

★ 1. What is a marketplace?

It is the place where buyers and sellers meet to exchange goods and services

- In the marketplace there is a transaction of money, (or barter when it is goods for goods),
- based on a price that both buyers and sellers influence through the dynamics of supply and demand.

★ 2. What is marketing?

Marketing is everything a business does to find its customers in the marketplace and keep them.

Just sitting in our shop waiting for the customers to come is not the best way of running a business. You must **be active** to get them to you and to buy from you.

Increased sales don't happen by themselves, you make them happen.

- And that's what marketing is about, **to make it happen!**

If we learn to use marketing in the right way it will make our business to become profitable and grow, no matter the size of the business.

If we look at the most successful companies in the world today, we can see that they put a lot of emphasis on using **marketing as a tool for creating their success.**

In today's modern and competitive business climate, marketing is a necessity if businesses want to attract customers and stay profitable.

★ Through marketing we try to:

- **Identify**
- **Keep**
- **and satisfy the customer**

★ *Identify the customer*

In order to market your product or service, it is very important that you tailor your marketing and sales efforts to specifically reach the kind of people that will most likely buy your product or service.

Answer the questions:

- **Who** needs and wants our product?
- **Why** should they buy it?

The answers to these questions determine our target market.

★ *Since your business success depends on you being able to meet customers' needs and desires, you must know*

- Who your customers are?
- What they want?
- Where they live?
- What they can afford?

Trying to attract customers without knowing your target market is like trying to throw a ball into a basket blindfolded; you don't really know where to aim.

After you have identified you target market your energy and funds can be spent more efficiently to increase your sales.



✦ **There are two main types of market groups:**

- other businesses (we sell B2B, business to business)
- individual consumers (we sell B2C, business to consumer)

Questions to ask when identifying target markets in each main group:

✦ *Business*

- **Product need.**

Who has a need for my products and why?

- **Size.**

A smaller business is easier to sell to if you have a simple and not so advanced product. Bigger companies have usually higher requirements regarding quality.

- **Credit rating.**

When you become more dependent on business customers than consumers, they are usually fewer and order bigger quantities. You need to know that they can and will pay on time.

- **Location.**

The closer the business customer is the less you have to spend on transportation costs.

✦ *Consumers*

- **Age** – children, youth, adult, elderly.

If I sell ice-cream, maybe 70 % of my customers are children and I therefore need to adapt my products and approach to my target market, i.e. by coloring the ice lolly in bright colors, having pictures of my assortment at the eye height of the children, etc.

- **Ethnicity** – local, tourists, tribal people.

If you have a gift shop your customers can be both local and tourists. If you want to target more tourists you need to adapt your product to their demands. You can put product information handouts in hotel lobbies, make a deal with a tourist guides to bring tourist groups to your stall, etc.

- **Gender** – man/woman

If you are selling cosmetics your target market will be women and you may be able to sell through networks of friendship.

- **Purchase power** – lower, middle, upper class.

Adapt your prices to their price sensitivity, meet their quality requirements or produce a unique product if the customer has stronger purchasing power.

- **Lifestyle** – modern people, traditional, cultural subgroups.

Modern young people want continuously new versions of the product; traditional people want the old stuff. With cultural subgroups, you have limited places where you can sell to them so find out when and where they gather?

- **Location** – where do the consumers live, move and purchase their products or services.

It is important to clarify all these questions so that you can **use the right product, to the right target group, in the right place** and with **the right promotion tools**. Otherwise you will miss your business goals and wonder why you're not selling as you thought you would.



Coca-cola is a Company that has really succeeded in identifying, keeping and satisfying the customers

You can target more than one group at a time, but then you have to do some adaptations in your approach and methods to fit the different characters.

Let's take an example of reaching both B2B and B2C to clarify:

Mrs Maung has a gift basket shop and she mainly targets individual consumers as her main source of revenue, but she also has a secondary revenue stream from other business customers.

- **For the individual consumers**, she may offer a big assortment to satisfy their diversity of taste, and would probably charge a higher price to ensure a good profit margin.
- **For her business customers**, three different hotels and a big exporting company that uses her baskets as gifts to foreign businessmen, she would likely offer a more limited product line to allow her to produce the basket for larger orders. Her business customer also gets a discount when they buy a bigger amount.

