

Translation of Module S4: Marketing Concept

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Module S 4

Marketing Concept

Table of Contents:

Module Description	1
Module A: From current status to target state – Determining Marketing Goals.....	2
Module B: Marketing Mix Tools.....	4
Module C: Options for monitoring Marketing Efficiency.....	10
Literature, Media, Links, Materials	11
Linkage to other Modules.....	11
Publication Data	11

Description of Module

Today marketing has become a household word. This term is widely used without it being given much thought as marketing is something people do everyday e.g.:

- in conversation (job applications, etc)
- at work
- in exams
- etc

The term 'marketing' originated in the English language and means nothing more than »going to a market« or better said, »to sell goods or services«.

Marketing, as carried out by and through companies, has changed dramatically since the 1950's and 60's. Whereas in the past sellers dominated the market, today customers are increasingly determining the success of a company due to a superabundance of products and services. Marketing is therefore defined as the entrepreneurial attitude a company has and which...

- includes the entire company in the form of a company philosophy,
- is applied consciously, systematically and consequentially and which is
- completely customer-orientated [Bruhn 2007]

Customer orientation centred in marketing is an important variable for a company's success, independent of size. Apart from the advantages resulting from a high degree of customer satisfaction (regular customers, free positive publicity, positive image and a distinct difference to competitors) customer orientation can also provide the following advantages and options:

- Production processes can be optimally devised,
- market gaps can be recognised and tapped, and finally
- your own company's future can be created actively.

Marketing becomes more important.

Customer orientation = variable for a company's success

What is our current status?	Analysis of current situation
Where do we want to go?	Determination of market goals
Which direction do we want to take?	Choice of best strategies
Which measures do we take?	Determination of suitable marketing tools
Are we going in the right direction?	Performance review

Figure 1: routing questions for drawing up a marketing concept
[Source: own figure according to Becker 2006]

Central or routing questions as mentioned in figure 1. serve as an orientation for marketing in a consequential manner as described above.

The modules, »Customer Needs« and »Sustainable Business Areas« focus on answering the question »What is our current status? « Together with the initially carried out »Self-Check Crafts«, you can gain a rough picture of the current situation in the particular companies taking part in qualification and consultation on sustainable, economic development. A first approach to choosing a suitable strategy results from the Module, »Mission Statement/Strategy«.

This module on »Marketing Concepts« deals mainly with the question on how to get from the current status to a set target, in other words with the determination of marketing goals. The next subject handles which tools are available in the frame of the marketing-mix - in particular, tools for communication politics - as well as under which conditions they should be introduced. Finally, there is the question on how to monitor efficiency and how to proceed. Therefore the module »Marketing-Concepts« consists of the following modules:

- Module A: From current status to target state – determining marketing goals
- Module B: Marketing mix tools
- Module C: Options for monitoring marketing performance

Linkage to modules S2
»Customer Needs« and S3
»Sustainable Business Segments«, as well as B2
»Self-Check Crafts«, and S1
»From the overall vision of sustainability to a corporate future strategy«.

Module A: From current status to target state – determining marketing goals*Relevant key words:**Short, medium and long-term marketing goals**In this module, you will learn about:*

- * Why you should phrase marketing targets*
- * What phrasing options are available*

After an assessment (e.g. with the help of the »Self-Check Crafts« – [see module B2]) you will have a good overview of the current status of your company, its strengths as well as its weakness and potential for improvement. You will easily be able to answer what position your company is in. Based on this, you can then determine what direction your company should move towards in the short term (1-3 years), the medium term (4-5 years) and the long term (6-10 years). If a company plans its marketing goals based on this assessment, thus looking at it from a wider perspective than just that of day-to-day business, it will be able to actively determine its own economic future. Objectives are the motor for achieving an economically successful company.

The inclusion of control mechanisms when phrasing objectives is vital but often neglected in small and medium-sized companies. It is necessary and important to formulate objectives so that their success can be seen, i.e. that the reaching or almost reaching of a particular target can be reviewed and measured.

