

# Chapter 1

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## Making the Most of Your Marketing

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### *In This Chapter*

- ▶ Focusing your marketing by understanding your customers
  - ▶ Clarifying what your marketing is trying to achieve
  - ▶ Leveraging your marketing with focus and control
  - ▶ Identifying your customer touchpoints
  - ▶ Maximising the appeal of your product, service or business
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**E**ven though you're reading Chapter 1 of a book called *Marketing For Dummies*, you're probably already 'doing' quite a bit of marketing, maybe without even knowing it. Many companies, and even some of the biggest ones, mistake marketing for just advertising. But promotion is just one aspect of marketing; many of the other elements that go into doing good marketing are things that you may think of as essential and everyday parts of doing business, such as setting prices and getting your product into the hands of your customers.

You may be good at doing some or all of these things, but unless you're co-ordinating all of these activities under a formal marketing framework, your efforts aren't nearly as efficient or effective as they could be.

# Your Marketing Strategy: A Map to Success



Any marketing you do ought to be based on a *marketing strategy*, which is the big-picture idea driving your success. In order to make your marketing strategy happen you need to work out how you're going to achieve it, which involves writing up a *marketing plan*.

## The ultimate campaign

At the end of 2008, Barack Obama was elected president of the United States of America. While we're not going to pretend that marketing alone was behind this victory for the Democratic candidate, there is no doubt it played an important part. Obama cleverly used multiple marketing methods – particularly online ones popular with younger voters – to help build support for his campaign. By embracing these techniques, he was able to show youthful Americans that he was relevant to their lives today and show older voters that he was on top of new trends and developments.

Obama made sure he had a presence on all the big social networks, such as Facebook, as well as some smaller versions too. This way his supporters could stay in touch with his campaign easily as the content was updated regularly. It helped make people feel closer to Obama as a person than is usual in political campaigns.

Obama also kept a regular blog, used micro-blogging service Twitter, which announced his thoughts or feelings to online 'followers' and made use of search marketing optimisation to ensure positive results popped up whenever people searched for his name or policies online. He even posted videos of speeches on YouTube.

While there were many other elements to Obama's marketing campaign too, including more traditional types of advertising on TV and radio, there is no doubt that using the most relevant and innovative techniques helped put the now-president on the world stage. If someone as time-pressed and intelligent as Obama thinks marketing is important enough to spend his energy and effort on, then it's certainly worth you spending your time learning how best to do it.

## Knowing Your Customer

Many definitions of marketing have been created by experts with too much time on their hands. The Chartered Institute of Marketing (CIM), the international body for marketing and business development, defines marketing as ‘the management process responsible for identifying, anticipating and satisfying customer requirements profitably’. Wow. We prefer our own, simpler version – ‘selling more stuff to more people’. But you don’t get very far in business these days by just making stuff and then finding people to buy it. Instead, you’ve got to find out what customers want from you and then create a product to meet those needs. This view is the difference between being what the experts call product-orientated and customer-orientated.

Whether you’re product- or customer-orientated, however, the first and most important principle of marketing is this: know your customer. When you understand how customers think and what they like, you can develop products or services that meet those needs and come up with appropriate and appealing ways to communicate them.



You need to understand your customer on two levels: the rational, functional dimension of making a purchase decision, and the irrational, emotional dimension. To truly know your customer, you need to explore two primary questions:

- ✓ **How do they feel about your product?** Does it make them feel good? Do they like its personality? Do they like how it makes them feel about themselves?
- ✓ **What do they think about your product?** Do they understand it? Do they think its features and benefits are superior to those of the competition and can meet their needs? Do they think that your product is good value given its benefits and costs?

Sometimes, one of these dimensions dominates. In other instances, all dimensions are equally important. Which is true of your customers? Depending on your customers, you need to take one of the three following approaches:

- ✓ **Informational approach.** The approach you use if your customers buy in a rational manner. This approach involves showing the product and talking about its benefits. Use this approach when you think buyers are going to make a careful, thoughtful, informed purchase decision.
- ✓ **Emotional approach.** This approach pushes emotional instead of rational buttons. For example, a marketer of virus-scanning software may try to scare computer users by asking them in a headline, 'What would it cost you if a virus destroyed everything on your computer right now?' Use an emotional approach when your customers have strong feelings you can tap into and relate to your product or service, or when you think people are going to make an impulsive decision.
- ✓ **Balanced mix.** This approach uses a combination of informational and emotional appeals. It engages both the rational and emotional sides of the buyer's mind. For example, after a scare-tactic (emotional) headline asking, 'What would it cost you if a virus destroyed everything on your computer right now?', we'd follow up with a few statistics such as, 'One out of every ten computer users suffers a catastrophic virus attack each year.' The facts reinforce the nervous feelings the headline evoked, helping move the prospect toward purchase.

Decide which of these three approaches to use and then use it consistently in all your communications. When in doubt, use the balanced mix to hedge your bets.

## *Getting focused*

You begin to organise and focus your marketing activities when you define as clearly as possible who you're targeting with your marketing.



