ACPA P³ PROGRAM MODULE I - SALES & MARKETING COURSE

SALES and MARKETING: THE DIFFERENCE and WHY THEY ARE IMPORTANT

Welcome to the second course in the ACPA P³ Sales and Marketing Module I. Here, we will concentrate on some issues that are important to effective marketing, while we help you differentiate between the sales and marketing functions as they operate in most business organizations. Information is always required to develop successful and efficient marketing programs. You will learn some basic strategies in collecting useful market data, and you will complete a project to gather practical information from your marketplace. We'll examine the objectives of marketing and explore some of the tactics for reaching those objectives in the concrete pipe industry.

Way to go! You made it through the first paragraph. Don’t stop now, keep reading. It gets better and better.

WHAT IS SALES

Most people have a sense of what selling is about. In its basic mode, sales is simply the set of activities involved in selling. The more you understand selling, the more clearly you understand that the selling processes have a much greater application than the exchange of goods and services for money. We explore this broader application of selling in the P³ courses, A Sales Model - Have a Plan and A Sales Model - Developing a Sales Identity. In this course, however, we'll use the more conventional definition for selling: a **commercial transaction, exchanging goods and/or services for money**. Our treatment of selling will be more of an overview:

Sales is the first entry on the income statement of virtually every organization. Sales provide an organization's revenue. Every other entry is a deduction against that revenue. If a company fails to sell, it will not survive. Sales is a big deal.

Sales goals are usually quantified. Success is defined by very specific date, number and dollar targets. To many who sell for a living, it can seem a game where the definitions for winning and losing are ominously specific, but the rules for playing the game are carved in Jello®.

Selling is a tactical function. When we think of selling, we generally see a process involving direct contact with people who can buy. Sales professionals locate and go to customers or people who could become a customer. Success and failure are clearly defined: if they buy, you succeed; if they don’t, you failed. It’s not hard to see why people use references to warfare when discussing the process of selling. Yet, who is the enemy? Certainly not the customer.

Typically, the salesperson’s near-term objective is to secure a signed order or contract. In order to do that, successful salespeople provide the purchaser with what they want/need. Sales, if properly and professionally practiced, involves much more than just talking people into buying stuff.
Sales is an interpersonal, one-on-one enterprise. It’s not about ‘the marketplace’; it’s about ‘Joe’. Selling is intended to move individual people to specific action. It’s great to have people who like you and your product or service, but if they do not actually buy something, you’re toast.

Sales and marketing are not the same thing, but they are inexorably linked. In a great many companies, the same people carry out both sales and marketing functions. Even those ‘multi-taskers’ might be hard pressed to define which of their functions are selling and which are marketing. Since we explore sales and the selling processes in several other courses, most of our emphasis here will be on marketing.

The main focus of this course is marketing. We will describe what marketing is, not instruct you in how to practice marketing. That is a vastly larger subject. Our objective is to help you differentiate between sales and marketing. We will develop an understanding of why and how marketing is important to any organization, and briefly address some issues and principles that are important to effective marketing.

It’s likely that participants in this course bring with them a broad range of experience and skill. So, as part of this survey of marketing, you will develop your own ‘thumbnail’ overview of how your organization markets. The project for this course is designed to let you start from wherever you are now, and build on that. Novice or expert, if you apply yourself in this course, you will learn something. Something that will make you more confident in marketing functions and more valuable to any employer.

Marketing is a great deal more than trying to make your product and your company attractive. It’s important that people be aware of what you are offering and the services that you provide. But, most marketplaces offer buyers quite a few options. You’re rarely the only game in town. If you are, your favored position isn’t likely to last.

Marketing’s ultimate purpose is to get people to buy. Buying can mean more than just exchanging money for goods and services. Buying can take the form of joining an organization, giving to a charity, voting for a particular candidate, or accepting a proposal for marriage.

Both sales and marketing are critical. Without both, you will likely fail in virtually any enterprise. If the course material or commentary appears to you to be ‘taking sides’ and favoring on function over the other, either you misunderstood or we messed up. Every organization needs both a sales plan and a marketing plan to even approach their potential. Both sales and marketing must be effectively answer these question:

- What will you sell?
- Who can buy your product or service?
- Who will be your focus among those people who can buy?
- What message will you convey to the marketplace, and to your customers?
- How will the message be spread?
- What effect do you expect when that message is communicated to the marketplace?
Marketing tends to be less aggressive than sales. It’s generally more deliberate and geared to the big picture, over the long term. The marketing function is critical to the organization, but less urgent than sales in its execution. If marketing were a hitchhiker, it would stand on the side of the road with its thumb out. If sales were a hitchhiker, it would have a sign saying, “Must get home to the children”... and it would be standing in the middle of the road.

We don’t mean to give the impression that marketing is less a factor in an organization’s success, or that salespeople are energetic and marketers are not. Marketing should be more focused on the long term. Marketing gathers vital information, helps all functions in the organization understand what the marketplace wants, needs, and will buy. Unless marketing works it’s magic, your energetic, hard-charging salesperson are likely to encounter lots of resistance:

- I’ve never heard of your company
- I’ve never heard of your product
- I don’t have any idea what your product does
- We don’t use anything like that in what we do
- I’ve never heard of anyone who uses your product
- That product is totally inappropriate for what we do

.... you get the idea

Sometimes you might notice that we will address an idea or process more than once. When that happens, recognize that it’s an important concept that we wanted to to be sure you didn’t miss. Now, let’s talk about marketing.

The first assignment is simple. Go buy Marketing for Dummies - 3rd Edition and at least one highlighter. Read at least the first four chapters of the book.


“Marketing focuses on attracting customers, getting them to buy, and making sure they’re happy enough with their purchases that they come back for more” Alexander Hiam’s clear explanations of what marketing is about, and his simple, straight-forward suggestions for how to actually market real products and services make it perfect text for this P3 course. Don’t let the “Dummies” title throw you. If you know and practice what’s in this book, you’ll be hard to beat in that cold, cruel world out there.

• if you really want to learn how to win in the marketplace, read the whole book
Once you’ve read the assigned chapters, come back and continue from here.

WHAT IS MARKETING

According to the comic character, Dilbert®, marketing is: “... just liquor and guessing”

In deference to Dilbert, it sometimes seems that, just maybe, there are a few people in marketing who don’t actually know how to be effective. Fortunately, we are making sure that never happens to you.

Webster’s Dictionary:

“Marketing - the act or process of selling or purchasing in a market; the process or technique of promoting, selling, and distributing a product or service.”

“Marketing - an aggregate of functions involved in moving goods from producer to consumer.”

The first known use of marketing was recorded in 1561 A.D.

The American Marketing Association:

“Marketing - is the activity, set of institutions, and the processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

(approved October 2007 - AMA Board of Directors)

• another eloquent example of why it’s a bad idea to leave marketing decisions to a committee, even a committee of marketers

Encyclopedia Britannica:

“Marketing - activities that direct the flow of goods and services from producers to consumers. In advanced industrial economies, marketing considerations play a major role in determining corporate policy. Once primarily concerned with increasing sales through advertising and other promotional techniques, corporate marketing departments now focus on credit policies, product development, customer support, distribution, and corporate communications. Marketers may look for outlets through which to sell the company’s products, including retail stores, direct mail marketing, and wholesaling. They may make psychological and demographic studies of the potential market, experiment with various marketing strategies, and conduct informal interviews with target audiences. Marketing is used both to increase sales of existing products and to introduce new products.”

Dictionary of Marketing Terms:
“Marketing - the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.”

Our Definition - What Marketing Does:

Marketing, like virtually every significant organizational function, is best described in terms of what it does:

• Marketing seeks to determine what people want and what people will pay for it. In some cases, marketing works to influence people toward wanting something different from what they currently have or want.

• Marketing helps an organization in planning:
  - how to produce the service or product economically
  - how to deliver your product or service profitably
  - how to create a receptive marketplace that recognizes and accepts your products and services

• Marketing encourages people who can buy to come to the seller

• Marketing creates ways to express and draw attention to the core advantages of your product or service in a way that they are memorable and accepted.

• Marketing can apply to physical products, services, a person or an idea

• Marketing is a strategic function:

  Strategic - having to do with a carefully devised plan of action to achieve a goal; the art of developing or carrying out such a plan

  concerned with planning and conducting a war or a military campaign (anyone who thinks war has nothing to do with business has never been in either)

  having to do with a behavior, structure, or adaptation that improves viability

• Marketing mixes creativity with hard analysis and tough decisions

• Marketing is not fully effective until a sale takes place

• Marketing, in it’s most productive form is a service to the people who sell, and includes those people in its planning and operations
Marketing is the focus in planning for profits. Marketing is charged with implementing services and systems to ensure that sales occur, predictably and over time.

The best marketers can sell. They understand selling. They usually know how to teach selling to others.

Marketers know that if you do a good job at marketing, your sales efforts will be more productive, and your organization will maintain a positive sales trajectory over the long-term.

In this course, we’re going to overview the basic concepts in marketing. We will not be delving into any of its ‘dark arts’. While we will look briefly at building brand loyalty, the dangers in cannibalizing your brand once you’ve made it successful is something best left to the pros. As is generational market segmentation, discontinuity trend analysis, or the causes and remedies for the fragmentation affect often seen in market segmentation. We’re going to look at the big picture, and limit our efforts to the core issues.

Here’s what investor, Warren Buffet and management guru, Peter Drucker have to say about marketing:

Warren Buffet - “Your company had better be delivering something special, or it’s going out of business”

Peter Drucker - “Marketing is the whole organization viewed from the customer’s point of view”... perception is everything

Peter Drucker - “Marketing is the distinguishing, the unique function of a business. A business is set apart from all other human organizations by the fact that it markets a product or service. No church, no army, no school, no state does that. Any organization that fulfills itself through marketing a product or service is a business. Any organization in which marketing is either absent or incidental is not a business, and should never be run as if it were one.”

Peter Drucker - “Suppliers, and especially manufacturers, have market power because they have information about a product or service that the customer does not and cannot have... and does not need if he can trust the brand. This explains the profitability of brands.”