Short term and more economically orientated marketing targets may include e.g.:

- »We aim to increase sales, turnover, and profits by xy percent by the year 20xx«
- »We aim to achieve a market share of xy percent by 20xx with our product range«

Medium and long-term marketing objectives aimed at customers may include:

- »We want our customers to associate us with an environmentally-friendly image by the year 20xx«.
- »We aim to increase our company's brand awareness by xy percent by the year 20xx «
- »We aim to increase customer satisfaction by xy percent by the year 20xx «

S4-A1: Marketing goals

S4-A2: Marketing goal - accumulator

Assessment for »looking beyond day-to-day business activities«

Formulating Marketing Goals

When formulating marketing objectives, it is important to make sure they are distinct, specific as well as realistic and harmonising with the needs and possibilities of the company in question. Furthermore, you should make sure that the results can be monitored. We recommend the following precision when formulating targets:

- regarding content (what should be achieved?)
- to what extent (how much should be achieved?)
- time frame (by when should the target be reached?) as well as the
- area of application (which areas, business segment/ region etc) should the targets apply to?

For formulation of objectives also see Module S7 »Key data for company management«

S4-A3 Marketing Goals - Determination

Module B: Marketing mix tools

Relevant key words:

Communication and distribution, advertising, public relations, sales promotion, personal sales

In this module, you will learn about:

** What marketing mix options - in particular communication policies - are available
* How marketing tools can be implemented in small and medium-sized companies*

Marketing is more than just developing a product or a service ready for the market or determining an attractive price. If a handicraft business wants to be more successful than its competitors are, it will have to communicate the advantages of the business, the products and services to potentially new customers.

The following options, together with the marketing-mix, as well as possibilities for communication and sales promotions are of special interest to handicraft businesses.

Especially communication and promotion are of particular interest for businesses in the crafts sector. Diagram 2 below points out possibilities:

S4-B1:Marketing Mix Tools

Tools	Objectives	Target Group	Content	Examples
Advertising	Medium to long-term increase in sales, recognition	Existing and potential customers	Product/service	Print media (with response element); jersey-, banner-, poster advertising; radio-(local) and film spots etc
Public Relations	Creation of new market channels, substantiation, improvement of company image	The public	Company	Press folders; talks and lectures; publications; seminars; charity events etc
Sales Promotion	Short-term increase of sales	primarily existing customers	Product/service	Prizes, raffles; give-aways; events; in-house fairs; trade-in of used goods; two for one / package offers
Personal Sales	Persuasion and increase of sales	primarily existing customers (individuals)	Product/service	Sales presentations; trade fairs and – events etc

Figure 2: Tools for communication policies and their objectives, target groups, content and examples

Advertising

Advertising confronts us around the clock. Customers should be so influenced that they want to buy the advertised product. The aim is to change observed behaviour (Behrens 1996)

Commercial advertising has gone through an enormous development. In Medieval times people were confronted with advertising mainly at markets, fairs and shop windows where »registered« wares were offered by market barkers, street vendors, or displayed on wall posters and announcements whereas today's customers are exposed to a constant stream of advertising.

The customer's reaction is to perceive the overabundance of information selectively. This influences, in particular, the buyer's choice. Accordingly, the danger of information relevant to purchasing »not being absorbed«, poses a considerable challenge for advertising.

Therefore, before trying to convey information you have to gain customers' attention.

The choice of advertising media and the choice of advertisers depend on the objectives that the advertising will be followed up by. That means decisions will have to be made in advance about which target group, which area and time frame, and very importantly, what costs will be most appropriate. For example, using the advertising tool »print media« provides a wide range of spreading information. Newspapers and magazines are available to all target groups, all the time and everywhere. This advertising option offers continuity in advertising. In addition, there is a relatively large range of creative freedom and many variations are available in terms of costs. The choice of advertising media, newspaper or magazine depends on spread and area of circulation, costs, publication frequency, and especially the mix of readers.

