

Entrepreneurship and Business development

Textbook for EBD-Students

THE CACTLE



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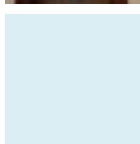
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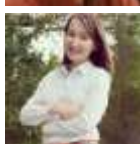
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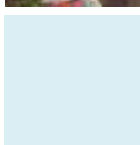
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1.4. Marketing

Overall competence

- Before starting studying this chapter, you are already able to plan a stringent marketing mix for a product or service of an enterprise on the basis of given information (C)
- After having studied this chapter, you will be able to create a stringent marketing mix for any output of any small enterprise (F)

Assignment for independent preparation

Visit the moodle platform, Chapter "Marketing".
Inform yourself, do the assignments and check the feedback of the assignments.

Introduction

Initial stage of business is usually characterized by lack of resources and information about the market and as the result uncertainty about your final proposal. Lack of resources is usually lack of money and also insufficiency of labor force. This means that you cannot buy every advertisement you want and you do not have enough people hours to perform every marketing job there is. Lack of information means that even though during business plan development some market research may have taken place you still need to prove or disprove its results. Most of the time no proper research was done and you need to conduct one. Finally, as the result of all this company is not sure what is its final proposal: message about the product or even product itself, pricing, offering conditions and so on. This chapter offers solutions of all these problems.

Information

1. Initial market research

To identify what market questions should be answered you need first of all to identify at what development stage is your market. Every market goes through 5 stages - no market, market of enthusiasts, boom, stable growth and archiving. No market is when even though there is a product, there is still no actual buyer. This was the case when, for example, a first car was developed. At this stage you need to have answers to such questions as - who is potential buyer, what problem he is facing and what solutions he is paying for. Again, car makers understood that potential buyers were horses owners. No wonder we still identify car engine power by number of horses force.

Market of enthusiasts is a market of first buyers, usually they are enthusiasts of the product or simply very rich people. This is the case now with the market of humanlike or animal-like robots. They are still quite expensive so only rich people can afford it. At this stage you still are looking for answers to previous questions plus a question about advertising - how people learn about us and what message gets across better?

Boom market is when number of buyers is increased on a daily basis due to high popularity of the product. Usually such popularity is a result of enthusiasts bragging, significant price drop and physical affordability of the product (more places sell it). At this stage the most important research questions are how you learned about us and how to change the product. Boom allows testing of advertising platforms and due to big number of buyers you get more relevant feedback on product's ability to solve clients' problems. But you need to make sure answers to previous questions are available as well.

After boom stage markets usually grow less. This is when they enter the stage of stable growth. It means that markets grow as much as new clients physically appear in it i.e. born. Most of the markets are at this stage now. During this stage research questions are

where do I get most number of clients, what way of information offering works best, who else could be potential client and how else can we change the product? And of course you need to have answers to all above stages as well.

Finally, at the stage of archiving markets shrink. Clients leave this market because competitive market is facing a boom. This is the case now with the market of horses. We buy horses not to drive on daily basis from point A to point B but for other reasons - to learn horseback riding or to use in our work as a shepherd or as professional horse racer. We buy it because we need it for professional reasons. This is the main feature of this market. Buying of horses before that was just to ride. At this stage your research questions are: "where is the biggest amount of clients" and "who is the authority among them". You will use this authority for advertisement.

Stage	Research questions	Advertisement
No market	Who is the client, what problems client faces, how he solves them	Free
Enthusiasts	+ how clients learns about us, what message gets across better	recommendations
Boom	How clients learn about us, how to change the product + above	massive
Stable Growth	+ where are most of the clients, who else is a client, how to deliver information better, how to change a product	Targeted
Archiving	Where are most of the clients, who is authority	Professional

Table 1. Market stages, research questions and advertising

Identifying your market stage also effects advertisement. However, at the initial stage of your business you need to go through previous stages of your market in terms of collecting required information and trying advertising. If you enter stable growth market you need to collect information regarding all previous questions and try free advertisement, recommendations and massive before going too targeted.

Considering lack of resources and man power to do extensive research you need to build information gathering system within a company. Once you identify your market stage you know which questions are priority and which to focus on. Then you instruct your salesman to gather such information from every buyer. This works for such questions as how clients learn about us, how to change the product. Marketer visiting sales points can develop a good picture of clients. Visiting competitors sales points helps identify other types of clients. You can learn if you got good picture of the client if you can answer the question - where can I get more of such clients. For example, if you identify that your clients are university students than it is good enough because you can find them at universities. Questions like what message gets across better and how to deliver information better can be answered when analyzing sales statistics after message controlled advertising campaigns.

2. Advertising

To each market development stage there is a corresponding type of advertisement. They are free, recommendations, massive, targeted and professional respectfully. Free stands for itself - any free way of advertising. Advertising for which you do not pay a dime. At initial stage it is the best "investment" into promotion. This could be free internet resources

such as specialized groups in Facebook or a partner's sales point where you can place your visit cards and even contract to sell your product such as once Microsoft partnered with IMB and every IMB station had MS-DOS installed by default.

Next type is recommendations. This is the type of advertisement that helps you collect recommendations from clients. This could be samples testing or opinion leaders work. Or simply asking feedback comments at your Facebook page.

During boom stage you can afford spending much money on massive types of advertising such as TV, magazines, site banners, radio and street boards. Due to big demand you will most likely quickly and fully return any investment in advertisement.

At the stable growth stage you need to use targeted advertising. This means advertising that helps you target your audience directly and fully. By this time you should know who exactly your client is. And if you know for example that it is a university student, then you place your ads only at places where university students hang out.

Finally, archiving stage requires professional type of advertising. As it was mentioned above during this stage main clients are representatives of different professions. They buy products because they use them in the work. This means you can reach them either at the workplace or specialized trainings and conferences. And you can also reach them through professional authorities. For example, if your clients are accountants you can reach them through authoritative book authors that write specialized books for accountants.

In addition to correct ways of advertising you need to build an evaluation and trekking system that helps you identify better advertising platforms and better messages. Again, simply question like how did you learn about us during a sale will help you build most of that system. Having a website or an app can help you do the rest.

Also, keep in mind that repeated sales should be stimulated. To do this you need to collect contact information from every buyer. This way you can reach them in case of special events, discounts programs, sales and new products.

3. Proposal

Finally, you need to develop a working selling proposal. There is only one way to do it - experimenting. You need to improve your message by identifying messages that sell better. You need to see what kind of clients' better react to your product and what features they want to see in the product. You also need to see what delivery conditions are better selling. To do this your marketer should regularly monitor your places of sale. Maybe even work as a salesman for a day.

At initial stage lack of resources, manpower and understanding of selling proposal force us to develop effective system of market information collection by such simple actions as - asking two questions every buyer - how did you learn about us and how we can contact you, visiting sales points of both your company and your competitors and trekking results of each advertising campaign. Key to doing this correctly is identifying market development stage and corresponding research questions and advertising type.

Assignment

Identify your market level, get corresponding answers to your research questions and come up with 3 advertising platforms that meet market level requirements.