

Marketing Strategy for Start-Up Businesses or New Product Launch

Every business owner should develop a written guideline that sets forth the business's marketing strategy. This document is used to judge the appropriateness of each action that the business takes. If a company has to take an action that is off-strategy, it may indicate a temporary emergency action prompted by competition or other factors beyond normal management control. Or it may indicate the need to change or revise the company's marketing strategy.

A good marketing strategy provides specific goals and can include:

- a description of the key target buyer/end user
- competitive market segments the company will compete in
- distribution channels
- the unique positioning of the company and its products versus the competition
- the reasons why it is unique or compelling to buyers
- price strategy versus competition
- marketing spending strategy with advertising and promotion
- possible research and development
- market research expenditure strategies.

An overall company marketing strategy should also:

- define the business
- position the business as a leader, challenger, follower, or niche player in the category
- define the brand or business personality or image that is desired in the minds of buyers and end users
- define life cycle influences, if applicable

Use the following checklist to help create your own marketing strategy.

Marketing strategy checklist

- define what your company is
- identify the products or services that your company provides
- identify your target buyers/end users
- establish the marketing category (e.g., fast food purveyor, high-end audio equipment sales, etc.)
- determine whether your company will be a market category leader, follower, challenger, or niche player
- describe the unique characteristics of your products or services that distinguish them from the competition.
- define whether your pricing will be above, below, or at parity with your competitors and establish whether you will lead, follow, or ignore changes in competitors' pricing
- identify the distribution channels through which your products/services will be made available to the target market/end users
- describe how advertising and promotions will convey the unique characteristics of your products or services
- describe any research and development activities or market research plans that are unique to your business
- describe the image or personality of your company and its products or services

Strategy statement tests. If the statements in your strategy are measurable and actionable and work to differentiate your company and products apart from the competition, congratulations! If they are not measurable and actionable and do not differentiate your company from the competition, revise them until they are.

A good working marketing strategy should not be changed every year. It should not be revised until company objectives (financial, marketing, and overall company goals) have been achieved or the competitive situation has changed significantly, e.g., a new competitor comes into the category or significantly different or new products emerge from existing competitors.

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Situation Analysis

The primary purpose for the situation analysis section of a marketing plan is to describe what is happening in the markets in which the company competes, and the company's product and distribution trends. A simple, common-sense approach to organizing and providing only relevant information is recommended for this section.

Subsections should go from the "big picture" of macro-environment influences on your business down through total market descriptions, the competition, target buyers/end users, and, finally, product trends and your company distribution channels description. Sales and Marketing Plans

This section of the marketing plan outlines each marketing event or action planned to increase sales. The plan will generally cover a calendar year, broken down by month or by quarter. For example, it may contain a summary of quarterly promotion and advertising plans, with spending, timing, and share/shipment goals for each program.

Building a Successful Marketing Plan

Every business, small or large, will be more successful with a business plan. And the key component of a business plan is the marketing plan. A good marketing plan summarizes the who, what, where, when, and how much questions of company marketing and sales activities for the planning year:

- *Who are our target buyers?*
- *What sources of uniqueness or positioning in the market do we have?*
- *Where will we implement our marketing spending plans?*
- *When will marketing spending plans occur?*
- *How much sales, spending, and profits will we achieve?*

The financial projections contained in your business plan are based on the assumptions contained in your marketing plan. It is the marketing plan that details when expenditures will be made, what level of sales will be achieved, and how and when advertising and promotional expenditures will be made. Here are the major elements of a marketing plan:

- *The situation analysis describes the total marketing environment in which the company competes and the status of company products and distribution channels.*
- *The opportunity and issue analysis analyzes the major external opportunities and threats to the company and the internal strengths and weaknesses of the company, along with a discussion of key issues facing the company.*
 - *External opportunities and threats to the company should be described with possible programs to capitalize on the opportunities, and possible solutions to potential threats to the company.*
 - *Internal strengths and weaknesses of the company should be described in a competitive context.*
 - *Key issues addresses decisions to be made by the company, based upon the analysis of these external opportunities and threats and internal company strengths and weaknesses, and helps to determine objectives, strategies, and tactics.*
- *The goals and objectives section outlines major company goals and the marketing and financial objectives.*

All objectives should be carefully quantified, where possible, especially in terms of an achievable time or date. Objectives should be reasonable and attainable.

Major company goals could include both short- and long-term goals. For example:

- *company definition (e.g., "to be a manufacturer of 100 percent all-natural snack food products")*

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- *market definition (e.g., "to attain leadership in dollar market share and volume for the healthy, all-natural snacks segment of the salty snacks category")*
- *technology (e.g., "to become known in the industry as the leading developer of new vegetable protein products")*

Financial objectives are generally described in quantitative terms for at least three years in the future:

- *gross sales (increase)*
- *cost-of-goods (decrease)*
- *gross margin (increase)*
- *net income (increase)*
- *return on investment*
- *return on income*

Businesses seeking outside funding and capital should provide a minimum of five years of projected income statements, although these are usually located in the financial section of the business plan rather than the marketing section.

