

## 7.2: The Importance of a Marketing Strategy

### Learning Objectives

1. Understand how marketing for small businesses differs from marketing for big businesses.
2. Understand the most significant risk factor facing small businesses.
3. Explain marketing strategy and why it is so important for small businesses.

Small-business marketing and big business marketing are not the same. The basic marketing principles that guide both are the same, but there are important differences with respect to scope, budget, risk factors, and areas of opportunity. Lynne Saarte, “Small Business Marketing Is Different from Big Business Marketing,” *Articlecity*, accessed December 1, 2011, [www.articlecity.com/articles/marketing/article\\_4959.shtml](http://www.articlecity.com/articles/marketing/article_4959.shtml); Lyndon David, “Small Business Marketing Strategy: How Different Is It from Larger Businesses?,” *Slideshare*, accessed December 1, 2011, [www.slideshare.net/lyndonadavid/small-business-marketing-strategy-how-different-is-it-from-larger-businesses](http://www.slideshare.net/lyndonadavid/small-business-marketing-strategy-how-different-is-it-from-larger-businesses). (See Chapter 6 for a discussion of marketing principles.) Small businesses cannot compete with the marketing budgets of big companies. As a result, small businesses do not have the luxury of large staffs and the staying power that comes with high profits. There is little room for error. Failed strategies can lead to ruin.

The scope of small business marketing does not extend across the same level of multiple products and services that characterize most big businesses. Combined with having few if any products in the pipeline, this significantly reduces the insulation that small businesses have against ups and downs in the marketplace or strategic failures. “Small business marketing strategies have to be more targeted, cost-effective and more elaborately planned [s]o as to minimize the losses in case the strategy fails.” Lyndon David, “Small Business Marketing Strategy: How Different Is It from Larger Businesses?,” *Slideshare*, accessed December 1, 2011, [www.slideshare.net/lyndonadavid/small-business-marketing-strategy-how-different-is-it-from-larger-businesses](http://www.slideshare.net/lyndonadavid/small-business-marketing-strategy-how-different-is-it-from-larger-businesses).

Competition is the most significant risk factor facing small businesses. Trying to eliminate an established brand takes a lot of work, but it is an overnight job to wipe out a small business. Competition is a huge threat for small businesses. Lyndon David, “Small Business Marketing Strategy: How Different Is It from Larger Businesses?,” *Slideshare*, accessed December 1, 2011, [www.slideshare.net/lyndonadavid/small-business-marketing-strategy-how-different-is-it-from-larger-businesses](http://www.slideshare.net/lyndonadavid/small-business-marketing-strategy-how-different-is-it-from-larger-businesses). This means that small businesses should be very knowledgeable about their competition to deal effectively with them.

Opportunity areas for small businesses are also very different from those of big businesses. The small business can take advantage of niche markets and local needs and wants. They are much better able to emphasize personal, one-to-one interactions and can market real time in ways that cannot be matched by big businesses. Smaller can actually end up being more powerful. Ann Handley, “Act Your Shoe Size, Not Your Age: 3 Ways to Market Smaller in 2011,” *MarketingProfs*, January 3, 2011, accessed December 1, 2011, [www.mpdailyfix.com/3-ways-to-market-smaller-in-2011](http://www.mpdailyfix.com/3-ways-to-market-smaller-in-2011).

Given the special marketing vulnerabilities of small businesses, the importance of understanding the components of a **marketing strategy** should be clear. A marketing strategy involves selecting one or more target markets, deciding how to differentiate and position the product or the service, and creating and maintaining a marketing mix that will hopefully prove successful with the selected target market(s)—all within the context of **marketing objectives**. Marketing objectives are what a company wants to accomplish with its marketing strategy: “Strategy is not a wish list, set of goals, mission statement, or litany of objectives...A marketing strategy is a clear explanation of how you’re going to get there, not where or what there is. An effective marketing strategy is a concise explanation of your stated plan of execution to reach your objectives...Marketing without strategy is the noise before failure.” John Jantsch, “Marketing without Strategy Is the Noise before Failure,” *Duct Tape Marketing*, November 29, 2010, accessed December 1, 2011, [www.ducttapemarketing.com/blog/2010/11/29/marketing-without-strategy-is-the-noise-before-failure](http://www.ducttapemarketing.com/blog/2010/11/29/marketing-without-strategy-is-the-noise-before-failure).

### Key Takeaways

- Small-business marketing and big business marketing are not the same.
- The most significant risk factor facing small businesses is competition.
- It is important for a small business to have a marketing strategy so that it is better positioned to choose among options.
- An effective marketing strategy is a concise explanation of a business’s stated plan of execution to reach its objectives.
- Marketing without strategy is the noise before the failure.

## EXERCISE

1. You just started a new job with a twenty-five-employee small business. By accident, you found out that the company does not have a clear marketing strategy. So far, the company has been lucky with its product sales, but you have a feeling that things will not continue at the same pace for much longer because a competitor has entered the marketplace. Assuming that you had the opportunity, how would you go about convincing the owner that the smart thing to do right now is to create a marketing strategy? Make the case to the owner.

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