

MARKETING FOR ENTREPRENEURS: CHALLENGES AND OPPORTUNITIES

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The Importance of Marketing to Entrepreneurs

Marketing is a critical component of any business, especially for small organizations. While most business professionals will argue for the necessity of their particular functional area of expertise, marketing personnel play a vital role in the life of an organization by connecting the customer to the company. Scarborough and Cornwall (2015) define marketing in a textbook sense as “the process of creating and delivering desired goods and services to customers and it involves all of the activities associated with winning and retaining loyal customers.” The website Investopedia (2018) provides a more market-based view with this definition of marketing “Marketing refers to the activities of a company associated with buying and selling a product or service. It includes advertising, selling and delivering products to people. People who work in companies' marketing departments try to get the attention of target audiences using slogans, packaging design, celebrity [endorsements](#) and general media exposure.” Marketing is a very broad field, as it covers the creative and artistic processes of developing an image and reputation for the company in the consumer’s mind. However, it also covers the data analysis processes which are vital to ensure that marketing funds are spent appropriately. It includes the distribution decisions about which communication channels are best to deliver the marketing messages to the consumers. It requires companies to target specific messages to specific target markets in order to convince them to buy the product or service being offered. Thus, marketing encompasses many facets of business acumen which require companies to manage simultaneously in order to effectively market their offerings to potential and existing customers.

These issues become critical for entrepreneurs to utilize in order to sustain their businesses. Marketing spending is key to business success. Global figures support this premise. The data services company Statista (2017) notes that global marketing spending was \$375 billion in 2012, and is projected to total \$458 billion in 2018, which is a 22% increase. North America accounts for 35% of this spending, thus making marketing messages more critical in U.S. markets due to the crowding effect. Additionally, Statista reports that direct marketing accounts for about 66% of this budget, and the remaining one third is used for data investment management, public relations and sponsorships.

For entrepreneurs, it is critical to spend marketing funds wisely since the failure rate of new businesses is high in the United States. According to Small Business Administration data, about 50% of all new businesses started in the U.S. fail within 5 years, and 33% survive to reach 10 years (www.sba.gov/data). Therefore, the marketing function becomes critical in the early years to communicate with potential customers to get them to choose the business for their purchases. A common rule of thumb is to spend 10% of profits on marketing efforts in order to be successful. But for small businesses, the question becomes: Where should the company spend those funds? What if the business can only afford to spend 5% of profits? Or in the early years before the break-even point is reached, marketing funds may be very small. So the use of those monies becomes critical.

Study Details and Sample

This paper includes a study of website marketing and marketing methods for entrepreneurs in the United States. Entrepreneurs were added to the study if they used a business website that showed evidence of the

founders as active owners of their business, which was located in the United States. An internet search yielded 84 businesses that qualified for the study with useable data. The key is that each one uses marketing to connect with consumers and convince them to buy from the entrepreneur. The study was conducted in 2018 using internet searches as the primary source of information. Follow up phone calls and visits to the businesses were used as secondary sources of information. In addition to the principal investigator, a second researcher was asked to provide reliability and validity scores for a sample of the websites that were analyzed. The reliability scores for the items, which included all 4 categories of analysis below, were 90%. The validity scores also included all 4 categories of items and measured 91%. Therefore, the reliability and validity of the study were deemed to be good.

Research Question

The research question for this study was formed after a preliminary survey of college students from 3 universities in the Southeastern United States. The survey asked respondents about which marketing techniques were most useful to entrepreneurs. The results of the survey revealed that participants felt that the internet, websites, social media and technology were the best methods for entrepreneurs to use to reach potential consumers. Thus, the research question was formed: What marketing techniques are most commonly used among entrepreneurs today in the United States?

Results

The results of the study are located in Tables 1 – 4 below. They include marketing via websites, social media, branding strategies and promotions.

Table 1: Website Results for Entrepreneurs

Website Features that Enhance the Customer Experience	Percent of Entrepreneur Sites that Use the Feature
Home Page	100%
Bio of Entrepreneur	63%
Logo	47%
Background Theme	12%
Picture of Product or Service	95%
Complaint area with response time noted	48%
Ability to buy products or services	87%
Up to date information	54%
Data used to sell the product	33%
Endorsements or membership in professional organizations	21%
Average Usage Rate Per Entrepreneur for Websites	56%

Not surprisingly, all entrepreneurs in the study used a home page on their business web page. Almost two-thirds chose to highlight their biography as an entrepreneur, nearly all pictured their product or service on the site. 87% allowed customers to buy on the site, and over half had up to date information included on the web pages. Less than half used a logo, which could promote brand recall among customers, and the same number used a time-based complaint area for consumers. This feature could increase sales as consumers would feel that their issues would be resolved in a timely manner. Only a third chose to show data to support their claims, which is a proven marketing strategy to convince would be consumers to buy. Only about one-fifth used endorsements or membership in professional

organizations to add credibility to their pages, while only 12% employed a background theme to add continuity to the web pages. The average usage total here is 56%. This means that the entrepreneurs in the study could do a better job of employing these website features to gain customers.

