



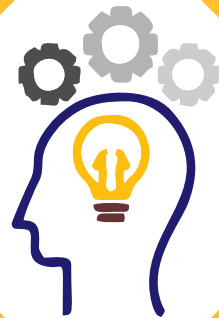
Information Booklet

Sales and Marketing

4

DEVELOPING A MARKETING STRATEGY

for SMEs



Introduction

Small and Medium Enterprises Development Authority (SMEDA) works under the Ministry of Industries and Production, Government of Pakistan and was established in 1998 with the objective to propel economic growth through development of SMEs. SMEDA serves as an SME strategy-advisory body for the Government of Pakistan and facilitates partners in meeting their SME development agendas.

SMEDA envisions growth of a globally competitive SME sector (in Pakistan), through creating an enabling environment and support services for increase in the national economy. SMEDA strives to achieve this vision by providing assistance in employment generation and value addition to the national income, through development of the SME Sector, by helping increase the number, scale and competitiveness of SMEs.

National Business Development Program for SMEs (NBDP) is a project of SMEDA which intends to provide hands-on support services to SMEs. The aim of this business development support provided by NBDP is to advance new businesses and improve efficiencies in existing SME value chains to empower them to contend in global market. NBDP expects to facilitate around 314,000 SME beneficiaries over the period of five years.

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Objectives

- To explain the need and importance of marketing strategy for SMEs
- To highlight key steps involved in developing a marketing strategy

Table of Contents

a	→	Concept, Need and Importance of Marketing Strategy in SMEs	→	1
b	→	Key Steps in Developing Marketing Strategy	→	1
c	→	Four Basic Marketing Tools (Product, Place, Price & Promotion)	→	5
d	→	Template for Marketing Plan (Annexure)	→	7

a Concept, Need and Importance of Marketing Strategy in SMEs

Marketing strategy is a long-term approach to planning about achieving a sustainable competitive advantage and revenue generation for the business. For an SME, it is the ways and means to sell its products and services.

Effective marketing starts with a considered, well-informed marketing strategy. A good marketing strategy starts with understanding the business, it helps define its vision, mission and goals, and outlines the steps that are needed to be taken to achieve these goals through reaching and serving the customer.

A marketing strategy affects the way one runs the entire business, so it should be planned and developed in consultation with the whole team. It is a wide-reaching and comprehensive strategic planning tool that:



1

Describes the business and its products and services

2

Explains the position and role of products and services in the market

3

Profiles customers and competitors

4

Identifies the tactics which will be used to deliver and place products and services

5

Allows to build a marketing plan and measure its effectiveness

A marketing strategy sets the overall direction and goals for marketing, and is therefore, different from a marketing plan, which outlines the specific actions one will take to implement the marketing strategy. This marketing strategy could be developed for the next few years.

b Key Steps in Developing Marketing Strategy

A good marketing strategy helps one to target products and services to the people most likely to buy them.

Developing a marketing strategy that includes the components listed below will help to make the most of the marketing investment, keeping marketing focused and measured and improving the sales results. While it is said that good marketing is an art, but if one follows the principles, his/she will find the answers like it is a science, as follows;

Identify Business Goals

Identify the primary business goals, so that one can then define a set of marketing goals to support them. Business goals might include:

01

Increasing awareness
of products and
services

02

Selling more products
from a certain supplier

03

Reaching a new
customer segment

04

Introducing a new
product

When setting goals, it is important to be as targeted as possible so one can, effectively, measure the outcomes against what is set out to be achieved. A simple criterion for goal-setting is the SMART method:

S

Specific

State clearly what
is needed to be
achieved

M

Measurable

Set tangible
measures so one
can measure the
results

A

Achievable

Set objectives
that are within the
capacity and
budget

R

Relevant

Set objectives
that will help to
improve particular
aspects of the
business

T

Time-bound

Set objectives
that can be
achieved within
the time one
needs them

State Marketing Goals

Define a set of specific marketing goals based on the business goals. These goals will motivate and the team to benchmark the success.