✦ *Keep the customer*

Once you get a customer to buy from you, how do you get him/her to come back? If a customer comes back, especially if he/she becomes a regular customer, there will be many new purchase opportunities.

Establishing a regular customer base is the best thing that can happen to a business.

Attracting new customers costs a lot of money and energy, but keeping the one you already have is usually **inexpensive** and **profitable**.

✦ **How to keep your customers:**

- Make sure you have a product that **meets the customer's needs and expectations**.
- **Make the customer feel that they are important and well treated**. Put yourself in the customer's perspective and you will be far better at making a positive impression. **Remember, impressions last a long time!**
Surveys show that **7 out of 10 customers** who change the shop they buy from do so because of the indifferent treatment given to them by the owner/employee/management.
- **Keep all kinds of negative experiences to a minimum for the customer**. If it occurs, counter with a positive one that will remove the negative feeling the customer has. **One negative experience outweighs ten positive ones.**
- **Continually develop what you can offer the customer** by introducing new products, values and services so they don't have to go somewhere else to look for it.

✦ *Satisfy the customer*

Build your business around customer satisfaction.

Today the power to choose from such a big variety of business alternatives makes it easy for customers to **simply walk away if they are not satisfied**.

Every business, large and small, must be thinking **day and night about how to please customers faster**, better and cheaper than their competitors.

Only when your customers are satisfied can your business grow to the next level.

Customer satisfaction creates loyalty, word-of-mouth recommendations and good purchase behaviour.

<u>Customer is</u>	<u>Tells about you?</u>	<u>Recommends?</u>	<u>Buys again?</u>
Loyal, WOW	To everybody	Actively	Always
Very Satisfied	To some	To some	Most of the time
Satisfied	If asked	If asked	Might
Indifferent	No	No	Maybe
Unhappy	To 10 persons	Nope	Maybe, in a few years' time
Very unhappy	To 25 persons	Definitely not	Never
Furious	To everybody	Guess?	??????

Customer reactions depend on their level of satisfaction

Studies on customer satisfaction show that a totally satisfied customer buys from 2 to 6 times more than a somewhat satisfied customer, and 14 times more than a dissatisfied customer. So customer **satisfaction** has a huge impact on your revenues.

3. Create value for your customers

The number one thing in business is to create value for the customer. If the customer perceives the product or service to have value for him then he will buy. If not, he won't buy.

You can't sell a product or service that nobody wants, even if you think that your product is terrific. All business is customer demand driven. That's why we need to understand the needs and wants of customers and satisfy these more effectively than our competitors.

- **The customer value depends on how well we can meet the needs and expectations of the customers.**

This creates a benefit for them, how much the product or service adds to their lives.

- **But the product has also had a cost for the customer.**

The cost is the money price plus the effort they have to make to get our product and service in terms of time and trouble. When the cost is deducted from the benefit we have the size of the value for the customer.

Value = benefit – cost

If the benefit is big and the cost small compared to the benefit then our product or service has great value for customers and they will buy, and buy a lot.

You have to create a product so valuable to customers that you make good money supplying them with that product. Your business success depends on how well you can understand and meet customer needs.

That is why listening to our customers is crucial. If you have a close relationship with them and frequently ask questions, you will easily understand their needs and wants and adapt your business to their desires, thus creating more value for them.

Finding the right product for your customers

The job is not finding the right customers for your product but the right products for your customers.

- **Wrong:** This is what I MAKE, won't you please buy it!
- **Right:** This is what I WANT, won't you please produce it!

Discussion

Discussion

1. What is important for you as a customer?

4. Attracting the buyer

Promotion

Even if we have excellent products that can meet the customers' needs and expectations they cannot purchase products they are not aware of.

For customer to be able to buy from you they must **know that you exist** and **have something to offer**.

An important part of marketing is to make yourself known to the customers by advertisement and promotional drives – informing about and attracting them to your business.

Promotion is all the different things we do to get our message to the customers and persuade them to buy.

There are different promotional methods we can use when trying to get the attention of our potential customer and increase sales:

- **Advertising**

This is **the main tool** to deliver a message about our business, products and services.

In an advertisement we **convey information** about the name of our business, our location, the product/service we offer, the benefits of our product/service and **encourage the customers to buy**.

Advertisements cost a lot if we use big media like newspaper ads or billboards. But there are inexpensive advertisements we can do if our business is small and our budgets tight.

