



Digital Marketing Whitepaper

Marketing for Small Business

By

Neil Greenfield

Senior Projects Manager

February 2009

www.blueboxsoftware.com

Marketing for Small Business

The bad news is that UK Business will spend millions of pounds this year to market their products, and most of that money is wasted. The worse news is that much of this money will come from small businesses that can scarcely afford to miss-spend a single pound, especially considering the current climate for most sectors. But how can most marketing pounds be wasted? Simple; any marketing that does not directly create sales or qualified leads is wasted pounds, and while the Fortune 500 might have money to squander on 'feel good' advertising, small businesses don't.

This paper will debunk the top four myths about marketing, and also provide small business owners with an insider perspective about this critical business operation. Then, perhaps we can stop wasting our marketing budgets and start getting some real return on investment.

In this article, you will find that we use the terms 'marketing' and 'lead generation' interchangeably. That is because **the only purpose of marketing for small businesses is to generate leads**. We have found that despite having great products and competent sales teams, many small businesses are suffering. Often the problem is simple – they don't generate enough qualified leads.

Successfully creating leads is a three-stage process:

1. Reach...
2. Engage...
3. Qualify...

Reach...

Believe it or not, most people who could successfully use your product or service don't sit at their desks dreaming of a solution just like yours. It's likely that you have to contact many prospects just to generate a single sale. The first role of marketing is to REACH more people and expose them to your message.

Engage...

The second role of marketing is to engage the prospects interest - providing them with a compelling reason to learn more, and prompting them to take a specific action. There are really only three valid 'actions', the first is purchasing a product, the second is providing their contact information (becoming a lead), and the third is providing the contact information of someone else (a referral).

The best marketers make this step some type of exchange, in other words they provide something of value to the prospect to stimulate taking the action. This might include some type of product sample or free trial, but is often just more information. A carefully developed ENGAGE strategy can drastically improve the ratio of serious prospects to browsers.

Qualify...

Not all prospects are created equal – for that reason, it is important to determine exactly whom you are talking to, their level in the company, and their potential reasons for buying your product. This information, or intelligence, is invaluable in prioritizing your sales teams' time, and maximizing their effectiveness.

We have found that effectively using the three steps of **Reach, Engage & Qualify** can drastically increase your number of incoming leads, with no increase in your marketing budget. It will also create better quality leads, meaning that a higher percentage will convert into actual sales.

An Example

Let's look at a corporate website to examine this strategy in action. First, a website can't actually reach out to new prospects, but there are various resources on-line that list other websites and are searchable by subject matter, or 'keyword'. These 'search engine' sites such as Google, along with directory sites such as Yahoo!, can reach many of your potential prospects that are actively looking for a product or a service like yours. Attracting the attention of the search engines, and being at the top of the list for your particular niche requires some insider knowledge of how these search engines work.

Listing your URL on other forms of marketing can also increase your website's reach. For example, your 'giveaway t-shirt' lists your website address along with your company logo. Or, your email campaign directs those interested to the website for more information.

The ENGAGE phase is easy to accomplish on-line, and many websites provide something that a prospect is willing to exchange their contact information for. Ideally free, these engage elements include tactics such as entry to a prize draw, free samples and downloadable whitepapers; demo CD's, e-brochures, free trials, etc.

At the same time the prospect is entering their contact information, you can also require that they answer a couple of questions that you will use to **QUALIFY** the priority and potential of the lead. Of course, these questions do not replace a talented salesperson, but will enable him or her to effectively prioritise their time, and provide essential intelligence about the prospect.

So, just having a website isn't really web marketing unless your website has been designed and optimised to perform the three essential stages of **REACH... ENGAGE... QUALIFY...**

Now let's review the top four myths surrounding marketing...

Myth #1 - Marketing is Sales

Overzealous HR departments may have created the common belief that marketing and sales are the same. Many sales jobs have “marketing” in their title, presumably in an effort to disarm prospects of the notion that they will be ‘sold’ to. This is not necessarily a problem (nor is it particularly effective in this age of highly savvy buyers,) but it has created something of a myth.

