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SP351-C-A New Look at Marketing

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Resource Development

A New Look at Marketing

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One of the biggest concerns for today's growing legion of entrepreneurs is how to successfully market a product or service to a highly discriminating public. This is especially true if your business is located in a rural setting. Rural business people have long faced marketing problems such as a small local customer base and limited advertising outlets due to their rural location. Furthermore, costs for transportation, power and labor are usually higher in rural areas than in the more urban parts of the country.

In the past, rural entrepreneurs have held a distinct advantage in marketing their goods and services to rural customers. These customers have tended to buy locally due not only to a sense of loyalty to the community's merchants, but also because of substandard transportation and communications systems that held them more or less captive to the community.

Times have changed. Rural transportation and communications systems have improved to the point where they are the envy of many urban communities. Furthermore, with the influx of persons formerly living in urban communities, the sense of loyalty to community merchants has faded. In any case, rural

businesses, especially rural retail businesses, are experiencing many of the same problems that have typically plagued their urban counterparts. To put it another way, the marketplace that rural businesses trade in has changed dramatically over the past decade. Rural customers have the opportunity to purchase the goods and services they want and need from a variety of sources. These customers can now travel to larger towns or cities quite easily, order merchandise from a catalog, or even buy merchandise via television marketing channels.

As the customer's way of purchasing goods and services has changed, the way that rural businesses market their products and services must also change. In the past, marketing educators have taught the "5 Ps of Successful Marketing." These "Ps" were assumed to be essential elements of a successful marketing plan. And they are indeed key ingredients. But there are other factors that are just as vital to an effective marketing strategy. We will not only discuss the old "5 Ps of Successful Marketing," but will also reveal "The New 5 Ps and a Q" that provide a new method of marketing products and services to both urban and rural customers.





The Old Ps

First, you should determine a **product** to be marketed and the customers to whom the product will be marketed. Will your product be marketed to local citizens or to another population such as tourists visiting the community? The type of customer the business has targeted will greatly impact the choice of product or service to be marketed. You should also employ a number of marketing research activities to determine if a market for the product or service does indeed exist with the targeted population. These activities should include, but not be limited to, examination of relevant demographic and economic data of the community, the types of businesses that have succeeded and failed in the community in the past and the activities in which your targeted customers are engaged.

Second, a **price** must be chosen for the product. You must be aware of two conflicting goals toward which the “ideal” or profit maximizing price should strive. First, the price must be set at a level high enough to cover the costs of production including the variable costs of materials and labor, the overhead costs of buildings and machinery and the cost of hiring the managerial and entrepreneurial ability that you, as the small business owner, provide. However, the price must also be low enough to entice potential customers to purchase the product or service.

Third, you must determine the **place** where the good or service is to be marketed. It has been said

many times that the three items most important to the success or failure of a business are “location, location, location.” This is very true. A restaurant depending on walk-by lunch traffic for the majority of its business would probably not be very profitable in a remote location 20 miles outside of town. Likewise, a bed and breakfast establishment advertising a rustic ambiance would not want to establish operations on the town square.

Fourth, you must determine the type of **packaging** to use in distributing the product. In a retail business, packaging **may** be one of the most important components of the marketing scheme. In this situation, the packaging must be designed in such a way as to protect the merchandise and also be pleasing to the customer’s eye. However, this may not be the case in certain types of firms. A feed store, for example, may sack corn into 50-pound bags for customers. In this case, the customer probably does not care what the bag looks like as long as it holds corn. This businessperson may be able to cut costs substantially by using overrun bags that are misprinted instead of bags with the name of the firm imprinted on them. Services can also be packaged to enhance their appeal to the customer. This may be as simple as going the extra step in a bed and breakfast establishment by varying the settings at the dining table. A seamstress might make a point of pressing all altered articles before returning them to the customer.

The fifth and final “Old P” deals with the **promotion** of the product or service. If you cater to the local clientele, it may be advantageous to place advertisements in the local newspaper and/or on the local radio station. Many businesses, especially tourism-oriented businesses, may develop an advertising campaign that focuses on tourism trade publications by such organizations as the American Automobile Association or the American Association of Retired Persons. Other businesses, such as bed and breakfast establishments, may rely on word of mouth referrals to capture new customers.

