

Entrepreneurial Marketing

On a basic level, entrepreneurial marketing is a set of unconventional practices that can help start-ups and younger firms emerge and have an edge in competitive markets. The main difference between these and traditional approaches is that entrepreneurial marketing tends to focus on satisfying the customer and building trust by providing innovative products and services that disrupt or appeal to a specific market.

Traditional versus Entrepreneurial Marketing

Traditional Marketing	Entrepreneurial Marketing
Greater amount of resources	Few to no resources; founder drives efforts (sweat equity)
Management of an established brand, reminder advertising	Must be ingenious, energetic, and persistent to develop story and brand; leads to trust
Financial and market share goals	Satisfaction and awareness goals
Manage existing customers	Capture first customers; develop a client base and long-term relationships
Manage existing products, promotion, pricing, placement, people, physical environment, and process (the "7 Ps")	Develop new products, price points, channels (placement), communication, process, training, and design
Continue doing what works	Trial and error; market pilots
Communication with customers standardized, one-directional; more difficult to create one-on-one relationships	Communication with customers is more fluid and spontaneous; two-way relationships

Entrepreneurial Marketing Techniques

Marketing Technique	Description	Example
Guerilla marketing	Aims to gain maximum exposure through unconventional means	Events, such as flash mobs
Relationship marketing	Creates customer loyalty through personal interaction	Personalized communication to individual customer
Expeditionary marketing	Strives to move established companies and products into new markets	Pivots that create new products or attract new markets
Real-time marketing	Seeks to turn immediately available sales data into actionable and timely strategies that target the shifting landscape of consumer tastes and trends	Analyzing clicks or "likes" and modifying posts/offers in response
Viral marketing	Uses engaging content in the hopes that viewers will share it on personal and social media networks	Subtle branding embedded in stories users want to share
Digital marketing	Uses online marketing strategies	Online ads and use of search engine optimization (SEO)
Word-of-mouth (WOM) marketing	Relies on satisfied customers telling others about their positive experience	Online customer reviews

Marketing Mix

One of the biggest misconceptions people have about marketing is that it is all about promotion, or how a company sells or advertises something. But the truth is, promotion is just one facet of the marketing mix, which describes the basic set of strategies and approaches that marketers use to identify and reach their target market. A target market is the specific group of consumers for which a company seeks to provide a good or service.

One common way of understanding and remembering the components of the marketing mix for products and services is by thinking in terms of the “7 Ps.” While each of these can be part of a company’s marketing mix, the first four relate more to products: product, pricing, promotion, and place (and traditionally have been called “the 4 Ps of marketing”). The remaining three relate more to services: physical environment, process, and people. While the 7 Ps are conceptually the same for all businesses, how a company addresses each “P” will be specific to that company’s needs and goals.



Product

Within the marketing mix, product refers to a good or service that creates value by fulfilling a customer need or desire. Goods are tangible products that can be touched, smelled, heard, and seen, such as a pair of leather shoes. In contrast, services are intangible products. They usually entail paying an expert to do something for you, such as house cleaning.

Companies can bundle both goods and services together to create extra value for their customers.

For start-ups, defining the value of the products they are going to offer is an important step toward identifying their competitive advantage within a marketplace. On a basic level, if you don't know what benefit your product provides or what need it fulfills, neither will your customers.

Promotion

Communicating a product's benefits to customers is a significant aspect of any marketing mix. Even if a product is the best in its class, a company must communicate this value to customers, or it will fail. This is what promotion does: It is the process of communicating value to customers in a way that encourages them to purchase the good or service. Promotions must have a goal, a budget, a strategy, and an outcome to measure. Companies must use their promotional budget wisely to create the best results, which can include sales, profit, and awareness.

Some typical forms of promotion are advertising, social media, public relations, direct mail, sales promotions, and personal selling.

