

9 Crippling Marketing Mistakes that Entrepreneurs make
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Contributed By

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Entrepreneurs grow in the early stages simply because they stumbled upon a good product idea or hit upon a competitor's weakness or had very little competition to contend with. As the business grows, time has moved on-competition has increased & become smarter, customers have become choosier and margins are under pressure. This is when strategic marketing becomes an imperative. But many successful entrepreneurs do not embrace it at the appropriate time to their own peril. My experience with Small and Medium Businesses (SMBs: turnover Rs 5 crores to 200 crores) is that they commit some of the cardinal sins of marketing and pay the price. In my view, following are top 10 crippling mistakes that SMBs make

1. **“Marketing Planning? That’s for the big guys –not for me.”**

From inception, entrepreneurs have been only running – first running to make hay as business grows, then running to reduce price or increase trade margins when competition increases. Never do they pause to think what is happening in the competitive world outside .No time to regroup and rejuvenate their efforts. Suddenly, all hell breaks loose. They find themselves in the familiar trap that so many entrepreneurs find themselves in –no growth, declining margins, demotivated workforce, and disenchanted trade. The list goes on.

Planning is as much an investment in your business as your money is. For many entrepreneurs, sitting and thinking is a big waste of time.” Every moment you sit, you are losing business,” they say. I had quite a tough time trying to convince a Heavy Equipment client to pause and think before running again. After much debate followed by action and success, they have this to say,”Now, we spend at least 8-10 hours every week on planning a sale, qualifying a prospect and developing strategies. This is unlike a year back when we were running all the time in the fear that we’ll lose business if we sit. Planning has helped us avoid costly lapses, helped us to save time by not wasting energy and effort on non-prospective customers and planning how we can position ourselves against another competitive brands. In the past year, we have spent 10% less time in the market but we have had more than 30% growth

against a flat sales curve earlier.

2. **“Don’t be silly...Everyone is my customer”**

Saying that “Everyone is my customer” is as ridiculous as a Headmaster of a school saying that all students are students and we’ll put all of them- LKG to Std 12 - together and have the same lessons taught to them. Just as much as a school segregates students by learning ability and age, an entrepreneur needs to segment his customer by various parameters like demographics, geographics, and psychographics. These factors whether there is a potential need as well as an ability to buy. These will also determine brand preferences.

Why do SMBs make this mistake? Simple. The entrepreneur and his team don’t have a clue. No clue as to why the customers really bought their product. No clear idea as to who really bought and whom they lost to competition. Also, they don’t create a mental model of who could buy their product.

So what do you lose if you target all customers? Just do a quick back- of-the-envelope calculation of your sales expenditure. Divide this by the total customers you have. There you are- the cost of sales per customer. We did a quick a quick calculation with my client and realized that cost of making 1 sale in his business was, hold your breath- Rs 28000/-. Now imagine, this money chasing after the wrong customers who either don’t have money to buy or don’t have the need or simply prefer a competitor product. Rupees 28000/- down the drain! All businesses will not have the same cost of sale, however. Whatever that figures might be, just make sure you are spending that on a nice juicy customer.

3. **“Competition strategy -why should I know his strategy?”**

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“What are the options available?” is what crosses a customer’s mind when he thinks of something he wants to buy. Every buying decision is choice from a set of alternatives – Mercedes Benz Vs BMW Vs Audi, Louis Philippe Vs Arrow, Samsung Vs LG Refrigerator, Pizza Hut Vs McDonalds, Lux Vs CHIK shampoo. Eventually, he chooses the brand that suits his motivation, wallet and urgency best. A brand that frequently loses in this evaluation across brands has a lot to think about. Why is customer rejecting my brand and preferring another? This simple exercise can help you figure out what you need to do to your product or pricing or communication to get an edge over competition. Competition can take all forms and hues. Think -what are the other competitive brand offerings that your customer could be seriously considering before making a purchase decision? For a retail outlet, it can be another outlet down the road. For a 100 cc bike, it is another 100cc bike. How would you like your bike to be seen compared to your competition-more powerful, higher speed, better braking, safer? Which of these will make the customer prefer my brand? Soon you are hitting upon your selling story.

