Simple Steps for Starting Your Business

Session 3: Marketing Your Business
[insert local sponsorship information here if relevant, otherwise delete this slide]
SESSION 3: Marketing Your Business

One-on-One Mentoring

Session 1: Start-Up Basics
Session 2: Business Concept
Session 3: Marketing Plan
Session 4: Financial Projections
Session 5: Funding Sources

“Go or No-go” decision & next steps with mentor

Mentoring/Build Business Plan
Homework Review

- How did you do?
- Competitor:
  - Price and pricing strategies
  - Features and benefits
  - Annual sales
- Marketing strategies in reaching target customers
- Lessons learned?
- Questions about the process?

*Time: 10 minutes to discuss*
SESSION 3: Marketing Your Business

Agenda

- Competition
- Product and services description
- Pricing strategy
- Target markets and channels
- Marketing strategies to reach customers
- Marketing message
- Sales Basics
- Homework

SCORE
FOR THE LIFE OF YOUR BUSINESS
Group Exercise: Competitive Comparison Outline

Compare the competition for:
- Features/benefits of offering
- Pricing strategy
- Sales size
- Marketing strategy
- Business model/efficiency

Time: 10 minutes
## Competitive Comparison

### Ann’s Nursery

<table>
<thead>
<tr>
<th></th>
<th>Ann’s</th>
<th>Comp. A</th>
<th>Comp. B</th>
<th>Comp. C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits Features</td>
<td>++</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Pricing</td>
<td>0</td>
<td>+</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sales Size/Mix</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>+++</td>
</tr>
<tr>
<td>Market Strategy</td>
<td>+</td>
<td>0</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>Business Model</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+</td>
</tr>
</tbody>
</table>
Products and Services

SESSION 3: Marketing Your Business

Descriptions should include:

• Special benefits
• Unique features
• Limits and liabilities
• Production and delivery
• Suppliers
• Intellectual property, special permits
Pricing Strategy

- Market Price
- Typical Pricing Strategies
  - Value added premiums
  - Channel considerations (consumer, dealer)
  - Other Options
    - Mark-up on cost
    - Bundling
    - Customer type:
      - Business vs. Consumer
    - Promotions
Pricing Considerations

• **Initial Price**
  – Costs of material & service plus profit
  – Match competition

• **Adjust Price**
  – Monitor customer demand
  – Compare to competition
  – Ensure value to customer
  – Reduce costs before increasing prices

• **Prices set too low**
  – Disrupt marketplace (price war)
  – New business suffers most
The path of goods, services and information to the customer.

- Direct Sale: Business to Business
- Producer to Distribution to Retailer
- Direct Sale to Final Consumer
- Internet
- Associate Networks for Services
Identifying Target Markets

Who will you sell to?

– Channel position
– Profile
  • Key demographics
  • Income level
  • Gender
  • Geographic
– Buying habits and behavior
– Market size and realistic penetration: growing or declining
Target Market
Comparison and Selection

- Fills target customer needs
- More profitable (considers cost and price)
- More sales
- Minimum channel conflict
- Favorable competitive environment
- Fits my vision and skills
# Target Markets Worksheet

## Ann’s Nursery

<table>
<thead>
<tr>
<th>Target Markets</th>
<th>Local Nursery</th>
<th>Distant Nursery</th>
<th>Local Gardener</th>
<th>Internet Gardener</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Channel Position</strong></td>
<td>producer/retailer 30/70</td>
<td>produce/retailer 30/70</td>
<td>consumer</td>
<td>retailer/consumer</td>
</tr>
<tr>
<td><strong>Key Demographics</strong></td>
<td>$1-30M sales; broad product</td>
<td>$1-30M sales; broad product</td>
<td>high end</td>
<td>high end, experience</td>
</tr>
<tr>
<td><strong>Buying Habits</strong></td>
<td>trust of product; personal connection</td>
<td>trust of product; pricing</td>
<td>local rep; available; pricing</td>
<td>reputation; delivery</td>
</tr>
<tr>
<td><strong>Market Size and Share</strong></td>
<td>200 x $50k share 5%</td>
<td>4000 x $50k share 1/10%</td>
<td>$500k share 5%</td>
<td>2M x $100 share 1/5%</td>
</tr>
</tbody>
</table>
## Comparison for Selection
### Ann’s Nursery

<table>
<thead>
<tr>
<th>Target Markets</th>
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<th>Internet Gardener</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Profit</td>
<td>++</td>
<td>0</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Sales</td>
<td>+++</td>
<td>++</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Channel Conflict</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Competition</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Fits Me</td>
<td>++</td>
<td>0</td>
<td>-</td>
<td>+</td>
</tr>
</tbody>
</table>
Group Exercise: Target Markets

- General description
  - Target markets
  - Channel position
  - Demographics
  - Buying habits
- Key needs vs. your products/services
- Cost vs. profit
- Sales size and estimate of your potential market penetration
Concise message about your products or services that:

- Fulfills target customer needs
  - Quality
  - Price
  - Availability
  - Dependability (etc.)
- Clearly identifies unique/key features
- Can be consistently communicated in all marketing material and media
Ann’s Nursery (business) offers to discerning growers and gardeners (target customers) high quality ornamental trees, shrubs and vines (products) backed by well known horticulturalist, Dr. Ann Murphy, a one year money back “guarantee to grow” and extended plant care documentation (unique features).
Advertising: radio, TV, newspaper, magazine, direct mail, yellow pages

Public Relations: print, radio, TV

Collateral: business cards, tri-fold, stationery, flyers

Internet (websites, e-mail, search engine marketing, social media marketing, content marketing)