... one of the best explanations anywhere of why brand is valuable

The less marketing you know, the less marketing you do, and the less impact your organization has in the marketplace. To the extent an organization decides to live without effective marketing, it has elected to depend on luck or inertia for the survival and success of that business. Opportunities are lost when your story goes untold. If you are not carrying your story to the marketplace, chances are no one but your competitor will be telling it. How comfortable are you with your competition as the
world’s main source for information about your company, your product, your service, and the value you deliver?

In boom markets where almost anything can be sold by almost anyone, organizations (at least the naïve ones) tend to discount the marketing function. “Who needs them, we are geniuses. We don’t need anyone telling us what to sell or how to sell it.” Then, one day they realize that things have changed. Sooner or later, they always change. And shortly after that, someone realizes that the business has only six weeks of cash, sales are dropping like a rock, profits are a distant memory, and no one has a clue what to do about any of that. Sadly, at that watershed moment, those same people determine that they, “can’t afford to do anything about our marketing until sales improve.”

All businesses and most non-business organizations must have a structured marketing program, much like a well-planned garden... sound familiar? If you have no plan for the future of your market, by default you have planned to let the market dictate your future. If sales of your product or service have declined, or suddenly your competition is doing a much better job, you can’t count on marketing to instantly turn weeds into roses. So, assess what your marketplace wants, make whatever changes you need to provide people with what they want then get out and tell your story. In business, no matter what’s right and what’s wrong, the thing that matters is what happens.

As a manager, it’s vital to your business and personal interests that you oversee and participate in an ongoing market development effort. It’s the organizational equivalent of daily exercise, eating a healthy diet, etc. If you let the business of marketing go so far downhill that you’re compelled to call in crisis marketing intervention, your experience will be comparable to that of being wheeled into a hospital emergency room:

• control of everything that’s happening shifts to someone you don’t know, who only occasionally even talks with you - then, only to ask probing questions that a week ago wouldn’t have been any of his/her business

• all these people who are suddenly in charge use words you don’t understand, and laugh about situations that you think are pretty darn serious

• the whole thing costs way too much money, takes too much time, you’re bleeding from every orifice and they’re having a five-hour closed-door meeting... it’s about you, but you aren’t invited

• your survival is in there hands; if they’re wrong, your dead

Feeling uncomfortable? Good. Let’s start looking at marketing, practical marketing. We don’t want the scenario above to ever be part of your story ...

... at least at work; hospitals may never change

THE P’s of MARKETING

In 1960, E. Jerome McCarthy grouped the key components of marketing into 4 categories: Product, Price, Place and Promotion. He used these categories as a basis for analyzing and developing market analyses and strategies. People understood the approach and it worked really well. From then until now, it remains one of the most
commonly used market analysis tools. It’s simple, straight-forward, and provides a logical basis for organization. Over the years, others have added a number of additional ‘P’s’ to the mix. Many of these analyses are valid and useful. For our purposes, we will incorporate ‘People’ into our analysis. Adding ‘People’ helps assure we emphasize those who must decide to buy what we need to sell.

**Product** - What is made and/or offered for sale; it can be a physical item, a service, an organization, a political candidate.

From a marketing point-of-view, product (or service) includes:

- how it is made
- the quality of material and workmanship
- how the product/service is packaged and labeled
- what is included when you purchase the product
- the services that are available to purchasers, and their cost
- the quality of goods or services
- accessibility to service and support
- warranty - does the customer know how easy it will be to get relief if they aren’t happy; how certain are they that the warranty will be honored
- brand name, and efficacy of branding
- functionality of product or service
- styling, both of product and image
- safety considerations
- accessories and linked products
- environmental factors
- level of your product’s technology; especially relative to the options accessible to your customer

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**EXERCISE 1 - Determine Your Product’s Features and Benefits**
It’s critical for any company to identify all of their product characteristics that meet the needs of people who could be their customers. Once a company has that information, they must develop an analysis of how well their product meets each of those needs compared to their competitors’ products. Each of the categories listed under Product, above, represent features and benefits for products and services.

Evaluate your product’s features and benefits. An organization’s product becomes more valuable relative to its competition if it is:

• more creative
• more efficient
• more cost-effective
• more versatile
• better suited to current environment and customer preferences

______________________________________________________________________

STEP A • Find a mentor for this course. If you are a professional sales person, the best choice might be your immediate supervisor. It doesn’t have to be your supervisor, but it should be someone who can give you competent counsel on the marketing and be qualified to evaluate the research you will undertake for this course.

STEP B • Choose an organization to study for this course. It should be a business organization in which you have considerable interest and about which you would like to know all you can learn. Ideally, you would choose the ACPA member company that employs you. But, that isn’t required. Just make sure the organization needs to earn a profit and operates in a competitive marketplace. If you have doubts about the organization you chose, or the process of choosing, call your ACPA Regional Engineer for advice. If you discover that your choice of organizations isn’t working out, you are free to make a different choice.

STEP C • Go to the Appendix for this course and print the worksheet for Exercise 1: Determine Your Product’s Features and Benefits

STEP D • Provide a complete and concise answer to each of the product components in the worksheet for Exercise 1

STEP E • Now, using the answers you developed in Step D, translate your answers into features and benefits for your product

STEP F • Repeat the process, both Step D and Step E, for the products of at least two of your competitors

STEP G • Go to at least one one of your customers and complete Steps D and E based on their answers to the worksheet questions
STEP H • Congratulate yourself! You’ve just created an awesome competitive tool; you know what you have to offer your customers, you know how it compares to you two strongest competitors, and you have some insight into how at least one of your customers feels about both you and your competition.

Hold on to this Features and Benefits document you’ve created. You will need to review it with your mentor, and it will be a big help as you complete the course project... more on that later.

Remember, to make this process easier, you can print a form for this exercise from the Appendix:

Determine Your Product’s Features and Benefits

A marketing approach which assumes that a good product will sell itself has some merit. All else being equal, a good product is always easier to sell than a lousy one. But, if even the best product or service is left to sell itself, sales will never reach their potential. Furthermore, you will have no control over what quantities you sell or when you sell them. If that’s the case, you’ll have little ability to plan for working capital, manufacturing, staffing, inventory levels. You will not manage the business, the business will manage you. Marketing, good marketing, brings control and direction to an organization.

Typically, products or services pass through phases in their life cycle. Product life cycles generally follow a bell curve track for both sales price and quantities sold. It’s important to know the market history of the product and that of its competitors. To make sound business decisions, manager must understand the product’s current position in terms of its long-term market lifeline. The further a product has gone past its peak on the life cycle curve, the more expensive it will be to maintain unit sales and profitable price levels. Generally, sales decline and the price/cost squeeze accelerate over time. Unless the organization can redesign their product or change the market’s perception of its value to potential customers, the decline is irreversible.

Product development is a marketing function. It’s important that marketing, including sales, be part of any decisions related to product. Not only do products and/or services need to be properly engineered and practical to manufacture or create, they must be sold for a profit. People must see the product as meeting their needs. “How can we sell this”, is as important as, “How can we make this”.

Always ask if the product can be designed to satisfy the buyer and drive additional, on-going sales of associated products and services (iPad + apps). Such cross-selling and adding to the order size increases revenue without increasing the costs of sales.

Price - What amount will a business will ultimately receive for their product or service?

What amount will a customer ultimately pay to take possession of a product or service at their location?
Both are important, but they are not necessarily the same.

Pricing issues are critical for most products. While an organization may claim that it doesn’t sell based on price, and while that may be true, they must sell at some price. That’s where pricing policy enters the picture. That’s where profits and losses are often determined:

- What price to offer?
- What price to actually charge?
- What does the price include?
- What is your profit margin?

Generally speaking, people look for value, not the cheapest product they can buy... even when say that all they care about is price. Some buyers use this approach as a bargaining ploy. Other people stick to price because it’s all they really know about the product/service. A customer who seems only to want to beat you down on price may simply be someone who doesn’t know how to negotiate. You may benefit from helping him understand how to negotiate intelligently. Assist him in understanding what’s important in buying a product like yours. See, you can’t talk about marketing without talking about sales.

Competing on price is a very risky proposition. Price competition is not sustainable. Once the market ‘well’ has been poisoned with competition based solely upon price, it’s very difficult situation to undo. Marketplaces based on price typically lead to a decline in the entire industry.

By definition, when all competitors compete on price, no one earns a profit over the long term. Price is ultimately bid down to break-even for the lowest-cost producer. That low-cost producer has almost always taken every possible input from the product and reduced it to the lowest possible denominator. Product quality and performance is sacrificed in favor of unrealistically low price. Ultimately, people turn to alternatives that do a better job or last longer.

If there is no profit:

- there is no money for creativity
- there is no money to hire talented people
- there is no money to improve and develop the technology

Sometimes people in business refer to price competition as a ‘no-win’ situation. That’s too forgiving. At the end of a price-only competition, ‘everybody loses’. No one breaks even. Price competition kills whole industries. Or worse, signals to the marketplace that the industry and its product have become so irrelevant that, unless you can get it cheap, you don’t want it.
Watch out that price isn’t your emphasis. In effect you are ‘buying’ customers and using your company’s capital to pay for them. Usually these are the worst customers of all - who will leave you in a heartbeat if someone else undercuts your price by a nickel. If the company is worth less, the customers’ image of you and your company are cheapened. All because you didn’t know enough about marketing.

If you are adding service and other elements that the customer values, your price can be higher. But if you’re providing the same thing as your competitors, price will be (and should be) the customer’s only consideration. Fail to innovate, and you compel yourself to compete on price.

Many variables determine the level of control a company has on the price it receives for it’s goods and services:

• How much competition do you face
• Do the other businesses compete on the basis of price
• How sensitive are your customers to the price for this type of product
• What is the price elasticity* for the product or service you provide (* check Wikipedia)
• What is the buyer’s perception of your product’s quality
• How well you have established value in the marketplace
• How many of these variables can you influence

AWESOME INFORMATION!

If you understand marketing and have the ability to institute and direct appropriate changes in your organization, you can influence all of the variables that determine your price. If you are really good, you can influence them to your advantage.

When your product or service is compared to that of your competition, every additional 1¢ of perceived value = 1¢ of profit, because it allows you to get a higher price without additional cost

Place - all aspects of where the product or service is produced, stored, staged and sold affect sales.