Table 2: Social Media Results for Entrepreneurs

Social Media Feature Used by Entrepreneur	Percent of Entrepreneur Social Media that Use the Feature
Connected social media messages	74
Use of multiple platforms	90
Ongoing competitor analysis	13
Encouragement of responses	86
Use of testimonials and video	51
Choosing social media type based on target market	72
Planned start and end date for social media strategy	19
Defined goal of the social media strategy on social media	66
Named value for user on social media	57
Use of metrics such as clicks or reach to measure desired outcomes	63
Average Usage Rate Per Entrepreneur for Social Media	59%

Social media is a great way to reach people who are geographically dispersed. The most commonly used feature was the use of multiple platforms, in order to reach as many potential consumers as possible, followed by encouragement of responses, known as likes or loves, which promotes consumer engagement with the product. The use of connected social media pages was used by 74% of entrepreneurs, again to extend their reach to buyers, and nearly as many chose the social media platform based on the target market. For example, many teenagers use myspace, so that was utilized by entrepreneurs who target the teen consumer. 66% of entrepreneurs defined their goal for social media on the platform (such as raising awareness of a new product), while 63% used metrics to measure performance of the messages. Both of these rates could be improved to increase consumer engagement. At 57% usage, more than half of the social media specified the value a user would receive from visiting the platform, while just over half of the social media used videos. Videos have been shown to be very effective in marketing research to educate consumers so this number should be increased by the entrepreneurs. The least used features were planned start and end dates for strategies at 19%, and competitor analysis at 13%. The competitors' analysis is critical to business success but the entrepreneurs may not feel comfortable sharing the results of this type of evaluation on their social media sites. The fact that the usage rate was 59% shows that there is room to use social media at a greater rate, given that it is the millennials preferred method of communication and this demographic is the largest target market in the United States (Pew Research, 2017).

Table 3: Branding Tactics for Entrepreneurs

Brand Technique Used on Website	Percent of Entrepreneurs who use the Technique
Identify the Target Market	63
Explain why the Brand was chosen	17
Position the Brand	48
Update the Brand as Needed	26
Clearly state the Message	70
Overview of the Company	69
Use of Entrepreneur as the Brand	58
Use of Multiple Brands	21
Reinforcing the Brand with reminders or subliminal messages	15
Use of full scale Brand – name, logo, company colors, tagline, jingle, motto	34
Average Usage Rate Per Entrepreneur for Branding	42%

The branding methods were not used as frequently as website or social media features, as evinced by their lowest average usage rate at 42%. For the branding items, clearly stating the message was most commonly used at 70%, followed closely by 69% of entrepreneurs who provided an overview of the company on the website. The next most often used approach was identifying the target market at 63%, followed by the use of the entrepreneur as the brand. Falling under 50% usage was the positioning of the brand, and then the use of the full scale brand at 34%. Infrequently evident on websites in this category were the tactics of updating the brand, use of multiple brands, and explanation of the choice of the brand. Only 15% of entrepreneurs used reminders or subliminal messages to reinforce the brand. These results show that entrepreneurs are not using websites to promote their brands in a smart way. In fact, the average usage score of 42% shows that less than half of these techniques are being utilized to increase brand awareness and brand loyalty. This is an area where the entrepreneurs could greatly improve to increase sales and customer identification with the brand, which has been shown to increase customer satisfaction (Armstrong and Kotler, 2015).

Table 4: Promotions Used by Entrepreneurs

Promotion Used on Website to Increase Business	Percent of Entrepreneurs who use the Promotion
Advertisements	97
Sales	80
Coupons	27
Encouraging Word of Mouth	59
Press Releases	44
Samples	39
Contests	11
Discounts – Military, Seniors	75
Gifts	16
Customer Loyalty Programs	72
Highlighting Good Publicity	20
Average Usage Rate Per Entrepreneur for Promotions	54%

Promotions used on websites included a wide variety of tactics to increase consumer interest in products and services. Nearly all websites used advertisements, which can inform and entertain. 80% of the sites used sales to bring in customers, Three quarters of the sites used discounts to increase sales, followed by 72% of the sites that employed customer loyalty programs to incentivize repeat customers. 59% of the sites encouraged customers to extend information by word of mouth, which in today's marketplace can also refer to social media sharing. Less than half of the sites used press releases, most likely due to their limited impact on consumer spending. 39% of the sites used samples to introduce customers to products and services, while just over one quarter of sites used coupons to increase sales, and one fifth of the websites engaged in highlighting good publicity that the company received. Finally, 16% of the sites gave out gifts to customers, most likely promotional items for the business, while only 11% of these companies used contests to increase customer interaction with the organization. These numbers illustrate the fact that promotional strategies are not being utilized by entrepreneurs to the extent that they could be, as the usage rate for this category was 54%.

Conclusion

It is evident that entrepreneurs in the United States are using numerous marketing strategies to educate, attract and retain customers, but in reality they could do much more. The usage rates shown here are likely indicative of national trends in small business marketing. It would be beneficial for these businesses to measure the performance of the marketing techniques that they employ, and increase their efforts in the areas where success is noted, and reduce their endeavors in the areas where returns are not worthwhile. In this way, they will be efficiently and effectively utilizing their marketing expenditures on the appropriate target markets.

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