Examples of marketing goals include increased market penetration (selling more existing products to existing customers) or market development (selling existing products to new target markets). These marketing goals could be long-term and might take a few years to successfully achieve. However, they should be clear and measurable and have time frames for achievement.

Also, one may needs to amend the strategy if external market changes due to a new competitor or new technology, or if products substantially change. Or changes in the economic conditions may warrant a change in the strategy. Important thing is to state the marketing goals clearly and follow their achievement rigorously.



Study Market



Research is an essential part of the marketing strategy. SMEs need to gather information about market, such as its size, growth, social trends and demographics (population statistics such as age, gender and family type). It is important to keep an eye on market so that the SMEs are aware of any changes over time, to keep the strategy relevant and targeted. Whatever the size of business or expected volume of transactions, one must have an idea as to what can be achieved in the given resources. The business should be aware of any limitations to the market for the given product mix. Similarly, an SME should be aware of changes in market growth

and its share in market.

Profile Potential Customers

Use the market research to develop a profile of the customers being targeted and identify their needs and wants.

The profile will reveal their buying patterns, including how they buy, where they buy and what they buy. Again, by regularly reviewing the trends, one can find new opportunities and remain relevant with the marketing message. The marketing message and discount schemes should immediately access the market and result in immediate sale increase. This can happen only when one knows his/her customers inside and out. Find time and resources to know about the clients through direct meetings and surveys.

Develop Competitor Profile

Develop a profile of the competitors by identifying their products, supply chains, pricing and marketing tactics. Even if one does not engage in price wars, one must know which competitor is undercutting and who is over charging.

Use this to identify the competitive advantage - what sets one's business apart from the competitors. One may also want to identify the strengths and weaknesses of his/her own internal processes to help improve performance compared with the competition. Only a healthy respect for the competition will help one gain an advantage over them.



Allocating Resources or Budgets



Allocating marketing resources is a complex decision in a constantly evolving business environment. The emergence of new media such as online search and display advertising, video games, virtual worlds, social networking, online user-generated content, and word of mouth marketing is creating both new opportunities and challenges for companies.

Budgetary allocation can be done based upon an estimate of what is needed for promotion but it can be done by how competition is doing it also. A mix of the two with advice from business friends and consultants will allow one to estimate the amount fairly accurately.

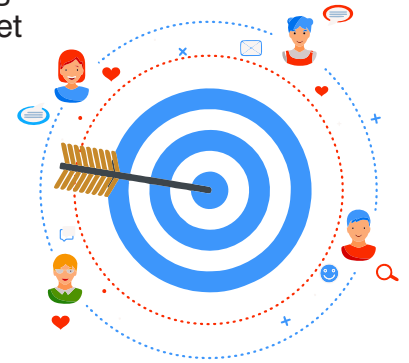
A way of reaching the budget figure is understanding the industry norms for marketing budget as a percentage of sales. Allocation on the basis of percentage of sales may sound strange but it is very useful in terms of understanding that marketing and promotion to help cover the market

effectively.

Develop Strategies to Support the Marketing Goals

With good advice and sound research, one can devise competitive strategies and options to achieve the targets. Start with a list of the potential market opportunities and systematically develop and revise a set of strategies to attract and retain them. An example of goal setting could be to increase young people's awareness of products. The corresponding strategies could be to increase the online social media presence by posting regular updates about the products on Twitter and Facebook; advertising in local magazines targeted to young people; and offering discounts for students and young couples. Adopt new techniques and newer methods to attract customers and improve the experience of existing customer.

A good way to go forward is by introducing a set of few options of each media and wait for its response by survey or other feedback tools and improve the marketing foot print with defined inputs. One may find smart ways of doing things or just like to change the media mix on the way and try a new approach.



Test the Ideas and Firm Up the Strategy



Once one has tried a combination of marketing ideas to improve the sales, it is in his/her benefit to try other ideas as well. In deciding upon business tactics, one should do some online research, test some ideas and approaches on customers and staff, and review what works. One will need to find and choose a specific set of tactics in order to meet customers' needs, but then it is all worth it to reach the customers within the target market with different approaches to improve the sales results.