Without knowledge of competition you would be talking all about your product without focus on your superiority or difference. Without knowledge of competition, you will be like a driver driving blindfolded. Visualize the catastrophe that will most likely follow.

4. **“No growth? Just add products”**

Have you ever reduced the number of products in your portfolio and seen business increase? Strange as it may sound, focus is one of the important principles of Marketing. One of my clients has had that experience.

The company was going through rather trying times with a continuous downward trend in sales turnover and was completely lost on what to do next. 30 years of combined experience and the wisdom of 2 MBA Promoter managers,

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notwithstanding, the company was clueless. When I was called upon to offer a solution, I realized that the company's attention was split across too many products. Each of these products required intense activities including training, development of a specialized selling approach, well-designed marketing activities and a deep knowledge of customer and his working approach. With too many products, it was virtually impossible for the company to build competence, knowledge and threshold marketing support on any of the products. This resulted in none of the products receiving the attention it deserved. Small wonder then that, all products were in doldrums. With a refocused working approach, the client started spending attention only on 5 products chosen after much deliberation and put effort behind that. That paid off. Business soon hit growth –significant growth.

5. **“Brand differentiator? -Better quality, of course!”**

In a cluttered marketplace with 100s of brands competing for attention, the biggest marketing challenge is capturing the attention of your prospective customer. And, in the same moment giving her /him some reason to remember you by. Your brand is competing for mind space among at least 10 others crying out to the same customer. In this context there is a compelling need for a brand to creatively break the clutter. And also offer a differentiated offering which is meaningful to the customer. If your brand has not differentiated itself, it is as good as dead.

Recently, I sat across the table along with a client for a presentation on an advertising campaign for Modular Kitchens by the agency. With flourish and flamboyance characteristic of most advertising agencies, the agency team tried to convince us that this campaign is the best thing that could happen to the brand. I requested for all competitive advertising campaigns to take a casual “customer-view” of various competitive brands. There was very little meaningful difference between our brand and competitive brand offerings in the ads for the customer to choose our brand over the others. Obviously the Ad agency would not go down without a fight. So, it was only after much debate, the client and agency agreed that the brand would need to

differentiate meaningfully. They admitted that only then could the brand stand out in the clutter and get into the shortlist of the customer in the first place.

6. Good-looking Advertising: Poor Sales results

Crores of Advertising money is going down the drain or into the collective pockets of advertising and media agencies everyday. Ineffective and inefficient advertising and media strategies born out of improper consumer insight is the reason. Advertising should play different roles for different organizations at different level of financial ability and maturity. It can play the role of “Brand Image Builder” or an “Aggressive Salesman”. When it plays the role of Brand Image builder, its objectives are to build trust, reputation, salience and all other soft virtues that take a long time to build and are worthy objectives for large corporations. However, for budget strapped advertisers, I would recommend that advertising should play the role of an aggressive salesman. Work on your advertising much the same way you would work on your sales pitch. Lead with your positioning statement to draw attention to your brand. Employ visuals that grab attention and say the message quickly. Once you have drawn your prospect in, employ all your selling points in the sub-heads and message that the customer prospect might be looking for to grant you his favour. If there are strong objections that can arise on some counts, counter those elegantly with a strong offensive. This way, you can make sure that every buck that you put into advertising counts.

Recently, a new client of mine who had put in around Rs 2 crores in advertising said that the past advertising had had very little impact on his sales, which is what eventually your advertising has to translate into sooner or later. On close study, I realized why. The previous year’s advertising had all the ingredients of a well crafted advertising campaign that created the “good feeling “about the brand but wasn’t much help in influencing an unmoved customer to make the purchase decision.

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Whatever your advertising goals, there are 4 keys to effective advertising

- i. Capture attention: Stand tall among all other ads. Stop the customer and make her look at the ad
- ii. Communicate the Value Proposition: Magnify the brands differentiation, the benefits it offers -the selling point
- iii. Captivate the mind: Make your ad and the brand differentiator memorable enough for the customer to remember your brand buy it when he next considers making the purchase.
- iv. Convince for action: Include action statements and motivations that propel a customer to your brand.

