SMALL BUSINESS AND THE MARKETING FUNCTION

AN HONORS THESIS (ID 499)
by
DAVID SCOTT CHILDERS

THESIS DIRECTOR

RAMON C. AILDE, PH.D.
Department of Marketing
8/11/88

BALL STATE UNIVERSITY
MUNCIE, INDIANA
8/8/88

GRADUATION DATE
8/12/88
The idea of owning your own business has always had a special place in the hearts of many Americans. Starting your own business is just about as American as hot dogs and apple pie. The ability to come to America and "make millions" is one of the things that has always attracted people to our great nation. Many Americans see operating their own business as a way for increased profit potential, greater independence, and a more satisfying job. Indeed, these are some of the benefits of owning a small business.

Every year, people continue to take their ideas and turn them into profit by going into business for themselves. It is a good thing that people continue to be attracted to small business, because they have become increasingly important to the U.S. economy. Ninety-seven percent of all businesses were categorized as small by the Small Business Administration in 1980. They also employ over fifty percent of the workforce and provide over forty percent of gross national product. It has also been said that "the future of small business in our country is going to have a great deal to do with helping the U.S. economy remain strong" (pickle, 14). Small businesses have also been responsible for stimulating economic competition by keeping big business honest and by introducing innovations like Xerography, insulin, zippers, and ball point pens.

To get a better grasp on the importance of small businesses and how they can better survive, it is essential to have a good working definition of exactly what a small business is. Although a general definition for these firms would be any
business that has fewer than 100 employees, more precise qualifications do exist. The Committee on Economic Development (CED) offers a more precise definition that is more suitable for this paper. They state that a business will be classed as "small" if it meets two or more of the following:

1) Management is independent.
2) Capital is supplied by an individual or small group.
3) The area of operations is local. (The markets however, do not have to be local).
4) Relative size within the industry - the business is small when compared to the biggest units in the field (Pickle, 12).

The SBA and CED both offer more precise classifications for loans and assistance. However, the previous guidelines offer a clear idea of what a small business is and for that reason, should suit the needs of this paper.

Previously, it was mentioned that ninety-seven percent of all businesses can be classified as "small." This is a rather impressive number. What is even more staggering is the amount of small businesses that fail every year. Statistically, ninety percent of small businesses fail within the first two years (Cohen, 1). Many small firms fail for the very same reason bigger ones do: Lack of need for the product or service, overextended credit, competitive weaknesses, and a lack of a clear direction. In general, the problems of small business are those of big business. What creates
problems for small business in many cases is the broad range of duties that are the responsibility of a manager who may be inexperienced or ill-prepared. "Most entrepreneurs have a high level of skill and experience in their particular area of technical expertise. Few, however, start out with much understanding of other important functional areas such as marketing and finance" (Popell, 25). The result is ineffective management, and this was cited as the underlying cause, in ninety-eight percent of all business fatalities by Dun and Bradstreet in 1976. Functional area neglect and a lack of clear direction are evidenced by poor sales, inventory problems, and excessive fixed assets (Baumback, 22). Although sudden shifts in the economic climate and disasters can wreck even the best laid plans, it is poor management that is at the root of most of the operating problems of small business.

What then, can a small firm do to compete in a world dominated by big business and managers who are able to specialize in certain business functions. One study listed entrepreneurial values such as good intuition and risk-taking as being important along with managerial skills such as strategy development and effective cash flow management (Ibrahim, 43). Other studies have focused on key success factors to the long-term survival of small firms. Kahn and Rocha suggested that "the owner/manager duties in areas of accounting, cash flow management, and marketing are interrelated and lack of knowledge in any one area may present a problem" (54). Clearly, all functional areas cannot be touched in a
paper of this magnitude. Instead, this paper will discuss what I consider to be the most important aspect of the small firm's responsibilities: A sound knowledge of marketing knowledge. Specifically, this should take place in the form of strategic marketing planning and effective use of the marketing mix to achieve differentiation. After all, everything in business emanates from marketing and includes all the business activities involved in directing the flow of products from you to the consumer. It is still important to remember that the single most fundamental concept for big and small companies is the same; to find a need and fill that need at a profit.