To help you focus, write a detailed description of this customer, as if you were developing their character for use in a novel or screenplay you plan to write. (The plot of this story is, of course, that the character falls in love – with your product or service.)

If your customers are other businesses, then you can group them by the type of product or service they offer or by the industry sector they're in. If your customers are people, the common ways to define them are by demographics (age and location), socio-economic status or by attitudes and behaviour. Whichever way you try to identify the group or groups of customers most likely to buy from you, the objective is the same: to create a specific product and tailored marketing message that will have the best effect on them.

You further increase your focus when you decide whether your target customers prefer marketing that takes a rational, information-based approach, an emotional, personality-based approach, or a balanced mix of the two. Then you know whom to target, and you have an important clue as to how to target them and communicate with them in every element of your marketing.

Another aspect of your customer focus is whether you want to emphasise attracting new customers, or retaining and growing existing customers. One or the other may need to dominate your marketing, or perhaps you need to balance the two. Marketing to new prospects is usually a different sort of challenge from communicating with and satisfying existing customers, so knowing what is most important helps you to improve the effectiveness of your marketing.

## ***Finding out why customers like you***

In marketing, always think about what you do well, and make sure you build on your strengths in everything you do.

You can't be all things to all customers. So now we want you to clearly and succinctly define (notes, please!) what your special strength or advantage is. Start your sentence like this: 'My product (or service) is special because . . .'



For example, if you're known for good customer service, make sure to train, recognise and reward good service in your employees and to emphasise good service in all communications with your customers and prospects. A photo of a

friendly, helpful employee could be featured in your advertising, brochures or web page, because friendliness personifies your excellence in customer service. You can also quote customer testimonials that praise your service. You may want to offer a satisfaction guarantee of some sort, too. Focus on your strength in all that you do and your marketing becomes more profitable.

## *Working out the best way to find customers*

Take a look at the following list to see some of the most common answers – things that businesses often say are most effective at bringing in the customers:

- ✔ **Referrals.** Customers sell the product or you.
- ✔ **Trade shows and professional association meetings.** Contacts sell the product .
- ✔ **Sales calls.** Salespeople sell the product.
- ✔ **TV, radio or print ads.** Advertising sells the product.
- ✔ **Product demonstrations, trial coupons or distribution of free samples.** Product sells itself.
- ✔ **Websites and newsletters.** Internet information sells the product.
- ✔ **Placement and appearance of buildings/shops.** Location sells the product.

As the preceding list indicates, each business has a different optimal formula for attracting customers. Many successful businesses put one-third to two-thirds of their marketing resources into their top way of attracting customers and then use other marketing methods to support and leverage their most effective method. Successful businesses don't spend any time or money on marketing activities inconsistent with their best method or that rob resources from it.

# *Defining Your Marketing Methods*

Peter Drucker, who passed away in 2005 and was one of few justly famous management gurus, defined marketing as the whole firm, taken from the customer's point of view.

Your own view is totally irrelevant to customers. The success of any business comes down to what customers do and they can only act based on what they see. That's why marketing and advertising gurus often say, 'perception is everything'. You must find ways to listen to your customers and to understand their perceptions of your firm and offerings, because your customers (not you) need to define your marketing methods.



This section requires you to think about and write down some ideas, so get out a pencil and some paper to jot down notes while you're reading.

## *Finding your customer touchpoints*

From the customer's point of view, identify the components of your marketing. (The components include everything and anything that the customer sees, hears, talks to, uses or otherwise interacts with.) Each customer interaction, exposure or contact is what we call a touchpoint, where good marketing can help build customer interest and loyalty.

Remember, some of the people who sell your product, such as a wholesaler, may not be in your plan or even on your company's payroll. Are they all representing your firm and product properly – with the focus and professionalism you want?

## *Analysing your seven Ps*

In marketing, points of contact between the customer and your communications, products and people are the only things that really matter. These are *touchpoints*, and we find that most of them aren't itemised in a firm's marketing budget or plan.



When does your customer interact with your people or product, or information about your people or product? Take a few minutes to make up your master list of touchpoints, which will form the basis of a more extensive and accurate marketing plan. To help you create this list, we suggest you use the seven Ps of marketing: product, price, place, promotion, people, process and physical presence. Now think about your touchpoints using these seven Ps.

There used to be just four Ps of marketing (product, price, place and promotion), which are sometimes referred to as the *marketing mix*. Every marketing expert seems to have his or her own set of Ps, but don't get too hung up on which set of Ps is the right one. The list we give here is the most up to date and covers all the key touchpoints.

### *Product*

What aspects of the product itself are important and have an influence on customer perception or purchase intentions? List the tangible features that relate to how well the product is meeting current and future customer needs, and intangibles like personality, look and feel and also packaging. Remember that first impressions are important for initial purchase, but that performance of the product over time is more important for repurchase and referrals.

### *Price*

What does it cost the customer to obtain and use your product? The list price is often an important element of the customer's perception of price, but it isn't the only one. Discounts and special offers are part of the list of price-based touchpoints, too. Don't forget any extra costs the customer may have to incur, such as the cost of switching from another product to yours.

