What Is Marketing
Defining A Market
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Implementation
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Marketing takes time. But, it can be one of the most cost-effective uses of time in your business. As marketing consultant Roy Young states in his article by the same name, “Marketing is the root of all income.” To read more about how to market your products go to...

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What Is Marketing

I never met anyone who got into farming because they enjoyed trying to predict consumer buying preferences or because they got great personal satisfaction from tracking the grain futures market. Most business entrepreneurs aren’t thrilled about spending time researching their competitors’ advantages. Farmers want to farm. Entrepreneurs want to develop businesses around new products or services. Neither prefers to spend a substantial portion of their time or financial resources developing their marketing program, much less implementing it themselves. Not that they’re not capable of doing so - they often don’t find the work enjoyable and they’re just not sure how to go about it. Yet, until a farm or enterprise makes its first profitable sale, it’s a business in name only.

Marketing takes time. But, it can be one of the most cost-effective uses of time in your business. As marketing consultant Roy Young states in his article by the same name, “Marketing is the root of all income.”

Marketing can be defined simply as a transaction for profit - a sale. While you must make sales for your business to generate profits, making a sale is only part of marketing. A sale is a one-time event. This is transactional marketing. The transactional marketing approach seeks to make the largest number of sales possible. Transactional marketers increase profits by increasing sales and lowering costs. While this works as a marketing strategy, it leaves very little room for expanding profits when markets are saturated or costs can’t be lowered any further. An example of this is when dairymen can’t lower their cost of production any further but the market is flooded with excess milk production. Prices paid to dairy farmers drop dramatically.
A second marketing approach is relationship marketing. This marketing approach seeks to cultivate loyal, repeat customers. Jay Conrad Levinson, author of “Guerrilla Marketing” and proclaimed business marketing expert states, “Marketing is EVERYTHING you do to promote your business, from the moment you conceive it to the point at which customers buy your product or service and begin to patronize your business on a regular basis. The key words to remember here are everything and regular basis.”

This is relationship marketing at its best. This approach seeks to grow a business exponentially by cultivating customer loyalty and by word of mouth advertising to help recruit new customers. Relationship marketing can provide a lower cost and a more sustainable approach to marketing for many small to mid-size businesses. One example of relationship marketing is the success that subscription services for fresh produce have in the United States. Since the mid-1980s, many communities in the U.S. have banded together with local farms in food purchasing cooperatives. This practice, known as Community Supported Agriculture (CSA), matches consumers interested in purchasing safe, locally grown foods with small local farmers seeking stable markets for their crops.

Relationship marketing is appealing because you have more control over your sales initiative - a way to frame sales as part of a bigger picture. It implies that EVERYTHING you do and say from the time you finalize your idea to the time you have repeat customers IS marketing.

These would include:

- Name & Image of your business
- Location
- What you are selling
- Packaging...Colors, size shapes of your products
- Advertising and Public Relations
- Marketing Strategies
- Sales Presentations
- How you handle telephone calls
- How you present yourself
- Problem solving
- Growth plan and the follow-up
Defining A Market

What is a market or a market share? Simply stated, a market is a group of people who are willing and able to become and to remain your customers. Identifying your customer base is one of the first elements of the marketing process. Figuring out which people have the strongest likelihood of becoming and remaining your customer by identifying common characteristics within the group will help you better define your product. It will also make a difference on how and what you use to reach that market.

Think of your potential market in terms of Decision Making Units. DMU’s describe your potential as all the users and all the non-users that can potentially become users. Take a potential market and further analyze it for subgroups called market segments. These segments can be grouped by one or any combination of the following factors:

- Geographic’s
- Demographics
- Lifestyle
- Brand Loyalty
- Usage Patterns
- Product Benefits

Once you have determined the segments of a potential market, you need to choose a targeting strategy.

**SEGMENTS**

**UNDIFFERENTIATED**

Treat the segments as not being significant and develop one singularly focused marketing strategy.