The specific set of tactics selected to access markets for the products and services is called the marketing strategy.

While marketing is a very comprehensive concept and its implications are very wide in application, its building blocks or basic elements are also many but a few of them are essential to its understanding. The four of these fundamental building blocks **product, place, price & promotion** also known as the '**Product Mix**'.

Product

It is important to develop the right product/service according to customer demand. The marketing plan needs to take the product life cycle stage into account, first. The “product” element of the marketing mix refers to the description of all the products and services the business sells, including their packaging and labeling. E.g., 25 or 50 Tea bags in a cellophane wrapper placed in a cardboard box by Tapal Danedar Tea. The tea leaves being the core product and their bags being the extended product. Cellophane wrapper and cardboard box is the internal and external packing with labeling and product information.



Place

The place and activities that make the product available to consumers. This defines all the places where the business carries its products and services in different stages and all forms, particularly in finished state when it reaches the customer. This starts with raw material ware house and goes on to finished goods store and includes their distributors Pegasus Maritime Pakistan Pvt. Ltd. upto the retail outlets and superstores Al-Fatah and Imtiaz etc.



Price

The amount of money paid by customers to purchase the product. Since price of the product affects product perception, it has to decide the pricing strategy very carefully. Price skimming, price penetration or neutral pricing are some of the pricing strategies that the business may use. This further includes the whole sale and retail price and discounts etc. The price of Teabags at PKR 115 for 25 tea bags include the retail margin and the distributors' margin in addition to product cost, shipment charges and company's profit.



Promotion

This includes all the advertising and promotional messages and material in print, electronic or hard bill boards etc. meant for promotion of business and its products. This cost is usually based upon a percentage of total sales value. In case of Tapal Tea this is in the range of about 4- 5% of sales volume.





While working with 4P's, one can improve the tactical marketing mix by identifying/ using the 7 Ps of marketing. If one can choose the right combination of marketing across product, price, promotion, place, people, process and physical evidence, the marketing strategy becomes more differentiated and thus more likely to be a success. The attached template allows to experiment with both the approaches of a 4P's and 7P's and leaves the choice to select.



MARKETING PLAN

COMPANY NAME

Street Address
City, State and Zip

Webaddress.com

- 1. **EXECUTIVE SUMMARY:**
(Describe at least in one paragraph)
- 2. **Organization Mission and Vision statements:**
- 3. **SITUATIONAL ANALYSIS:**
 - 3.1 5C ANALYSIS

Company	
Collaborators	
Customers	
Competitors	
Climate	

3.2 SWOT ANALYSIS:

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)

4. CORE CAPABILITIES:

4.1 GOALS:

Business Goals	
Sales Goals	
Financial Goals	
Marketing Goals	

5. TARGET MARKET:

1. INFORMATION COLLECTION
2. PAIN POINTS
3. SOLUTIONS
4. BUYER PERSONA

6. MARKETING STRATEGY:

BUYER'S BUYING CYCLE	
UNIQUE SELLING PROPOSITION (USP)	
Branding	

7. MARKETING MIX – 4Ps:

1. Product	
2. Price	
3. Place	
4. Promotion	

8. MARKETING CHANNELS:

10. BUDGET:

11. PERFORMANCE STANDARDS & MEASUREMENT METHODS:

STANDARDS OF PERFORMANCE	
BENCHMARKS	
MARKETING METRICS TO MEASURE SUCCESS	
MEASUREMENT METHODS	

12. FINANCIAL SUMMARY:

12.1 FINANCIAL FORECASTS:

12.2 BREAK-EVEN ANALYSIS:

12.3 BREAK-EVEN ANALYSIS:

12.3.1 BREAK-EVEN ANALYSIS:

12.3.2 CASH-FLOW PROJECTION:

12.3.3 BALANCE SHEET:

Conclusion



A good marketing strategy helps SMEs in selling their products and services. By using the four major marketing tools (product, price, place and promotion), one can easily develop a strong marketing strategy. It usually includes a business's marketing goals, market research, profiles of potential competitors and customers, and how to allocate budget and resources. 7Ps of marketing play a huge role for SMEs as well.



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