# Chapter Readings, Lecture Notes, Videos and Podcasts-2

Read Ch 8 –Building a Powerful Bootstrap Marketing Plan

Section III. Launching the Business

  Chapter 8. Building a Powerful Bootstrap Marketing Plan

****Part 1: Learning Objectives****

1. Describe the principles of building a bootstrap marketing plan, and explain the benefits of preparing one.
2. Explain how small businesses can pinpoint their target markets.
3. Discuss the role of market research in building a bootstrap marketing plan and outline the market research process.
4. Describe how a small business can build a competitive edge in the marketplace using bootstrap marketing strategies.

****Part 2: Class Instruction****

****Introduction****

Creating a solid business model and business plan improves an entrepreneur’s odds of building a successful company. The business plan captures many of the topics discussed, and in addition, it includes a concise statement of how an entrepreneur plans to achieve success in the marketplace. This section focuses on building the marketing plan.

****Building a Bootstrap Marketing Plan                LO 1****

***Marketing*** is the process of creating and delivering desired goods and services to customers and involves all of the activities associated with winning and retaining loyal customers.

***Bootstrap marketing strategies*** are unconventional, low-cost, creative techniques – small companies can wring as much or more “bang” from their marketing bucks. This allows the required marketing investment to fit the often limited marketing resources of the organization.  It demands creativity, ingenuity, and an understanding of customers’ buying habits.

Refer to Table 8.1, A Seven-Sentence Bootstrap (Guerrilla) Marketing Strategy.  Answering these seven questions will give you an outline of your company’s marketing plan.

A bootstrap marketing plan should accomplish three objectives:

* Pinpoint the specific target markets the small company will serve.
* Determine customer needs and wants through market research.
* Analyze the firm’s competitive advantages and build a bootstrap marketing strategy around them to communicate its value proposition to the target market.

****Pinpointing the Target Market                          LO 2****

***Target markets*** are the specific groups of customers at whom the company aims its goods or services.

Pinpointing the target market offers greater marketing efficiency. Mass marketing techniques of the past are expensive and risky. The marketing strategy can then reach that specific targeted group that has the highest propensity to buy and be an ongoing customer.

Target customers must permeate the entire business—merchandise, music, layout, décor, Web site, and the total experience.

Market research can be invaluable to better understand, segment, and identify target markets.  Refer to Figure 8.1, U.S. Population by Race.

****Determining Customer Needs and Wants Through Market Research                                          LO 3****

***Demographics*** is the study of important population characteristics such as age, income, gender, education, race, and others. For example, we can quickly gain information regarding the growth rate of U.S. populations by many criteria, such as race.

****The Value of Market Research.***Market research*** is the vehicle for gathering the information that serves as the foundation for the marketing plan; it involves systematically collecting, analyzing, and interpreting data pertaining to a company’s market, customers, and competitors.  The objective of market research is to learn how to improve the level of satisfaction for existing customers and to find ways to attract new customers. By performing some basic market research, small business owners can detect key demographic and market trends. Market research does not have to be time consuming, complex, or expensive to be useful.

Tracking trends can be a valuable and affordable way to get a pulse on markets. Faith Popcorn, a marketing consultant and author, offers tips to help spot significant trends:

* Read as many current publications as possible.
* Watch the top 10 TV shows; they provide indicators of consumers’ attitudes and values and what they’re going to be buying.
* See the top 10 movies; they also influence consumer behavior.
* Talk to at least 150 customers a year about what they’re buying and why. Find out what they’re thinking by asking questions such as, “will you buy from us again?”, and “will you recommend us to your friends?”
* Talk with the 10 smartest people you know.
* Listen to your children or younger siblings. What trends are they tracking?

Then the entrepreneur should list the major trends they have identified and briefly describe how well their products or services match these trends.  Market research is the answer.

****How to Conduct Market Research.****The goal of market research is to reduce the risks associated with making business decisions.  Conducting market research involves four steps:

Step 1:       Define the objective.

Step 2:       Collect the data.  ***Individualized*** ***(one-to-one) marketing*** is a system based on gathering data on individual customers and developing a marketing program designed to appeal specifically to their needs, tastes, and preferences.

Two basic methods for collecting data include *primary* research, data you collect and analyze yourself, and gathering *secondary* research, data that have already been compiled and that are available.  Primary research techniques include:

* Customer surveys and questionnaires
* Focus groups
* Social media conversations and monitoring
* Test market
* Daily transactions
* Other ideas – such as a suggestion system for customers and employees.

