

Marketing planning toolkit for small business



Membership Services
Moor Hall, Cookham
Maidenhead
Berkshire, SL6 9QH, UK
Telephone: 01628 427500

www.cim.co.uk/marketingresources

© The Chartered Institute of Marketing, 2009.

All rights reserved. Permission to reproduce or extract material from this publication must be sought from The Chartered Institute of Marketing.

Marketing planning toolkit for small business



1 Introduction

This planning tool has been written with the aim of providing marketing support, whatever your background or level of expertise. It will also provide you with a brief overview of marketing, answering some of the most commonly asked questions.

2 What is marketing

The Chartered Institute of Marketing defines marketing as follows:

"Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably."

This process calls for management decisions on product, pricing, distribution, promotion and personal selling, and in some instances customer service. These elements are known as the 'marketing mix'.

3 How can marketing help my business

Without customers you don't have a business. Satisfying customers' needs whilst making a profit should be the central drive of any business – you have to produce what the customer wants. Matching the wants of your customers to your company's Products or Services should achieve the objectives of both parties.

When people buy **products** or **services** they do not simply want the products, they also want the **benefits** from using them. Products and services help to solve a customer's problems – it is the solution to these problems that customers are buying.

If your company understands customers it can develop products that appeal to them. An understanding of marketing techniques allows you to serve your target audience better than your competitors do. You can use promotional techniques to differentiate your product from competition and in doing so provide competitive advantage.

4 Goals and objectives

4.1 Goals

Your goals and overall vision should be the key statements that drive your business.

For example what type of company are you and where do you want to be in five years time?

Because the business environment is constantly changing, when thinking about your goals you may want to consider the factors that might affect your business now and in the future. The table below provides some suggestions.

With the advent of the internet, there are now many sources of information on your competitors and your environment. You may also be surprised how much business information is available from your nearest city library. And remember, company reports are a good source of competitive information and can be found at www.companies-house.gov.uk.

The following may help you think about your goals

Your own business and market environment

- What marketing information do you have, eg total market size growth and trends ?
- What information do you have on your customers?
- What information do you have on your sales and what does this tell you?
- **Products/services:** What products/services are you selling, what is their market position, who are their competitors?
- **Price:** How do you price your product/service? Do you discount? How does this compare to your competitors?
- **Place:** Where and how are you currently selling your products/services?
- **Promotion:** What types of promotional activities are you currently carrying out? How do you assess this? Are you getting results?

If you are a **Service Industry** you may want to also consider:

- **People:** Customer care and quality – are you actively promoting a culture of service within our company? Are you recruiting the right people in the first place? Are you providing them with the tools to do the job?
- **Processes:** Can your team deliver a consistent level of service to all customers at all times? Do you have written procedures in place to ensure consistency of service?
- **Physical evidence:** What message does the appearance of your premises or your people send out to your customers? Would your staff benefit from a uniform? If customers' visit your premises, is there a unique feature about the building or location you can exploit? Alternatively can you create a brand image using distinctive décor?

Economic environment

- **Political:** Government actions, tax levels, privatization, schools policy etc
- **Economic:** Rate of Inflation, unemployment, interest rates, available credit, exchange rates
- **Social & Cultural:** Demographics (population growth/distribution, age), lifestyles and cultural values (changing beliefs, skills, family values)
- **Technology:** IT, internet, home shopping
- **Legal:** UK Law (health & safety, employment law, store opening etc), EU Law
- **Environmental:** Affect of your business on environment, 'green' credentials

4.2 Objectives

Your objectives should be a **statement of what you want to achieve** and need to be **SMART (smart, measurable, achievable, realistic and time bound)**. They need to be quantitative (ie expressed where possible in terms of values, volumes and market shares), and need to cover the period of the plan, eg sell 400 units in the next twelve months.

Your objectives may relate to sales volume or market share. You may wish to generate:

- More volume from existing customers
- New business from new customers
- Obtain revenue from a different distribution channel such as the internet or mail order

5 Understanding your customers and building relationships

Understanding your customers is crucial as you need to satisfy existing customers and seek new ones.

The easy way to do this is to divide them into groups. For example; service, product, location, volume or revenue.