One of the most important areas of concern for small businesses, and one of the most neglected, is emphasis on long term survival. This area has come to be known as strategic planning and deals with the relationship of the organization to its environment and how this relates to the various areas of a business. Among all of these areas of business however, marketing is the most susceptible to outside influences (Jain, 47). No firm, however big or small, can do without planning because firms must always look ahead to provide against the uncertainties of our dynamic world. This is the very essence of strategic planning. With an emphasis on the long run, strategic marketing involves continually looking at the environment to consider changing trends, consumer behaviors, consumer preferences, and discovering new opportunities and threats. This type of
planning would be "a means of gathering information, analyzing the impact of this information on the firm, and refocusing efforts to meet new demands and conditions" (Stoner, 7). Any detected changes could mean reformulating the make-up of the strategic variables.

The real benefits of long range marketing planning come in the help it provides in focusing on the competitive nature of the firm. In this way, small business can better utilize the advantages they have over big business. In their book *Small Business Management*, Ames and Willsfry list some small business marketing advantages which must be exploited. One advantage is that small business is more flexible than big business. Larger firms may be slow to recognize new marketing opportunities, and once they are recognized it may take a long time to act. Strategic marketing would hopefully give small business the knowledge of these new opportunities and the power to act.

Another advantage that these authors mentioned was the ability of these firms to think small. Big businesses are geared for big markets and cannot profitably handle a lot of smaller ones. There are plenty of small markets out there with a strong need for a product or service. This is where small businesses come in with a focus strategy that fills the need more profitably than other broad line competitors through premium pricing and careful target selection. Here the smaller business is attempting to develop a distinctive competency that will set them apart from big business. One
area they could do this would be customer orientation; especially if a bigger business tends to neglect one of their less profitable markets. The customers may feel they are better able to accommodate their uniqueness.

Unfortunately, many small businesses resist planning of this kind (Stoner, 6). Some of the common arguments against it are that it was only meant for big business, that it limits their flexibility, and that plans need only be stored in the manager's head. Instead, the reverse is probably true. Small businesses need to be better than the "big boys" in their strategic marketing plans. Simply going on a gut feeling is simply not enough because small businesses are likely to be seriously damaged by even minor market or competitive misreadings (Stoner, 6).

Another aspect that is equally important to small businesses is the actual generating of information that is needed to make long range plans. The answer here lies in an effective marketing research program. The information that this research generates reveals pertinent data about customers and the competition and allows managers to go on more than a hunch for long range plans. Long recognized as an effective tool for big business, the effective use of marketing research has been slow to catch on at the small business level. Some managers, largely due to limited resources, have opted to use intuition rather than hard data as a basis for planning. Many times, "the products and services offered are those that the manager feels will satisfy customers, and rarely is any
feedback received" (Lane, 87). The result is conflicting views by the owner and the customers on the nature of the marketing mix.

The main benefit of marketing research is that it can tell you anything you want to know, provided it has been gathered properly. The problem of large scale adoption is that many managers of small businesses fail to understand why they should spend the necessary time and resources to have the research done. What small business owners fail to realize is that what sounds like a great idea to them, often seems like a rotten idea to the general public. Instead, these managers should look at marketing research as "a form of insurance that can usually tell the businessman whether he is offering the consumer the proper mix of marketing ingredients" (Cohen, 46). Some of the questions that these small firms should be asking include the following:

- Can the product be improved, and if so, what features would our customers like to see?
- Is our product priced correctly?
- Would sales be affected if we changed our distribution policies?
- What are the facts about our present customers? Where do they live?
- What brand of competitive products does our target market buy and why?
- Is our present promotional program understood by our sales force and customers?
What effect does changing lifestyles have on our product?

