

SECTION – 3

QUESTION-1.

ANSWER:-

Marketing

There are many definitions of marketing out there, but we use the one presented in Principles of Marketing, Scandinavian Edition (2nd Ed.) by one of the big names of the field, Philip Kotler, together with Gary Armstrong and Anders Parment: “The process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.”

Notice how the process goes in the customer’s direction to begin with. They receive something from you before you can ask them for money, feedback and other things beneficial to you.

Marketing is so much more than advertising, PR and selling when defined like this, isn’t it?

What Marketing Consists Of

Marketing covers everything that involves production of goods and services. Once you have something to sell, next you want to let people know you can offer them this value in exchange for money, and so they buy it.

But it doesn’t stop there yet. Marketing also covers the customer’s use of the stuff sold, evaluation and satisfaction. Preferably, they should come back to buy more, too.

Note that theoretically, sales are part of marketing. In practice what this means is if you as the owner of a slightly larger enterprise have a disconnect between marketing and sales, most likely revenue is smaller than it could be.

Step 1 – Understand The Marketplace And Customers

What does the marketplace look like? Understanding your local area, country and our world is key to successful marketing and hence the first step of the marketing process.

How much money do people have and how much are they willing to spend? Even in times of recession many still prefer to have their hair professionally cut, but luxury items like concert tickets or jewellery may experience a dip, provided you normally sell to people with less disposable income. If you prefer to sell at lower price points but larger volumes, your marketing looks different compared to when you sell few but at high cost.

Or you could create separate brands and still be in business successfully. Compare your own business to Volkswagen Group. They sell cars at very different price points: VW, Audi, Seat and Porsche among others. Audi is big wallet and Seat smaller wallet. It wouldn’t work to sell both affordable and expensive Audi cars, because the brand would suffer.

This is why it's nonsense for small-business owners to consider only niche markets. Don't restrict yourself unless you want to! You just need a good bookkeeper.

As for the product itself, would someone want it? Is it a necessity or more of a want? Even if someone would like to have it, they might not be willing to pay as much as you would need them to pay.

An unfortunate example of this are knitted socks of high-quality yarn. Once you factor in all costs, knitting hours included, few would pay rather than knit a pair of their own. You could donate some of the costs from your own pocket to cover the difference, but that would be charity, not business. And if you only ever break even rather than generate profits, it's called a hobby, so again not business.

The glorious middle happens when both seller and buyer are getting real value from a transaction, and possibly even meet to do business again. Doing better business means keeping all senses awake for trends and global events.

As a maker of plastic bags, once demand decreases significantly, doing great business means realising a change of business model is necessary, or you go out of business. Fujifilm started making cosmetics, Kodak died.

Step 2 – Develop A Customer-Driven Marketing Strategy

To market successfully, you need a solid marketing strategy. For that to happen, you need to ask who your customers are and how you best serve them.

There's no such answer as "We help everyone" because then you help nobody. When you look through the windows of a brick-and-mortar, which includes a mess of perfumes, clothes, interior decoration, you name it, it's possible they don't have much commerce happening because nobody gets what they are trying to sell.

Once you crunch numbers, you might figure out that you would never succeed at building more than one brand. This is a typical situation for many solo entrepreneurs, solopreneurs for short, and small-business owners. Better to offer something in a stable way, be good at what you do and increase profitability over time the more you learn good business practices.

When you tune well into the needs and wants of your customer, you know your target market better than many in your competition. As for figuring out how to best serve your customers, having a strong value proposition is key to success.

The so-called area of marketing management is based on both an intuitive understanding of how people think and what they want, and a systematic approach according to scientific principles.

This is why it's extremely important as a business owner to get familiar with the numbers part of one's work. Unfortunately, if you take no interest in deeper analysis, it may be a better option to work for someone else, who is willing to learn these things. It's not enough to "make decisions and set your own hours", if the leader of the enterprise isn't willing to lead and do so well even when there's only one person to lead: yourself.

Good news is when your marketing management works, its strategy of step 2 and plan of step 3 below together create a solid foundation upon which to keep building.

Step 3 – Deliver High Customer Value

Once you know who you want to attract and where demand could be, you draft a marketing plan. You decide the specifics of what to sell, at what price, through which channels and how you're going to get the word out.

Delivering customer value of superior quality is worth striving for especially in saturated markets, which are already established for a while.

Step 4 – Grow Profitable Customer Relations And Delight Customers

To ensure happy customers, this is where you establish, maintain and grow relationships, also called customer relations, with them. Historically, marketing was product-centric and key points included sharing features and benefits.

These days there are still companies with that type of business model and usually they want to sell large quantities instead of prioritising customised deals. It isn't important for them to know deeply what their customers want, but the goods often cover basic needs such as food.

But for many of us what works now is a customer-centric approach and at the heart of this is customer relationship management, CRM. When you take care of your customer through individualised sales based on previous purchases and act with consideration if something goes wrong, they want to keep receiving value.

A satisfied customer is far more likely to do promotion on your behalf as well, which is free marketing. Once your customer reaches the level of delight, not just satisfaction, you've nailed CRM.

Step 5 – Capture Value From Customers To Create Profits And High Customer Equity

Money exchanges hands at this step. This is also where you can analyse your customers in numbers, yet many small businesses never do. Customer Lifetime Value, CLV, is what one customer brings in during their lifetime and the larger the number, the happier the customer.

At this point it's vital to realise not all customers are good customers and as such not worth investing in. It's said that it costs you 5-25 times more to acquire a new customer compared to selling to a repeat buyer, so many of your marketing efforts should focus on nurturing existing relationships. You don't have to keep convincing a loyal customer, they already get it, but they also know when little effort is put on having them stick around.

Customer Equity is the sum of all CLV. Some firms don't need new customers at all, imagine that! And others never have repeat buyers.

An example of where it's extremely difficult to create lasting relationships is Etsy. Many buyers don't distinguish between shops, but the Etsy brand itself wins when they hunt lowest possible prices, so consider very carefully if such a platform is good for you in the long run. Our opinion is you're more likely to succeed on your own website, even when it may seem daunting at first.

Conclusion

To grow a profitable business, you put your employees and customers in focus. Happy employees create happy customers, and happy customers come back with their friends. Do take the time to study the components of these five steps of the marketing process in great detail to ensure you do everything you can for your company.

Being a business owner isn't about you, but the people you serve. Your potential customers usually notice questionable ethics, are increasingly savvy about environmental aspects and are beginning to expect sustainable strategy and sustainable marketing in addition to circular economy.

Stakeholders outside of the firm are the global communities at large, so companies that fail to address for example elements of circular economy will eventually close shop in these times of climate change. For this reason we think small-business marketing has great potential to develop into effective sustainable marketing, compared to that of corporations with their heavy internal management and slow change processes.

We will return to sustainable marketing many times to help you work on your competitive edge, but for now we wish you fruitful hours sharpening your marketing process!