Marketing objectives are quantitative translations of the company's financial objectives, in marketing terms. For example:

- *sales dollars*
- *sales units*
- *market share*
- *distribution levels/channel*
- *advertising awareness*
- *key account distribution*

The sales and marketing plan outlines each specific marketing event or action plan to increase sales. For example, it may contain a summary of quarterly promotion and advertising plans, with spending, timing, and share or shipment goals for each program. Sales and marketing plans should be a logical outgrowth of short- and long-term company objectives and your marketing strategy. In the business plan, the sales and marketing plans provide an outline of each marketing event for the year, covering the following information:

- *description of each event vehicle (e.g., media, promotion, trade, sales)*
- *timing of each event*
- *event goals and objectives (e.g., volume, share gains)*
- *cost of each event*

Rationale and support for the marketing objectives, plans, and strategies:

A) Macro-environment Situation which presents information on trends for demographic, economic, technological, political, social, cultural, material supply, etc., that impact on the company

- **Demographics:** For example, a home-building contractor should begin to pay closer attention to the needs of people over 65 (20 percent of the USA population will be over 65 by the year 2000) as baby boomers begin to edge closer to retirement. People are living longer and spending more on vacations, recreation, and entertainment.
- **Economics/business conditions:** When interest rates go up because of inflation, the government is trying to slow business growth. Money is more expensive to borrow. People may be less apt to buy new homes or cars. International trade is affected by government tariffs and local labor costs and union organizations.

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- **Technological:** Innovation can create or wipe out industries and businesses in less than a year. The popularity and convenience of CD players all but eliminated the sale of record players and seriously depressed the manufacture and sale of vinyl records.
- **Political and legal:** Health care and handicapped legislation affects all businesses, large or small. Increasing costs and mandatory provisions for buildings, walkways, elevators, etc., significantly affect the overhead for a small business. For example, a new restaurant with a basement must now have an elevator (e.g., \$20,000 or more) for handicapped employees, despite the unlikely circumstance of physically handicapped employees needing to go down to a basement storage area.
- **Social and cultural:** There is a sweeping trend for Americans (and the world) to dress more casually, with function and comfort driving new clothing and shoe trends. People are cooking less and are more concerned about nutrition and fat in their diets. And today, American business people are less willing to sacrifice family life for business careers. What does this mean for your small business?

B) Market Situation which includes size, growth trends of total market, and key segments. For example, a small business could include local industry sales or volume for the last five years and estimated total market for this year and the following year, with company sales and share of the market.

- Rationale should be provided for estimating the trend of the market, including key industry developments, introduction of new technology or new products, increased marketing spending by key competitors, etc.

C) Competitive Situation which provides a description of major competitors with size, goals, market share, product quality comparisons, marketing strategies, marketing spending, etc.

- description of key competitors and their market positioning
- size of key competitors in units/dollars
- market shares of key competitors
- sales trends of key competitors
- strengths and weaknesses of key competitors compared to your company's product or services
- perceived marketing strategies of key competitors and their probable impact on your company

D) Target Buyer or End User Situation which analyzes the identification and behavior of target buyers/end users and consumer wants and needs

1. description of target buyers or end users in demographic, psychographic, and lifestyle terms

- Small companies are often discouraged about product development because of the perceived difficulty, time, and expense ("...only really *big* companies can afford to do it!"). Sometimes it is as easy as:
 - **Staying close to your customers:** for example, how often do you ask them what they want/need that they are not getting from anyone?
 - **Staying close to the ultimate product user:** how often do you talk with the end users of your product, if they are not the same people who actually buy your product?
 - **Staying close to your sales force,** if you have one: when was the last time you asked anyone in sales if they have seen anything that is better or that they like better?
 - **Staying close to your suppliers:** suppliers are often the closest to the latest technology, materials, ingredients, international advances, and competitive improvements.

Larger companies will periodically conduct usage and attitude studies, diary panel studies, product perception mapping studies, and other product development monitoring devices. They may also employ special researchers to scan patents and new product technology publication sources and talk with industry attorneys, consultants, research firms, and industry/trade experts to keep tabs on target user needs and wants.

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Informal research on wants and needs of target users. Smaller companies can often accomplish more than they think with an informal but conscious effort to continually listen to every daily contact source:

- Visit with buyers of your company's products or services. Single store owners do this every day. Other company managers should visit with key buyers at least each quarter.
- Visit with end users of your company's products or services. Single store owners do this every day. Other company managers can do this by phone, or in person with little cost or effort.
- Make it a point to write down one or two questions on target users, new product satisfaction, feedback, etc., for each discussion with sales personnel. This will help heighten their awareness about target users in their daily work.
- Ask what your suppliers know about key questions on new product satisfaction, likes, dislikes, etc. You may be surprised at the wealth of information suppliers possess on both general category target users and competitive products.

2. target buyer/end user wants, needs, attitudes, and perceptions of category products and services
3. where target buyers/end users are located and how to reach them
4. which segments of the total market or category are growing or declining and why

E) Product Situation which includes sales, prices, and contribution margins; net profits of each company product line are shown

- sales
- profit
- product trends
- cost-of-goods history (five years)
- marketing spending history (five years of advertising, promotion, PR spending)
- distribution trends and developments
- description of the sales organization (e.g., company or brokers)

F) Distribution Situation which provides information on size, trends, and importance of each distribution channel for the company's products

- percent of company sales
- company volume
- cost to distribute products and services
- growth potential
- competitive status