The answers to these questions can be extremely useful and come via various methods. The complexity of the research involved and the costs will probably determine who will do the research. If a firm recognizes the need for research, but lacks the knowledge of organization, they can hire professional researchers. The price that they often charge may seem like a lot, but when compared to the received benefits, it may turn out to be worth every dime. Becoming aware of possible problems, opportunities, and threats are some of the more general benefits of this research.

The firm may also decide to do the research themselves. In this case, there are certain procedures which should always be followed. The first step is to identify the purpose of the research because if the purpose is not clearly defined, the information gathered may prove to be useless (Broom, 105). Next, the firm should look for secondary data. This can be found in government publications, abstracts, trade shows, bank publications, internal record data, and the Small Business Administration. If this does not turn up the necessary data, then a search for new, primary data must begin. Firms can do this through test marketing, trade shows, observations, and surveys. The format for surveys and test markets can be very involved and are beyond the scope of this paper. Great care must be taken to asking pertinent questions while steering clear of any biases. Finally, this data must
be organized into meaningful information.

At the end of this process, the small firm should have information about competition and their customers that they can better use to make long term commitments. One thing is certainly clear, that without research managers are frequently guessing about who their customers are and what they want in the way of a product (Cohen, 67). Marketing research and strategic marketing planning are closely related. Trying to plan sales forecasts, new product introductions, and interpret new opportunities becomes increasingly risky without some form of research. Promotional campaigns, product changes and pricing strategies become much more accurate when research reveals current customer preferences, behavior, and changing trends. The end result of good research is a business with a clear sense of direction, a good idea of who their customers are and why, and a clear perception of any possible threats from the environment and competition.

The next major area of focus for the small businessman should be the actual development and implementation of a specific marketing strategy. This should be done only if a thorough market analysis has been done by using marketing research.

The marketing that these businesses need to get involved in consist of those business activities which relate directly to determining target markets and preparing, communicating, and delivering a bundle of satisfaction to these markets (Broom, 211). This definition has just hit upon the two
intertwined parts of any marketing strategy: Selecting target markets and developing the marketing mix. The target market is who the business sees as their final customer and the marketing mix involves ways the firm will prepare (product), communicate (promotion), and transport their goods to the market. The amount of resources that a small business decides to allocate to each of these variables is what makes up the overall strategy.

The way in which small businesses and bigger ones develop their marketing strategy is very different. There are basically three differences:

1) Small business develops marketing strategies within severe resource restraints.
2) Small businesses often lack specialized marketing expertise.
3) Small businesses have different and less aggressive objectives than large businesses.

These differences mean that small firms are likely to have a different strategic focus than large firms even under the same market (Fiorito, 9). Small businesses need to realize their advantages. Taking their resource restraints into account, small businesses should not try to be all things to everyone. There is no need to become scrambled merchandisers like the drug stores of today that offer everything from stereos to prescriptions. Instead, they need to concentrate on a narrow specialty. This is particularly true for retail stores or service businesses in large urban areas (Lane, 81).
Development of the marketing strategy should be detailed enough so that all areas of marketing are covered. It may not answer every question, but it should be specific enough so that the business and its goals are clearly distinguished from the competitors. Within the marketing strategy, perhaps the most important issue to be addressed is the market segment which the business will target (Stoner, 144). Selecting target markets involves identifying relatively homogeneous groups of customers who you feel will want to buy your product at a price that will allow for a profit. This is important because one of the biggest failures of small businesses is attempting to be everything to everyone. This creates problems when, because of resource restraints, marketing dollars are spread too thin. When this occurs, the potential customer is not adequately informed of the benefits of a product.