A simple code for comparing various advertising media is the so-called »thousand-contacts-price«. This connects the cost of the medium to the amount of contacts made. A newspaper or magazine as an advertising medium is calculated at the 'thousand-contacts-price' (during one-time allocation this applies to the thousand-reader-price) through the following formula:

Advertising = observable changes in behaviour

Before communicating information to customers, it is important to gain their attention

$$\text{Thousand-contacts-price} = \frac{\text{Gross-page price} \cdot 1000}{\text{Area Spread}}$$

Tipp: Newspapers and magazines which may be suitable for small and medium-size companies publicise the necessary information in their so-called “media data” in order to enable calculations of the ‘thousand-contacts-price’.

S4-B2: Plan an advertising campaign!

Public Relations

Public relations (abbrev. PR) literally means a relationship with the public. In German-speaking countries, the term “Öffentlichkeitsarbeit” is used. That means it includes all measures that are implemented to influence the relationship between various groups of people and institutions outside the company.

Public Relations relates not only to relationships to customers but also to its competitors, employees, skilled staff in spec, banks and chambers. The aim of public relations is to have an effective image, as well as establishing a specific image, consolidating or improving an existing one.

The difference to advertising is that it concentrates on a different perspective. Whereas the product is the central focus in advertising, in public relations the company is the centre of attention. Public relations is advertising the company itself, so to speak, as shown in the following generally known example:

PR= Public relations for a company

Objective: Image cultivation

Aspirin – a little less pain in the world	= Advertising
Bayer does environmentally-friendly research	= PR
The new FORD C-MAX	= Advertising
FORD – Feel the difference	= PR

What measures would be conceivable for cultivating the image of a company, particularly in a small handicraft business? They would mainly be the following:

- **Press releases/articles:** i.e. a mention in the editor's note of a newspaper or magazine (e.g. the opening of new company or outlet with a photo.)
- Open day, **anniversaries** or similar events;
- Participation in regional competitive exhibitions and trade fairs;
- **Factory tours**, e.g. for school classes
- **Sponsoring** of events, special charity events;
- **Making public of received awards that** do not relate to the product but to the company (e.g. prizes for good service, company environmental protection, shop decoration etc...)
- **Image brochures, pamphlets;**
- Designing and maintaining of an **internet website.**

Decisive for target-orientated public relations is the awareness that all actions undertaken by the company are noticed by the market and judged accordingly. The aim is to consciously transport a company's philosophy and its company's self-image conduct, accompanied by the above-mentioned measures rather than relying solely on the reputation acquired through day-to-day business activities.

Any engagement in environmental and energy issues should definitely be used in a company's PR work. It is a good chance for a company to present itself to the public as innovative, environmentally friendly and responsible.

S4-B3: Plan an image campaign for your company

Engagement in environmental and energy issues encourages a positive image.

Tip: A good advertising platform for handicraft businesses and crafts people engaged in environment and energy issues is the Internet site www.umwelt.org initiated and supported by the Nordrhein-Westfälische Handwerksorganisation.

A sense of responsibility in terms of sustainability is also proven when handicraft companies engage in social or cultural events in their area.

Tipp: Practical examples for designing advertising and the formulation of advertising texts suitable for handicraft businesses can be found in (Geheeb 2005) and (Folten 2005)

Sales Promotion

Sales promotion includes all short-term measures that encourage the sales of certain products and services.

In contrast to the tool ‘advertising’, which leads the customer to the product, the opposite occurs; the products and services are brought to the customers.

A good example for this are the products placed strategically in a supermarket, namely there where customers have to pass before they leave the shop. Other examples for sales promotion are:

- **sales** such as seasonal sales and jubilee sales;
- **special offers** (offer of the week), combination offers, (one bread loaf and four rolls for ...EUR; oil change, tyre check, car wash and cup of coffee whilst waiting for ...EUR...) and **special price reductions**, (e.g. seasonal articles such as sunglasses, winter tyres, awnings etc...)
- **customer events, product presentations and trial purchases** which include an offer to return goods if customers are dissatisfied with their purchases.
- **bonus goods, discounts or gifts** with purchased goods;
- **lottery games** (although they are not allowed to be connected to directly to purchase or purchase order);
- **trade-ins**, old for new offers and disposal of old equipment;
- **vouchers and bonuses on first purchases**, e.g. discounts, customer credit cards

»Windfall« gain should not be neglected. Not only product sales and services can be promoted short term. When customers’ inhibition threshold is overcome, they can be persuaded to be enthusiastic about a company’s various product ranges and services.

