marketing mix for a product-based company, use these 4Ps:

- Product
- Place
- Price
- Promotion

### Product

For most customers, a product is not only the product itself [the core], but also the services and intangibles that surround it [the product surround].

The surround includes:

- Before and after sales service
- Delivery
- Availability
- Advice
- Finance
- Guarantees and warranties
- Quality perceptions
- Value perceptions
- Reputation and brand name
- Other users' recommendations

For example, a pub sells pints [core] and quick service and atmosphere [surround]; a clothes shop sells clothing and appearance or personal image, a flower shop sells plants and flowers and ambience in the house. What do you sell? Understanding what your customers are **really** buying - the core AND the surround - is an important part of marketing.

### Price

Pricing is important for several reasons:

- The price you charge will determine your margins and, in the end, your own salary.
- Price is also closely associated with the quality and credibility of your product or service.
- Once you have established your price, it is very difficult to increase it without losing customers.

To establish your price, it is important to know what your customers are used to paying, and what they are prepared to pay. [At this stage, price has nothing to do with cost - that comes later!]

### Place

Important questions to ask, particularly for retail businesses, include:

- What will the customer see and experience when he or she visits your business?
- How easy is it to find you?
- Where are you situated [shopping area, a hotel or restaurant district, an office centre, in the centre or in the outskirts of town, etc.]?
- What does the area look like?
- What draws customers to your location?
- Do you provide a location map for your customers? Do you need to?
- Why did you choose this location?

## Place means...

*the location where your business will be established. In some cases, a customer will never come near your place of business - for example, if you run a window cleaning or mail order business. In such cases, we only use the P for place to mean distribution [that is, getting the product or service to the customer]. In retail businesses, place can be the most important part of the marketing mix.*

Place also covers the channels of distribution that you will be using for your product - basically, how you get your product to your customers.

Each industry is different and fortunes have been made [and lost] on changes to the channels of distribution. Look at how Dell has changed the way people buy computers.

The fewer stages within your distribution channel, the lower the distribution cost - which is why lots of businesses try to cut out the middleman. On the other hand, the middleman provides a useful service - holding stock, sourcing customers, advising on market conditions - and cannot always be dispensed with. You need to balance distribution costs with promotion costs. Very often, sales channels with low distribution costs have high promotion costs.

Consider also alternatives to the traditional channels - for example, network marketing and on-line distribution - if they are appropriate for your business.

## Promotion

It is a mistake to think that marketing begins and ends with advertising - it is just a part of your promotion activity, which covers:

- Direct marketing, direct mail/email
- Personal selling
- Public relations
- Publicity and advertising
- Digital Marketing
- Online presence, website, blog, ezine
- Social Media - Facebook, Twitter, YouTube, Instagram, LinkedIn, Pinterest, etc.

There are hundreds of ways of promoting your business and the products/services you offer. Try some of these:

- Create a Facebook page, open a twitter account, create a LinkedIn profile, create an Instagram account. More and more online content is media rich and many businesses are using infographics and video through online platforms such as YouTube, Vimeo and Vine. Many of these online tools are low cost to set-up, however engaging with your target customers can require considerable time through digital content creation and curation.
- Build your own website. You may also consider selling from your website through adding an ecommerce platform.
- Provide a location map and Google Location Pin to make it easier for customers to find your business.
- Advertise in a regional newspaper or monthly magazine aimed at your target group.
- Design and print brochures that can be delivered house to house with the newspaper delivery or deliver them yourself; distribute brochures during large meetings or conferences, at markets, in the street, to customers, etc.
- Have a sign made, [check whether you need planning permission, depending on where you plan to locate your sign].
- Direct mail - Send sales letters directly to potential customers and your existing customers for whom you have an address.
- Participation in trade exhibitions, markets, hiring a stand at a conference. You can make a special exhibition offer.
- Make up your front window display according to a special theme.

In practice, you will probably choose a combination of methods to make up your promotion mix.

# Service Businesses

*For businesses that provide services, the traditional 4Ps don't work - three new Ps are needed: people, process and physical evidence. People recognise the importance of the human element in all aspects of marketing. Process reflects the fact that services, unlike physical products, are experienced as a process at the time that they are purchased. Physical evidence reflects the physical surroundings associated with a service encounter or retail location. Sometimes, 'partners' are included in the 'marketing mix', as an extra P for service businesses.*

When you are selling, you should be:

- Asking questions - and listening
- Qualifying the opportunity (for both parties)
- Discovering hot buttons (what's in it for them)
- Building rapport, establishing trust and developing credibility
- Addressing objections
- Confirming understanding
- Planning next action steps
- Asking for referrals
- Seeking additional opportunities to serve and sell

## Customer Service

Businesses spend a lot of money on attracting new customers. But it is cheaper to keep your existing customers than to find new ones. Loyal customers:

- Spend more money with you than other customers
- Bring in new customers (through word-of-mouth recommendations)
- Cost less than acquiring new customers

One way of creating and keeping loyal customers is through customer service - not just any old customer service but through superb world-class customer service. World-class? Why not? Where's the competition? When did you last get service from any business that was so good that you would recommend someone else to use them?