The small businessman can segment markets on the basis of sex, age, education, income, geographic area, behavior patterns, or any combination of these variables. When this is done, it may become apparent that there is more than one target market that can be served profitably. Part of being a good marketer is taking a clear look at the entire marketplace, searching for all possible target markets to appeal to, and deciding which ones can yield a profit (Ames, Wellsfry, 230). In the end, the businessman must pick only the target markets that are the most promising for profits. Only after getting a firm grip on who the target customer is should the marketer commit to the development of a specific marketing plan. Establishing
a clear understanding of the target market cannot be stressed enough, especially for the small firm. Failure to do so could result in a poor selection of pricing and promotional policies and in inefficient use of marketing funds. Errors in any of these areas are potential time bombs for small business.

Following the careful selection of the target market the entrepreneur faces the development of an appropriate marketing mix. The four, general decision areas deal with products/services, promotions, distribution, and pricing. Hopefully the firm has become aware, through marketing research of what the customer wants. It is up to the small businessman to develop an effective marketing mix that will satisfy customer needs and differentiate the business from competition. Fiorits and LaForge believe that small business must use the marketing mix to differentiate against two kinds of competition between different type stores in the same market area. Intra-type competition involves competition between similar store types (10). Inter-type competition for the small firm means competing with the discounters and department stores that offer similar goods. Scrambled merchandising has increased this type of competition. Intra-type involves small businesses competing against each other. The point here is that the entrepreneur must develop a marketing mix that will differentiate against both kinds of competition if it exists.

After the target market and competitive forces have been considered, the business is now ready to develop their own marketing mix. Small businesses may want to allocate heavy
resources for one area or concentrate evenly on the four variables. There are many combinations that can be used to create an effective marketing mix.

**THE MARKETING MIX**

Of all the areas of this mix, the product strategy may demand more attention than any other. This area is concerned with developing the "right" good or service for the chosen target market. This "bundle of satisfaction," as a product is often referred, may be either a tangible or intangible product.

A product contains not only the main "bundle," but also a number of complimentary goods. These components such as packaging, branding, customer service, warranties, and product variations are all strategic decision areas facing a small business. At times, the components may be even more important to the small firm than the actual product or service. For example, suppose a product offered by a number of small firms is perceived by the market as being relatively the same. In this instance, the product components become at least as important as the product itself when it comes to buying the product.

The main reason that this area is important for any business is that it is simply impossible to sell a poor product over the long run. Also, a small business with good products that meet the needs of the specific target markets is likely to be fairly successful in spite of other shortcomings in the
marketing mix (Brannan, 154).

Already mentioned is the fact that certain advantages exist for the small business. Since product strategy flows directly from the identification of target markets, small firms need to consider these advantages when formulating product strategies. The following list of generalizations offer some direction, especially for those small businesses that are considering new products or services.

- new products should be considered when development time is short.
- a narrow and distinctive line of products should be stocked
- the small company does best in a market that is stable for its products
- the small company is favored by products that have short production runs.
- small companies should avoid products that require long investment of time

These guidelines need to be considered before any new products are established.

Small businesses should also give ample attention to the product life cycle. Consisting of four stages, (introduction, growth, maturity, and decline) the life cycle holds important implications for product strategy. For instance, any entrepreneur with a product in the introduction stage will want to focus on the development of brand recognition for the increased competition that will come at
the later stages. Small firms need to constantly examine their product offerings and be able to recognize if these products have reached the end of their life cycle.

Going along with the product strategy is the product image. Since the consumer is more concerned with the psychological satisfaction to be gained from buying rather than the functional aspects of the product, the marketer must always approach the product from an image-conscious viewpoint. In the small enterprise, the business/product image and the owner's image meld into one. Once the target market has been decided, you should begin to fabricate an image about your company which will relate to this target market (Lane, 97). For small businesses, development of a favorable product image gives them a definite competitive advantage. This is because it is easier to compete against good product features than it is against a good product image. Because smaller companies are more a part of the community, it is much more inexpensive for them to develop an image (Cohen, 99).