Examples of not so costly advertisements:

Social media, Signs, posters, web pages, flyers, in-store displays, banner ads, stickers, human billboards, etc.

- **Personal Selling**

Present, in person, what we offer and try to persuade them to purchase our good or service.

Personal selling can be accompanied with a demonstration of our product, some sample or other things that can help us to get a sale. It is cheap, personal and simple. The disadvantage is that it is time consuming.

- **Sales promotions**

With sales promotions we offer the customer something for free that will **increase their interest in buying and buying more**.

Examples: Coupons, product samples, rebates, buy-one-get-one free, free accessories (such as free blades with a new razor), free gifts creating favor with the customer.

- **Word-of-mouth**

Word of mouth advertising happens when the satisfied customer or any other individual voluntarily shares with others the benefits of our products or service.

Word-of-mouth is a very powerful promotion tool if you get it to work because it carries so much **credibility**. The person who listens believes that the person spreading the word-of-mouth is honest in what he says.

To get the best word-of-mouth effect we should target to "win over" people who have a **big personal influence** on others or a high number of personal connections.

A pre-condition for achieving the word-of-mouth is that **what we offer really has high value to the customer** otherwise nobody will recommend us. Some companies engage salespeople to spread the word-of-mouth and create attention about their business.



An ad for coca-cola from the 1890s

★ Promotion mix

The different methods of promotion can be mixed together to reach the best result- promotion mix. When blending our promotion mix, have in mind what is the most effective methods that appeal to your target market.

Example of a promotion mix:

We use advertisement through a nicely designed and catchy flyer that displays;

- The name of our business and its location (maybe combined with a map),
- A picture and in a few words about the benefit of our products for the customer.

We can combine the advertisement with a sales promotion giving 10 % discount the coming two days as an extra attraction.

The flyer is delivered in person as a personal selling method and we have a short chat with the customer trying to persuade him to come and giving them further information about the benefits of our products.

★ Promotion plan

A promotion plan makes it clear **which promotion tools** we want to use and **how** we are going **to use them** to reach our market objectives.

The promotion plan must be, just like we learned in goal setting, specific and measurable, i.e.; I will distribute 2 000 flyers every quarter in the neighborhood.

★ Promotion doesn't happen by itself; we need to plan for it and then put feet to it. A promotion plan can be very simple; just write down which specific actions you will take this year, according to the amount of money that you have set aside in your budget.

Being a business owner equipped with a promotion plan will make you

- feel more **organized**,
- have **more confidence** and
- have a **clear vision** when it comes to your marketing goals.

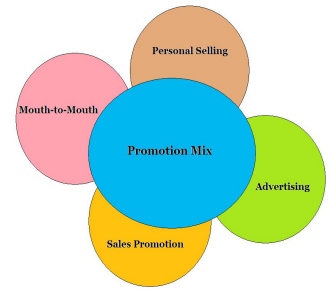
Having a promotion plan increases your chance to achieve the sales numbers you desire.

★ When we make a promotion plan we need to:

- **Do research** – How do other businesses promote and what seems to work best?
- **Keep the customer in mind** – what appeals to them and what is the best way to get their attention?
- **Make a list** of all the promotion tools you can think of, and then choose the ones you think are the best and most cost effective. Cost effective = gives you the most customers per kyat.
- **Choose the promotion tools** that are the most effective for your specific target market
- **Be creative** – is there a new way to communicate my message?
- **Weigh the cost** of promotion against **how much it increases** your sales.

★ An example of a promotion plan:

- **January-** Make one new sign at your shop, one across the street and three at a busy place quite close to your shop, making yourself more visible and known to the potential customers.
- **Once every six months-** Put an ad in the newspaper.



22. Marketing I

- **Every quarter-** Print 2000 flyers and deliver them to all the homes in the neighborhood and at the bus stops in the township.
- **February-** Call 50 of last year's customers, and ask if they are satisfied with your services or product.
- **June-** Tell your regular customers that if they bring in a new customer they will get a free gift.
- **October-** Invite your frequent customers together with some influential people (people with a big number of personal contacts) for some food and show them your new products or services.
- **December-** give your frequent customers and some influential people a Christmas card and offer them a discount off 15% of the first purchase in the new year.

After you carry out your promotion plan, do a follow up and assess which promotion tools brought in new customers and which did not



Homework