



Developing an effective marketing strategy



What is a marketing strategy and why is it important?

Marketing is key to the success of today's social enterprises. Think about all of the successful organisations that you know and admire, and how you remember them. All of them are likely to be excellent at marketing themselves (Cafedirect, Divine Chocolate and Innocent smoothies are just some examples).

Marketing is often misunderstood because it means a variety of things to different people, from advertising to branding, sales, outreach, and public relations. Marketing is about all of this and much more. Put simply, marketing is everything that your enterprise does to get potential customers and/or beneficiaries interested in buying your products or services, or engaging in your activities.

Social entrepreneurs sometimes believe that marketing is something less important, or something that you do later (i.e. when you have developed your product, when it is ready to sell, when you get the financial resources or the time, etc). This is a very risky approach. The passion that you have for your social enterprise idea, no matter how great, innovating or impactful it is, is not enough to sell products and services. Your customers won't just 'get it' - they have to 'buy it' and you have to 'sell it' to them. That is what a marketing strategy is for.

What is crucial to remember is that any social enterprise that wants to survive in the longer term needs to get a few simple but essential things right. It does not need to be costly. Developing an effective marketing strategy is the best way to ensure that this happens. An effective marketing strategy will help you understand and clarify where you are, where you want to be and how you can get there.

How to develop your marketing strategy

A successful marketing strategy is one that concentrates on your customers and their needs and that is based around your overall business strategy. Here are some essential elements of a marketing strategy:

1) A definition of your enterprise and your products and services: do you know what you offer?

This includes what you do and what you offer, including a product and service definition and an understanding of the key messages you want to communicate. For social enterprises, this also means thinking about all of the audiences involved in selling your products and services. These include your customers, your beneficiaries, key influencers and other stakeholders.

2) A profile of your target market(s): do you know who your customers are?

This is about defining who your customers and beneficiaries are (if applicable), what their specific needs are and how you are meeting those needs. This will require that you carry out market research or use the information that you have already collected. The objective of this exercise is for you to have a thorough understanding of who your customers and beneficiaries are so that you can better tailor your marketing strategy to reach them.

Your customers and beneficiaries are likely to fall into particular groups or 'segments' characterised by their needs. Addressing those needs and doing so better than your competitors should be the focus of your strategy. Alternatively, your product or service may focus on a niche in the market, i.e. a small but very specific customer group with a particular need or problem which you are the best at solving.

3) Your position in the market: who else is out there?

This involves developing an understanding of where your enterprise is positioned in the market with regards to your competitors or to enterprises delivering similar products or services (you can use the SWOT and PEST tools to complement your market research).

This also involves thinking about your products and services in terms of value for money (quality versus cost) and defining what your competitive advantage is. A competitive advantage is what allows you to create superior value for your customers and will help you to be financially sustainable in the long-term. It could be that you are able to deliver the same benefits as other enterprises but at a lower cost. Or it could be that you are able to offer superior benefits over and above other enterprises.

Depending on the market you are competing in and the type of customers you have, the fact that you are a social enterprise in itself may contribute to your competitive advantage (e.g. because you create higher social or environmental value), or it may make you less competitive (e.g. because your costs are higher than commercial businesses for the same quality).

Understanding your position in the market will also help you to develop a pricing strategy (see our guide on costing and pricing your services) for your products and services. For example, some social enterprises charge a small premium because they use organic, fair-trade products. Other social enterprises are able to sell their products and services at a more affordable price because they get financial support from grant-making trusts or practical support from donations (e.g. free space, equipment, etc).

4) A summary of your benefits: what's in it for the customer?

This involves identifying, defining and communicating the benefits that your products or services provide to your customers and/or beneficiaries. Benefits are not the same as the features that your products and services may have (such as colour, price or quality): they are about how you solve your customers' problems or meet their needs. Many social enterprises are familiar with the concept of benefit because they are used to defining the social and environmental benefits that they create. However, remember that in this case it is about the direct benefits to the customers, rather than society or the environment.

For example, if you are manufacturing a beauty product, the features could be that your product is organic, smells of lavender and contains a high sun protection factor (SPF). Benefits could be that your product will make people's skin smoother, will give them a sense of wellbeing and relaxation and will protect their skin from sun damage.

5) Your differentiator or unique selling proposition (USP): how do you stand out?

This will require you to think about all of the things discussed above. To find out what your differentiator or USP is, try to answer the following questions:

- What is the best of all of your benefits?
- What is the most convincing reason you could give a potential customer for buying from you or commissioning your services?
- What do people find most attractive and interesting about your social enterprise?