**Example:** You plan to market a new organic soil amendment. You determine that this product could be utilized by all organic producers. You decide to market your product in 50 pound bags, and look to local farm supply stores to serve as your major distributors.

**CONCENTRATED**

Choose a single segment or niche and develop a singularly focused marketing strategy for that segment.

**Example:** You determine that the small acreage organic farmer and homeowner is your target market group for your organic soil amendment product. You decide to have material packaged in 1 and 2 pound packs and market through organic seed and suppliers and local garden centers.

**DIFFERENTIATED**

Addresses the whole market with each segment being recognized as significant and develops many marketing strategies.

**Example:** You determine there is a demand for your product with both small and large-scale organic producers. You decide to implement both of the strategies previously discussed. You also launch a web site that differentiates goods and services to customers depending on whether they are a home gardener or a commercial grower.
Market Research

The process of identifying your potential customer Decision Marketing Units (DMUs), determining your market segments, and then developing a targeted strategy is called market research. This research involves gathering additional information about customers, competition, and overall market potential.

**Before you invest any money in your project, you need to determine:**

1. **VOLUME**
   The projected volume of sales of your goods or services and the price you might realistically expect to charge for them. You will need this information to analyze profitability and cash flow potential.

2. **CUSTOMERS**
   Who are your potential customers? What are their ages, income levels, and when and where do they shop? Why would they buy your product rather than your competitors’ product?

3. **COMPETITORS**
   How many competitors are there for this market? What are their strengths and weaknesses?

4. **MARKET**
   What is the total market size for products like yours and what share of that market might you expect to capture?

5. **TRENDS**
   What are the trends for consumption, competition and pricing in your market?

Answers to these questions will help you better understand what your potential customers, your “target” audience wants. This information about them is called demographic information.

Having answers to these questions will help you determine your market niche and facilitate writing your business plan. Remember that the purpose of your business is to sell products at a profit, not to make products and hope they might sell.

Conducting market research is part science, part research and part intuition. While large companies contract with consultants to conduct extensive market research before developing a new product, small businesses with limited capital need to keep the process simple and objective - beyond your family and friends.

Of course, there is no better market feedback than repeat sales. If possible, consider offering your product as a free sample to a targeted group and collect feedback to determine how to proceed. Collect and incorporate into your product your customer feedback on product quality, quantity, packaging, appearance, etc.
Marketing Mix

The 4Ps and the 4Cs

You’ve done your market research. You’ve learned about the history and life-cycle of products like yours and the trends and key drivers that determine where your products or services “fit in the industry” Now it’s time to distill your research findings into a concentrated effort to generate a product that reflects your business goals and objectives while providing solutions (price, packaging, convenience) for the customer.

Under the old marketing model, we sold what we made or produced. Under the new model, we must sell what the customer wants. The old Marketing Mix looked at the 4Ps of marketing - product, price, place and promotion. Whether you are thinking of setting up, starting or expanding your business or selling any product or service, these four elements should be top-of-mind all the time:

THE PRODUCT: Exactly what product or service are you going to sell to this market? Define it in terms of what it does for your customer. How does it help your customer to achieve, avoid or preserve something? You must be clear about the benefit you offer and how the customer’s life or work will be improved if he or she buys what you sell.

THE PRICE: Exactly how much are you going to charge for your product or service, and on what basis? How are you going to price it to sell at retail? How are you going to charge for volume discounts? Is your price correct based on your costs and the prices of your competitors?

THE PLACE: Where are you going to sell this product at this price? Are you going to sell directly from your own company or through wholesalers, retailers, direct mail, catalogs or the Internet?

THE PROMOTION: Promotion includes every aspect of advertising, brochures, packaging, salespeople and sales methodology. How are you going to promote, advertise and sell this product at this price at this location? What will be the process from the first contact with a prospect through to the completed sale?