Every element of product distribution is a marketing consideration. To maximize market advantage and profit, your product or service needs to be in the right place, in the right quantities, at the right time. These factors are particularly important with respect to marketing Reinforced
Concrete Pipe and related products. RCP cannot be economically transported over long distances. Typically, there are opportunities to exploit cost/price advantages available to producers located near where the product will be used. Storm water pipelines usually must be complete to be put into service. Delayed delivery on three pieces of RCP for six weeks beyond the promised delivery date is simply not an option.

Point of Origin:

• To the extent that shipping or transportation are significant cost factors, proximity to the source for a product or service can be important.

• All else being equal, the further away from the source, the less the purchaser’s sense of connection and control.

• The buyer may attach value to supporting the local or national economy. That factor tends to grow the less the perceived difference in product options. People will go to more trouble and pay a higher price to support their neighborhood hardware store, but they don’t care where their new iPad2 is made or where it shipped from.

Distribution:

• Channels - the paths by which goods or services get from their creation to the customer

  direct - customer buys and takes delivery directly from the producer of good or services

  distributor - the producer sells to/through organizations that provide marketing services for a variety of products to retailers

  retailing - the classic ‘store’, whether the neighborhood convenience shop, mom and pop retailer, Nordstrom or Wal-Mart... the store assembles goods, stocks and sells them to consumers

• Market Coverage - where can I find it for sale... can you find it anywhere... how important it is point-of-sale marketing... how important is an impulse sale

  inclusive - sold at every available venue; everyone is a potential customer (soft drinks / gasoline)

  exclusive - sold as a product or service available only to a select few (country clubs / luxury automobiles)
selective - sold only to restricted class of customer
(surgical supplies / military aircraft)

• Inventory Management - logistics for ordering, accumulating,
staging, and delivering product or services; the
objective of an effective system is to minimize
inventory costs while assuring optimal
availability of product or service to the
customer

• Warehousing / Staging / Distribution Centers - where do you store
product (or locate people, if you’re selling
services) until they are ready to be delivered
to the customer; decisions and operations
related to this phase of distribution can have
significant impact on sales and costs-of-sales...
... see the paragraph on Wal-Mart, below

• Order Processing - how is the order received from the customer,
how do manufacturing, distribution and
customer service learn of the order; when do
they learn; who assumes responsibility and
control for order fulfillment; what technology is
employed; how reliable and responsive is the
system and its technology

• Transportation - transportation can be a significant value issue
for customers; if the customer must travel to
see, buy or receive the product or service, and
has to do so at their cost or at the expense of
their time and effort, the perceived value of the
product or service usually declines; the longer
the customer must wait to receive the product
or service after their buying decision, the lower
the perceived value and the greater the
opportunity for ‘buyer’s remorse’ to reverse the
purchase decision.

• Reverse Logistics - go to Wikipedia and other sources of your
choice and learn more about this concept

Distribution, if you do it well, can be a powerful business tool. Wal-Mart
has stores within easy reach of over 90% of the U.S. population. Their
prices are generally accepted as the lowest around. Their stores are
well-stocked with an amazing variety of merchandise. How can Wal-Mart
continually stay atop the marketplace in so many categories? It all started
with distribution. Before anyone else, Wal-Mart developed and
implemented a sophisticated system of inventory tracking and regional
distribution. They made sure they had complete control of that
distribution infrastructure. Then, they linked point-of-purchase information
with inventory controls. In doing so, they minimized inventory investment and stock-out problems at the same time. That reduced their costs, made it logistically possible to place more stores in more locations. That, in turn, boosted sales. If you sell more than anyone else, you buy more than anyone else. That gives you enormous leverage to secure low cost-of-goods-sold from vendors. Translate that into even lower prices and an ever-expanding retail presence and you create a business empire. All originating with efficient distribution.

Who makes the distribution/delivery decisions in an organization? What’s their vested interest? Answer that question and you’ll learn a great deal about the organization’s sales and profit. If the major objective is to minimize the organization’s cost for getting product to the customer, there is an opportunity for competitors to take away market share through more generous and customer-focused distribution and delivery practices.

Situations like this are frequently encountered when manufacturing is the controlling factor in distribution/delivery. Delivery costs are often added by management to the cost of manufacturing computations. If cost-goods-sold are the measuring stick for performance (and compensation), it’s only logical that the distribution/delivery costs would be passed on to the customer, and that the company would be be hard-nosed about returns, delivery times, etc. The point here is not that passing transportation costs on the customer is bad. The point is that it should be a marketing decision.

*The day a business organization begins conducting their business for themselves, rather than for their customers; that’s the day the organization starts to decline*

**Promotion** - how the organization informs and influences the people who could buy their product or service

Typically, an organization’s message focuses on the product, the service and the organization. Customers are all people. People are most interested in themselves. Start the promotional planning process with the people who can buy from you and see where that takes you.

Most contemporary marketing programs concentrate on promotion. We live in a media-rich world, but the very best and most successful organizations market through all the P’s.

**Advertising:**

- creates and/or strengthens awareness and a targeted perception of the product or service, the features and benefits of the product or the business itself

- in some instances, advertising can actually send out a call to action; urging the target audience to act through a response, contact, or purchase as the direct result of their advertisement:  
  “Operators are standing by...”
“Go to Chevy.com to find out more...”

• compared to the one-to-one interaction with sales professionals, advertising is relatively ‘impersonal’ in its message and its delivery

• advertising is delivered through one or more media:
  print, broadcast, internet, traffic (billboards, etc), direct mail

• marketing professionals plan and execute advertising based upon several broad functional considerations:
  - identifying and targeting the persons to be influenced
  - selecting strategies offering cost-efficiency in achieving the marketing objectives
  - preparing, delivering, and assessing advertising
  - choosing the most effective and/or efficient timing to run ads
  - determining the frequency with which the advertising message and media should be presented to the target population
  - producing copy and graphics that inform, persuade, and elicit the desired response from those people the organization wants to influence

Advertising is a complex and specialized marketing discipline. It’s the largest and most expensive component of marketing programs for many large U.S. corporations. But, advertising is not currently a major component in the marketing of Concrete Pipe. Since advertising occupies a less important role in our industry’s promotional efforts, we’ll move on to other aspects of marketing that have wider application in the promotion of RCP.

Customer Relations:

• The customer’s perception of your business if formed by contacts that go far beyond their conversations with the company’s salespeople. It’s built on every contact they have. People are influenced by everything they hear about your product and company, especially if they hear it from a ‘third party’ or through the media. As management legend, Peter Drucker correctly says, “In the marketplace, perception is everything”

• Often, without realizing it, people attach considerable credibility to contacts with persons whose function is not necessarily to work with customers.

• Customer service is a marketing function... that’s why, when it’s managed by manufacturing, it usually sucks
• The cost of acquiring a new customer is many times that of keeping a customer you have. It’s far easier to lose a customer than to gain one. But, if you are not the one who must find and bring in new customers, you might not care that it almost always costs less to keep a good existing customer than to find and win a new client to replace them

• Establish a protocol for working with unhappy customers:
  - First, find out what they want to become happy again. Don’t make an unsolicited offer, just ask what will make things right. Often, it will require far less than you thought to satisfy your customer and save the relationship

  - Courteously debrief every dissatisfied customer. Always have people on such assignments who know what they are doing

  - Never argue, and resist the urge to offer solutions until you’ve heard them out. Quick fixes might seem like a victory, but you will not learn about the cause(s) of the customer’s bad experience and it’s likely to happen again

  - When customers leave you, talk with them to find out why without offending

  - Maintain a database of what you learn from customers who were dissatisfied or leave; look for commonality in the reasoning of those people you have failed

  - Remember, when it comes to their buying behavior and satisfaction, the customer’s opinion trumps your opinion every time

• When talking with your customers about their experiences doing business with your company, ask questions that tell you what you want to know

  - “are you satisfied”

  - “more or less satisfied then you used to be”

  People are sick of ‘rate from 1-10’ questions. Besides the results of such surveys don’t really tell you much about what the customer wants

* The test to apply to any customer survey:

  - is this information going to accurately measure and improve customer satisfaction
Lobbying:

Organizations in the same business can bring together their resources (money / knowledge / experience / personnel) to influence political policy on issues of common interest. In almost every instance, it is not legal for companies to work together in any effort to fix prices or restrain trade in the marketplace.

Lobbying can help assure fair competition in the marketplace and facilitate access to elected or appointed officials in all levels of government. Right or wrong, without effective lobbying, your interests are likely to be under-represented in government decisions and agency rulings.

The American Concrete Pipe Association is an international trade association representing manufacturers in the concrete pipe industry within the Americas. As such, it is vested in stimulating the primary demand for concrete pipe and associated products throughout its marketplace. ACPA is prevented from promoting any specific brand or manufacturer, both by its membership regulations and the laws of its constituent countries. In pursuing its goal of stimulating primary demand for concrete pipe, the Association works to influence engineering associations, government at all levels, and boards of standard (ASTM, AASHTO, etc.). All the Association’s education, marketing and lobbying activities must be constructed and executed in such a way that they do not favor a specific company, or violate the statutes and regulations within any of the countries represented by its members.

Direct Marketing:

Methods of marketing by which a company deals directly with its end customers, including mail order, catalog, direct mail, telephone sales, and delivered print (handbills, door hangers, package enclosures, etc.) e-mail pop-ups... the list grows every day.

The objective for a direct marketing campaign may range from generating contacts and enhancing awareness, to generating an actual purchase:

(Take This Coupon to Guido's for $5.00 Off a Large Chicago-Style Pizza)
(Click Here to Book Your Free Vacation Stay)

The cost-per-contact on direct marketing methods is relatively high. But, direct marketing campaigns are easy to scale for small, targeted marketplaces. Any significant direct marketing program should be effectively tested prior to implementation. There is much
less risk in the cost of a well-designed test run, than in launching a full-scale program without knowing the efficacy of your plan. Test marketing also provides a relatively inexpensive source of feedback to help fine-tune the campaign.

Direct marketing, like all promotional efforts, works best if you have a plan, a realistic and carefully developed budget, and a schedule that produces the maximum effect for your marketing expenditure.

**Sales Professionals:**

The sales department can often be the most important component in an organization’s marketing effort.

Even in this electronic age, a competent professional salesperson can be the most effective marketing tool available.

Person-to-person remains the most effective means to close a sale.

