



BUSINESS

MARKETING DEMYSTIFIED

While humorous, the highlighted quotes capture the reality for many of us with respect to marketing: so many words but so little helpful application. Although few business owners and CEOs imagine themselves to be top-notch marketers, marketing is merely a broad banner flying over several fairly straightforward business responsibilities. Getting a handle on a few key aspects of marketing, out of the continuing barrage of supposedly indispensable "new" ideas pushed by the hottest marketing guru, will serve us well in building our businesses.

In the spirit of lifelong learning, this segment provides an overview on the subject of marketing while also highlighting a few fundamental marketing disciplines that we can apply to our growing businesses.

As stewards, effective marketing is necessary to maintain viability and maximize our company's potential.

"If the circus is coming to town and you paint a sign saying 'Circus Coming to the Fairground Saturday,' that's advertising. If you put the sign on the back of an elephant and walk it into town, that's promotion. If the elephant walks through the mayor's flower bed, that's publicity. And if you get the mayor to laugh about it, that's public relations. If the town's citizens go to the circus, you show them the many entertainment booths, explain how much fun they'll have spending money at the booths, answer their questions and ultimately, they spend a lot at the circus, that's sales."

Unknown

"A recent government publication on the marketing of cabbage contains, according to one report, 26,941 words. Meanwhile, the Gettysburg Address contains a mere 279 words while the Lord's Prayer comprises but 67."

Norman R. Augustine

BASIC PRINCIPLE: Defining "Marketing" Let's start with a basic definition from the world's most widely acclaimed marketing expert, Philip Kotler. Author and long-time professor at Northwestern University's Kellogg School of Management, Kotler defines marketing as the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing:

- (1) Identifies unfulfilled needs and desires.
- (2) Defines, measures, and quantifies the size of the identified market and its profit potential.
- (3) Pinpoints the market segments that the company is capable of serving best, and it designs and promotes the appropriate products and services.¹

Consider the following quotes and the essential truth that each one contains:

"This may seem simple, but you need to give customers what they want, not what you think they want... if you do this, people will keep coming back." **John Ilhan**

"Authentic marketing is not the art of selling what you make but knowing what to make. It is the art of identifying and understanding customer needs and creating solutions that deliver satisfaction to the customers, profits to the producers, and benefits for the stakeholders." **Philip Kotler**

"Customers buy for their reasons, not yours." **Orvel Ray Wilson**

"If you're trying to persuade people to do or buy something, it seems to be you should use their language, the language in which they think." **David Ogilvy**

"You must have mindshare before you can have marketshare." **Christopher Knight**

"If you're attacking your market from multiple positions and your competition isn't, you have all the advantage and it will show up in your increased success and income." **Jay Abraham**

"In marketing I've seen only one strategy that can't miss — and that is to market to your best customers first, your best prospects second, and the rest of the world last." **John Romero**

"The mass market has split into ever-multiplying, ever-changing sets of micromarkets that demand a continually expanding range of options." **Alvin Toffler**

"Trends, like horses, are easier to ride in the direction they're going." **John Nasibitt**

Based on this definition, marketing is not solely the responsibility of a specific department or key supplier, but rather an integrated subject requiring top management leadership and company-wide effort. Marketing involves thoughtful strategic planning based on an accurate understanding of current capabilities and marketplace opportunities, ongoing customer feedback and analysis of market trends, and a variety of ways to communicate to and stimulate target markets to spur profitable sales growth.

RELEVANCE

Is improved marketing on the mind of the typical Christian business owner? In a recent nationwide survey of C12 Members, only 27% of Members indicated that marketing was an organizational strength!



How would you assess the current marketing strategies of your business?

For those successful former tradesmen or technicians who now find themselves leading companies, marketing can seem like an elusive topic due to its many pieces and possibilities. The lexicon of modern marketing includes both traditional key concepts, such as market segmentation, targeting, positioning, pricing, and distribution channels, as well as the growing arena of digital marketing. The fast-changing, necessary components and concepts of digital marketing include search engine optimization (SEO), social media integration, micro-targeting, conversion rate optimization (CRO), and so much more.

WHY & HOW WILL YOU MARKET?

It is so easy to be so fixated on our current business, process, product, and dream that we approach marketing with the classic, "I've got a solution trying to find a winning problem" mentality. As stewards, we must step back and ask bigger questions like why we are growing, who we will serve, what need we can meet, before we pivot into the where and how we will market. Is your motivation to grow?² Reach new markets with existing products? Innovate new products for existing markets?