Everyone who has studied marketing in the last 50 years has been introduced to the 4Ps. It was E. Jerome McCarthy who originally developed the mnemonic, the 4Ps of marketing, which serves as a neat and memorable classification system of the various elements of marketing. Originally, McCarthy defined the marketing mix as a combination of controllable factors at a marketer’s command to satisfy a target market.

Creative marketing with the 4Ps dictates constantly questioning existing situations and looking for ways to enhance your marketing mix - deleting existing products or services, selling them at a different price, offering them in different places or promoting them differently. However, it does not require abandoning your core marketing concepts.
In recent years, there have been attempts to develop a package (mix) that will not only satisfy the needs of the customer, but simultaneously maximize the performance of the organization. This model suggests the expansion of the marketing mix to 5Ps to include People or Personnel. However, this mix does nothing to address the “uncontrollable” factors affecting your marketing.

**Controllable factors vs. uncontrollable facts can be defined as:**

**CONTROLLABLE:** The 4Ps representing the elements of marketing we can control internally. They depend upon such “givens” as your budget, personnel, creativity, etc.

**UNCONTROLLABLE:** The current economic environment including such elements as consumer confidence, degree of unemployment, new technologies, the threat of displacement, competitors, government regulations or changing consumer preferences.

Many marketing specialists are now seeing the 4Ps as too product-oriented and have adopted the 4Cs marketing mix. This model looks at the marketing from the customer’s point of view.

<table>
<thead>
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<th>PLACE becomes CONVENIENCE</th>
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<tr>
<td>PRICE becomes COST TO THE USER</td>
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<tr>
<td>PROMOTION becomes COMMUNICATION</td>
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<tr>
<td>PRODUCT becomes CUSTOMER NEEDS AND WANTS</td>
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These C’s reflect a more client-oriented marketing philosophy. They provide useful reminders - for example that you need to bear in mind the convenience of the client when deciding where to offer a service. To apply the 4Cs approach to marketing you must consider the impact of the “uncontrollable” elements on your marketing mix. The 4Cs explicitly require you to think like a customer.
Writing A Marketing Plan

Imagine visiting New York City for the first time and trying to find your way around without a map. You might find some of the places you want to visit, but not without a lot of detours and lost time. Time you could have spent visiting sites and enjoying the city. This is exactly what you're doing with your business if you don't have a marketing plan.

Your marketing plan is your road map to implementing your business ideas and measuring your success along the way. Even if your business is still an avocation, without a plan, you're likely to run down a lot of dead-end paths and waste a lot of time and money. If you already have a business, your marketing plan can help keep you focused on your goals, serve as a reality check, and help get you back on track if you get distracted. If an existing business is experiencing financial difficulty, carefully reviewing an existing marketing plan within your business plan or even writing one for the first time can help you determine if the business is in a "save" or "sell" position.

There is a lot of controversy about the value of a business plan. A marketing plan is a critical component of the business plan. Comments run from "plans are useless" to "plans are essential." If you have someone else write your business plan or if you use a preprogrammed computer program and guess at the numbers, then the resulting plan will probably be useless. In particular, the marketing plan cannot be a "one size fits all". But, a business plan that includes a detailed marketing plan that you develop yourself, with some review and consultation from an Extension Farm Management Specialist or other business management professional, can help you systematically think through the steps involved in your business development. It is this process of planning that pays dividends.

What’s in a Marketing Plan?

A marketing plan is a written document that describes your business, your customers, your competition, your marketing strategies and a budget for those activities. By acquiring a good understanding of future trends and having a better knowledge (than your competitor) about customer wants and needs, you can develop a new and better way to approach the market. Traditionally, this is called “analyzing the market.”