The example below is based on revenue and is a useful way of categorizing your customers and the actions required. It is also easy to share this simple format with your team so everyone is focused on the key issues

Start by thinking about your customers and looking at your sales records. Consider how they buy, when, in what volume and to what value.

- Who do you consider as your top customers (**Cash Cows**)
- Who are regular customers but have the potential to buy more (**Rising Stars**)
- Who are the customers who make a spot purchase but you don't know why (**Question Mark**)
- Who are the customers that buy on an irregular basis but want that extra bit of service or reduced volume for no extra cost? (**Dogs**)

Cash Cow	Action
List customers by revenue	List actions
Rising Star	Action
List customers by revenue	List actions
Question Mark	Action
List customers by revenue	List actions
Dog	Action
List customers by revenue	List actions

Once you have identified your customers it is then important to discuss the actions required for each group to maximize profit or grow new business and to utilize your resources effectively. You may want to consider the following:

- Are your customers in this market satisfied or are they looking for a change?
- Can you offer them something which really meets their needs?
- Will you generate enough business in this group to survive?
- Alternatively, is there too much business? Will you overreach yourself?
- How will competitors react?

Once you fully understand what your customers want, you can start to build a relationship with them that is based on properly satisfying their needs. It is important that you ensure that your message is communicated effectively.

6 Understanding your competitors

The best way of 'beating your competitors' and providing your company with an added advantage is to learn more about them and understand where they are strong and where they are weak. You can then compare this information with your own

view of your company and look for opportunities where your product or service can provide an additional benefit.

You may want to consider the following:

- How competitive is your market?
- Who are your major competitors, how big are they, what is their market share?
- What type of reputation do your competitors have?
- What are your competitors likely to be doing?
- Are there new players entering your marketplace?
- Is there a threat of substitute products?
- Do your customers or suppliers have any bargaining power?
- How do your competitors distribute their products, what are their production capabilities?
- What is their marketing like?
- What are their key strengths and weaknesses?

7 How to make products and services work for you

You may want to consider your Strengths and Weaknesses in terms of your products or services as this will also help you think about your Opportunities and Threats. (SWOT)

It is not always easy to assess the strengths and weaknesses of your own business objectively, so you may wish to get someone else close to you or the business to help you.

You might consider the following:

- Distinctive product or company strengths
- Financial resources
- Range and level of service
- Client base
- Price/fee structure
- Distributors
- Promotion and selling

Example of SWOT for a customer services department

Strengths	Weaknesses
<ul style="list-style-type: none"> • Email / fax facilities /phone 0800/ Broadband • IT literate • Good Sales order software • Staff normally available to take orders immediately • Knowledgeable • Good products • Good prices • Focused on what we do well, eg products range • Good stock levels / prompt delivery • Reasonable flexible / responsive delivery vehicles • Good location for goods in / out • Strong management team 	<ul style="list-style-type: none"> • Lack of customer contact • Poor database • Wide product base lack of awareness of product offers • Only service in the area • Don't visit customers often enough – no sales force • Lack of marketing skills/resources • No marketing budget • Quality of promotional items • Lack of brochure/catalogue • Internal communication • Small major customer database • Declining industries
Opportunities	Threats
<ul style="list-style-type: none"> • Dedicated telesales • Email mail shots • Improve internet site • UK wide distribution • Telemarketing • Reduce customer complaints • Improve premises • Gain contracts • Expanding SME market • Structured sales department 	<ul style="list-style-type: none"> • May lose customers to competitors • Competitors' products • Competitors advertising • Manufacturers selling direct • Active competitors • Competitor sales force
Statement of key opportunities and actions	
<ul style="list-style-type: none"> • Develop database • Plan Promotional email campaign • Consider telesales campaign • Plan personal visits to top 20 customers • Consider recruiting a sales representative • Provide product training for frontline staff • Review sales structure and resources • Review existing internal communication methods • Produce product catalogue • Review promotional material • Review process for contract acquisitions – evaluate successes and failures • Tailor product/sales offering specifically for SME market and designate responsibility for growing this • Market to named customers • Allocate marketing budget • Consider regular marketing support 	

8 Promotional activity

No matter how wonderful your product, no matter how unique your service, the world is unlikely to beat a path to your door unprompted. You need to carry out promotional activity to attract the right sort of business, in the right quantity, at the right time and to distinguish you from the competition.

