

Taking a Fresh Look at Your Marketing Strategy

Tools to help you think about the marketing mix you have in place — and ideas to help you increase your competitiveness.

Most managers think of specific aspects of their marketing mix at crucial points in time, such as deciding when to roll out a new advertising campaign or when to announce price changes. But when was the last time that you looked at your overall marketing mix?

The 4 P's of the marketing mix have been taught in business schools for a number of years — and they remain a useful way to think about how you are approaching marketing. Each of the P's — product, price, place and promotion — is a variable you have some control over, so you can create a marketing mix to help attract customers to do business with your firm. Here are some suggestions on how to think of each of these 4 P's for your business, and worksheets to help you use these ideas to develop your marketing strategy.

Product
The first P refers to the goods and services you offer to customers. People think of the physical product when they hear "product," but product can also include: quality, features, options, services, brand names and warranties. In the grain and feed business you must consider another element: the transaction you make with your customer in the purchase of his/her grain. This is sort of a "reverse" transaction

because you are buying from rather than selling to your customer. The product is the marketing of the grain, and the return to your business for providing that service is the margin you earn. Often a physical product and service are combined or bundled together for business transactions, and we use the term product to refer to the bundle of goods and services that the customer is ultimately buying. If in your business you have different products, serving very different customer segments, you may want to work through this process of evaluating your marketing mix for each of your products.

A key component of finding the right product is to determine who your customers are, what their needs are, and what brings them value. What features of the product are considered basic? Next, think

about your product and ask yourself how your product satisfies customer needs and brings value to the customers.

Then, think about the product that your competitors are providing. How are your competitors bringing value to the customers? In what areas are you doing a better job than your competitors? In what areas are your competitors doing a better job than you? What aspects of your current product do you want to keep? What aspects of your current product could you adapt to bring greater value to your customers?

Worksheet 1 will allow you to organize your thoughts to answer the questions posed above. Simply reproduce the table on a larger sheet of paper and fill in the characteristics of your product and then your competitors' products.

WORKSHEET 1

| Product | Your Product | Your Competitors' Product | Describe How Your Product Ranks |
|-----------------------|--------------|---------------------------|---------------------------------|
| Product | | | |
| Product Variety | | | |
| Product Appearance | | | |
| Product Quality | | | |
| Product Features | | | |
| Product Functionality | | | |
| Services | | | |
| Brand Name | | | |
| Packaging | | | |
| Warranties | | | |

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| WORKSHEET 2 | |
|---------------------------|---|
| | Advantages/Disadvantages for Your Product |
| Cost-plus Pricing | |
| Value-based Pricing | |
| Competition-based Pricing | |

Complete the table by describing whether your product does a better or worse job of delivering value to your customers than your competitors'. Once you have completed the table you will be able to identify how you can adapt your product so you are more competitive.

Price

Price is the only one of the 4 P's associated with revenue coming into your business. Price seems like a simple concept at first. After all, it is simply the amount you charge for your product. However, price can be a very complicated concept. First of all, it is important for you to think of what pricing strategy you

are following. Next, consider other pricing policies you implement that affect the actual amount of money that you receive. Finally think about your target customers. What are they willing to pay for?

There are three general pricing strategies that you could use: cost-plus pricing, value-based pricing and competition-based pricing. Cost-plus pricing involves adding a standard percentage of profit above the cost of producing the product. This form of pricing is relatively simple to apply and is often con-

sidered a fair method of pricing because the firm establishes a price that allows a normal rate of return, which is quite reasonable.

Value-based pricing involves establishing a price based on the buyer's perception of value, rather than the cost of production. One often thinks of value-based pricing associated with luxury items, but value-based pricing can also be associated with "regular" goods. The key is that the price is determined based on what the consumer is willing to pay, based on the value they receive, not only on the cost of production.

Competition-based pricing, as the name suggests, involves charging a price based on what the competition is charging. You may find yourself engaged in competition-based, or going-rate pricing, when you are in an environment with a homogenous product where firms all charge the same or very similar prices. In this environment, survival dictates that you charge the same price as your competitors. Another form of competition-based pricing occurs in those situations where closed or sealed bids are solicited and the firm bidding the lowest price (or most closely matching the criteria in the solicitation) gets the job.

On Worksheet 2, jot down the advantages and disadvantages of each of the three pricing strategies for your product. If you have more than one product, you may find that for some of your products you must follow competition-based

pricing, while for other products you can follow cost-plus or value-based pricing. Most grain transactions are done in an environment of competition-based pricing. You may have products you are offering as a service to the community and for those products, cost-plus pricing may make the most sense.

Finally, you may decide to use value-based pricing for those products that bring specific value to your customers. Perhaps you offer something not offered by your competitors and are able to price according to the value customers place on your product. Once you have completed the table you will be able to evaluate your current pricing strategy and determine whether you could benefit from a change of strategy.

In addition to your general pricing strategy, you must also decide which pricing policies to utilize. Utilizing a specific pricing policy will influence your customers' ability to purchase product from you and therefore have an impact on your revenue. Examples of pricing policies include: payment period, seasonal allowance, bundling of products/services (grouping certain products together with favorable pricing to encourage purchase), price flexibly for the salesperson, price difference among target customer groups, price differences among geographic areas, volume discounts, cash discounts, and credit terms.