Marketing is the act of creating interest in your product or service, and gathering intelligence about the prospect. It is clear that this is not sales. Instead ‘sales’ or ‘selling’ can be defined as the transfer of information between parties, with the goal of reaching an agreement for the exchange of goods, services, and capital. Lead generation naturally flows into the sales cycle, but is a separate phase of the relationship, with its own distinct set of goals.

Myth #2 - Marketing is Advertising

Small business owners are busy, and as a result lead generation is often neglected, or takes the simplest form. Advertising such as magazine and newspaper ads, radio and TV commercials, and billboards, is widely understood, widely available, and simple to implement. The popularity of advertising has given rise to the myth that marketing is advertising. But while advertising is one form of marketing, it is by no means the only one.

In other words, advertising is marketing, but not all marketing is advertising. Other marketing activities to REACH more prospects include referral programs, product placement, word of mouth, trade shows, product reviews, strategic alliances, and so on. The smart small business owner evaluates many different methods of lead generation and measures their return on investment. Most businesses will find that a combination of approaches provides the best bang for the marketing buck.

Myth #3 - Marketing is Expensive

Descending directly perhaps, from the myth that marketing is advertising, is the myth that marketing is expensive. Well sure, a full-page ad in The Times, or a 30 second commercial during the World Cup Final will seriously impact your marketing budget, but not all lead generation is expensive. In fact, many marketing techniques are cheap, and some techniques are even free.

As an illustration, consider three areas that can provide very cheap or free lead generation; public relations, leveraging existing customers, and the internet.

PR involves the use of the media to communicate information about your business. Typical PR elements include press releases, product reviews, magazine or newsletter articles, etc. The key to successful PR is to carefully pick a forum that already has the attention of your target market and then to position your message so that it will be of interest to the readership or viewers of the media source you have chosen.

Leveraging existing customers is not a new idea, but is often an under-utilised one. Your existing customers are already fans of your products and services, and leveraging your existing customer base can generate positive word of mouth, gather referrals and get testimonials and product reviews, as well as cross-selling and up-selling products.

In the last ten years, use of the internet has exploded. Many of your potential customers 'surf' the web looking for products and services. One of the great advantages of the web for the small business is that you can project a big business image on a small business budget. Also, after the initial setup, the ongoing costs to web marketing tend to be very small.

Myth #4 - Marketing Is Only For Big Businesses

Not so! Every business must continually create interest in its products and services –if it wants to stay in business. It is true that big businesses tend to do more marketing than most small businesses, and they tend to do things bigger - but that is function of scale only. Copying Richard Branson's attempts to circumnavigate the globe in a hot air balloon to market his company Virgin certainly exceeds the budget of any small business. Ditto for full-page ads in the Financial Times, and celebrity endorsement by David Beckham. So scale and strategies differ for small businesses, but a firm commitment to effective marketing is a pre-requisite for any successful company.

So What?

Belief in these myths has been the cause of many small business failures. Take a moment to review your own lead generation strategies. The bottom line in marketing costs is return on investment. That is to say, the only purpose of marketing for the small business is to generate additional qualified leads, so any marketing initiative should be measured on its return.

'Cost per lead' is an effective metric and is simple to calculate. For example: if you run a magazine ad at a cost of £1,000 and it generates 40 leads, the cost per lead is £75. Or perhaps you set up a web site for £5,000 and it generates 120 leads per month, the cost per lead for the first year would be just 41.6 pence. Try calculating your current cost per lead; you might be surprised at how high this number really is (especially for magazine, radio, and TV advertising).

Next Steps

We hope that this whitepaper has provided you with some new information, or even a new perspective on the essential function of marketing. At Blue Box we have identified many lead generation techniques, and many are inexpensive and easy to operate. The key is knowing when and how to use each technique. We call this maximising impact whilst minimising cost per lead.

If you'd like to talk about your current marketing strategy, and what you could be doing, feel free to contact us. One of our consultants will be happy to spend some time reviewing your market, and providing various options for an efficient and cost effective lead generation plan.

Article by

Neil Greenfield

Senior Projects Manager

Blue Box

County House

Worcester

WR1 1HB

Tel: 0044 (0)845 521 0860

Web: www.blueboxsoftware.com