Advantages and Disadvantages of Promotion Types

Promotion Type	Examples	Advantages	Disadvantages
Advertising	<ul style="list-style-type: none">• TV ads• Radio spots• Newspaper and magazine spreads• Internet ads• Billboards	<ul style="list-style-type: none">• Can reach a mass audience• Great for creating brand recognition• Increased sales	<ul style="list-style-type: none">• Can be expensive• Access can be limited• Some targeting is possible, but it is impossible to fully control who sees the ad
Public Relations	<ul style="list-style-type: none">• Sponsoring community events• Charitable and civic involvement• Scholarships and grants• Press conferences	<ul style="list-style-type: none">• Develops positive brand recognition• Creates goodwill toward company and brand within the community	<ul style="list-style-type: none">• Big events and public relations campaigns can be resource intensive• Not focused on generating sales

Social Media	<ul style="list-style-type: none"> • Social networking sites such as SnapChat, Twitter, and Facebook • Blogs and vlogs • Influencers (industry experts who act as advocates) 	<ul style="list-style-type: none"> • Pervasive and inexpensive access to massive audiences • Target markets are highly customizable based on available data • Easy access to young people • Can be used to create goodwill and a loyal fan base 	<ul style="list-style-type: none"> • Many companies use social media, so it is hard to stand out from the crowd • Can be time-consuming • Success requires dedicated personnel with special expertise • It is often difficult to track conversion (customers taking a desired action, such as a purchase) and sales numbers • Requires the creation of unique/engaging content
Direct Mail	<ul style="list-style-type: none"> • Mailed letters, marketing flyers, postcards, and coupons • Email newsletters 	<ul style="list-style-type: none"> • Subscribers are already interested in your product and thus more likely to convert to paying customers • Keeps already interested consumers up-to-date on product news, sales, product releases • Can target market based on location, average income, and 	<ul style="list-style-type: none"> • Building an email list of interested customers can take time • Direct mail campaigns can be expensive • Results cannot be precisely tracked • Consumers often discard physical and digital "junk mail" without looking at it
Sales Promotions	<ul style="list-style-type: none"> • Sales • Limited-time offers • Coupons • Free samples • Rewards programs 	<ul style="list-style-type: none"> • Incentivizes buying and encourages consumers to take action • Appeals to consumers' desire to "get a deal" • A good way to attract new and reluctant buyers 	<ul style="list-style-type: none"> • Reduces profits in exchange for promotion • The promise of future sales and discounts can discourage regular buying
Personal Selling	<ul style="list-style-type: none"> • Sales meetings between a salesperson and a potential customer 	<ul style="list-style-type: none"> • Personalizes the relationship between the business and the customer • Effective salespeople can convert reluctant parties into paying customers • Salespeople can customize purchase options for each buyer 	<ul style="list-style-type: none"> • Can be resource intensive • Requires salespeople who are well-trained and effective • Consumers are turned off by sales tactics they perceive as aggressive • Requires constant lead generation

Price

One of the most important and challenging elements of the marketing mix is pricing. Price is the value that must be exchanged for a customer to receive a product or service. This is usually monetary and has a direct impact on sales. Many entrepreneurs are intimidated by financials and the prospect of using statements and other information to make projections. Correctly pricing your product enables your company to be competitive while maximizing your product's profit potential.

Find a comprehensive explanation to the Pricing Strategies in resources

Place

Place refers to the channels or locations—physical or digital—where customers can purchase your products; it is sometimes called distribution. For the entrepreneur, the choice of place lies in figuring out which channels will create the most profit. In other words, which channels will reach the majority of the target market at the most efficient cost.

Choosing the right distribution channels is one way to create a competitive advantage and generate more success for your business.

Taking advantage of multiple distribution channels is one strategy companies use to expand their brand and grow their profits. This can include having a physical storefront, developing an e-commerce website to sell goods online, and distributing goods through wholesalers and retailers.