A professional sales group can be expensive, and is cost-effective only when each individual sale produces a significant gross profit.

Most member companies in the ACPA concentrate marketing efforts in their sales group.

*Since personal selling, as a marketing discipline, is well covered in other sections of this discussion, and is the subject of two other courses in Sales and Marketing - Module 1, we will not go into personal selling further here.*

**People**

Your customers, your target audience, the people who can help you

No matter what business you’re in, you sell to people.

To sell effectively, you must be delivering your message to the right people - people who can buy from you. Your message must resound with them and they must believe the promise you make.

If you are to be successful, you must know people very well:

- People are both analytical and rational in their buying decisions
- People are emotional and visceral in their buying decisions
- You’re never completely sure what people know, or think they know, about your product
• The first thought that pops into the mind of people when your product is mentioned will materially affect the way you should interact with them... don't hesitate to ask about that

• You need to know what the people you seek to influence think of your product's features and benefits... ask them

• What do people see as you product's disadvantages and vulnerabilities ?

• Do the people you seek to influence think your product is it a good value ?

• Who is your typical customer... describe that person in detail, on paper

  the less you can put on paper about your typical customer, the smaller the portion of your potential market you are probably selling

• Who are the people that are most influential in the buying decision

• What people actually make the purchase decision

• How many people (customers) currently buy from you ?

• How many people might potentially buy from you ?

Know the demographics¹ of your current customers, and of the customers you'd like to have. All else being equal, the more you know about your customer, the more effectively you will sell to them

---¹\ the statistical characteristics of human populations (as age or income) used especially to identify markets; markets or segments of the population identified by demographics

Tactics to grow your market:

- grow because the entire market is growing

- grow at the expense of your competitors

- grow by bringing in new customers who did not previously participate in your marketplace

- grow by repositioning, redefining or adding to your product offering

- grow by knowing the history of your market with respect to growth and exploiting that knowledge

Once you've described your existing customer, describe the customers you'd like to have... are they the same, or different ?
- do your current customers require a different approach than the customers you would prefer to serve?

- what’s the likelihood of repeat purchases by current customers; by new customers?

- what’s the word of mouth about your company... if you don’t know that, you know nothing about your market

If you really know your customer:

- you know the approach to which they will most likely respond

- you know the best way to attract them and to sell to them... it may not be the way you’ve been doing things

- only if you know the best way(s) to attract and sell can you efficiently concentrate precious resources on the most effective methods... trying things until something works is extremely expensive, better than nothing, but expensive

You get what you reward and reinforce:

- your customers are people; they act like people act

- if they had a pleasant experience, they’ll come back; if they had an unpleasant experience, they are unlikely to return

- constantly assure that the people who buy from you (customers) are rewarded and reinforced for doing business with you

- without those people, there is no business

WHY HAVE A MARKETING PLAN

Without a plan, no one knows where they are going or when they got there. The more people that are involved in an endeavor, the larger and more obvious the problems that can arise from an unplanned, uncoordinated effort.

If people are not buying your product or service, your business will fail. Marketing is all about making sure people want and buy what you sell. If there is anything in an organization that must be well planned and faithfully executed, it’s marketing. Marketing involves almost every aspect of a company’s operation, and a good plan increases the
chances of success. Having no plan for marketing means you’ve decided to count on luck for your survival and success.

What’s your marketing plan? In business, until it’s in writing, it’s just a wish. If it’s in your head, no one else knows about it. If you are the only one with the plan, it make your job a great deal more difficult. Just ask any sheep dog. It also means that you are a poor manager (‘incompetent’ may have offended some readers).

At least once a year, write a marketing plan. Make sure all key players in the organization are thoroughly familiar with that plan. Hopefully, they will all have participated in formulating the plan. Every day, make sure that the plan is being faithfully executed. You’ll be amazed how much more effectively the organization functions and how much more time you have for creative business endeavors. If there is no plan, or people don’t know about the plan, or they have learned that no one will check to see that the plan is executed, then marketing will get out of hand and lose focus very quickly.

For small companies, and simple businesses, a few pages may do the job. A large multinational company, with broad product lines and multiple distribution channels, may literally need a book on how it plans to market.

Businesspeople who see a marketing plan as unnecessary, usually don’t know how to prepare such a plan, or think it’s too much work. Often, they are operating on the concept that, if they build a better mousetrap, the world will beat a path to their door. Unfortunately for them, the world will no longer beat the path to anywhere. The world gets what it wants brought to their door by UPS and FedEx. If you’re in the mousetrap business, you had better know:

Where are the mice?

Do people see mice as a problem? How much of a problem?

Do people with a mouse problem see the problem as their responsibility to solve? Can they get someone else to solve the mouse problem?

How much are people willing to spend to solve their mouse problem?

What are the available opportunities for eliminating mice? What advantages and/or disadvantages does your product have relative to the alternatives? How do your conclusions on these competitive comparisons line up with the perceptions of the people who might be your customers?

Are your potential customers more likely to catch and dispose of mice, or pursue strategies that simply eliminate mice from ever appearing their environment?

What federal, state and local laws and regulations affect the manufacture, sale, and use of your mousetrap? What’s the potential for negative press, government sanctions, and losses from legal action that might arise from the public having access to and using your mousetrap?
How will the people with the mouse problem find out about your mousetrap? Where will they be able to buy it? How much will it cost to manufacture and get your mouse trap to the end-user? Will people be willing to pay that plus a profit to you?

If you can manufacture, distribute, and sell your mouse trap profitably, how long will it be before competitors find a cheaper way to knock it off. What is the probability someone will develop what your customers regard as a superior mouse trap? Will you be able to recover your investment in development and fixed costs before competition appears and still earn a profit?

How often do we need to recheck the answers to these questions? Who will do it?

As we have already said, and will say again, a solid marketing plan is the starting point for all other planning (sales, production, staffing, finance, distribution). The marketing plan brings together all the interests and functions of an enterprise. Accounting budgets may list the company’s goals in terms of dollars, but it rarely contains anything about how these numbers are to be achieved, or why they are reasonable to expect. All budgets start with a projection for sales. Sales drive everything. If you have no sales, you have no revenue. If you have no revenue you have no business. Without a valid, working marketing plan, the entire operating budget is little more than a guess.

A proper marketing plan is the starting point for all other planning: sales, production, staffing, finance, distribution, product development and human resources. The operating projections and costs for every element of an organization are established based on, and ultimately will be supported, by sales. The more people within the organization who are involved in the market planning process, and the more reliable and credible the plan is likely to be. If people are able to participate in a planning process, they are more accepting and supportive of that plan as stakeholders.

Too often, especially in smaller organizations, as few as one, top-level person sets marketing goals and develops the strategies for achieving them. Those goals and strategies may not be communicated to those in the organization who must make them happen. As a result, they don’t happen. And, everyone is clueless as to why the Lone Planner is so upset. When people can’t participate in formulating a plan and the associated strategies for implementing that plan, they usually don’t buy in. Trapped in a situation where the plan is always someone else’s idea and doesn’t make sense to them, people can become quite adept at frustrating those plans without getting directly blamed.

With any plan, the less specific the goals and strategies to achieve them:

- the less likely that people will understand those goals and strategies
- the greater the diversity of interpretation and execution
- the less enforceable people’s compliance with the requirements
- the more difficulty in measuring the outcome
- the lower the likelihood of reaching the goal(s)
The better your marketing strategy is planned, explained and accepted, the more sales you can expect. It isn’t necessary that the marketing function “run” the company. But management will make better decisions if marketing is involved in every aspect of the organization’s product, service, sales and customers.

Customer-focused companies fare better in all economic conditions than do company-focused organizations. If your focus is on the marketplace, you are more likely to have anticipated and prepared for market realities. Change comes as an evolutionary process because you are connected to the marketplace and can better see how it is changing. When a company is blindsided in the marketplace, it’s usually because it spends too little time in that marketplace... or, fails to listen to those who do.

Everyone in your organization should be aware of the company’s marketing message, it’s vision and it’s goals. If that information isn’t clear to the people charged with reaching the goals and communicating the company’s core message, serious missteps are inevitable. The marketing message must be reflected in everything that everyone does related to product, service and customers.

Each contact with customers and potential customers, whether it’s through advertising, personal contact or some other means, should carry a consistent message about the company and its product. Every employee is a salesperson, and every employee is a customer service representative. If the people in your organization are sending mixed messages about your business, then your customers and potential customers will probably have a distorted and confused view of what you are all about. Remember, you sell to people. People don’t generally like or seek out situations that don’t make sense to them.

Know your business, know your market, understand your strengths and weaknesses. Find the opportunities within each of those strengths and weaknesses. All else being equal, the more a company is about being responsive and influential in its marketplace, the more likely it is to be able to determine its own destiny. If you don’t know who can buy and what they want, you’ll find yourself very busy depleting your resources on things that aren’t working.

It’s when times get tough that you see which organizations have their marketing act together. If the economy is booming, rising sales compensate for a multitude of deficiencies. Everybody looks like a genius. When business is scarce, only the efficient survive.

At its core, a marketing plan is pretty straightforward:

• What does the marketplace in which we want to do business look like?
  (Market Overview)

• What would we like to sell in that marketplace?
  (Product Overview)

• Who else wants to sell that product or service and how will their efforts affect us
  (Competitive Overview)

• what do we want to do and how do we want to do it?
As you probably suspected, we’re going to look at each of these categories in a little more detail. But, before we do, it’s helpful to emphasize the overriding objective for any marketing plan. The key question is:

**How is it possible to develop a sales and marketing strategy that adds value to your customer’s business?**

Far too often, businesses focus on what’s good for them. Such businesses can (and usually do) write an entire marketing plan without ever leaving the premises. It’s absolutely critical that management and planners get out of the office and listen to the people who buy, or could buy, from them. If they are too busy, it’s usually because they are doing the wrong things. When businesses act as if their customers don’t exist, customers are usually happy to comply.

**WHAT IS A MARKETING PLAN**

As with any planning process, start market planning with an accurate and comprehensive assessment of how things are now. Then, describe what you want things to be like. Having described where you are and where you want to go, your plan lays out how you get there.