7. **“My quality will sell; I don’t need marketing”**

Haven’t you heard many entrepreneurs say this? Most of them, especially those who have a strong technical inclination, scoff at marketing as being “gimmicky”. ‘Quality’ that you, as a manufacturer, see is not what the customer sees. You see ‘technical quality’. The customer on the other side views the brand through his lens and what he sees is “perceptual quality”. He compares this with another brand and soon he is on the way to making a choice. Manufacturers see quality standards adherence, features and manufacturing practices as “Quality” where the customer sees benefits he gets, the design, and the ease of use –all of them with his own evaluation parameters as quality. This gap is one big reason why great quality manufacturers who dismiss marketing fail in their endeavors to woo sufficient customers.

View your brand as the customer does. Evaluate your brand against competition as the customer would do and then you will have the answers.

I was associated with a company that manufactured automotive timing belts. Commitment to quality in manufacturing was in their blood. The Company had all International quality certifications to delight the die-hard Quality practitioner. But they were puzzled when customers preferred another brand of belts that they knew for certain did not live up to the quality that their brand did. The competitive brand had

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assiduously built a strong brand reputation over time, all the while advertising its brand and provides a quiet assurance of safety to all its customers. Whereas, the brand I was involved with hardly had any consumer recognition beyond the 4 walls of their manufacturing unit. "Our quality will speak for itself," they said. In the final analysis, they were quite dumbfounded at the turn of events what with customers casting their vote in favour of a well-reputed brand than one that they did not know much about.

8. **Focus on inside; not on outside**

Too many organizations focus all their attention on internal systems and processes and spend time, effort and money on continuous improvements on areas like Production, Design & development, Quality, Sourcing and miss out on possibly the most important business driver of them all-Sales and Marketing

Inadequate marketing spending, unimpressive marketing communication material, untrained manpower, poor quality salesmen highlights the negligence that marketing suffers at the hand of many SME businessmen.

The management of a garment-manufacturing unit was so caught up in the technical aspects of sourcing and addicted to design .So much so that they spent more than a fair share of the time on those activities and very little on marketing and sales. Result: The Company was churning great products only to stock up as inventory. It needed an outside consultant like me to tell them, that they needed to view their business less on the inside and more on the outside.

9. **Postmen as salesmen**

In organizing your sales team, this is possibly the worst sin you can commit. Most sales people suffer from one or more of these deficiencies

- i. Woefully unqualified by way of ability
- ii. No knowledge of customer types and their needs
- iii. Poorly trained on product
- iv. Insufficiently motivated
- v. Inadequate training on selling and presentation skills

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vi. No knowledge of competition

All this adds up to only thing. You have a set of delivery boys who are moving around the market. They will be successful either when the price is lowest in the market or they have a wonder -product that the customer has been dying for; in either case you don't need sales people anyway.

Your salesperson needs to be able to present your product's superiority the product while constantly being aware of the customer type and his needs .If not, you will only have bunch of postmen who will always come back and say that there is no market for your product.

A Medical equipment company wanted me to find out why sales was not happening as expected and recommend changes in the same. Detailed study found out that the salespeople were woefully inadequate in dealing with high profile doctors. While selling an Rs 2 Lakh product, one can definitely expect the customer to do extensive study before making a buying decision. The salesperson needed to be able to get into a "consultative selling mode" and be seen as an authority on the product for the customer to have sufficient confidence to buy his product. But the salesman was not cut out for that. Overawed by the doctor's stature, he would mumble something and bury himself into the quagmire of his own making. I recommended changes. Changes were made in people profile and new recruits were brought in. Intensive product training was done with a look at the product and category from customer's viewpoint. A new breed of salespeople who were confident –thanks to a well rounded training programmed – were now carpet-bombing the market. Soon business was on the rise.

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Introspect! Find out which of these mistakes you are committing. Seek external expert help to provide the “third umpire” view. Find out which mistakes are having the highest impact on your business. Work on them first.

Watch your business grow.

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