When planning your image development, some points should be remembered:

- use all public materials and literature to convey your image
- Capitalize on packaging where possible
- use the decor of your office and story to convey your message
- keep your image simple and believable
- remember that an image can be changed by a deliberate effort
Following these guidelines can help you form generic images such as low-cost, high quality, or quick service. In small businesses, high customer service is one image that will be employed more than any other. This is because customer service is one of the major tools of differentiation available to small firms.

There is, however, no one best image for small businesses that will result in profits. This will depend largely upon the nature of the product and competition. The important fact to remember is that a product/service will have an image regardless. Therefore, a specific image should be cultivated and maintained (Stoner, 146). To a large extent, pricing, promotions, and distributions will affect the development of an image and will be discussed later.

This section has by no means sought to explore all options available in product strategies. Instead it has stressed the development of a sound product strategy and the complimentary product image. They should be used to utilize advantages that are present. A sound product concept and image is important, but does not always guarantee success.

**PRICING STRATEGIES**

In determining pricing policies for the small business, it should be remembered that the ultimate objective is to maximize profits. Because the price you set determines the revenue that will be brought in, some entrepreneurs consider it the most important part of their marketing program.
Indeed, it is important, not only because it generates the needed margins, but also because it supports the image you try to create. For example, K-Mart will obviously not be able to charge premium prices with their present image. Unfortunately, there is no foolproof method for determining the correct pricing level and this makes it the most complex variable. Whether maximum profits can be achieved through higher or lower prices depends on a wide variety of conditions. Obviously, the main determinant is cost. The small business owner simply cannot sell at prices below cost and be able to survive in the long run. However, more considerations do exist. These are the nature of the product, the competition, marketing strategy, and general business conditions.

The nature of the product has a great deal to do with pricing because some products seem to be little affected by a change in price while other products are affected a great deal. Elasticity of demand refers to this change in dollar value of sales that accompanies price changes. Two alternatives exist for the small firm. If the demand is elastic, the entrepreneur can lower prices and still increase revenue. An example here would be the clothing store that advertises prices discounts on a certain line of apparel. By doing this they hope that the higher number of units sold will offset the lower margin per item that they receive. Another opportunity exists when demand for a product is inelastic, then a price increase will not affect total demand. For example, service industries like the medical profession can normally raise prices without
adversely affecting overall demand. Nature of the product also deals with the classification of goods. Convenience goods, specialty goods, and shopping goods all hold special meaning as to what price can be charged.

A second major consideration to pricing is the competition. In businesses where consumers have a hard time distinguishing a product, this is especially true. A good example is gas stations that are located very near one another. Each owner must keep the price of gas very near the competition or risk losing a large portion of business. However, factors such as quality and customer service will sometimes be enough to differentiate a product and reduce this factor or pricing decision.

A third consideration on pricing is marketing strategy. This involves areas such as short vs. long run profits, high vs. low volume sales, and desired image. Higher prices can be justified to take advantage of short term "fads," to become the price leader, and to help develop a prestigious image. Lower costs have the opposite effect and are used to create a different marketing strategy. In summary, marketing strategy helps the business establish an image (Hodgetts, 284). This image must be accounted for through appropriate price levels.

A fourth consideration to a somewhat lesser degree, is overall business conditions. At the retail level, small firms are less likely to change prices because their margins can usually cover small variations. At the wholesale level however, prices can be changed more quickly to protect narrow margins.
and move the wide assortment of inventory. For this reason, small wholesales need to spend a good deal of time watching prices.

To sum up this discussion on pricing, business owners must know their costs, understand buyer motivation, and evaluate competition (Baumback, 373). Specifically, they should consider the following questions:

- are you running a one price business?
- should you negotiate prices with each customer?
- what would be the effect of odd-ending prices?
- what would be the effect of multiple pricing?
- are sale prices consistent with the desired image?
- could loss-leaders be profitable in the long-run?

As the entrepreneur examines questions like these, he should consider how pricing policies will be integrated into other marketing mix areas. Just like the areas of business, there is a need for adequate planning and study before prices are set or charged. Other areas not discussed, such as mark-ups, should also be clearly understood. Perhaps Victor Lennon said it best when he described the optimal selling price as "...high enough to cover your costs and help you make a profit. It should also be low enough to attract customers and build sales volume" (Seigel, 198).