**Goals and Objectives (What) -** the desired result(s); expressed as an accomplished fact

Defining Goals and Objectives:

- specific, realistic, attainable, challenging
- what, where, when
- constructed in time - with a start time, a lifetime and a completion time
- incorporate an assessment of resource utilization:
  - $$$
  - people
  - equipment
  - services
  - space
- measurable, expressed in terms of profitability
  - base sales are what you can reasonably count on if you maintain the status quo.
  - a baseline expectation for (percentage) changes in marketing expenditures is an equivalent (percentage) change in sales. If you expect a different relationship between marketing expenditure and
sales, that discrepancy should be logical and acceptable

- if you do nothing, base sales will be vulnerable to changes that others make

- if you are doing what you did last year, you are losing ground

- if you don’t think you can do more, you’re wrong; look again

typical objectives:

introduce new product
expand sales at a rate faster than overall market growth
enter new territories
raise prices / retain volume
improved delivery or services

Strategies (How) - the means by which the goals are attained

Objectives state what you want to accomplish, strategy is how you plan to accomplish those objectives.

You should be able to state your marketing strategy for each objective in a single sentence.

Strategy is management’s responsibility to set out and to execute.

Ideas For Developing and Executing Strategy:

- A good first step is to assure you fully understand your marketplace (size / growth / competitors / customers)

- Make a list of things that you now take for granted in relation to reaching your goal or achieving your objective. These are areas in which you will almost certainly have, or will have, problems.

- Are you using the same sales pitch, the same visuals, the same media? Are you operating under the same assumptions as last year? Leaders are out front. They take you where you haven’t been before.

- Is your strategy obvious in all that you do? Read it. Post it on the wall. Ask people if they understand it. See it working in the organization.
• Any strategy should be distinctive and energizing to everyone involved in making it work.

• Strategies are limited only by your imagination and initiative.

• If you have more than one marketing strategy, make sure there’s synergy among them. They shouldn’t conflict or work against each other.

• There is great wisdom in recognizing and admitting what you don’t know. Go out and find the information you need.

• Look at your competitors’ marketing materials. Set up a table of their claims, features, and benefits. Assess how they compare to you and to each other.

• Stay flexible, keep new initiatives small. Jumping off cliffs is usually not very rewarding.

• Marketing mistakes are not a terrible thing:
  
  - If you pay attention, you can learn a great deal from them
  
  - Make small mistakes. Make them quickly. Move on
  
  - Be cautious of large fixed commitments to marketing programs and media. Spending in small increments gives you room to change as you learn and adjust going forward

• It’s critical to determine which of the five P’s needs to be most emphasized. You’re looking for maximum impact and the greatest efficacy for the time and money invested.

• Do the advance planning to assure you can implement your marketing strategy throughout the organization, and that it advances the marketing plan.

• The culture of the organization typically defines the type of strategy employed:

  - production focused:
    a good product sells itself
    find somebody to buy the stuff we make
    we are a ‘manufacturing’ company

  - marketing focused:
    identify what people want - make that
    what does a market want now - do that
    what’s tomorrow’s market - can we do it
- financial focused:
  don’t care what we make - sell it
  cut sales expenses & marketing costs
  don’t understand marketing; eliminate it

  • the fact that a business culture may be focused on a
    certain functional area (production, marketing, financial)
    doesn't mean that their focus is working well, or that their
    marketing strategy cannot be changed

Tactics (Exactly How)  - direction of forces in battle: the science of organizing
  and maneuvering forces in battle to achieve a limited
  or immediate goal

  finding the means to an end: the art of finding and
  implementing methods to achieve immediate or
  short-term goals

  • in most dictionaries, strategy and tactics are listed as
    synonyms

  • for our purposes, we will assume that tactics are the more
    specific operational measures we develop to achieve our
    objectives and reach our goals.
    • tactics are the subplot within the more broadly stated
      strategies

  • a useful way to understand is to recognize that the five P’s
    are most involved with developing tactics

  • examples of marketing tactics to implement a hypothetical
    marketing strategy aimed at **taking more business from
    competitors in order to reach our goal of increasing
    sales by 4% during 2012**:

  • Product Positioning - make products easy to find,
    easy to buy, easy to use

  • Product Quality - all else being equal, people buy
    the higher quality product or
    service
    (avoid price competition)
    (focus on quality - defined)
    (make trial use easy)

  • Reminder Marketing - prompt people to buy or pay
    attention
    (point-of-purchase displays)
    (promotional invoice enclosures)
    (increase salesperson contacts)

  • Market Segmentation:
Over the years, as thousands upon thousands of marketing plans have been prepared, creative people have devised systems and mechanisms to make the process more orderly, accurate and efficient. We will look at two approaches for generating and organizing information in the market planning process. The first is called SWOT (strengths, weaknesses, opportunities, threats). The second, also an acronym, is PEST (political, economic, social, technology). Each looks at the marketplace from a different perspective. Viewed together, they provide a reasonably balanced picture of what the marketplace is like.

**SWOT**

For some time, the American Concrete Pipe Association has employed the SWOT method of marketplace analysis and strategic planning. There are comprehensive training materials available from ACPA for developing your own SWOT toolkit. Our purpose here is to present an overview of the approach and techniques used in a SWOT analysis. SWOT analysis is a great first step in understanding your marketplace, and mapping market strategies.

- SWOT is an acronym for **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats

- The analysis would be applied to your product and services as well as to those of organizations competing with you

- Strengths / Weaknesses / Opportunities:
  - are your products positioned for success in the current marketplace
  - what trends in the marketplace favor you
  - are competitive trends working to your benefit
  - are demographics working for or against you

- Threats:
  - what trends or conditions in the marketplace are against you
    ... *include anything that might affect sales of your product*
  - are there competitive trends or conditions that are worrisome
    ... *include anything that might affect sales of your product*
Strengths and weaknesses generally originate in factors *within* your organization. Opportunities and threats most frequently come from situations *outside* the organization. Generally, it’s more effective to look first at the internal factors (strengths and weaknesses). Once you understand where you are strong and where you are vulnerable, you can more effectively understand opportunities and threats.

By strengths, we refer to all the positive, productive resources and conditions available to the organization for improving market share and/or financial performance. Weaknesses are factors and conditions effectively diminishing the organization’s position in the marketplace or its financial strength. Even if you are the entire organization, you need to know your strengths and your weaknesses. Not just what you believe those factors to be, but how people who can buy from you perceive the business.

Armed with a good understanding of where you’re strong and where you’re not, begin to look for opportunities. Since problems are ‘opportunities in work clothes’, look at the weaknesses you’ve found in your organization and in your competitors. Isolate and rank problematic situations in your company. Map out strategies and associated tactics to strengthen your company, and attack the vulnerabilities of your competitors. In areas where you are strong, exploit that strength in the marketplace. Tell your market about your strengths and develop means to use any competitive advantage you enjoy to benefit your customer. If possible, prosper at the obvious expense of your competitors.

As objectively as possible, assess those areas where you feel yourself to be at a disadvantage to your competitor(s). Where you feel threatened by one or more competitors, set out strategies and tactics to reduce the threat. Plan to improve your organization, its product(s) and its performance. Find ways to neutralize your competitor’s advantages. Time and resources always have limits, so when you are forced to choose between capitalizing on your strength or correcting your perceived disadvantage, become stronger where you are already strong. It’s a more efficient approach and more likely to work. To the extent that you are planning and operating your business in response to the actions of a competitor, that competitor is dictating your marketing strategy.

The raw data for any SWOT analysis originates in a process of questioning. Listed below are some of the issues that should be explored for your organization, and for each of your competitors:

- what is the organization’s philosophy and mission
- how strong is brand loyalty
- how important is brand loyalty
- how does the market comprehend your product
  - what do they think it is
  - what do they think it does
  - who do they think buys and/or uses it
  - how does your product compare to others
- what is each product’s competitive advantage
• what distribution methods are used
• what does the market know about the product and its performance
• how does the price compare with perceived alternatives
• what must the customer do in order to buy and use the product
• how is the product marketed and sold
• what dissatisfaction with the product or the company have customers expressed
• what’s the company’s and the product’s market share
• what is the organization’s financial strength - be as specific as possible
• what are the organization’s manufacturing and service capabilities
• what do people think of the organization’s customer service

PEST

The PEST analysis looks at market realities from somewhat different viewpoint than SWOT. SWOT concentrates on head-to-head competitors and how you and they are interacting in the marketplace. That’s important for most companies and virtually every industry. SWOT focuses on the industry players and how they stand in relationship with each other. However, there isn’t much emphasis in SWOT on how the organizations and the industry are faring in the world at large.

PEST analysis addresses the factors and influences affecting the business category from the outside. Those factors are every bit as important as what’s happening with the other guys who do what you do. If your industry is off track or being replaced by an entirely new product or service, focusing on competitors can be little more than a distraction.

Failing to have a firm grasp of the world around your business has led to the demise of whole industries. If the world around your business is changing and you are still stuck on beating out Company X, the reward may be little more than going under the year after your competitor. Everyone has seen the way Hollywood depicts the futility of two protagonists battling each other on the deck of a sinking ship. When the credits roll, they’re both dead.

Both SWOT and PEST are necessary. There are other approaches that work as well, but you must look both within your industry and at your industry’s place in the world, before you can formulate a solid plan.

PEST breaks down its analysis of ‘environmental’ factors into four categories:

**Political Factors**
• regulatory issues that affect your product or your company
• legislation that affects your product and your product’s use
• taxes, fees, government subsidies
• patents and copyrights
• current political climate

**Economic Factors**

• current macroeconomic and financial conditions
• world-wide recession / boom
• industry-specific trends and conditions

**Social Factors**

• social trends
• changes in demographics within your customer base
• how society views the product, how it’s made and used, what it’s worth
• societal changes that impact your workforce

**Technology Factors**

• trends in manufacturing or in the use of your product
• changes in technology affecting the impact of your product
• changes in technology affecting the usefulness of your product
• changes in technology altering the perception of your product and its use

PEST Factors are also likely to provide insights into your strengths, weaknesses, opportunities and threats. Once you have developed your PEST analysis, it will suggest options for influencing the SWOT components in your market assessment and planning. The two approaches, if considered together, provide useful synergies in market planning. If your SWOT and PEST analyses seem to significantly contradict each other, something is wrong. Either your marketplace or organization is headed into stormy seas, or you need to tweak how you conducted the two analyses.
MARKET RESEARCH

Whenever you are looking out into the future and trying to plan, it seems there’s never enough reliable information. Who is the competition? What is their product like? What is their pricing structure? What are their costs? What kind of job do they do on service? What are their financial, manufacturing, and marketing resources? How do they sell? What do their customers think about them? What do their customers think about you?

