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Public Relations in Action: Marketing a New Business

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INTRODUCTION

Every new business needs a public relations strategy to build a positive relationship between and among its publics and community. Public relations practitioners use marketing strategies as tools to establish and maintain a positive reputation. The marketing component of the public relations process for a new business includes environmental assessment of major trends, forecasting the impact of the trends for clients, examination of the organization to predict clients' reactions, determination of organizations' public relations needs, and development of services that will solve problems, create profit and produce beneficial outcomes.

The average American is exposed to 4,000 marketing messages per day (Bolger). The ability of the new business to stand out from the other 3,999 messages will determine its success or failure. The marketplace of ideas is inundated with marketing suggestions, but how does the businessperson know what to choose? What route should be taken to make the first few years successful building blocks for the future? Marketing a new business is a fulltime job that desires much research and time.

This paper will discuss previous literature that addresses marketing strategies in public relations processes to create a new business. Relevant public relations' theories will be described and applied, and a new retreat and spa center will be used as a case study. Specific guidelines for marketing a new business will be identified.

THEORY

Public Relations uses many theories in order to help determine the development and implementation of a campaign. The most widely used theory is the Hierarchy of

Effects (McElreath, 159). This theory assumes that the first job of the practitioner is “to get people to listen to, think about, understand, and agree with the information being presented in the campaign or program (McElreath, 159). This theory employs six steps that must be accomplished in order to have a successful campaign.

The Hierarchy of Effects model is very useful in marketing a new business. The public relations practitioner and marketing team must formulate a campaign that will target the relevant publics and make them listen to what the business has to say. Then, the plan must discover the best way to disseminate the message so that the targeted publics will receive and comprehend the points that are being made. The campaign must also be geared to change attitudes that do not support the new business, or reinforce attitudes that are beneficial. The final step of the applied theory is to convert attitudes and opinions into behaviors that can and should be reinforced.

Another powerful theory to be applied to marketing a new business is the Social Exchange Theory. The Social Exchange Theory is “based on the power of reciprocity in human relationships” (McElreath, 157). In other words, this theory states that when there is a perceived imbalance between a business and its publics, communication will occur. No one likes to feel beholden to another, and just the same, customers do not like to feel beholden to a business.

This theory of reciprocity can be applied to marketing a new business. In social relationships, imbalance is avoided. However, in business relationships, imbalance should be sought—as long as the imbalance is in favor of the business. For example, a new business provides grand opening sales discounts, helpful representatives to explain and point out all services that are offered and a continued dialog with customers to

improve service. All of these actions tip the scales in favor of the new business; customers will feel beholden and have a good attitude about the store that will find its way into conversations with family, friends, and coworkers. The theory of reciprocity was used in favor of the business. If the business had provided only services that were expected, the customer would not feel beholden, and would not likely reference the new business in conversation.

Reciprocity is a powerful tool when it is used to produce word-of-mouth advertising. Application of this theory to a marketing plan for a new business that utilizes public relations will prove beneficial.

REVIEW OF LITERATURE

There are many steps that need to be taken before a marketing plan is implemented. A new business must define their product, discover and describe their target market/customer, create goals and objectives for the marketing plan, and determine the specifics of the marketing plan.

The ability to clearly describe the services and/or products the business offers is essential for the rest of the marketing plan (Hayden, 133). Defining your product or service requires three facets: describe your product, describe your competitors' products, and highlight your competitive edge over the competition (Lesonsky, 524). In order to describe the product proper positioning must be determined. Key questions that need to be addressed are: what function will the product serve and how is this product different from the products already offered. Creation of a specific market-planning checklist is

helpful, and will allow the business to track the progress it has made in positioning the product or service. Some sample questions are:

- Can you adequately describe how your product will benefit customers?
- What is your price positioning?
- How will distribution occur?
- What market segments will be attracted to your business?

(Lesonsky, 525)

The Sales Marketing Network states that business owners have to identify their target publics, and they must also identify the time period that prospective customers are most likely to buy. The marketplace today is overwhelmed with messages, and, as a result, consumers pay little attention to marketing messages that aren't relevant to their immediate needs (Bolger).

Target markets are defined as “segments of the population having desired characteristics that can help an organization to achieve its mission” (McElreath, 175). The mission of a new business is to create awareness, secure mutually beneficial relationships, and turn a profit. Targeting the wrong market, or a market that is not inclined to consume your product or service, will result in a defeated mission. The “Get Clients Now!” program recognizes the target market as the prime people or organizations that you plan to pursue. The market should not include everyone who could possibly be a client, but only the people that you actually want to sell to (Hayden, 133). This is a list of questions that can be useful in deciding exactly who you want:

1. Who is most in need of the product or service?
2. Who can afford the product or service?

3. Who is most likely to be the most beneficial client?
4. Which customers would provide the most satisfying relationship?

(Hayden, 133)

A target market should not only be identified, but also described. Markets can be described using demographics (Lesonsky, 526). Demographics include age, sex, earnings, and location. Lifestyles should also be discovered. Details of lifestyle include: conservative/liberal, traditional/modern, active/sedentary, outgoing/laid back, purchasing trends, etc.