CHANNELS OF DISTRIBUTION

A marketing channel for products is the path goods take as they proceed from production to points of intermediate and
final use (Cohen, 119). The small business owner is likely to concern himself with his immediate suppliers and customers instead of the entire channel of distribution. These channels can be either direct or indirect. The basic difference lies in whether or not intermediances are used. These intermediances, such as wholesalers and retailers, are customers of the manufacturer.

The type of channel that a small business chooses will depend on what type of business they are in (manufacturing, wholesale, retail, service), what kind of product they are offering (shopping, convenience, luxury), the behavioral aspects of the customer, and the image that is trying to be projected. Since service industries usually deliver direct to the consumer, most of the discussion will focus on those firms offering tangible goods. For example, a small business that manufactures a convenience good will want to practice intensive distribution through grocery stores, drug stores, and discount outlets. This is because the consumers are very willing to purchase a substitute product rather than shopping around. In this case, wholesalers should definitely be used.

At other times, the decision is not as clear cut. Small business owners are often confused over the use of intermediaries. These intermediaries exist to carry out marketing functions that the small business owner cannot feasibly do himself. These functions include breaking bulk, assorting goods, providing information, and shifting some of the risk from the supplier. The small producer can perform
these four functions if the geographic market is very small, if the customers' needs are highly specialized, and if the risk levels are low (Broom, 236). Other considerations in this area include a comparison of costs, the coverage required, and the control that the small firm is willing to forfeit. If the small manufacturer is still unsure about what system will work best, a look at the competition's system can be used as a starting point for channel development.

For the retail firm, their channel system evolves around their suppliers and their selling strategy. This is something that the business can control and should be used to support the desired image. One need only count the number of salespeople on the floor to differentiate between self-service and full service stores. The particular market segment targeted is the main determinate in selling strategy.

Distribution decisions are obviously more complex for the small business manufacturer and wholesaler. The important thing to remember is that the distribution system that is best for you is the one that serves your customers best and supports your desired image.

**ADVERTISING POLICIES**

Promotional advertising can be a source of frustration and uncertainty for small businesses. Inexperience in this area is very common and often causes managers to believe that these activities are too expensive and beyond their abilities (Cohen, 145). Whether managers know it or not, however, the
issue of advertising is nearly impossible to ignore. Indirect advertising like point-of-sale help and word of mouth are forms of advertising in virtually any small business. This use of indirect advertising, although very helpful to the firm, is clearly not enough.

Product differentiation can take two forms, physical and psychological. Physical differentiation is hard to maintain, especially in today's highly technological world. Psychological differentiation on the other hand, has much more long term effects because it is very hard for competitors to copy a firm's psychological differences. Advertising can also increase drawing power, induce brand awareness and loyalty, and build goodwill in the community. Small business should not make the mistake of thinking that advertising is an overnight cureall or a cover for a poor product. Rather, it is a continual process used to increase sales of quality product.

Having established the need and practicality of advertising for small businessmen, the owner should concentrate on developing an advertising appeal. Because people buy value, the advertisements should communicate these. Some values that should be stressed include convenience, security, social status, health, savings, and style. The product or service being offered will usually decide what appeals should be used. A plan for developing an effective advertising campaign would look something like the following:

1) Identify the desired company image and present and future customers.
2) Decide on message content and appeals to be used (revealed through marketing research).

3) Decide on media channels to use.

4) Budget needed funds.

5) Establish a time allotment.

6) Establish personnel involved.

7) Get feedback through measurements of advertising effectiveness.

Small business owners become most hesitant when it comes to the actual writing and creation of the advertisements. The question of whether to get outside help is one without a right answer. Because the cost of outside help can be quite high, many small firms feel that until they can afford to spend a great deal on advertisements, they are better off doing it themselves (Hodgetts, Kuratko, 337).