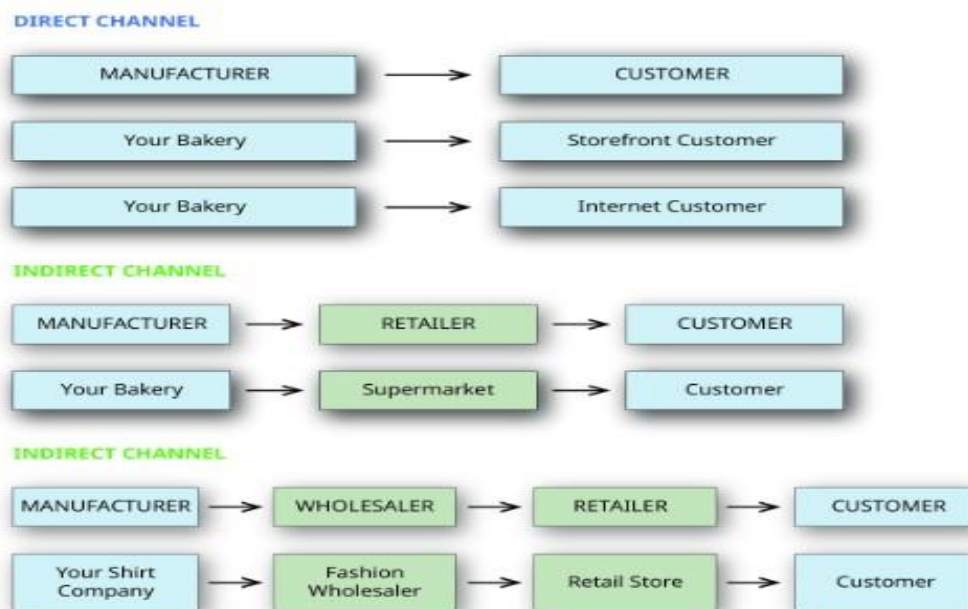


Figure 8.4 The “P” of “Place” may include distribution through direct or indirect channels.
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The longer your distribution channels, the longer it takes for your product to reach the end consumer, and the less control you have over the product and the price. As an entrepreneur, you must decide which channels best fit your product and pricing requirements.

Additional Ps for Services

As you have learned, products include services as well. These include legal, accounting, consulting, medical, entertainment, advertising, banking, and other professional services. When providing services, three additional Ps should be considered in the marketing mix.

People

People, or a company's human resources, will always be a key factor in any successful business. In a service-oriented business, the people who interact with customers are especially important. Because the service is the product, they are the face of the brand and a direct link between the company and the customer.

When an employee delivers an acceptable or outstanding service, customers are encouraged to return to purchase the service again and also share their positive experience with others through a personal referral or on social media.

When service is poor, customers don't return. If customers have a bad experience at a restaurant, it is likely they will not patronize the establishment any longer and will probably share a negative review online. Sometimes, poor customer service reviews can have a crippling effect on a brand, especially for start-ups trying to break into a market. It is important to hire experienced people and have a good training system in place with rewards that will help employees deliver the best service to customers. Companies should take into consideration that no matter the size of a business, they must market not only to their customers but also to their employees, as they are the face of the company and the ones who interact with customers. Employees can make or break the brand.

Physical Environment

The physical environment where a service is provided is an important part of the marketing mix. It can influence the company's image and convey a lot of information about the quality of a product, service, company, or brand. The old adage that you "get only one chance to make a first impression" is especially true for new businesses. Tangible cues—décor, smell, music, temperature, colors—send an immediate message to customers about quality and professionalism.

For example, if you walked into two dentists' offices, and one office smelled and looked clean, and one did not, which one would you choose? The same goes for restaurants, retail stores, and any other physical environment. Since a service cannot be inspected before it is received, these cues help customers make their decisions.

Process

Process is the chain of procedures or activities required to provide a service to the customer. It is all of the activities that take place between the service provider and the customer, from beginning to end.

In the case of a doctor's office, this would include making the appointment, filling out paperwork, waiting to be seen, seeing the doctor, and paying. Because processes can be long and involved, they need to be designed to flow as efficiently and logically as possible. In the case of services that are provided online, process includes the website's design and functionality, and all of the steps customers take from browsing through check out. A strong website design helps the entrepreneur say what the company is about, what it does and for whom, and what actions the customer can take. Actions can range from clicking for more information, the ability to purchase a product, or checking whether there is availability for a service and being able to book it or make an appointment.