These “Old Ps” are extremely important in any successful marketing campaign. However, Tom Patty, an advertising executive with Chiatt/Day, Inc., suggests that there are five additional Ps and one Q that must be addressed in any successful marketing venture.¹

The 5 New Ps and a Q

The first new P is **paradox**. It has been said that we leave home to find a place that is different from home, yet we want it to be just like home when we get there. The bed and breakfast establishment that has an

¹Adapted from the keynote address to the 25th Annual Travel and Tourism Research Conference, Bal Harbour, FL. 1994.

elderly farm couple as its guests may experience this. While this couple is probably looking for a new experience in vacationing, they may not be appreciative of a light breakfast consisting solely of strawberries and bran muffins. Even though these folks are looking for something new and exciting, they may have breakfasted on ham, eggs, biscuits and gravy, and fried potatoes for their entire lives. They may not feel they are getting their money's worth if they are served the B&B's standard light fare. Therefore, the B&B owner may have to adjust the menu to please this type of customer.

This can also be true for a rural business. We have spent the past 30 years trying to improve the farmer's image from a straw-chewing hayseed to a businessperson. However, many producers, such as those who sell produce directly to the ultimate consumer, have discovered that to capture an increased share of the market, they must wear bib overalls and straw hats. Many of us do not like to face this fact; however, we have to remember that we should market our product to the customer, not to ourselves.

The second "P" is the concept of **paradigm**. A paradigm is simply the set of rules by which we run our businesses and live our lives. As we have seen, these rules seldom remain constant. Examples of shifting paradigms in history include the automobile replacing the horse and the advent of computers in the business setting. It is imperative that small business owners anticipate these paradigm shifts and position themselves accordingly. Unfortunately, this is not as easy as it sounds. Sources of information that could indicate shifting paradigms in retail or service industries include trade publications, newspapers and popular magazines. These shifts could be as simple as changing the color and style of menus in an eatery, or as complicated and expensive as changing the decor of a lodging establishment.

The third P is closely tied to paradox and paradigm. This involves your **perspective** as a small business owner and marketer. In the past, small business owners, especially those in rural areas, often assumed that if they liked some aspect of the business, such as the type of service or the packaging of the product, their customers would like this aspect also. This assumption is as misleading now as it was then. Small businesses can not afford this type of attitude and succeed to their fullest potential. In today's global marketplace, small businesses must look at themselves through their customers' eyes and determine what the customer appreciates and enjoys.

The last two Ps deal with your ability and attitude as a small business owner or manager. The fourth P

deals with the **persuasion** ability of the business owner. There are three characteristics that you must possess to persuade customers to purchase a product or service. The first is *speaker credibility*. Your audience must perceive that you know what you are talking about. A local person presenting advice on how to succeed in business should be recognized by the audience as understanding the components of a successful business. The second characteristic is that of *speaker likability*. Very few small business owners can be rude to their customers and expect to make a sale. The third characteristic is *message content*. The information you are providing must be relevant to the situation. For example, a restaurateur's presentation to a cabinetry association would probably fall on deaf ears unless the audience knows that the restaurateur is an accomplished woodworker.

The fifth P deals with your attitude as a small business owner and salesperson. To be successful in the global economy that exists in today's rural communities, you must demonstrate the **passion** you feel for your chosen occupation. This does not mean that you should yell and scream and wave your arms like a windmill. But you must have a positive attitude and show that you do enjoy your work. This accomplishes two things. First, it is an attitude that is needed to sell the product or service. Second, it is an attitude that will enable the entrepreneur to make it through difficult times. In the past, marketing educators did not advocate this type of behavior. However, it is has become extremely important, for example, for a seamstress to take pride in skillfully altering articles of clothing and letting customers sense that pride.

The final component inherent in a successful marketing campaign is perhaps the most critical. Small business owners in today's economy must provide a **quality** product or service as never before. Gone are the times when a shoddy product would be accepted by a firm's clientele. With the purchasing options available to today's buying public, any business that does not recognize the fact that its potential customer base wants and deserves high quality purchases is likely doomed to failure.

In short, the "old gray mare" of marketing products and services in a rural small business setting just "ain't what she used to be." Rural small businesses that hope to expand, or even survive, must learn that the old ways of doing business must change. The new Five Ps and a Q of Marketing won't insure the survival or expansion of a small business. However, the adoption of this type of business strategy will help the small business owner compete more effectively in today's more competitive global environment.

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Billy G. Hicks, Dean