Secondary research, which is usually less expense to collect than primary data includes:

* Business directories
* Direct mail lists
* Demographic data
* Census data
* Forecasts
* Market research
* Articles
* Local data
* The Internet. ***Data mining*** is a process in which computer software that uses statistical analysis, database technology, and artificial intelligence finds hidden patterns, trends, and connections in data so that business owners can make better marketing decisions and predictions about customers’ behavior.

Step 3:       Analyze and interpret data.

Step 4:       Draw conclusions and act.

Market research with existing customer is also valuable:

* Identifies your best customers
* Enhances your products and services
* Welcomes customer complaints
* Offers exceptional quality
* Understands your customers’ buying cycle
* Calculates the long-term value of customers

****Plotting a Bootstrap Marketing Strategy: How to Build a Competitive Edge                                       LO 4****

A company can establish a competitive edge when customers perceive that one organization’s products or services are superior to those of its competitors. Successful entrepreneurs often use the special advantages that flow from their companies’ small size to build a competitive advantage over their larger rivals.

Bootstrap marketing tactics can be instrumental in building a brand for your business in a number of ways as long as you always focus on the customer. Focusing on the customer allows you to optimize your marketing and profitability potential.  Refer to Table 8.2, Bootstrap Marketing Tactics.

The following 14 principles can help business owners create powerful, effective bootstrap strategies.