When did you last get service so good that you noticed? The fact that you only have a small business makes no difference - in fact, it makes it easier for you to be close to the customer.

Customer service involves:

- Doing what you promised the customer
- Willingness to help
- Providing prompt service
- Well-trained staff
- Individual attention
- Little things which make the difference

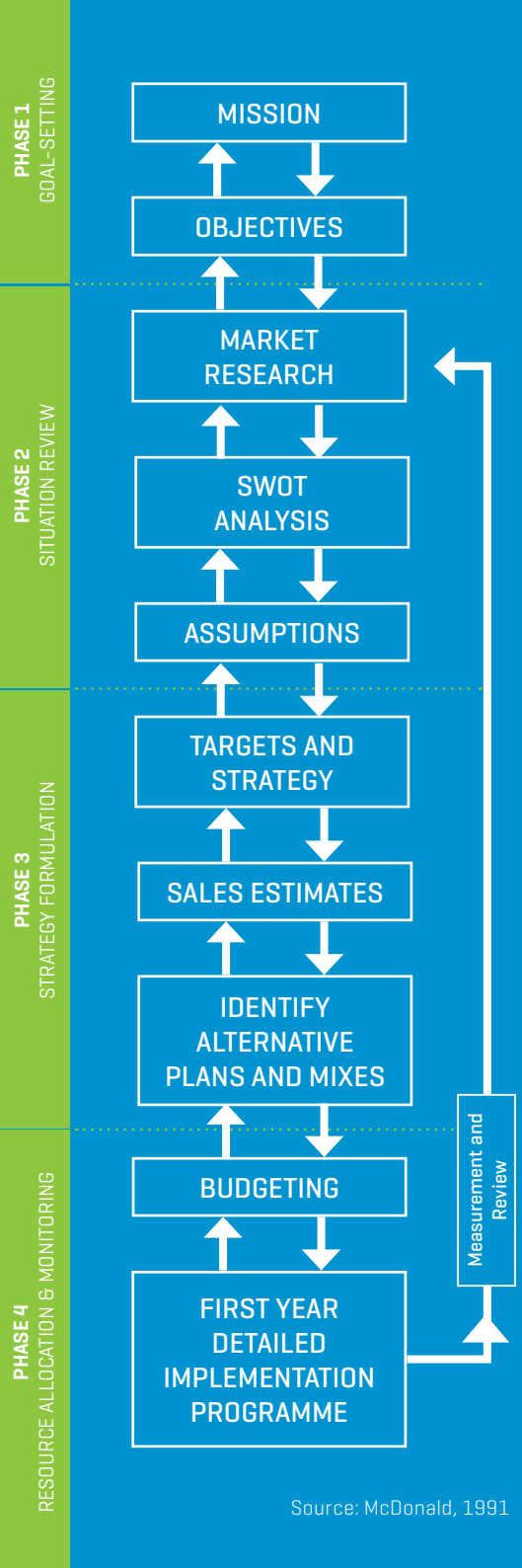
Research shows that businesses that provide top class customer service experience:

- Improvements in morale (reducing staff costs)
- Lower staff turnover (reducing recruitment costs)
- Longer customer retention (up to 50% longer)
- More repeat business (20-40% lower selling costs)
- More referrals (20-40% lower promotional costs)
- Higher prices (7-12% higher)
- Increased margins (7-17% more profit)

## Outline Plan

At this stage, you should have enough information to be able to develop an outline marketing plan [see diagram]. Just as marketing is the heart of your business, so your marketing plan is the heart of your business plan - which is what this advice booklet is about.

Sales estimates can be difficult for a start-up, since you have no track-record or experience to base them on. Try to support your sales estimates with as much hard evidence - forward orders, etc - as you can. In particular, note that marketing is not something you do once - **marketing is a constant process.**



Source: McDonald, 1991



## Oifig Fiontair Áitiúil

### Local Enterprise Office

#### Further Information

Local Enterprise Office Donegal | [www.localenterprise.ie/donegal](http://www.localenterprise.ie/donegal)

Donegal County Council | [www.donegalcoco.ie](http://www.donegalcoco.ie)

Supporting SMEs | [www.supportingsmes.ie](http://www.supportingsmes.ie)

Enterprise Ireland | [www.enterprise-ireland.com](http://www.enterprise-ireland.com)

Local Enterprise Offices | [www.localenterprise.ie](http://www.localenterprise.ie)

Department of Jobs, Enterprise and Innovation | [www.djei.ie](http://www.djei.ie)

Revenue Commissioners | [www.revenue.ie](http://www.revenue.ie)

Companies Registration Office | [www.cro.ie](http://www.cro.ie)

Irish Franchise Association | [www.irishfranchiseassociation.com](http://www.irishfranchiseassociation.com)

*These booklets have been designed as a guide only. Readers are advised to seek professional guidance before making any financial or legal commitment.*



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