Large companies pay lots of money for market analysis - who’s buying what. By now, you should have already collected and processed much of this information - paid for with an investment of time and perseverance. This knowledge is vital to developing your marketing plan and critical in determining your marketing strategies. The following steps outline the components of a marketing plan.
Developing the Plan

List all of your products and services. For example, let’s say you sell widgets. You sell round widgets, square widgets and custom-designed widgets. You also have a 24 hour widget repair service. Divide your products and/or services into four strategic business units:

1. Cash cows are those products and services that sell well and are the major suppliers of cash to your business. You sell four times as many round widgets as square ones.
2. Stars are products and services with the potential to generate excellent sales and cash in the future. Your custom-designed widget sales have been climbing at a slow but constant rate.
3. Question marks are products and services that are neither cash cows nor potential stars. Your repair service could be very important as a sales tool in growing your custom-design unit.
4. Dogs are money losers and users of cash with no real future. Your square widget inventory is backed-up over 90 days. Many square widget users are updating their equipment and no longer need these parts.

Focus and concentrate on your core business. Your core business will account for 80 percent of your profits. Concentrate on becoming excellent in your core business and protect it from competition by continually improving in that area.

Decide what target audience you are trying to reach since these are the people who will make your marketing strategies most effective. How do you know who your target customer is? You don’t unless you understand his demographics and his psychographics. If you know who your customer is - demographic - you can then determine why he buys - psychographics. According to Michele Gerber’s book The E Myth Revisited, demographics are the science of the marketplace. It tells you who buys. Psychographics is the science of perceived market-place reality. It tells you why certain demographic types buy for one reason while other demographic types buy for another.

Analyze your competition from the obvious, other establishments or products like yours, to the far reaching, those that compete with alternative products, convenience, price, or location. Find out what your competition is doing in each of the four traditional marketing mix elements and then determine what people are willing to pay you to do better. Use this information to develop a differentiation marketing strategy that separates your product from others, ultimately creating value in the mind of the customer.

Conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis of your business. A SWOT analysis is a fairly simple, low cost way of assessing your company’s position. It presents information that is vital in developing business and marketing plans, as well as setting organizational goals and objectives.

Determine your marketing budget and the time you will allocate to your marketing strategies. Usually this is done as a percentage of sales, based on each enterprise. Put the most resources where you can affect the most sales. Plan to track the sales generated by each strategy so you can determine its effectiveness.

The heart of your marketing plan is the marketing strategies you choose to pursue. Your marketing goals and objectives will help you navigate through the maze of marketing options and determine which strategies is the best fit for you. These strategies will change as your company changes. Think of your marketing plan as a living document that grows and matures with your company’s needs.
This is an outline of a typical marketing plan. Your marketing plan may contain all or just some of these components depending on your company type, stage of growth, and goals.

I. Executive Summary
- Introduces your company and explains the major points of your plan. Briefly describe the nature of your business and the products or services you offer.
- State your mission and company objectives.
- Describe your management and marketing team and the structure of your organization.
- Summarize the marketing objectives and strategies contained in the plan.

II. Current Situation
- Provides information about your location, target market and competitive environment. Also, identifies key issues your company faces.
- Describe your current or planned business location.
- Describe your target market.

III. Competitor and Issues Analysis
- Include information about other individuals or companies (competitors) who offer similar products and services as you.
- List key business issues that are potential challenges, such as new legislation or the impact of an impending technological advance in your industry.

IV. Marketing Objectives
- It states your marketing objectives, including the time frame for achieving them.

V. Marketing Strategy
- Describes how you plan on achieving your marketing objectives.
- Product: Describes your product or service in detail, including product features and benefits.
- Price: Describes your pricing strategy and payment policies.
- Promotion: Describes the promotional tools or tactics you will use to accomplish your marketing objectives.
- Place: Describes how and where you will place your product so customers have access to it and how you will make the sale.

VI. Action Programs
- Describes what will be done, when it will begin or be completed, and who will accomplish the tasks.

VII. Budget
- Lists the cost of the marketing activities you are describing in the marketing plan.

VIII. Measurements
- It describes numerical targets that will measure the results of implementing your marketing plan, including time limits for achieving your goals. For example, increase sales by 10 percent in 12 months.