If you don’t know the market, you don’t know what business you’re in.

Without market research, Dilbert was right: marketing is, “just liquor and guessing.” At the very least, you must understand what products and services people are willing to purchase, what they want from those products, and how much they are willing to pay. It’s not good enough to understand customer needs. You need to know what that looks, sounds, and smells like to the customer. What will he or she actually pay. Where is that customer? How can you talk to him? What will influence him buy from you?

Generally speaking, market research is obtained in one of two ways:

- ask people
- look up stuff

There’s a significant industry devoted to carrying out marketing research for organizations in every conceivable line of business. The discussion of marketing research, its collection, analysis, and application is beyond the scope of this course. But, there are some remarkably straight-forward ways you can learn about your product, your service, your competition, and your customer. You can do market research on your own. Visit the places where people evaluate, buy and use your product. Learning about your customers and your marketplace isn’t that hard to do. Here are some simple, easy-to-understand guidelines you can use, no matter what business you’re in, or what your position in the organization.

Go to the people who buy from you, or could buy from you, and ask questions. Then, listen to what they say:

- don’t offer any solutions while you are there
- don’t express any opinions, or prompt any answers
- don’t hide behind your position, or infer that others are responsible
- don’t let anyone filter what you’re hearing
- give the process all the time the other person wants
- ask: “What’s the best thing about…?”
- ask: “What bugs you most about…?”
(remember... you are as interested in learning what you do well... what you can improve upon... deficiencies you need to correct))

- watch how people use your product... ask them:
  - why do they use it
  - where do they use it
  - when do they use it
  - how do they use
  - ask questions to understand - just listen to the answers
  - don’t offer suggestions - just take notes
  - don’t criticize them, avoid defending yourself or your product

(if you or your product/service are unfairly criticized, there will be time and opportunity to address that later... and, it gives you a reason for a return visit)

- stay mindful of these guidelines for listening:
  - the higher in the organization you are, the more you are insulated
  - you may be so important that you are irrelevant to outsiders
  - don’t be surprised if people expect you to know nothing
  - look for unexpected patterns of use; explore them in a non-critical tone and with an I’m-here-to-learn-from-you attitude
  - avoid structured environments, where someone (including you) tries to control the conversation or limits the topics of discussion
  - don’t avoid or dismiss critics
  - after the discussions, don’t stall, take action on what you’ve heard
  - get back to people with what you did and why; if you did nothing, explain why

- conduct an e-mail sampling of your customers:
  - ask only one question
  - you are more likely to get a response
  - those responses are more likely to be thoughtful and complete
• invite your customers to lunch:
  - what makes them happy
  - what makes them unhappy
  - what would make things better... go beyond a lower price
  - make them ‘owner for an hour’... what they would change

Whatever strategies and tactics you use to collect your marketing research, here’s what you want to learn about:

• the products and services you offer to the marketplace
  
  *compare their list with your list*  (make your list before you talk to others)

• the competitors you have in the marketplace, where they sell, how they sell, their customers
  
  *compare their list with your list*  (make your list before you talk to others)

• the strengths and weaknesses of your competitors...... learn all you can about your closest and most successful competitors: what they are doing; how they are doing it
  
  *compare their list with your list*  (make your list before you talk to others)

  *it’s much more important who the people that buy from you think your competition is than who you think your competition might be*

  *while you want to learn all you can about your competitors, it’s rarely a good strategy to simply imitate them... even the best one*

• the size of the marketplace, the geographic distribution and total sales
  
  *compare their list with your list*  (make your list before you talk to others)

• trends in the marketplace: growth, shrinkage, flattening, products that are hot and products that are declining
  
  *compare their list with your list*  (make your list before you talk to others)

• your target customer: important characteristics and demographics
  
  *compare their list with your list*  (make your list before you talk to others)

  *look through your customer base for characteristics they might have in common*

  *what’s the likelihood of repeat purchases by new customers*

  *if you really know your customer:*
- you know the approach to which they most likely respond
- you know how to attract other customers like them
- you now why they buy and how to sell to them
- you can concentrate your efforts on what works

• history of your sales relative to the total market sales

  compare their list with your list  
  (make your list before you talk to others)

• the rational and the emotional “hot buttons” for your customers and potential customers: the words, phrases, and topics that get their attention; the facts, benefits, and concepts they believe are vital to their interests

  compare their list with your list  
  (make your list before you talk to others)

• the unique benefits you can offer and comparisons where you have advantages... these offer competitive opportunities you can develop and exploit... focus on areas where you are the best: list the area(s) where you are special or perceived as better than the competition

  compare their list with your list  
  (make your list before you talk to others)

  do everything based on that list

• the marketing methods that work best for you, and those marketing approaches that have proven ineffective

  compare their list with your list  
  (make your list before you talk to others)

  spend your time, money and effort on strategies that work

  devoting resources to upgrade areas where you are weak is usually inefficient

REMEmBER:

• customers are people.... therefore, business is people

• you get what you reward and reinforce:

  - show your customers you appreciate them
  - seek their input
  - show them how you responded
  - constantly assure people who buy are rewarded / reinforced
CREATIVITY

One of the most interesting and attractive things about marketing, is the opportunity it offers for creativity. Marketing creativity can be a devastatingly effective tool for negating the advantage a competitor may have in terms of access to capital or established presence in the marketplace. Creativity is the ultimate entrepreneurial hand grenade. Just ask someone at IBM about Apple.

Creativity in business isn't luck and it isn't serendipity. It's part of a sound business plan. Any organization can become more imaginative when it brings together creative people in environment that welcomes, and effectively implements, change. Businesses are creative because they have decided to be creative.

What's involved in generating unusually creative ideas? Creativity is less like a science, and more like a habit. In creative organizations, being creative is an operating strategy. Some people are more innovative than others. Everyone understands that. But creativity can be learned. Creativity can be encouraged or discouraged. The more effectively creative thinking is rewarded, the more creativity you will see in your organization.

Creative people, as a group, can be challenging to manage. Managing creativity may sound like the ultimate self-delusion. If everyone in an organization is completely free to pursue their creative instincts, you'll end up with something that resembles recess at day care. Any collective effort requires focus, coordination, and at least some level of discipline to succeed. In organizations, creative processes and creative people must be managed... at least a little.

‘Let’s all do the same thing we did yesterday’ becomes self-perpetuating... and relatively easy to manage, because eventually all the creative people leave. Creativity isn’t self-sustaining. Creativity must be continually invigorated and rewarded. Creativity declines in direct proportion to the risk it entails. If new ideas meet with skepticism and hostility, very few attempts to improve will emerge. Over time, the organization will be populated by people who comply, but rarely think about how the organization can grow and become more efficient. Many of those people will still be innovative, but that innovation will center on how to be less involved with a boring job and more on how to catch larger bass or who they draft for fantasy football.

Far too many managers and executives equate management with total control. One trait that smokes out a controlling management style lies in how the person in charge approaches creativity. When the manager is the only one who can have new ideas, they have found a way to control the greatest threat to their kingdom. A monopoly on ideas gives the manager control of the future and assures that, not only are they still firmly in control, but they will always receive full credit. The symptoms are consistent and easy to recognize:

(A) the manager frequently and abruptly dictates a new direction or strategy for the company

(B) the decrees for these initiatives are issued on Monday mornings

(C) there is a great fanfare at introduction; people are told to reorient their functions, but there’s no follow-up; little or nothing in the way of tactics
and operational guidance; no one, including the manager, knows how the new directive is to be executed, monitored, evaluated, rewarded

(D) in six months or less, the new direction has been abandoned in favor of one or more new directives (return to A, repeat indefinitely)

Environments like this descend into chaos and indifference. People are exhausted by a never-ending pursuit of dead-end projects - projects they don’t understand and had no part (fun) in formulating. The floor is littered with yesterday's latest thing. For creativity to become a reality, it must be an organizational phenomenon. As long as I can insulate myself from the consequences, I don’t care whether someone else’s idea works. If I wasn’t part of the process, I don’t have, or want, ownership.

Effective management is about synergies. The reason to have more than one person in an organization is to get the ‘one-plus-one-equals-three’ effect. Bringing together 200 people in an organization gives access to 200 sets of experiences, 200 viewpoints, 200 opportunities at finding a better way. If you can’t bring together 200 people into a work group and get more than 200 times what one person could produce, you don’t know how to manage. It’s a tragic waste of human capital to have 200 people operating on one brain.

You can learn to be creative (Thinkertoys by Michael Michalko, Ten Speed Press 2nd Edition (2006)). There’s a process that will always improve your thinking. Seek out ways to simplify. Simplify your order-processing. Simplify the way you track and return phone calls. Simplify your sales presentation. Simple is good. Simple is memorable.

Different can be good, too. How many different approaches can you create to achieve the same goal. Which of those approaches is the simplest? Try that one first.

Creativity, like a garden, needs a little time to grow. Pose a question. Fertilize it with good information. Go do something else for a while. Then, come back to the question and see what you have. Creativity is as much a ‘doing’ process as it is a ‘thinking’ process. When you get an idea, try it, observe the results, try something different. As management guru Tom Peters says: “Try it. Fix it. Try it again”. The process isn’t focused on trying to conjure up one powerful, home run solution. Instead, you are looking for lots of answers to the problem. From that process, you use the best and most effective.

THE IDEA WHEEL
Creative people tend to be well informed. They seek out information. They talk about it with others. They see information as a tool, rather than leverage to control others. If an organization wants to develop and maintain a creative advantage, it must maintain an environment in which learning is valued, information is freely shared, and new ideas are always welcome.

And, there must be a culture of civility. Civility is the mark of a professional. There is a sign at the cash register of a popular restaurant on Virginia’s Eastern Shore.

____________________

IF YOU CAN’T BE NICE
GO AWAY

____________________

It’s a good reality check for where and how we spend our lives. It also provides a reminder anytime we are interacting with others. None of us have the power to rid the world of jerks. But, all of us have the ability to avoid being one of those jerks.