Another important part of this plan is picking the right media channels. This will largely depend upon the type of business you are in and how many resources you have at your disposal. Newspapers are the favorite medium of the retailer because they reach the greatest number of consumers. Radio and television advertising are also being used at an increasing rate, especially since their costs are being lowered within the budgets of small business. The small manufacturer may wish to rely on trade journals and outdoor advertising. Other options include direct mail, leaflets, transportation advertising, and point-of-purchase displays. Also, the use
of several media channels tends to reinforce the ideas and increase the likelihood of purchase. In summary, the small firm should use an advertising mix that best suits their product, budget, and customers.

Small markets must also understand the significance of audience exposure to a message and its ability to demonstrate recognition or recall of the information (McReady, 106). They must accept the fact that their efforts will fall mainly on deaf ears. Without measuring promotional effectiveness, businesses have no idea of the results of the advertising. There is no direct way to measure this, although sales increases, collection of coupons, and special phrases are all somewhat helpful.

As far as determining the amount of expenditures, small firms can use a percentage of sales, spend what competitors do or simply spend all it takes to do the job. The last method is recommended because it includes a complete analysis of the market and all promotional alternatives. Unfortunately, the most widely used method by small firms is the "what can be spared method." In this instance, an advertising budget is non-existent and money is spent only after all other activities have been completed. This is probably an outgrowth of the confusion small business owners feel toward advertising planning. Understanding can begin "by realizing the simple fact that promotion is largely communication" (Broom, 264). In addition to advertising, the promotional mix also includes personal selling, special promotions, public relations, and
publicity. In the end, however, it is advertising that tends to be most important.

CONCLUDING COMMENTS

This paper has attempted to deal with one area of potential problems facing the practicing entrepreneur. Although poor management is still the number one reason for small business failure, marketing neglect is a major symptom of this managerial problem. Deciding on what business to enter, what target market to attack, and how to entice consumers to buy your product or service are all marketing questions that concern overall business practices. Without a clear understanding of the marketing functions, chances for long-term survival are at best, a long shot. This is not to say that excellent marketing implementation guarantees profits by itself. Problems in finance, production, personnel, and other areas can also spell trouble for the small business.

Nevertheless, it is the conclusion of many in the field that most businesses fail as a result of incorrect marketing (Cohen, 2). When you again consider that marketing involves all activities in the direction of the flow of goods from producer to consumer, it helps to understand the range of marketing blunders that are possible. Unfortunately, many small business owners find it hard to put marketing theories to practical use even though they are aware of what they are. Certain functions cannot be ignored:

1) Development of a mission, business strategy, and objectives.
2) Determine your target markets.

3) Development of an effective marketing mix that can help exploit the advantages that small businesses possess.

4) Conducting research that will identify opportunities, threats, problems, and aid in the strategic planning process.

If the small business owner finds himself short of knowledge in any of these areas, he should definitely seek help. Consultants and researchers are available, at a cost, to aid in the marketing process. Small business owners should not look at this as an avoidable cost but rather as an important investment for long-term profits and survival. The real key for entrepreneurs lies in using this information to take advantage of the strengths they have over big businesses. Filling a special market need, offering more personable customer service, and being more flexible to consumer's needs are all ways that entrepreneurs can set themselves apart from big business.

By no means has this paper covered all aspects of the marketing realm of small business. What has been covered are practical ideas on just what it takes to be an efficient marketer in today's competitive world. In summary, there are two ideas that stand out more than any other. First of all, there must be a need for your product or service. Without this, other marketing functions have little value. Second, small businesses should not attempt to be everything to
everybody, this will only spread their resources too thin. Instead, they should concentrate on a narrow market and use the marketing mix to differentiate themselves not only from big business, but also from other small businesses. By doing this, small business will continue to be an important part of our economy and gives entrepreneurs across the land the potential for profits for years to come.
BIBLIOGRAPHY