* Find a Niche and Fill It. A focus (niche) strategy allows a small company to maximize the advantages of its size and to compete effectively even in industries dominated by giants.  Focusing on niches that are too small to be attractive to large companies is a recipe for success.
* Use the Power of Publicity. ***Publicity*** is any commercial news covered by the media that boosts sales but for which a small company does not pay.  Examples include: writing an article, sponsoring an event, involving celebrities, being interviewed on radio or television, being a speaker at local business and civic organizations, offering or sponsoring a seminar, writing and sending news releases to the media, volunteering to service on community and industry boards and committees, sponsoring a community project or supporting a nonprofit or charity, and promoting a cause.
* Don’t Just Sell, Entertain. It has become critical to gain word-of-mouth support via social media; to accomplish this requires that you engage and even entertain customers.  For example, develop creative YouTube videos.
* Strive to Be Unique. Create an image of uniqueness for your business. Refer to Table 8.3 for suggestions for a retail store.
* Build a Community with Customers. Successful companies can interact with customers regularly, intentionally, and purposefully to create meaningful, lasting relationships with them. Company Web sites and social media are important tools.  A good example is Etsy.com.
* Connect with Customers on an Emotional Level. Companies that establish a deeper relationship with their customers than one based merely on making a sale have the capacity to be exceptional bootstrap marketers because customers receive an emotional boost every time they buy from the company.  Create a ***unique selling proposition (USP)***, which is a key customer benefit of a product or service that sets it apart from the competition; it answers the critical question every customer asks, “What’s in it for me?”  Ideally, the USP will be 10 words or less.
* Create an Identity for Your Business Through Branding. ***Branding*** refers to communicating a company’s unique selling proposition (USP) to its target customers in a consistent and integrated manner.  Refer to Figure 8.2, The Connection Between Branding and a USP.
* Embrace Social Marketing. Businesses recognize that many of their current and potential customers use social networking sites and are reaching out to them with social marketing efforts.  Three of the most popular are LinkedIn, Facebook, and Twitter.  Refer to Figure 8.3 Social Media Entrepreneurs Use as Marketing Tools, and Figure 8.4 Benefits of Social Media Marketing.
* Start a Blog. Tips for a successful blogging strategy include: strive to cultivate the image of an expert or trusted friend on a topic: be patient; be honest, balanced, and interesting; post blog entries consistently; ask customers for feedback; use services such as Google Alerts that scan the Internet for a company’s name and send email alerts when it finds posts about a company; be cautious; promote the blog via social media and e-mail.
* Create Online Videos. YouTube reports that visitors view 3 billion videos per day.
* Host a Special Event. The purpose is to reinforce the company’s brand in customers’ minds and to connect with your business community. This creates a forum to allow customer to meet you and others.
* Be Dedicated to Service and Customer Satisfaction. Tips include: consistently track all social media; respond and take responsibility; the customer is always right, never be defensive; keep a database of all complaints and suggestions.  A company can achieve stellar customer service and satisfaction by: listen to customers; define superior service; set standards and measure performance; examine your company’s service cycle; see customer complaints as a mechanism for improving customer service; when you create a negative customer experience, apologize and fix it – fast!; hire the right employees; train employees to deliver superior service; empowering employees to offer superior service; treat employees with respect and demonstrate to them how valuable they are; use technology to provide improved service; reward superior service; get top managers’ support; give customers an unexpected surprise, and view customer service as an investment, not an expense.
* Retain Existing Customers. The goal is to form loyal, long-term relationships. Retaining these customers may be the best investment in the future of a business. Research indicates that repeat customer spend 67 percent more than new customers. In addition, attracting new customers can cost seven to nine times more than keeping an existing customer. ***Customer experience management*** is the process of systematically creating the optimum experience for customers every time they interact with the company.  A focus on the customer can directly correlate to higher customer retention rates and is based on the response to these four questions: What are we doing right? How can we do that even better? What have we done wrong? What can we do in the future?  Refer to Table 8.4, Strategies for Developing and Retaining Loyal Customers.
* Devotion to Quality. Quality goods and services are a prerequisite for survival. ***Total quality management (TQM)*** is the philosophy of producing a high-quality product or service and achieving quality in *every* aspect of the business and its relationship with the customer; the focus is on *continuous improvement* in the quality delivered to customers. The key is seeing the world from the customer’s point of view.  The following guidelines will help the firm to build a reputation for quality: build quality into the process instead of relying on inspections; foster teamwork; establish long-term ties with select suppliers; provide managers and employees with needed training; empower workers at al levels in the organization; get managers’ commitment to the quality philosophy; rethink the processes used to get the products to customers; be willing to make changes; reward employees for quality work; develop a company-wide strategy for constant improvement; back up the quality pledge with a guarantee.
* Attention to Convenience. Studies show that customers rank convenience at the top of their purchasing criteria. Successful companies must show that it is easy for customers to do business with them.   Conduct a convenience audit from the customer’s point of view to get an idea of its ETDBW (Easy To Do Business With) index: is the business located near your customers; are your hours suitable for customers, would customers appreciate pickup and delivery service; are employees trained to handle transactions quickly and politely; do employees treat customers with courtesy, do you provide a sufficient number of checkout stations; are you using technology to enhance shopping; do you offer extras that make customers’ lives easier; can you bundle some existing products or services to make it easier for customers; can you adapt existing products to make them more convenient; do you handle telephone calls quickly and with a real person.
* Concentrate on Innovation. In order to keep up with changing markets, small businesses must be innovative. Small businesses are frequently leaders in innovation even though they may lack resources compared to larger businesses.
* Emphasize Speed. Technology, particularly the Internet, has changed the pace of business.  To be competitive companies must reduce the time it takes to develop, design, manufacture, and distribute a product, resulting in reduced costs, increased quality, and increased market share. ***Time compression management (TCM)*** is a marketing strategy that relies on three principles: (1) speeding products to market, (2) shortening customer response time in manufacturing and delivery, and (3) reducing the administrative time required to fill an order.   Companies relying on TEC should do the following: reengineer the entire process rather than attempt to do the same things in the same way but only faster; create cross-functional teams and give them the power to attack and solve problems; set aggressive goals for time reduction and stick to the schedule; rethink your supply chain; instill speed in the culture; use technology to find shortcuts; put the Internet to work.
  + *In addition to the text –*

The ****Principles of Customer Experience Management (CEM)**** address the need to establish:

* An intimate understanding of each customer’s needs, want preferences, and peculiarities
* A personal, customer-specific message in marketing, sales, service, and advertising
* A consistent, courteous, and professional treatment by everyone
* A responsive, rapid handing of requests, questions, problems, and complaints
* Helpful information and advice delivered proactively
* The involvement of caring, well-trained people
* Long-term view of the company/customer relationship with an emphasis on sustaining an ongoing relationship
* Frequent and visible demonstrations of commitment to nurturing this relationship

****Consider using You Be the Consultant: “.CO Internet S.A.S.”, You Be the Consultant: Auto Repair Goes Social”, and/or You Be the Consultant “A Company with Soul” at this point.****

****Conclusion****

Bootstrap marketing offers entrepreneurs significant benefits to create awareness and promote their businesses. By using clever, innovative bootstrap marketing strategies, such as the ones described in this chapter, entrepreneurs can put their companies in the spotlight and create a special connection with their customers.