IX. Supporting Documents
- Include any supporting documents such as testimonials or letters of intent to purchase your product.
What is the difference between your marketing strategy and your marketing plan? Your marketing strategy is shaped by your overall business goals. It includes a definition of your business, a description of your products or services, a profile of your target users or clients, and defines your company’s role in relationship to the competition. It’s essentially a document that helps you determine the effectiveness of your specific marketing plans. In other words, your marketing strategy defines your company and products; your sales and marketing plans are the specific actions you take to achieve the goals of your marketing strategy. When designing your marketing strategies list and explain what strategies, or specific actions, you will use to meet your objectives for each element of marketing.

**PRODUCT**
1. What are the benefits and features of your product or service?
2. What is your competitive advantage?
3. How will you position and differentiate your product?
4. What complementary products are available?
5. What customer services can you offer?

**PRICE**
1. What are the costs associated with your product or service?
2. What will your price strategy be?
3. Will you give discounts?

Once you have a detailed list of what steps you will take to address the marketing mix, decide when you should start and finish each one. You will be doing several things at once, but be sure they’re coordinated so as not to waste time or money. For example, you don’t want to order marketing brochures until you’ve decided on such marketing tools as the packaging and branding for your product.

**DISTRIBUTION**
1. Who are your suppliers and intermediaries?
2. How will you make your product or service easily accessible to customers?
3. What partnerships can you form to help with distribution of the product?

**PROMOTION**
1. Where and how will you advertise?
2. What public relations activities will you pursue?
3. What types of promotions will you run?

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**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. specialty food processor, 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.
Trying to guess at your marketing strategy and effectiveness is a guaranteed way to fail. People and market dynamics are just too complicated. Everything you do in your business will be a test. When you try something that produces good results, you’ll keep it. When you do something that doesn’t produce, you need to stop doing it. Sounds simple, but a surprising number of businesses keep repeating a marketing strategy because it’s easier, or they don’t have another, or they’ve convinced themselves it’s a good approach with willful disinformation.

To grow your business effectively, it’s vital that you know what is working and what isn’t. There just isn’t enough time, energy, and money to waste on things that produce nothing for your company. Tracking is simply keeping track of what marketing efforts you are using, and exactly how many responses you are getting from each one. Ask customers how they heard about the business, collect coupons, code sales offers and mailing responses. Without this information, you’ll waste a great deal of time and money, and lose even more in missed sales.

Abandoning your program too early can be a waste of money too. Create a sensible plan and try to stick with it long enough to see if it proves itself. How long is that? Three months if you’re lucky, but at least six months. It may take a year.

“To grow your business effectively, it’s vital that you know what is working and what isn’t.”
The world will "beat a path to your door"... only if they know who you are, what you've got, and where to reach you. That's a large part of the "deliverables" in your marketing plan. But don't confuse a plan with the actual marketing activities. You need both to succeed.

The value of the plan is in the implementation it causes, and implementation starts the day you settle on the main points of your plan. Understand that your marketing plan is never really done - you're always revising it, or should be, because market forces are always changing. Without a plan setting markets, you'll never know the difference between plan and reality. Work your plan, don't just write it.

Implementing your marketing plan is like building a house - your marketing plan is your blueprint. You must determine the proper tools to do the job and use them selectively to construct a sound and profitable business. The key to successfully implementing your marketing plan is to choose a combination of tactics and tools that work for you, that are applicable to your market and customers, and that you can afford mentally and financially. You cannot possibly use every marketing tool there is. Successful Marketer A might use direct mail, testimonials, community involvement and display ads; while Successful Marketer B might use telemarketing, e-mail, special offers and the Internet. Marketing is made up of many things all working together and supporting each other.

Consider all the marketing tools which might fit your company's needs then:

1. Brainstorm about which ones might work with your product and your customer base and why.
2. Cost them out.
3. Prioritize
4. Determine what you can afford financially and time-wise.
5. Launch what you can launch properly.
6. Evaluate what works and what doesn’t and adjust accordingly.

The best marketing tool you can have is a marketing plan.