WORD PROBLEMS

Remember in math classes how you were given problems as a narrative and you had to figure out what that meant, then solve for the answer. Along with how to read and write, that was about as close as many people come to learning a useful life-skill in school. Many students called them ‘word problems’, and most students hated them. Why? Because they required us think.

It was easy enough to learn (memorize) formulas. If you would invest a little time, you could figure out how to solve equations through trial-and-error. But, word problems changed everything. To solve a word problem, you had to understand what you were doing. First, you had to define the problem: what information is important and what information didn’t apply. Then, determine what you were looking for as a solution. Finally, you decided what tool (formula or equation) to use. It was a lot like life.

The outline you just finished, plus your reading in Marketing for Dummies, has provided an overview of marketing from 10,000 feet. That was the intent. Now, let’s look at a practical application of marketing analysis that affects virtually anyone in a real-world organization. It is a real-world, contemporary ‘word problem’.
Marketplaces change. They change every day. Usually, those changes are very gradual and hardly noticed, even if you’re looking for them. But, every organization eventually must deal with a marketplace that has transformed so dramatically that the organization itself is forced to contemplate changes:

- changes in its product or service
- modifications in how it sells
- the validity of the business model

What do people want? How much will they pay for what they want? What changes does the organization need to make? Is the organization capable of making those changes?

While all of these questions call for input from every discipline in the organization, at their core they are marketing issues. Unless the solutions work in the marketplace, they will not work at all. So, let’s contemplate an organization that’s wondering whether it should change the products or services it offers. What factors should it consider? What information does it need? What performance and feasibility standards does it need to apply in making a decision? How will that decision be implemented? How can we tell if things are working? Wow, we have a real-world word problem.

As best you can, apply these considerations to the organization you’re working for now. Let’s get started.

When something is perfectly synchronized with its surroundings and not resisting its environment in any way, it is generally referred to as “dead”. The same is true with businesses. We recognize life by its animation, its growth and its ability to adapt to changing conditions in the world around it. Nature tends to destroy things that don’t effectively evolve, and replace them with something that better fits the current environment.

The same phenomenon is found in human organizations. Evolutionary processes in business are every bit as brutal and unforgiving as they are in nature. Warm comfortable and content is the first phase in a process of decline and elimination. When you finally get a business to the point that you are coasting, life is good and the living is easy. The problem with “coasting” is that it always means you are going down hill.

Here are all some pretty reliable symptoms of a marketplace where decline is certain:

- “We don’t make the market, we just respond to it”.
- “Other people set our product standards”
- “We’ve been doing it this way a long time; why change something that’s worked well for 35 years?”

Surviving and prospering in competitive markets is ultimately tied to value. Successful businesses provide outstanding value: an attractive amalgam of high quality and high content relative to price. The key term here is ‘relative’. People are always buying goods and services. What and how much they buy is determined by the degree to which they value money relative to the value they attach to goods and services.
When people have (or think they have) plenty of money to spend, they are more liberal in their definition of what constitutes acceptable value in goods and services. When available funds are tight, the value of goods and services relative to money becomes much more challenging to establish. This relationship holds just as true whether evaluating the price of a haircut in Omaha or an investment in infrastructure throughout the United States. In both cases, if decision makers see the value of what they will receive to be less than the value of what it costs, nothing happens.

If a marketplace is experiencing significant decline, businesses have two broad strategies available. They can keep products and operations as they are, hunker down and wait for demand in the market to increase. That approach relinquishes control of the business’s future to other people and to market factors, which the organization has decided not to make any attempt to influence. In such a scenario, all business operations are cut back and the organization consumes its own capital while waiting for the marketplace to return to ‘normal’. But, ‘normal’ is always changing.

The other strategy is to learn all you can about the transformations in your marketplace. Concentrate especially on how these changes affect the people who buy your products or services. Look for opportunities in these changes. Change, any change, is stressful. But, change always produces opportunities. Successful businesses are those that are continually evolving to be better at what they do and more relevant in what they offer.

How do perennially innovative organizations know how to change and what to offer in their marketplace? They ask the people who buy from them, or could buy from them. How do these same organizations implement changes so smoothly? They have built organizations that encourage creativity, embrace change as a business model, and recognize their customers as the reason they exist.

Pie in the sky thinking? In an industry where the personal computer has become a commodity, with hundreds of competitors undercutting each other for sales, Apple® has amassed more cash than any business in the history of the world... more cash than the United States government.

Sit down, have a piece of pie, and let’s start thinking.

No significant change comes without breaking something. Only those who have never experienced significant change talk about ‘seamless transition’. If a transition is seamless, it probably didn’t really change anything. Most of those who compete with you can likely do it, too. Change can be hard to do. Not everyone can do it. But, if you can change and others can’t or won’t, there’s an opportunity to develop a competitive advantage.

If you are trying to innovate by staying in the product or service strategy you already use, along with all your competitors, you may be pursuing an oxymoron. If you are anticipating a more fundamental change in your product or process, here are some concepts to consider:

- If you are going to invest precious financial, manpower, and credibility resources, make sure you are changing enough to make it worth the costs and the risks you are about to incur

- With new products or services, marketing innovation is typically far more important and sophisticated than the challenges of changing manufacturing
• When you assess changes, always do a cost-benefit analysis; never make any significant decision without weighing the odds for and against a payoff.

• Carefully consider all the challenges of going out in a new direction into a new market, a new product, or a new way of marketing. Be sure you have adequately explored the universe of potential solutions. “We don’t have any other choice; we have to do something” is a sure signal that you need to investigate other opinions.

• One of the biggest and most common mistakes made by business leaders is to assume that, because an outcome is too terrible to contemplate, it could not actually occur.

• Making a decision to move forward based on the assumption that ‘everything will work well’ is usually the first chapter in a sad story. Have knowledgeable people, with no vested interest in the decision or fear of your reaction, to give your plan a cold, hard look.

• Change always costs more than expected; by definition, change takes an organization into areas where it lacks experience and cannot reliably predict outcomes.

• Anticipate the unanticipated; uncertainty is the only thing that you can expect with certainty.

• Temper your hopes for profitability in the early stages. Instantly successful companies are in the news because they occur so rarely.

• If the product or service is very new and very innovative, you may have a long curve to achieve marketplace acceptance. If the new product is very similar to current offerings, your competitors can quickly counter.

• While you might be excited about a new product or service, the marketplace might be happy with what they have and displeased that you changed it. Be certain you offer value significantly greater than what’s currently available. Ask your customers what they think.

• If you’ve been making the same thing and selling it the same way for a very long time, a truly new product or new marketplace, may encounter more resistance within the organization than it does in the marketplace.

• The change might not work. Can you afford the distraction from your core business. Can you afford the cash drain.

• If it bombs, what happens.

• Sometimes a change puts you in more direct competition with people you have established as friends and allies in the marketplace. In such situations you will lose friends and gain new enemies. Enemies that know a lot about you and your business.

• Ask the people you want as customers what they think about the contemplated product or service: value, cost, properties, and how much they would likely buy.
• If you are planning a secret, surprise product introduction, you had better be prepared for the marketplace to surprise you in return.

• In business, uncertainty always costs money. If you think market research costs too much, you haven’t priced stupidity.

• Entering a marketplace where you’ve never been before, with a product you’ve never sold before, will likely require guidance not available solely from your own experience.

• People who know your company and what it does may not be interested in your new venture. Don’t assume that they would see your entrance into a new product or service as a positive thing for them.

• If entering a new market, you will be competing with people who already know the game, and the playing fields. They have probably been competing effectively there for some time. The best companies know what they are doing. They already have market recognition and credibility. They have made the mistakes that await you, and already recovered from them.

• You may already be shorthanded and overworked:
  - what will be the effect of adding new challenges and an increased burden in an area where your organization has little or no experience.
  - there will be a learning curve, a period of trial and error; what will be the effect of lengthening that process with staff that cannot give the new venture their full attention.
  - experience is valuable, but often expensive and time-consuming; if you cannot afford people experienced and successful in the new venture to implement the needed change(s), how will that affect it’s probability of success.

• Organizations in which the same product or service is produced and delivered in the same way for a very long time tend to be staffed with people who do not like, much less embrace, change.

• People who are good at change are more challenging to manage:
  - they tend to bore quickly.
  - they consistently push for improvement, as they define it.
  - if they don’t see change, they will move on.
  - they tend to have more confidence in themselves and less fear of authority.

• The ease and efficacy with which a function, department, or organization can change what it is doing is an excellent measure of management leadership and of the people within that group.
COURSE PROJECT:  THE FOUR P’s - YOUR ASSESSMENT

Congratulations ! At this point, you have read the assigned chapters in your course text. You have completed, **EXERCISE 1 - Determine Your Product’s Features and Benefits**, and have a completed WORKSHEET outlining the Product Features and Benefits for the business you chose. Plus, you have studied through this overview of marketing concepts and practices.

Now, it’s time to undertake a project designed to solidify your understanding of the marketing process. Ideally, you would produce a fully developed marketing plan for your chosen business organization. But that’s too much to expect. It would take far more study and experience than this course is designed to provide. So, you will be working on a project you are prepared to undertake.

The project for this course is to draft analysis of five marketing P’s as they apply to your chosen company. By exploring the real world product, price, place, price and people components of your company, you’ll learn more about the organization and its interaction with the marketplace than with any other activity you could undertake.

Go to the Appendix for this course and follow the instructions for this project. You’ll notice that the project worksheet lists a series of questions that will direct you in finding the information any qualified marketer would require for planning a marketing program. You’ll also notice that there are spaces for ‘Yours’, ‘Theirs’ (A) and ‘Theirs’ (B). These designations provide for recording the answers for your survey as they relate to three different business organizations: the company you chose, and two companies that compete with the company you chose. On the first page of these assessment worksheets are blank spaces for you to designate the name of your company and the two competitors. This is an optional step. If there are reasons why you wish keep the identity of the competitors confidential, you may do so. However, when you review the worksheets and your conclusions with your mentor, you must be prepared to share the identity of those companies, in confidence.

This project is an opportunity to have some fun. If, in the past, you have wondered about why your chosen company did or did not do certain things, you now have a terrific opportunity to get answers to questions people have always told you were, “none of your business”. Simply tell people what you’re doing, and that you’re exercising your initiative to learn more. Show them what you need to learn. Ask them if they’ll help by assisting you with the answers they know and can share. If they give some lame excuse as to why they can’t or will not help, simply thank them and look for someone else to help.