Product samples, special offers

Presentation material, signage

Customer surveys
Popular Social Media Technology

**Facebook** 955 million users

Social Networking
- Connect with more than 955 million potential customers
- Choose your audience by location, age, and interests
- Test simple image and text-based ads and use what works

**LinkedIn** 147 million users

Social Networking
- Target your audience by age, gender, seniority, geography, or job function
- Pay per click or by impressions
- Stop your ads at any time

**Twitter** 225 million users

Microblogging
- Connect with customers and quickly share information
- Gather market intelligence & insights
- Build relationships with people that care about your company

**Google Places**

Business Finder
- Be found by your customers
- Stand out by engaging customers with photos, offers, and public responses
- Get insight on your listing to make smarter business decisions

**YouTube** 2 billion daily views

Online Video Community
- Promote your content
- Share promotional videos and customer testimonials
- Target audience by keyword

**Blogs** 160 million internet blogs

Online Conversation
- Word of mouth
- Communicate promptly
- Obtain feedback on products, service, trends, and industry
Marketing Methods by Business Channel Type

- Business to Business (B2B) for a product: Xerox
- Business to Business (B2B) for a service: eFax
- Business to Consumer (B2C) for a product: Nike
- Business to Consumer (B2C) for a service: Merry Maids
- Internet Sales: Amazon.com
Ann’s Nursery
Marketing Strategies

**Website sales**
- Internet to consumer
  - $2k start-up cost
  - ¼ staff
  - $100/mon. exp.

**Direct sales**
- Local retailer
  - ½ staff
  - $1k/yr samples
- Distant retailer
  - ¼ staff
  - $2k/yr travel
  - $3k display
  - $2k/yr travel

**Sales through mfg. reps**
- Distant retailer
  - $3k display

**Costs**
- $2k start-up cost
- ½ staff
- ¼ staff
- $1k/yr samples
- $2k/yr travel
- $3k display
## Ann’s Nursery
### Marketing Expenses Strategy Chart

<table>
<thead>
<tr>
<th></th>
<th>Local Retailer</th>
<th>Distant Retailer</th>
<th>Internet to Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One Time Expenses</strong></td>
<td>$1000 for samples</td>
<td>$3000 for displays</td>
<td>$2000 for web page</td>
</tr>
<tr>
<td><strong>Monthly/Annual Expenses</strong></td>
<td></td>
<td>$2000 year for travel</td>
<td>$100 per month for web hosting</td>
</tr>
<tr>
<td><strong>Labor Cost</strong></td>
<td>0.5 staff person</td>
<td>0.25 staff person</td>
<td>0.25 staff person</td>
</tr>
</tbody>
</table>
Group Exercise: Marketing Strategy Chart

- Identify different target customers by channel
- Add estimates by channel for:
  - one time expenses
  - monthly/annual expenses
  - staff time expended
- Pick a partner and share your strategy

Time: 10 minutes
Marketing Strategy Outline

- Marketing message
- Channel choice/sales approach (direct sale, internet, etc.)
- Methods used and related cost:
  - One time costs (sales booth, web design)
  - Periodic expenses (advertising, reprints)
  - Staff marketing approaches and time
  - Other promotional activity
Business Structure

• Legal entity
• Management, personnel structure and operations
• Insurance requirements
• Other risks
Thinking About Sales

Asking someone to buy what is being offered

- **Marketing gets customers to the door, Sales brings in the money!**
- Effective sales requires attention, common sense and creative thinking
- Prepare for sale cycle based on Marketing Plan
- Know your company’s strengths and weaknesses
- Know your competitor’s strengths and weaknesses
- Never be satisfied with “Status Quo”
Keeping Your Customers (and getting new ones)

When you have a new prospect...

• Provide a WOW! Experience
• Entice them to stay in touch
  – Social networks, email, mobile, events, direct mail
• Engage people
  – Discussion, promotions, event, poll/survey, sharing information
• Engagement = social visibility = new prospects!

Feasibility Plan Outline

SESSION 3: Marketing Your Business

Ann’s Nursery Handout
- Business Concept
- Product and Service Offering
- Pricing Strategy
- Competitive Comparison
- Target Markets
- Marketing Strategies to Reach Target Customers
- Business Structure
SESSION 3: Marketing Your Business

Review

- Competition
- Product and services description
- Pricing strategy
- Target markets and channels
- Marketing strategies to reach customers
- Marketing message
- Business Structure
- Sales Basics
- Homework
Testing Your Business Idea

- Session 1 → Start-up Basics
- Session 2 → Business Concept
- Session 3 → Marketing Plan
- Session 4 → Financial Projections
- Session 5 → Funding Sources
SCORE’s Business Technology resources are designed to help small businesses grow and prosper using technology to compete more effectively.

We provide you with FREE resources including:
• Free online workshops
• Free how-to guides

Topics include:
• Creating a Technology Plan for Your Small Business
• Building the Perfect Website for Your Small Business
• Boosting Your Business Using Technology
• Using Technology to Improve Your Cash Flow
• Using Technology to Jumpstart Your Sales

www.score.org/business-tech-training
Simple Steps for Starting Your Business

http://www.score.org/startyourbusiness

Includes links to handouts, workshop materials, and additional resources.
1. Complete the first draft of your feasibility plan.
2. Download the Financial Projections Template from the SCORE site: http://www.score.org/startyourbusiness
3. Fill in the Comparison for Selection of Target Markets worksheet (from your handout)
4. Bring a calculator

See you at the next session on Financial Projections.
Help Us, Help You

Please complete our workshop survey:

1. On a scale of 0 - 10, how likely is it that you would recommend this workshop to your friends and colleagues?

2. What is the primary reason for the answer you just gave us?

3. What is the most important improvement that would make you rate us closer to a 10?