

8.4: The Three Threads

Learning Objectives

1. Understand how having a marketing plan contributes to customer value.
2. Understand how having a marketing plan can impact cash flow.
3. Understand how digital technology and the e-environment impact the marketing plan.

Customer Value Implications

Marketing is all about ascertaining and providing customer value, so it should be no surprise that there needs to be a strong linkage between a small business marketing plan and customer value. **Customer value** is the amount of benefits that a customer realizes from a product or a service as compared to the costs associated with acquiring those benefits. Because a marketing plan provides a specific marketing direction for a small business, the plan necessarily captures how it plans to deliver value to customers. The specific consideration of product, price, place, and promotion should all be geared to appealing to the target market or markets. This “appeal” must be based on understanding the value that customers are seeking—as the business understands it. The product should also be positioned in a way that reflects value by setting it apart from the competition for easy recognition and comparison. In short, the marketing plan should be the embodiment of a business’s **customer value proposition**—that is, the whole cluster of benefits a business is promising to deliver to a customer. Philip Kotler and Kevin Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 123.

Cash-Flow Implications

It is not uncommon for a business to spend three times as much as expected and make three times less than expected. “Expense and Sales Forecasting,” *Chic-CEO.com*, accessed December 2, 2011, www.chic-ceo.com/expense-and-sales-forecasting. This combination is not good for any company’s cash flow. It is, therefore, critical that marketing plan expenses be as tight as possible without sacrificing quality (as defined by the business), with every effort being made to keep costs low. This implies the efficient use of employee time on marketing activities, competitive bidding for outside vendors, very careful attention paid to the costs of media and their effectiveness so that promotional campaigns that are not working are replaced with campaigns that look more promising and more cost-effective, and web presence measurement and evaluation to ascertain what efforts are not working so that the costs of those efforts can be replaced with something more cost-effective.

Digital Technology and E-Environment Implications

Digital technology and the e-environment are becoming more important to the small business every day. With specific respect to the marketing plan, **technology** can enter the process at multiple points. The following are a few examples:

- Digital technology makes it easy to develop a plan that is responsive to the needs of any size small business. [Sales and Marketing Pro](#) from Palo Alto Software is specifically geared to the needs of small business. The templates can be edited to fit the needs of the business, and both companies provide excellent customer support.
- When implementing the plan, digital technology makes it possible for salespeople to have quick access to the right information about inventory and pricing through a company’s website, smartphones, and iPads. Adapted from “Use of Technology in Marketing,” *Microsoft Business*, accessed December 2, 2011, www.microsoft.com/business/en-us/resources/ArticleReader/website/default.aspx?Print=1&ArticleId=techstrategiestopoweryourmarketingmuscleanddollars&fbid=knBWf5av0wR.
- Technology can help a company quickly customize offers for top-tier customers or personalize discounts for those who buy a specific product. Adapted from “Use of Technology in Marketing,” *Microsoft Business*, accessed December 2, 2011, www.microsoft.com/business/en-us/resources/ArticleReader/website/default.aspx?Print=1&ArticleId=techstrategiestopoweryourmarketingmuscleanddollars&fbid=knBWf5av0wR.
- New technology tools and document management services can now analyze customer preferences, niche markets, regional buying habits, and more to help small businesses focus efforts and resources. The possible result is a more focused marketing plan. Adapted from “Use of Technology in Marketing,” *Microsoft Business*, accessed December 2, 2011, www.microsoft.com/business/en-us/resources/ArticleReader/website/default.aspx?Print=1&ArticleId=techstrategiestopoweryourmarketingmuscleanddollars&fbid=knBWf5av0wR.
- Software solutions are also available for managing sales (e.g., Salesforce). These solutions are typically very inexpensive.

The **e-environment** has also had an impact on developing the marketing plan. The following are some examples:

- Online options provide new channels for small businesses to communicate and market their products and services and also offer the capability to deliver customized, one-to-one messages. “How Has Online Technology Changed Small Business Marketing and Advertising?,” *Torian Group.com*, accessed December 1, 2011, www.toriantgroup.com/Portals/0/Documents/How%20Has%20Online%20Technology%20Changed%20Small%20Business%20Marketing%20and%20Advertising.pdf.
- Small businesses can now plan to reach out to their target markets for little to no cost due to several new options for promotion that previously did not exist (e.g., e-mail, blog postings, podcasting, and online community forums). “How Has Online Technology Changed Small Business Marketing and Advertising?,” *Torian Group.com*, accessed December 1, 2011, www.toriantgroup.com/Portals/0/Documents/How%20Has%20Online%20Technology%20Changed%20Small%20Business%20Marketing%20and%20Advertising.pdf.
- [SurveyMonkey](#), a do-it-yourself survey program, can be used to find out customer likes, dislikes, and demographic profiles. “How Has Online Technology Changed Small Business Marketing and Advertising?,” *Torian Group.com*, accessed December 1, 2011, www.toriantgroup.com/Portals/0/Documents/How%20Has%20Online%20Technology%20Changed%20Small%20Business%20Marketing%20and%20Advertising.pdf.
- A multitude of online tools are available to measure online and onground marketing activities. This includes the all-important measurement of website activity. Examples include free web analytics tools, such as [Google Analytics](#) and [HubSpot](#), and free marketing calculators.

KEY TAKEAWAYS

- The marketing plan should be an embodiment of the customer value proposition of a business.
- The marketing plan should represent a commitment to keeping costs as low as possible without sacrificing quality. This will help the company’s cash flow.
- Both digital technology and the e-environment can make important contributions to the development, implementation, evaluation, and control of the marketing plan.

EXERCISE

1. Your boss is struggling with the company’s marketing plan. He knows that a plan is needed, but he is really crunched for time—as usual. You have suggested to him that there is a much easier and cost-effective way to develop the plan by using digital technology and the Internet. He agrees but does not have the time to check into the options. He has asked you to do it for him. Prepare a list of options that includes an explanation of each option and a discussion of how each option will contribute to customer value and keep costs down. Be as specific as possible but do not overwhelm him with paper. He will not have the time to read it.

Disaster Watch

What Now?

MaryAnn has always wanted her own real estate office. She earned her real estate license as soon as she was eligible and was able to land a position with the top realtor in the area. As she gained sales experience, she studied for her broker’s license and obtained it on the “fast track.” Her plan was to open her own office as soon as she felt confident that she had enough experience under her belt.

Her office, Power Real Estate, is now open, and MaryAnn has done well in building a business and establishing a good reputation for results. One of the things she noticed in her years of real estate experience was that many people were wary of letting real estate agents sell their homes because they did not believe the agents would aggressively try to sell them fast enough. David Frey, “6 Deadly Small Business Marketing Mistakes,” accessed June 21, 2012, www.onyxwebsolutions.com.au/r...g_Mistakes.pdf. In response to this reluctance, MaryAnn developed and aggressively marketed a “Twenty-Point Power Marketing Plan” that would result in a client’s house being sold in thirty days or less. David Frey, “6 Deadly Small Business Marketing Mistakes,” accessed June 21, 2012, www.onyxwebsolutions.com.au/r...g_Mistakes.pdf. She knew it was risky, but so far things have worked out well.

Then the housing collapse occurred. MaryAnn found herself swamped with homeowners anxious to sell before being hit with foreclosure. She quickly found out that she could no longer sell homes in thirty days or less because there was a housing glut. She

now sees her reputation at risk because of the housing glut. Her marketing plan is down the drain. What should she do? She does not see closing her office as an option she wants to consider.

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