(See **Appendix C** for an assessment resource.)

Is it to achieve a vision God is calling you to for greater influence, to glorify Him by meeting a need³ in a unique way, fulfill a calling or is it just "growing to grow?"

Why do the best-run companies often have the hardest time growing? That's what Art Saxby and Pete Hayes of Chief Outsiders asked before conducting research around the answer in 2011 with the McCombs School of Business.⁴ If we can bridge the God-honoring commitment to operational excellence with a sincere focus on what the context of our markets tell us about needs, wants, trends, perceptions and opportunity we can then begin to engage in effective marketing. There are market-driven questions we need to assess before we can engage in "marketing" pursuits. What are our current products, customers, and market potential? How will we grow — through taking existing products to new markets, innovating new products for existing customers, or the high risk proposition of launching new products with new markets?

Where are you seeking growth from?





MARKETING SELF-ASSESSMENT

If you're one of those former expert technicians whose growth strategy relies primarily on your reputation for delivering a job well done, today is an opportunity to consider ways to augment the word-of-mouth referrals and customer loyalty you have built your business on. If you fall into this category — perhaps using only a local business directory, membership in the local chamber of commerce, company brochures, and a hard-to-find website for your marketing — you may be guilty of hoping to grow faster than the overall market while using the same tools as everyone else. Unless you have a hot proprietary product that people must buy from you, your company is pursuing a low growth strategy by default.

On the other hand, maybe you're someone who takes great pride in being a risk-taking, marketing-oriented person who is always trying new ways to promote your business, but regardless of your efforts, your business seems mired in low growth with an unclear brand image and unexciting future. While you're an ad seller's dream, you are likely to end up spending your marketing dollars in an unfocused, wasteful manner.

In either case, how can you get a fresh grip on a sound approach to marketing? Thankfully, the vast array of trumpeted marketing concepts can be distilled into a handful of key marketing processes for virtually every company:



- **Identifying profitable business opportunities (market analysis)**
- **Developing appropriate products and services (product planning)**
- **Attracting customers (sales communication)**
- **Retaining customers and building loyalty (performance/satisfaction)**
- **Conducting order placement, fulfillment, and service**

A company that performs each of these processes with excellence will almost certainly enjoy success. Failing at any one of them, however, can lead to lost customers or disqualification with potential customers.

Let's pause to look at each process more closely. We'll discuss each one, combining the last two processes into one category. With each category, **rate yourself from 1 (lowest) to 10 (highest) regarding your marketing prowess, stopping along the way to discuss.**

Identify Profitable Opportunities (Market Analysis)

Define current served market potential (offerings/sales/margins), based on current offerings and geography, but including all possible marketing/distribution channels.

Estimate current share of served market sales and profits by major offering.

Consider: leveraging core competencies into additional offerings, extending services to existing customer base, expanding geographic and channel "reach."

Re-define and segment market based on expanded definition and re-compute share.

Develop short and long-term growth plans and targets:

- Near-term: maximize existing products/markets/customers.
- Long-term: strategic plan to drive incremental growth above market growth rate.

Target particularly attractive markets and customers:

- Determine the demographics and growth rates of each target segment.



What is your share of the current served market?
What do you believe your share of an expanded market might be?
Have you set any short or long-term goals regarding market share or growth rate vs. your market?

Rate yourself. If you actually have a solid answer for each of these questions that your team would agree with, you're a 10. If you are still scratching your head, take a 1!

RATE

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10

Develop Appropriate Products & Services (Product Planning)

Maintain long-term (e.g., 3-year) and rolling 12-month plans to expand/improve offerings to achieve company growth targets.

Track performance and competitiveness of each offering or product line.

Modify/improve existing products for competitive advantage (guided by key customer input; look at features/attributes, value, quality, and service; develop integrated product line performance tracking).

Consider product line extensions to better serve existing customers and channels.

Consider new products to serve both existing customers and new markets.

Evaluate licensing to commercially leverage core capabilities and access others.



Do you have a process in place to continually monitor and improve the performance of your existing offerings?
Do you have a strategic plan in place tied to achieving your long-term growth plans?

If you answered "yes" to both questions, you're a 10. One "yes" buys you a 5. Two "no's" buys you a complimentary copy of The Audacity of Hope, since that's all you have!

