

FAST FACTS 24: MARKETING YOUR BUSINESS

Marketing is essential for your business survival and growth. Your business needs to offer goods and/or services that are unique if it is to stay ahead of increasing global competition. Marketing is the main element to accomplish this and it needs to be managed the same way you manage other parts of your business. The following steps will help you develop a plan to market your business.

What is marketing?

Marketing is a much misunderstood concept. People often confuse it with selling or advertising, but it means much more than that.

Marketing is an integral part of small business management, for without an adequate market your business will not be profitable. You may have the best product available, but what if no one wants to buy it? Marketing concentrates on customers and what they need (or want). Customers are the essence of marketing - they are the source of sales and profits.

This information sheet outlines the marketing process. Firstly, market research helps you to identify your potential customers and define their needs and wants, as well as to know your competitors.

It will also help you develop a marketing plan, which enables you to identify how your business will 'stand out' in the market. An overall plan will ensure that your marketing efforts are co-ordinated and consistent.

Conducting market research

Market research is the process of gathering information to help you make decisions relating to the marketing of your business.

In formulating your marketing plan, you will need information on:

- your competitors
- your potential customers
- your product
- your costs

There are two sources for this information – secondary data and primary data.

Secondary data is information that has already been collected/published and that is indirectly related to the problem but will assist the research. Examples include:

- company files and sales data
- library resources
- university catalogues
- Australian Bureau of Statistics (ABS)
- other government departments
- industry associations

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- magazines and trade publications
- websites (providing they are reliable sources)

Primary data is information collected directly to solve the problem facing the business. Examples include:

- interviews
- surveys and questionnaires
- field work
- internal research

There are many ways to research the marketplace for your business and they are generally inexpensive. The more you can discover, the greater advantage you have over your competitors and this in turn will give you a good foundation for building a successful business.

Knowing your competition

It is important for your business to know who your competitors are and what you are going to be competing against. To be successful, your business needs to develop and sustain a competitive advantage over the competition.

Take these questions into account:

- Do you know what your competitors are doing?
- What are your competitors' strengths? Weaknesses?
- What do consumers think about your competitors' products?
- How are you going to position yourself with your competitors? Will you be meeting the competition? Beating the competition? Countering the competition?
- Are you competing on price? Product? Or quality?

Selecting your target market

Another important issue in marketing is to select your target market of potential customers. That is, dividing the market into specific groups so that you can determine the segments that will seek your products and/or services. Your target market needs to be large enough and sustainable, to be able to support your business.

The market can be segmented into different categories including:

- age
- gender
- occupation
- type of employment
- income level
- home ownership
- geographic location
- ethnic identity
- brand loyalty
- education

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The 4 P's

One of the most important aspects of marketing is the 4 P's practice. The 4 P's are: Product, Place, Price and Promotion. To get the best from your business you will need to implement them together.

1. Product

You need to understand your customers' (or potential customers') needs and develop your goods and/or services around them. Aspects involved in this could be:

- research and development
- accessories
- features
- linked products
- warranties
- quality control
- packaging

2. Place

Place not only includes the physical aspect of your business premises but also where the goods and/or services are available. The following details need to be considered:

- Where is the business located geographically?
- Do people notice it? Is it easy to find?
- Is it easily accessible for vehicles?
- Is the building exterior and interior presentable? Remember that first impressions can greatly affect your business!
- Is the layout suited to the customer when shopping?
- Are you situated close to your target market for deliveries, distribution, provision of services etc?
- What other distribution mechanisms do you have for your goods and/or services?

3. Price

It is important to put the correct value on your goods/services. When deciding on a pricing policy, consider the following:

- To make sure your business is viable you need to profit from the prices on your goods/services.
- Take into account where the product is on the Product Life Cycle (Introduction-Growth-Maturity-Decline), as there may be pricing adjustments for the different stages.
- Will your pricing policy cover your overhead costs? It is important to fully understand your costs and set your prices to recoup these costs.

4. Promotion

Promotion covers advertising, publicity, public relations, personal selling, sales promotion and networking.

To effectively promote your business, you should consider:

- Who is your target market?
- Where do you want to direct your promotions?
- What image are you trying to project?

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- What do you want to promote? Price? Product? Quality? Service?
- What resources do you have to carry out the promotion strategy?
- What strategy are you going to use?
 - Advertising
 - Publicity
 - Public relations
 - Sales promotion
 - Networking

Note: More information on promotion is available in the Promoting Your Business Fast Fact 25.

Developing a marketing plan

After conducting your market research and selecting your target market, the next step is to prepare a marketing plan. A marketing plan is a written policy of a market strategy and how long it is going to take to implement and complete. It needs to include:

- The marketing mix that is going to be offered (either or all of the 4 P's), to which target market and for how long it is going to be offered.
- What resources are going to be needed and at what rate?
- What results are expected?
- A control, so that it keeps the plan going in the right direction, and not diverting from the original design.

Your marketing plan will be a valuable tool for your business. It is not just buying, selling and advertising, and it will benefit your business financially and in many other ways!

For more information refer to other Fast Facts in this series or contact:

Territory Business Centre

Department of **Business and Employment**

Development House, 76 The Esplanade, DARWIN NT 0800

GPO Box 3200, DARWIN NT 0801

T: (08) 8982 1700

TF: 1800 193 111 (within Australia)

F: (08) 8982 1725

E: info.dberd@nt.gov.au

W: www.nt.gov.au/business

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