**COMSATS UniversityIslamabad, VirtualCampus**

**MGT 403 Entrepreneurship**

**Lecture 22 Handouts**

# Marketing for Small Business

When it comes to marketing, corporations and SMEs (Small and medium-sized enterprises) differ in three ways:

1. Large corporations have huge budget that they spend on gathering feedback from customers in the form of extensive surveys. However, small businesses do not have to go through this ordeal; they have a one-to-one relationship with their customers.

2. When large corporations gather survey results, it takes a lot of time to use these findings to improve their products. They have to devise a whole new policy for bringing innovation according to the changing customer needs. On the other hand, entrepreneurs interact with the customer on daily basis and may improvise and improve their services efficiently.

3. Similarly, small enterprises have limited staff which need little training re building rapport with the customers. They know their customers’ priorities well. But, large corporations have to spend million to train their staff to interact with a large clientele which may include people of different languages, religions and cultures.

The SMEs can benefit from these strengths and can easily outsmart their big rivals.

# Be a Trend-Tracker for Promoting a Small Business

Read several, current publications to keep track of the growing business strategies. Watching top ten TV shows and top ten movies may also help in finding out that what may appeal the customers. Like the character of Ben10 or Paw Patrol is famous among kids. Similarly, Game of thrones is popular among adults; so, their quotes and themes may be used to attract customers.

Talking to at least 150 customers a year helps in tracking the trend of their likes and dislikes. Also, talk to ten smartest people you know. It can be general conversation with a smart peer, mentor, or a colleague.

Talking to children and their friends is also necessary for trend tracking as they can give you interesting insight.

# How to Become an Effective One-to-One Marketer

## Good communication with customers

You can enhance your products and services by giving customers information about them and how to use them. Sometimes the customer is at a loss as to how to use a product properly and gets disappointed. You need to answer the queries promptly through phone, email, and social media to retain customers.

## Listen to customer complaints

If a customer comes up with a complaint, you need to listen to her and improvise your product rather than discouraging her. See customer complaints for what they are - a chance to improve your service and quality. Encourage complaints and then fix them!

## Create a wow factor

Make sure your company’s product and service quality will astonish your customers. Create uniqueness about your product that instantly grabs customer’s attention. One of the examples is Generation’s marketing campaign. It’s based on breaking stereotypes; one can notice a model with Vitiligo, and limb amputation. This instantly sparks audience’s interest in the products and many customers buy their dresses because their marketing does not promote shallow beauty standards.

## “Just-in-time Marketing.”

Know what your customers’ buying cycle is and time your marketing efforts to coincide with it - “just-in-time marketing.” It’s also called responding to seasonal demand. Like brands give offers and deals when Christmas is approaching, for example.

## Settle for less profit to retain long-term customers

As an entrepreneur, you may settle for less profit in the beginning to retain customers from whom you can expect large profits in future. In order to identify such customers, learn your customers’ names and interact with them regularly.

## Know your customers well

When you see a customer buying from you, turn her into a loyal customer by identifying their needs and wants. Collect information on these customers, linking their identities to their transactions.

## Learn your customer’s names

Identify your best customers, never passing up the opportunity to get their name. So, when you talk to them by mentioning their name, good rapport will be established between you two.

# Four Levels of Customer Sensitivity

There are four levels of customer sensitivity that entrepreneurs exhibit:

Level 1: Customer Awareness. Prevailing attitude: “There’s a customer out there”
Managers and employees know little about their customers and view them only in the
most general terms. No one really understands the benefit of close customer
relationships. It means you don’t care about interacting with customers or gathering info about their needs and wants. You suppose that they will arrive at your facility when they need to buy your product. This insensitivity may lead to losing customers.

Example: Local hardware stores who suppose customers will arrive when they need construction material.

Level 2: Customer Sensitivity. A wall stands between the company and its customers
Employees know a little about their customers but don’t share this information with
others in the company. The company does not solicit feedback from customers. As a business hoping to succeed, your team does not talk about customers, nor take feedback from them.

Example: Local bakeries who prepare food items that they think will appeal to the customers.

Level 3: Customer Alignment. Managers and employees understand the customer’s
central role in the business.

They spend considerable time talking about and with customers, and they seek feedback through surveys, focus groups, customer visits, and other techniques.