RATE

1 2 3 4 5 6 7 8 9 10

Attract Customers (Sales Communication)

Execute *positioning* of existing offerings to maximize performance:

- Determine ideal *marketing mix* for each targeted segment.
- Establish bundle of products/services to address customer needs and wants.
- Communicate brand promise and make offering(s) easy to buy.
- Strive for distinctive position vs. competition.

Evaluate viable ways to improve market "reach" (e.g., B2B, use affinity groups, existing customers, web, direct mail, written proposals, distribution, export, ads, trade publicity, licensees, signage, trade shows, targeted broadcast emails, seminars, open houses, etc.).

Use the most cost-effective modes of advertising/promotion based on net cost per lead or sales dollar generated. The goal is more sales leads into the funnel per marketing dollar spent.



Do you currently tailor your message for each targeted segment and product line?
Do you know the most productive and cost-effective ways to communicate to your market, or are you just doing what you already know how to do?

If you can answer both questions in the affirmative, you get a high score. If you aren't sure, but believe your marketing experts could probably answer for you, take a mid-range score. If you're too busy to worry about it, take the last seat on the bus to Copout Town!

RATE

1 2 3 4 5 6 7 8 9 10

Retain Customers & Build Loyalty (Performance/Satisfaction)

Routinely engage key customers in shaping offerings and continually refine offerings and capabilities for targeted customers (consider "metamarket" possibilities to become more valuable to customers and effectively leverage target customer relationships).

(See **Appendix A** for more information on the topic of "metamarket.")

Provide customers greater personal choice and convenience while shopping, ordering, tracking delivery progress, giving feedback, requesting/receiving post-sale service, and obtaining additional products/services related to the item initially purchased.

Track customer satisfaction and make adjustments (or amends) as necessary:

- Develop integrated customer tracking/reporting (include active/defected status).
- Aggressively follow up with all disappointed or defected customers.
- Constantly evaluate and improve all "cradle-to-grave" customer touch-points, such that processes related to order placement, fulfillment, and service are being continually improved.

Note: *The typical American company loses half of its potential growth rate due to customer defections, and it is at least three times more expensive to attract new customers than retain existing ones.*



Do you have a handle on customer satisfaction and the percentage of potential repeat customers who are defecting and why? If so, how? Have you assessed your performance through the lens of your customer at each "Customer Moment of Truth?"⁵ Have you identified opportunities to provide more "cradle-to-grave" convenience and solutions for your customers, thereby expanding your served market potential?

If you said "yes" to all three questions, you really deserve extra credit — but take a 10. If you're doing at least one of the three, congratulations, you're a budding marketing expert!

RATE

1

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Now total your scores from all four questions. If you scored **more than 30**, take a gold star, unless you're growing slower than your market, in which case you might consider taking a lie detector test! If you scored **between 10 and 30**, be encouraged and commit to engaging your team even more deeply in marketing and strategic planning efforts. If you scored **below 10**, imagine what you might accomplish with a little more marketplace knowledge and intentionality!

**TAKE
AWAYS**

WHY MARKETING MATTERS

Strategic planning and marketing are all about driving profitable growth. A company blessed with discipline in planning and execution can easily outperform more creative competitors that merely ride market demand up and down. By focusing on margins and sales, companies can internally fund efforts to achieve above average sales growth.

Through the power of compounding, a company that consistently grows its topline each year beyond the natural, "organic" market growth rate will gain market share rapidly. For example, let's say a roofing contractor currently holds a 10% share of a regional market that's growing at 5% annually. If they're able to grow 10% annually by expanding product offerings and improving service, their share will grow by 60% — to 16% of market — in just ten years!

As we're fond of saying in C12:

What you don't measure, you won't understand, manage, reward, teach, or improve.

Don't worry that you don't have a simple or perfect source for all information. Your best guesstimates, based on your team's expert insight and thoughtful discussion, will help you fill in the blanks around available industry and economic data. Some things worth tracking in the marketing arena include:

- Target Market Information: market size, growth rates, trends, possible partnerships, and key trade channels.
- Target Customer Information: retention, satisfaction, needs, wants, trends, shopping preferences, opportunities for bundling other value-added services.
- Product Line Information: competitive performance (cost, quality, delivery), financial performance (margins, ROI), market coverage (product array, share).

MARKETING WITH PURPOSE

Before we leave the subject of marketing, let's talk briefly about shaping our marketing messages to be consistent with our stated purpose and core principles as Christians. It's so easy to fall into the typical advertising appeals and positioning statements of our times, which appeal to human vanity and idolatry.