It’s very unlikely that you’ll get all the answers you need from just one or two people. You will need to exercise a considerable amount of creativity in gathering the needed information. If you don’t know where that information can be found, go back in this course text and look it up. One resource that holds valuable information for your project is the features and benefits outlined you developed in **EXERCISE 1 - Determine Your Product’s Features and Benefits**. If you’re having difficulty, seek out your mentor or
contact the ACPA Regional Engineer for your area. We want you to learn and we’re willing to help direct you in that endeavor.

Like most projects, the hardest step is to start. So, don’t wait till tomorrow. Print out the worksheets and answer at least one question today.

Once you’ve completed the project worksheets - all the questions fully answered for all three organizations - make an appointment with your mentor and review the completed documents with him/her. That review is a requirement for course completion.
A SALES MODEL - SALES and MARKETING: THE DIFFERENCE and WHY THEY ARE IMPORTANT

APPENDIX

ACPA P³ PROGRAM MODULE I - SALES & MARKETING COURSE

SALES and MARKETING: THE DIFFERENCE and WHY THEY ARE IMPORTANT
EXERCISE 1 - Determine Your Product’s Features and Benefits

Evaluate your product’s features and benefits. An organization’s product becomes more valuable relative to its competition if it is:

- more creative
- more efficient
- more cost-effective
- more versatile
- better suited to current environment and customer preferences

STEP A • Find a mentor for this course. If you are a professional sales person, the best choice might be your immediate supervisor. It doesn’t have to be your supervisor, but it should be someone who can give you competent counsel on the marketing and be qualified to evaluate the research you will undertake for this course.

STEP B • Choose an organization to study for this course. It should be a business organization in which you have considerable interest and about which you would like to know all you can learn. Ideally, you would choose the ACPA member company that employs you. But, that isn’t required. Just make sure the organization needs to earn a profit and operates in a competitive marketplace. If you have doubts about the organization you chose, or the process of choosing, call your ACPA Regional Engineer for advice. If you discover that your choice of organizations isn’t working out, you are free to make a different choice.
STEP C • Go to the Appendix for this course and print the worksheet for Exercise 1: Determine Your Product’s Features and Benefits

STEP D • Provide a complete and concise answer to each of the product components in the worksheet

STEP E • Now, using the answers you developed in Step D, translate your answers into features and benefits for your product:

Product Feature - a characteristic, attribute, quality, property, trait of an item offered for sale

Product Benefit - the value to the purchaser as a result of a specific product feature

STEP F • Repeat the process, both Step D and Step E, for the products of at least two of your competitors

STEP G • Go to at least one one of your customers and complete Steps D and E based on their answers to the worksheet questions. Using the worksheet below, get the customer’s input on at least your product. If possible, get their input on one or more of your competitors.

STEP H • Congratulate yourself! You’ve just created an awesome competitive tool; you know what you have to offer your customers, you know how it compares to you two strongest competitors, and you have some insight into how at least one of your customers feels about both you and your competition

Hold on to this Features and Benefits document you’ve created. You will need to review it with your mentor, and it will be a big help as you complete the course project... more on that later.
EXERCISE 1 - Determine Your Product’s Features and Benefits

PRINT AS MANY COPIES OF THIS WORKSHEET AS YOU NEED

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<thead>
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<th>Company</th>
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<tr>
<th>PRODUCT</th>
<th>FEATURE</th>
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<tbody>
<tr>
<td>Description of Product</td>
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<td>Variety of Product</td>
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<td>Packaging and Delivery</td>
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<td>Warranty</td>
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</tbody>
</table>

What are the Essential Features that Any Product Must Provide in this Market

Are Those Features Present in This Product

What are the Advantages this Product Has Over Its Competition

**PRICE**

How Important is Price in This Market

How Does This Product Rank with Respect to Price

Is there Price Variability among Customers and Locations

How Does This Product Rank with Respect to Value  (quality + performance + service / price)
PLACE                      FEATURE                      BENEFIT

What are the Logistics Involved in Serving the Company’s Customers

How Does the Customer Receive or Take Possession of the Product

Does the Company Sell through ‘Middlemen’ or ‘Resellers’

**THE QUESTIONS BELOW APPLY ONLY TO YOUR COMPANY:**

What is the best method to employ for selling the company’s customer?

What is the advantage in that strategy?

Is there another selling method that might offer the company a competitive advantage?

Is there a cost-effective strategy to improve sales coverage and/or customer access for the product?

What is the potential for increasing sales? How?
SALES and MARKETING - THE DIFFERENCE and WHY THEY ARE IMPORTANT

COURSE PROJECT WORKSHEET
ACPA P³ PROGRAM MODULE I - SALES & MARKETING COURSE
SALES and MARKETING: THE DIFFERENCE and WHY THEY ARE IMPORTANT

PRINT AS MANY COPIES OF THIS WORKSHEET AS YOU NEED

YOURS _____________________________________________________________

THEIRS (A) _______________________________________________________

THEIRS (B) _______________________________________________________

THE FOUR P’s - YOUR ASSESSMENT

PRODUCT

Describe the organization’s product or service in 5 words or less.

Yours

Theirs (A)

Theirs (B)

Briefly describe the variety of products and options offered by the company.

Yours

Theirs (A)

Theirs (B)
Characterize and compare the availability of the company’s products and services.

Yours
Theirs (A)
Theirs (B)

How would you describe and compare the quality of goods or services?

Yours
Theirs (A)
Theirs (B)

How important is appearance for the company’s product or service? How does your the appearance of the product or service compare to competitors’ offerings?

Yours
Theirs (A)
Theirs (B)
Compare the product or service features to the competition. Which features are most important to customers?

Yours

Theirs (A)

Theirs (B)

Compare the functionality\(^a\) of products or services with the functionality of competitors’ products or services.

Yours

Theirs (A)

Theirs (B)

How much value is added to the product by the accompanying services the company provides? Does the service component of the product enhance or detract from the product? How?

Yours

Theirs (A)

Theirs (B)

\(^a\) functionality - the degree to which anything fulfills its intended purpose; how useful a product or service is, or is perceived to be
Is the organization’s branding (name, logo, etc) working? Do people recognize the organization’s brand? Do people identify the brand with characteristics that increase value in the products and services offered? Which organizations brand is working well for them? Why?

Yours

Theirs (A)

Theirs (B)

According to customers, how do the three organizations’ delivery and shipping performance compare? What changes in the way your company delivers and/or ships its product could improve its competitive position?

Yours

Theirs (A)

Theirs (B)

How does the organization’s warranty compare with the industry standard? Are their cost-effective options to the organization’s current warranty policy that might enhance its competitive position?

Yours

Theirs (A)

Theirs (B)
What are the key product features of the company’s product?

Yours

Theirs (A)

Theirs (B)

What do customers think are essential features that the company’s product must provide?

Yours

Theirs (A)

Theirs (B)

Are any of those features missing in the company’s product?

Yours

Theirs (A)

Theirs (B)
What are the advantages the company’s product has over its competition?

Yours

Theirs (A)

Theirs (B)

**PRICE**

How are the organizations prices/fees set?

Yours

Theirs (A)

Theirs (B)

What flexibility is there in the actual price paid by customers?

Yours

Theirs (A)

Theirs (B)
Who can change the price?

Yours

Theirs (A)

Theirs (B)

Is there any seasonal variability in pricing? Why?

Yours

Theirs (A)

Theirs (B)

Is there any pricing variability among customers: do different customers get different deals? Why? Who makes that decision?

Yours

Theirs (A)

Theirs (B)
What are the typical payment terms?

Yours

Theirs (A)

Theirs (B)

Is there price difference for various locations? Why? Who makes that decision?

Yours

Theirs (A)

Theirs (B)

Does the company offer cash and/or payment discounts?

Yours

Theirs (A)

Theirs (B)
What are the company’s typical credit terms and payment period?

  Yours
  Theirs (A)
  Theirs (B)

How important is price in this marketplace?

How does each product rank with respect to price?

  Yours
  Theirs (A)
  Theirs (B)

How does the business rank with respect to value (quality + performance + service / price)?

  Yours
  Theirs (A)
  Theirs (B)
PLACE

How does the organization make its product or services available to customers: inventories close to customers, ship from centralized location, seller goes to customer, customer comes to seller?

Yours

Theirs (A)

Theirs (B)

Does the company sell through ‘resellers’ or market intermediaries (middlemen)?

Yours

Theirs (A)

Theirs (B)

Geographically, what is the organization’s market coverage?

Yours

Theirs (A)

Theirs (B)
Define your market coverage demographically^b? 

Yours

Theirs (A)

Theirs (B)

Where and how is product or service purchased?

Yours

Theirs (A)

Theirs (B)

How does your customer receive or take possession of the product or service?

Yours

Theirs (A)

Theirs (B)

^b demographics - statistical data relating to the population and particular groups within it
What are the logistics involved in serving the organization’s customer?

Yours

Theirs (A)

Theirs (B)

What is the best method to employ for selling to the organization’s customers? What is the advantage in that strategy? What selling method that might offers the greatest competitive advantage?

Yours

Theirs (A)

Theirs (B)

Is there a cost-effective strategy to improve sales coverage and/or customer access to the product or service?

Yours

Theirs (A)

Theirs (B)

logistics - the commercial activity of transporting goods to customers
PROMOTION

What media are employed in the organization’s promotional efforts?

Yours
T theirs (A)
T theirs (B)

Which promotional messages do customers and potential customers remember: what message(s) do those same people believe?

Yours
T theirs (A)
T theirs (B)

Which media promotion is most frequently remembered by those who make the decisions on what will be purchased? These decision-makers may or may not be your customers... parents buy breakfast cereals; their children typically decide which cereal they buy.

Yours
T theirs (A)
T theirs (B)
What public relations activities does the organization undertake? Do these public relations efforts originate from a comprehensive planning process? Who usually implements public relations?

Yours

Theirs (A)

Theirs (B)

Who is responsible for sales in the organization? Who actually sells?

Yours

Theirs (A)

Theirs (B)

Is there potential for increasing sales? How?

Yours

Theirs (A)

Theirs (B)