Using Worksheet 3, consider the advantages and disadvantages of the different pricing policies for your product. Then consider to what extent your competitors are using that policy and how it

is working for them. Once you have completed the table you will be able to evaluate your use of the different pricing policies and determine whether you could benefit from a change.

Place

Place involves everything associated with having your product in the right place and at the right time for your customer. Logistics is a core element of place, especially in the feed and grain business. Having

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Younglove was selected to design and construct the new poultry feed mill facility in Maysville, Georgia, in April of 2004. With storage capacities of 14,000 tons of whole grain, 2,400 tons of soy meal, 2,700 tons of other ingredients, and 3,000 tons of finished feed, this facility will produce 130 tons of pelleted feed per hour. Providing engineering, general construction, slipform and tilt-up construction, equipment installation, and site development management, Younglove completed the entire project in 15 months. Another fine example of how Younglove builds relationships—one facility at a time!

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WORKSHEET 3

| Pricing Policy | Advantages/Disadvantages for Your Product | Extent To Which Your Competitors Are Using This Policy |
|---|---|--|
| Payment Period | | |
| Seasonal Allowance | | |
| Bundling | | |
| Price Flexibility For The Salesperson | | |
| Price Difference Among Target Customer Groups | | |
| Price Difference Among Geographic Areas | | |
| Volume Discounts | | |
| Cash Discounts | | |

space to receive grain when producers have the grain to deliver may, at times, be the only factor that determines whether you get the grain or not. Similarly, having staff that can move trucks through the queue in an efficient manner is vital anytime, but especially crucial during harvest time. Other aspects of place include inventory and inventory management. For any retail products you are selling consider how your stock of inventory affects your ability to secure business in that area.

There are also many aspects of the physical location and condition

of your business as well as hours of operation that are a part of place and crucial to your business success. How easy is it for customers to find your business? What kind of parking is available? Do you have signs to make it easy for customers to know where to go and feel comfortable in your business? Has your customer base changed over the past few years and, if so, have you changed aspects of your place to accommodate these new customers? For example, you may now be serving more life-style or hobby farmers who want to purchase their horse feed on the week-

end. If this is an important part of your customer base, you will want to make sure that you have weekend hours. This customer segment may also be more sensitive to a retail environment that is clean and tidy than other market segments you serve, so you may need to "spruce up" your retail area.

In Worksheet 4, first jot down what you are doing with respect to logistics, inventory management, physical location and condition of your business and hours of operation. Then, jot down changes you could make with respect to each of these components of place so as to improve your competitive position.

Promotion

Promotion is how you let people know about your business. To be effective, your promotional efforts should contain a clear message, targeted to a specific audience, reached via an appropriate channel. Promotion involves personal selling, sales promotions, public relations and advertising. Personal selling is a very important component of any firm's promotion strategy since it is the way you have direct interaction with your customers. Salespeople can tailor communication to customers and play a vital role in building relationships between the customers and your business. You may find that you can use sales

WORKSHEET 4

| | What you are currently doing? | Changes to improve competitive position |
|---|-------------------------------|---|
| Logistics (grain or raw material procurement) | | |
| Inventory management | | |
| Physical location and condition | | |
| Hours of operation | | |

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Turn-Head Distributors: Standard 360° rotation or 180° Flat-Back. Spouts 6" to 16" (special to 42") at 45°, 50° or 60°. 3 to 24 outlets. Optional wear liners. Control: electric smart, TE or EP manual with pipe or cable.

Bin Vent return air control system. Driven by turn-head or as independent unit.

High-Flite Round-bottom elevating conveyor in 9", 12", 16" sizes. Move up to 20,000 BPH at 90° incline. Single or double bends discharge to 45°.

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Heavy Flat-Bottom en-masse conveyors, 12" to 60" wide. Move to 60,000 BPH up to 15° incline. **Heavy High-Flite incline conveyors** handle to 40,000 BPH on 45° rise, some materials to 60°.

Flat-Bottom en-masse conveyor, 8"-36" wide move to 32,000 BPH, to 15° incline. High capacity, small cross section. **High-Flite incline conveyors** in same sizes move to 18,500 BPH on 45° incline (60° in some applications).

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WORKSHEET 5

| Promotion strategy | Your product | Your competitors' product |
|--------------------|---------------|---------------------------|
| Personal selling | | |
| Sales promotion | | |
| Public relations | | |
| Advertising | Radio | |
| | Television | |
| | Print | |
| | Electronic | |
| | Word-of-mouth | |

promotions effectively along with personal selling, by offering incentives, loyalty programs or rebates to encourage purchases. Other programs could focus on customer education, such as marketing clubs.

Public relations usually focuses on creating a favorable business image. Important components of a good public relations program include being a good neighbor,

being involved in the community (supporting school booster club or recreational sports teams, etc.) and perhaps holding an open house. News stories, often initiated through press releases, can be good sources of publicity. Advertising is a key form of promotion and can be via radio, television, print, electronic or word-of-mouth.

On Worksheet 5, briefly

describe what your business is doing with each of the components of promotion in the first column, and in the second column describe what your competitor is doing. Once you have completed the table you will be in a position to identify ways you can change your promotion strategy to be more competitive.

Effective marketing involves paying attention to your overall marketing mix. Making a change to one component of the marketing mix will have implications for other components as well. Therefore it is very important to, from time to time, examine all of the 4 P's of your marketing mix and make strategic changes that will allow you to be more competitive in your feed and grain business. ■

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