More often than not, your differentiator will be one of your benefits. It can also be the source of your competitive advantage.

6) Your routes to market: how and where you sell

This is about finding out the best way to get your products or services to be purchased by your customers. This may include different distribution channels and will depend on the nature of your business, your business strategy and the rest of your marketing strategy.

If your enterprise makes goods or products, you can sell them through wholesalers, retailers, your own shop(s), online, etc. However, what you must keep in mind is that people will associate where they see your product with your enterprise – so make sure that your choice of routes to market is aligned with your brand and what you want people to think about you. For example, if you sell premium organic skin care products, it is very unlikely that you will sell them through discount stores. You may opt for a more appropriate route to market such as websites that specialise in ethical products, or retailers such as John Lewis or Selfridges.

If you provide services, you can sell directly to your customers, or through an intermediary that brokers similar services and matches what you have to offer with the right customers. Service providers,

especially those that provide health and social care, education or training services, often get customers through a commissioning and tendering process.

Another route to market is by working in collaborations and partnerships with other organisations.

Implementing your marketing strategy

Once you have defined and understood each element of your marketing strategy, you can set marketing objectives that are aligned with and contribute to your overall business strategy. These will outline where you want your enterprise to be and what should take place to make this happen within a specific timeframe (e.g. volume of sales, position in the market).

You will also need to measure how well you are doing in meeting these objectives and review the way you are implementing your marketing strategy regularly over time.

Organisations use what is called a marketing and communications plan to set out the actions that need to be achieved in order to meet the objectives of your marketing strategy. This involves allocating time and resources in the best possible way to communicate and promote your chosen messages to your chosen audiences (see guide on communicating key messages through a marketing and communications plan for further information).

Your marketing strategy is likely to remain the same or very similar along the years. Your marketing and communications plan is what is going to change and adapt to changes in the market and customer trends, etc.

Things to look out for when developing a marketing strategy

When identifying benefits and key messages

Remember that customers don't care about what you are selling as much as what's in it for them. What are the ultimate benefits of buying from you from the customer's point of view (not yours!)? Don't let them have to figure it out - you should be able to answer that question for them. Listening to other stakeholders' perspectives and feeding this back into your marketing strategy is also crucial for ensuring that you are communicating the right benefits and key messages to your audience.

Equally important is the need to ensure that these benefits are real and delivered every time a customer buys your product or service. Over-promising and under-delivering is the quickest way to damage your reputation.

About being a social enterprise...

More often than not, being a social enterprise is an advantage to your business and may be part of the reason why customers choose to buy from you or use your services. However, relying on the fact that you are a social enterprise alone is not a good marketing strategy. In fact, it may even have negative effects on your ability to sell your products and services.

Social entrepreneurs are passionate about what they do and the social or environmental impact that they create. It is the hard truth but not everybody may care as much as you do. Sometimes it is not central to the benefits that some of your customers or beneficiaries are getting from you. In such cases it is worth thinking carefully about what key messages you are communicating to which customer groups and why.

Take the example of a social firm, which is a type of social enterprise that employs a percentage of people who are severely disadvantaged in the job market. Assume that the business of this social firm is to recycle IT equipment for large commercial organisations, which is delivered through employing a number of ex-offenders and people who have experienced homelessness. The people that this social firm employs are central to its social impact and to why the company exists in the first place. However, it is likely that customers will care mostly about whether the service will be delivered on time and on budget - not how this will be done.

Therefore, communicating that you are a social enterprise or social firm does not always have to be part of the way you market yourself to your customers.

Further information

Read our guide to Identifying your stakeholders:

www.blondon.com/SocialEnterprise/SettingUp/Firststeps/Identifyingyourstakeholders.aspx

Read our guide on Delivering your product or service on time and on budget:

www.blondon.com/SocialEnterprise/Operations/Planning/Deliveringontimeandonbudget.aspx

Read our guide on Commissioning and the tendering processes:

www.blondon.com/SocialEnterprise/Fundingandfinance/Sourcingfinance/Commissioningandthetenderingprocess.aspx

Read our guide on Collaborations and partnerships:

www.blondon.com/SocialEnterprise/Operations/Planning/Collaborationsandpartnerships.aspx

Read our guides on SWOT and PEST strategic tools

www.businesslink.gov.uk/london/socialenterprise/SWOT-and-PEST.html