As ambassadors of Christ, our focus should be on excellence in our service to others, while avoiding manipulation, exaggerated claims, fleshly appeals, and deceptive offers that would damage our testimony and harm those we are privileged to serve. Marketing messages that are excessively self-congratulatory or feed ungodly desires, behavior, or thinking should be avoided. We should aim to point others to God's best and highest purposes with trustworthy, best-in-class service of their legitimate needs in a manner that honors God, is family friendly, and encourages the eternal perspective. Marketing done with excellence serves as an expression of godly stewardship of the companies He has entrusted to our leadership.



Reflect upon and discuss with your peers, where are the gaps in your stewardship of effective marketing?

What is working well, missing the mark, or not even on your radar until now?

What best practices can you share or need to solicit from your peers today?

How does your marketing messaging and strategy reflect your identity in Christ?

Is your marketing helpful or harmful to your Christian witness in the marketplace?

APPLICATIONS

1. Considering your marketing self-assessment score, are you satisfied with your company's current marketing capability? If not, what one or two key issues will you address as your first priority in elevating your team's marketing prowess?

Check-out the **Appendix B** attached to today's segment and consider using one of the recommended resources to focus on engaging, equipping, and leading your team to greater proficiency in a particular key marketing area.

2. Have you evaluated your current array of marketing messages to determine whether your appeals are honoring to God and beneficial to those you are serving? Consider making this a To-Do List item.
3. For further thought-provoking reading on the topic of marketing, refer to other previous C12 marketing segments, *Marketing Metrics* (1/05), *Two Views of Growth – Practical Observations* (01/06), and *Don't Just Stand There - Do Something!* (1/14), and *In Search of the New S-Curve* (2/14) available through the C12 App (Barnabas).

TO-DOS

ANNOTATIONS

¹ <http://www.kotlermarketing.com> (Accessed 11/22/16).

² See C12 Curriculum business segment, *How Big is Enough?*

³ See Jeremiah 29:7 written to God's people living in exile among foreign cultures and markets. "Seek the welfare of the city where I have sent you into exile." We are called to work toward the prosperity of the entire community. Business can be an effective way of providing the goods and services people need, but only if businesses understand their customers' needs and then communicate how their products meet those needs. This two-way street is called "marketing." Therefore, if we want our businesses to serve God's purpose of human flourishing we need to be effective at marketing. This will maximize our company's potential, both commercially and as a platform for ministry.

⁴ <https://www.chiefoutsiders.com/mid-market-ceo-growth-study>

⁵ See C12 Curriculum segments in the C12 App (Barnabas) under titles, *Delivering Superb Customer Service by Design*, *Generating Worthy Referrals*, and *Intentional Positive Differentiation*.

Additional Marketing Terms



STP: Segmentation, Targeting & Positioning. Effective marketing begins with marketplace research to discover segments that might be currently underserved and have an interest in an improved offering within your capabilities. Next, you select target segments where you can provide an attractive combination of quality, value, and service for the need at hand. Positioning then follows where you communicate your offering to the target market segments.

THE 4 CS: Recasting the "marketing mix" 4 Ps in customer-centric terms – Customer Value (Product), Customer Costs (Price), Customer Convenience (Place), and Customer Communication (Promotion).

GUERRILLA MARKETING: An imaginative, low-budget approach to marketing promotion using highly creative, unexpected, and unconventional methods. By targeting customers in ways they wouldn't expect, such marketing can make your offering memorable and generate "buzz," perhaps even spreading "virally" (e.g., YouTube.com, Facebook.com, trade shows, etc.). The term was coined by Jay Conrad Levinson in his original 1984 book, *Guerrilla Marketing*. It has since entered the popular business lexicon to generically describe aggressive, unconventional marketing methods.

BRAND MANAGEMENT: A brand is a set of associations linked to a name, mark, or symbol representing a company, product, or service. A brand is a promise of value. Strong brands create more trust and comfort and an image of better quality than lesser brands, and become a strategic lever and activity organizer for a company's efforts in the marketplace. Strong brands can command greater loyalty and/or higher price at a given level of quality and value. Brands are initially built by advertising and publicity, but ultimately maintained by actual performance and customer experience.