Example: International brands like Subway give preference to customers’ feedback

### Level 4: Customer Partnership. The company has embraced a customer service attitudeas an all-encompassing part of its culture.

The company has embraced a customer service attitudeas an all-encompassing part of its culture. Customers are part of all major decisions. Employees throughout the company routinely use data mining reports to identify the best customers and to serve them better. The focus is on building lasting relationships with the company’s best customers.

Example: The suppliers of car steering to Toyota will ask Toyota in which other countries they can facilitate them.

# A Guerrilla Marketing Plan

Entrepreneurs need to devise guerilla marketing plans with limited resources and time constraints. This way they can compete with big rivals without spending lots of capital on marketing.

A guerilla marketing plan does the following:

* Pinpoints the specific target markets the company will serve
* Determines customer needs and wants through market research
* Analyzes a firm’s competitive advantages and builds a marketing strategy around them
* Creates a marketing mix that meets customer needs and wants

## Identify the target market

As a small business manager, pinpoint the specific target audience and design your products according to their needs.

## Determine customer needs

Conduct a small market survey and determine what are the needs and wants of your target market.

1. **Don’t just sell; entertain**

As a small business, along with addressing customer needs, you need to entertain them. Create an experience for them which is unique to your business. For example, customers prefer grocery shopping from Metro and Carrefour rather than from a small shop around the corner. It’s due to the pleasant experience these big stores offer that customers prefer them. If you start selling experience, which includes music, cozy temperature, efficient customer service, customers end up spending more than they intend to.

### Strive to be unique

Along with presenting quality products, you need to create a uniqueness about your brand. Create a characteristic that no other brand possesses. Like Khaadi is known for its exotic prints, ethnic motifs and vibrant colors, while Ego is recognized by its neat cuts and modern touch.

### Connect with customers on an emotional level

Take the example of Starbucks to understand this strategy. They have built trust with their clients by mapping their needs and responding to them. Their target market is office going people who stop by at their facility to get coffee. This experience of getting coffee with their names written on the cups makes their experience worthwhile; it’s a breath of fresh air for them and that’s how Starbucks connect with them.

### Define a unique selling proposition (USP)

Create a brand identity by choosing a unique brand name and by defining a unique selling proposition. For example, if you want to buy a zinger burger, you would think of going to KFC as zinger is their unique selling proposition and they are known for it. Similarly, a goodie bag and brand logo contribute to your brand identity; so, you need to design them thoughtfully by keeping in mind the likes of your target market. For example, we have SattarBuksh here in Islamabad whose mere name grabs our attention instantly.

### Communicate USP

If you communicate your unique selling proposition to customers effectively, customers will relate the product to your brand and will always buy from you. This will help you gain visibility among your competitors and you may gain more profit as well. Like J. started its line of cosmetics and fragrances and claimed that they are made of halal ingredients. So, people who are concerned with halal ingredients in cosmetics and perfumery prefer to buy from them now.

### Start a blog/ newsletter

It can be quarterly or weekly. Give customers updates and analyze market trends in relation to your products/services. This way your potential customers will get connected with you.

### Focus on the customer

Companies that are successful at retaining their customers constantly ask themselves (and their customers) four questions:

1. What are we doing right?
2. How can we do that even better?
3. What have we done wrong?
4. What can we do in the future?

The on-going cycle of check and balance will highlight your mistakes and what you’ve been doing right. You can correct your mistakes and build on your fortes for a better future.

### Be devoted to quality

Be consistent when it comes to quality. If you are delivering quality products today but not tomorrow, your competitors will get a chance to attract your clients. So, you need to never compromise on quality. Several restaurants in Islamabad suffer from this issue of inconsistent quality. They lose customers as their trust is broken.

* The philosophy of Total Quality Management (TQM):
	+ Quality in the product or service itself.
	+ Quality in every aspect of the business and its relationship with the customer.
	+ Continuous improvement in quality.

### Definition of Quality in a Product?

The following components define quality in a product:

* Reliability (average time between breakdowns)
* Durability (how long an item lasts)
* Ease of use
* Known or trusted brand name
* Low price
* Tangibles (equipment, facilities, people)
* Reliability (doing what you say you will do)
* Responsiveness (promptness in helping customers)
* Assurance and empathy (conveying a caring attitude)