Promotion is not just about advertising your business, nor is it just about selling. It's about **pulling together a range of techniques, in the most cost-effective way you can**, to initiate, increase and maintain awareness of what you offer to your customers. You need to move your customers from total lack of awareness through to the point at which they actually buy and buy again.

There are four key elements to consider:

- **Public Relations:** Good PR will generate understanding and positive interest in your business. It will wet potential customers' appetite for more information, prompt enquiries, re-establish dormant contracts and reinforces your image with existing customers.
PR is a long-term process, to do with developing an image and a reputation with your customers and the market as a whole. Often this image is created by cumulative effect, based on the quality of your printed materials, your staff, and the willingness of your customers to broadcast their good experiences. You can however devise strategies to focus your approach, aimed at enhancing your reputation with people whose opinion you value.
You must remember however, that PR cannot be used to guarantee results as you have no direct control over what is reported, how or when.
- **Advertising:** Advertising is an almost universal tool. You can use it to gain your customers' attention, attract customers' interest, create desire for your product and service and then prompt them to buy.
There are many ways you can advertise your business, but it can be very

expensive for the Small Business so requires a financial commitment. Advertisements can be placed in local and national press, in magazines, and on the internet. You can also create ads for poster sites, radio, cinema and TV. Advertising can be as simple as dropping leaflets through doors in your local town, or placing posters in shop windows. You can use direct mail to carry out a mail shot to potential customers, existing customers or lapsed customers.

The message you want to send – this should be simple and consistent throughout your activities. Businesses often find impact can be significantly improved by repeating campaigns or running the same campaign in different media, eg posters and leaflet drops.

- **Packaging:** You are probably familiar with the use of packaging to protect your product, help distribute your product and sometimes, to meet regulations. You can, however, use it as a tool to differentiate a product, either visually or in terms of the convenience it offers to the consumer. Packaging design is an inherent part of the brand identity of a product.
- **Personal Selling:** The most expensive and the most effective form of promotion is personal selling. Even if your business does not have a sales force you will have found yourself selling at sometime – whether you were selling your idea to the bank or encouraging a shop to stock your product. You need to consider what is the best way to gain access to existing customers or attract new customers. For example, PR or Direct Mail may help generate leads. You also need to remember to sell the benefits of your product or service not just the product. If you employ a sales team are they split geographically, or would it be better to have them focusing on different products or different market areas? Should you have someone focusing on new business only, or managing key accounts?

- **Direct Marketing:** This is often two way communication, developing a relationship between supplier and customer. Response is carefully measured in an attempt to take the waste out of marketing and should be part of your long-term strategy. Activity through virtually any media can be classed as direct marketing, including telemarketing. For most small business, direct mail is the type of direct marketing activity carried out most commonly. Leaflets are sent through the post, with the aims of eliciting a response – be it purchase, trial loyalty, relationship building, or one of many other objectives. E-mail is now a commonly used form of direct marketing.

9 Action plan and resources

Simply committing your ideas and plans for your business down onto paper gives you a framework and allows you to organize your ideas and make the best use of your resources.

You can write a comprehensive business or marketing plan, and indeed you will need to if you are require funds from a bank or other financial institute, but in reality a simple action plan will assist you in developing your business.

The important thing to remember is that the plan has to be sufficiently thorough, and to have enough detail to act as a useful tool. You need to be pragmatic, and accept that if the information you need is not available, then you simply cannot include it.

Producing an action plan will also help you consider what resources, in terms of people or what funds are available, and what you can realistically achieve.

Finding out more

Visit

www.cim.co.uk/marketingresources

for more useful advice for small businesses wanting to build on their marketing knowledge.

Annex 1
Customer matrix

Cash Cow	Action	Rising Star	Action
Question Mark	Action	Dog	Action

Annex 2
Marketing action plan

	Objective (SMART)	Action	Responsibility	Cost	Timeline
Customers					
Products/Services					
Competitors					
Promotional Activity					
Communication					