HOLISTIC MARKETING: Involves changing perspective from product focus to customer focus; from selling products to satisfying customers. In the process, the company becomes more collaborative with its customers, ultimately becoming "customer-driven" in many ways. Holistic marketing generally requires four processes: (1) enlarging your understanding of customers' needs and lifestyles, (2) assessing how all company departments impact customer satisfaction (i.e., evaluating all routine customer "moment of truth" interactions), (3) assessing the impact of company actions on all stakeholders to ensure healthy partnerships and best value supply chain, and (4) taking a larger view of the industry, competitors, trade networks, and trends.

METAMARKETS: When companies facilitate all customer activities involved in buying, using, and maintaining a product, thereby becoming more valuable "partners" and expanding their served market potential. For example, in buying a car or home, websites and brokers exist which will help you shop, purchase, resell your previous assets, insure, finance, and customize and/or maintain your new car or home. Another great example is in planning and executing weddings (e.g., see www.theknot.com).

REVERSE MARKETING: Refers to customers taking a more active role in directly influencing the marketing mix, driving the design of product/service offerings (i.e., "reverse design"), actively competing/bidding to set prices such as with online auctions (i.e., "reverse pricing"), customers selecting preferred distribution channel (e.g., web, retail, telephone), customers being more hands-on with controlling advertising delivery (e.g., request more info, do not call list, etc.). Related concepts here include prosumers (i.e., "producing consumers" who design/spec the products and services they want... such as ordering online with Dell) and experiential marketing where we hope to deliver a maximally positive experience for the customer based on the way they would enjoy interacting with us (e.g., Bass Pro Shops).

Recommended Marketing Books



Kotler on Marketing, Philip Kotler (Free Press, 2001)

A short primer on basic marketing concepts, principles and strategies.

Marketing Management (11th Ed.), Philip Kotler (Prentice Hall, 2008)

The classic 800-page textbook with chapters on essentially every key marketing topic.

The Portable MBA in Marketing (2nd Ed.), Hiam & Schewe, Ed. (Wiley, 1998)

Composite review of marketing concepts and application with content and examples from a variety of American business schools.

Positioning – The Battle for Your Mind (20th Anniv. Ed.), Ries & Trout (McGraw-Hill, 2001)

A marketing classic with great insight in the areas of strategy and communication.

Guerilla Marketing (3rd Ed.), Jay Conrad Levinson (Mariner Books, 1998)

Full of marketing tips. Especially helpful for small businesses.

The Lean Startup, Eric Ries (Crown Business, 2011)

An approach focusing on creating efficient, customer-driven innovation patterns based upon tech start-up lessons from the 2000s.

The Goal (4th Ed), Goldratt & Cox (North River Press, 2014)

A fable-based case study of how the Theory of Constraints (ToC) changes how any business is assessed for success with game-changing implications on management.

Discipline of Market Leaders, Treacy & Wiersema (Basic Books, 1997)

A call to focus and planning by targeting customers and tailoring products and capabilities to achieve a dominant position with your desired market.

The Loyalty Effect, F.F. Reichheld (HBS Press, 2001)

A well-researched analysis by a topnotch business thinker of the amazing profit and growth leakage due to poor customer loyalty and what you can do about.

Growth Gears: Using A Market-Based Framework To Drive Business Success, Art Saxby & Pete Hayes (Advantage Media Group, 2016)

A guide to business owners who are doing well but are ready to grow, advocating a simple three-step model to help your business navigate the present and an unpredictable future.

What others would you recommend to your peers today?

A Model for Accelerating Growth



Let's grade and discuss your company on each of the following dimensions (A, B, C, D, F)

1. INSIGHT

- We clearly understand what our customers want and need. _____ (grade)
- We clearly understand what our customers think of us, NPS. _____
- We have a keen knowledge of our competitors and why they win/we win and who is vulnerable. _____
- We know who are our most profitable and least profitable customers and why. _____

2. STRATEGY

- We understand our target markets and segments potential. _____
- How well are our offerings and pricing aligned to our market segment? _____
- How well are our company and products positioned? _____
- Is our plan for growth specific, feasible and inclusive of potential new offerings or markets? _____

3. EXECUTION

- How well is our growth strategy understood and embraced through the organization? _____
- How well are resources and tactics aligned with our growth strategies? _____
- How clearly focused are our tactics (vs. random acts of marketing)? _____
- Are we measuring the right stuff? _____



As a C12 Member, in February you can download a FREE copy of *Growth Gears* by Pete Hayes & Art Saxby by going to **Barnabas > Resources** and selecting your preferred format.

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