Products and services are brought to the customer

Windfall gain can have a positive effect

Personal Sales

Personal sales are gaining increasing importance in the framework of advertising tools. The employees of a company are in the centre of personal sales as they are in direct contact with customers. Their behaviour and the impression they make on a customer decides the success and failure of a company's personal sales talk. They are the company's business card. In order to complete their tasks successfully they have to fulfil the following criteria:

- They have to be motivated and stand fully behind the company, its products and services. Only employees who identify themselves with a company are able to present the company successfully to the public.
- They have to understand that communication does not just mean speaking but to realise that it is even more important to listen, in other words they have to possess communication skills.
- They should have the skills necessary for their trade i.e. knowledge of the product as well as the market.

Customer service representatives are the company's business cards

Tip: We recommend a CD offered by the Centre for Environment and Energy of the Düsseldorf Chamber of Commerce (UZH) that gives an extensive overview of important considerations during a personal sales talk.

S4-B4 Roll-play "Sales Talk"

Module C: Options for monitoring Marketing Efficiency*Relevant key words:**turnover monitoring, market share monitoring, time and trade comparisons**In this module, you will learn about:*

** What possibilities there are for measuring marketing efficiency*
** How to evaluate marketing performance*

To finalise the planning of a marketing concept it is necessary to think about devising a permanent monitoring system. A continuous current status and set target check should be implemented to help you to evaluate your chosen marketing measures and, if necessary, to adapt them accordingly. In practice, the same procedures as for turnover monitoring and market share monitoring are frequently used.

Turnover monitoring means doing a current status evaluation based on specified marketing goals. The achieved turnover figures are compared with figures from the previous period as well as the expected figures. The marketing target, »turnover increase« has either been achieved or the marketing measures may not have shown any results in this area. In the latter case, the measures taken should be reviewed according to their efficiency and adjusted accordingly. Turnover monitoring is quick and available at a relatively reasonable price and is based on internal sources. However, the accountability of single marketing measures in terms of cause and effect are difficult to analyse.

Market share analyses monitor the changes in market share through marketing measures taken. The advantage lies in the presentation of a company's competitiveness in relationship to its competitors. A large disadvantage though is that data needed for such comparisons has to be obtained externally.

Taking the above into consideration, time period and trade rate comparisons should be made besides the orientation on operating figures. An increase in turnover during two consecutive periods may not be realistic, as the start-up phase has to be included in the calculations. Marketing measures may also be unsuccessful because the whole industry that a company belongs to is not doing well during that particular time. This kind of information can be acquired through an intercompany comparison.

S4-C1: Marketing Efficiency Checks

On performance evaluation of objectives go to module S7 "Key figures for corporate management".

There is a good overview of marketing management ratios in [Preissner 2007]

For further literature [Ehrmann 2004] on marketing controlling is recommended

When reviewing marketing evaluation checks you should interpret and not just accept figures at face value, e.g. to question and evaluate any variations. Marketing efficiency checks can and must lead to a change in marketing measures based on an evaluation.	S4-C2: Help on marketing efficiency checks
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Literature, Media, Links, Material

Literature (sources used):

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Media

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Zentrum für Umwelt und Energie der Handwerkskammer Düsseldorf (UZH) (o.J.): Das Verkaufsgespräch. Eine CD-ROM, Düsseldorf.

Links

- www.mch.de
- marketing.handwerk-bw.de
- www.umweltmarkt.org

Materials

Module A: From current status to target state – Determining Marketing Goals

S4-A1: Marketing Goals

S4-A2: Marketing Goal Accumulator

S4-A3: Marketing Goals - Determination

Module B: Marketing Mix Tools

S4-B1: Marketing Mix Tools

S4-B2: Planning Advertising Measures

S4-B3: Plan an Image Campaign

S4-B4: Role-play – Sales Talk

Module C: Options for monitoring Marketing Efficiency

S4-C1: Marketing Efficiency Check

S4-C2: Help on marketing efficiency checks