### ***Place***

When and where is your product available to customers? Place is a big influence, because most of the time, customers aren't actively shopping for your product. Nobody runs around all day, every day, looking for what you want to sell. Getting the place and timing right is a big part of success in marketing and often very difficult. When and where do you currently make your product available to customers?

### ***Promotion***

This fourth P incorporates any and all ways you choose to communicate with customers. Do you advertise? Send mailings? Promotion includes all aspects of communicating with customers: advertising, personal selling, direct marketing, sales promotion and public relations. Do distributors or other marketing partners also communicate with your customer? If so, include their promotional materials and methods because they help shape the customer's perception too. What about other routine elements of customer communication, such as bills? Routine admin forms part of the impression your marketing communications make too.

### ***People***

Almost all businesses offer a variety of human contacts to customers and prospective customers, including salespeople, receptionists, service and support personnel, collections, and sometimes shipping, billing, repair, or other personnel, too. All these points of human contact are important parts of marketing. People need to be trained and motivated to put across the right image for your marketing and that's down to you, not them.

### ***Process***

You need to think not only about the point when customers buy your product, but everything that happens before and after that. These are the processes through which you connect the product with the customer. Do you keep them informed about deliveries and can you avoid delays? Do you have a proper complaints procedure? All these issues aren't as back-office as many companies believe, and they all affect the way your customers perceive your business.

### *Physical presence*

Not all businesses make a tangible product and this latest addition to the list of marketing Ps covers those organisations and the image they portray to customers. Physical presence means your company's premises and vehicles and even the appearance of your staff. If you offer services rather than tangible products, you need to provide prospective customers with an image communicating what your organisation represents (you do anyway, you probably just haven't thought about it or formally planned it).

## *Deciding which P is most important*

Ask yourself which of the seven Ps needs to be most important in your marketing. If you've already identified what customers like about you (for example, your special quality or a distinct point of difference from competitors), this may point you toward one of the Ps.

The company that sells the quality of its service, for example, obviously needs to emphasise people and processes in its marketing and business plan. In contrast, the company whose products are technically superior needs to make sure its marketing investments focus on maintaining the product edge.



Don't be tempted to make price the main focus of your marketing. Many marketers emphasise discounts and low prices to attract customers. But price is a dangerous emphasis for any marketing activity; you're buying customers instead of winning them. That approach is a very, very hard way to make a profit in business. Price reasonably, use discounts and vouchers sparingly and look for other things to focus on in your marketing.

## *Clarifying Your Marketing Expectations*

When you make improvements to your marketing, what kind of results can you expect? As a general rule, the percentage change in your marketing activity will at best correspond with

the percentage change you see in sales. For example, if you only change 5 per cent of your marketing from one year to the next, you can't expect to see more than a 5 per cent increase in sales over whatever their natural base would be.

## *Projecting improvements above base sales*

*Base sales* are what you can reasonably count on if you maintain the status quo in your marketing. If, for example, you've seen steady growth in sales of 3 to 6 per cent per year (varying a bit with the economic cycle), then you may reasonably project sales growth of 4 per cent next year, presuming everything else stays the same. But things rarely do stay the same, so you may want to look for any threats from new competitors, changing technology, shifting customer needs and so on, and be careful to adjust your natural base downward if you anticipate any such threats materialising next year. Your base, if you don't change your marketing, may even be a negative growth rate, because competitors and customers tend to change even if you don't.



When you have a good handle on what your base may be for a status quo sales projection, you can begin to adjust it upward to reflect any improvements you introduce. Be careful in using this tactic, however, because some of the improvements are fairly clearly linked to future sales, while others aren't. If you've tested or tried something already, then you have some real experience upon which to project the improvement's impact. If you're trying something that is quite new to you, be very cautious and conservative about your projections at first, until you have your own hard numbers and real-world experience to go on.

## *Planning to fail, understanding why and trying again*



Start small with new ideas and methods in marketing so that you can afford to fail and gain knowledge from the experience and then adjust and try again. In marketing, you don't have to feel bad about making mistakes, as long as you recognise what went wrong and take away useful lessons.

We're positive pessimists in relation to marketing. Our philosophy is, 'what can go wrong, will go wrong . . . and we'll be fine!' Avoid being too heavily committed to any single plan or investment. Keep as much flexibility in your marketing as you can. Favouring monthly commissions for salespeople and distributors is also wise, because then their pay is variable with your sales and goes down if sales fall, which means you don't have to be entirely right about your sales projections.

Flexibility, cautious optimism and contingency planning give you the knowledge that you can survive the worst. That way, you have the confidence to be a creative, innovative marketer with the courage to grow your business and optimise your marketing. And you can afford to profit from your mistakes.



Don't expect to solve all your company's problems through your marketing. If the product is flawed from the customer's perspective, the best thing you can do as a marketer is to present the evidence and encourage your company to improve the product. Don't let others in your company try to tell you otherwise.



Marketing activity needs to constantly evolve and improve. Most companies fall far short of their full potential, which is why for every hundred businesses, only a few really succeed and grow. The others don't have the right marketing needed to maximise their success. Think big in your marketing. You can always do something more to improve your effectiveness and your results.