Targeted Business Development (TBD) is one program that was created to help businesses successfully initiate relationships with target markets. It was created on the basis that the success of a product is dependent upon the number of people interested at any one given time (Targeted Business Development). In the TBD program there are 9 steps that need to be followed in order to find success. The steps are as follows:

1. Set a goal for the number of new prospects that you want to go after.
2. Identify types of companies that are most likely to purchase the product/service. Find the decision makers in those companies.
3. Make contact with the identified companies, and ask for the names and contact information of the decision makers.
4. Solidify in your mind the unique benefits that are available to your target market from your product.
5. Write and distribute a one-page letter that specifically relates the benefits to the receiver and his/her company.
6. Follow-up on the letter with phone calls.

7. Don't assume that no response means lack of interest; create and distribute a personalized letter with additional information.
8. Consider a follow-up questionnaire with an incentive.
9. Stay in touch with potential clients.

A new business mission needs goals and objectives to support accomplishment of the mission. Literature goes so far as to say, "You cannot engage in a theory-based public relations activity without considering goals and objectives" (McElreath, 163). Goals are written statements of company or product intention (Hayden, 37) and they should be concrete, measurable, and easy to understand (McElreath, 163). The "Get Clients Now!" program sets goals as a way to get an entrepreneur into action. Goals give direction and a destination. If goals are neglected, a business cannot know when it has achieved what it originally set out to do.

A commonly used goal setting acronym is SMART—specific, measurable, achievable, realistic, and timed (Hayden, 38). According to this acronym, goals need to include mentioning the target markets. Mentioning the target markets will allow a business to tailor their objectives to a specific group rather than the whole public. Goals also need to tell you when you have arrived at completion. During the evaluation stage, accomplishment will be determined by examining the goals. "Achievable" means that goals are challenging, yet realistic. "Realistic" infers that the time and resources are available for the goal to be accomplished. Challenging goals include outcomes that have not been met before. And finally, timed goals have a specific completion date attached. Evaluation should occur at this stated time.

Objectives are the set specifics; they must occur in order to accomplish a goal. Objectives can range from events that need to occur, to promotional materials that need to be distributed—anything that will work towards accomplishing the relevant goal.

Objectives will deal mainly with the concrete ways to market your business. Marketing techniques include, but are not limited to, brochures, media events, direct contact (networking, cold calling, letter writing, etc.), testimonials, presentations, advertising, and publicity.

After setting goals, and while thinking about the objectives to use to accomplish those goals, specific actions that can be done consistently need to be chosen. The “Get Clients Now!” program identifies three levels of the marketing process: appetizers, main course, and dessert. Appetizers are actions that catapult the business in identifying success ingredients (Hayden, 69). Main course identifies the specific activities whose end result will be securing clients/customers (Hayden, 69). Avenues to be more effective and successful are called dessert (Hayden, 69).

Advertising, by definition, is paid for communication directed towards a target audience whose members may not be aware that they share common interests and concerns (McElreath, 176). Advertising is expensive and needs to reach a targeted audience at the time they are most likely to buy. The Sales Marketing Network suggests that despite all attempts to directly reach a specified audience, “it is generally impossible to target a people searching for information on a specific topic at a specific time” (Bolger). Advertising can be used to convey information, change attitudes, create desires, establish connections, provide reassurance, remind, and demonstrate (Keegan,

155). Current research also states that advertising may not be as effective as once thought; it is often last on the list of potential marketing strategies (Hayden, 160).

Measuring the effectiveness of advertising through sales is not a fair assessment of success. “Naturally, we hope that advertising will have an important influence on sales levels, but in most circumstances advertising is only one of a whole host of important determinants of sales levels such as product quality, prices, customer service levels, and the competence of the sales force” (Keegan, 153). It will take much more convincing to sell to a customer that heard of the business through an ad, as opposed to those that were generated through direct contact (Hayden, 160). Although advertising may be one objective for the ultimate goal of the new business, Keegan and McDonald also support that objectives must also be set for advertising itself. The objectives should be reasonable and achievable.

Advertising can be found in print venues or radio and TV. Print advertising makes sense for smaller businesses, and can help the business see results in other forms of advertising (Lesonsky, 528). An ad needs to contain a strong motivating message, one that will stand out among the thousands of other ads. Five fundamentals of a successful print advertisement are:

1. Attracts attention
2. Appeals to reader’s self-interest or announces news
3. Communicate the business’s unique advantage
4. Prove your proclaimed advantage
5. Stimulate readers to take action

(Lesonsky, 530)

Other important criteria to consider when developing an ad are the attractiveness, appeal, and repetition. A successful advertisement should be centered on an eye-catching headline, a headline that does not include the company name (Lesonsky, 532). Headlines are read five times more than the scripted body (Lesonsky, 532), so when the advertisement is created, the company image must be taken into consideration (Lesonsky, 533). A headline that does not match the company image will confuse the audience, and it will distract the reader from the important message that is being conveyed. Advertising that is attractive and appealing will still not be successful unless repeated. Repetition affects the target market (Hayden, 160).

TV and radio advertising, while more expensive than print, can be surprisingly affordable and deliver more customers than any other advertising medium (Lesonsky, 536). As with any other type of advertising, a clear understanding of the audience and objective of the ad should exist. Lesonsky offers the following suggestions for pre-broadcast preparation:

1. Decide who you want to reach
2. Determine an estimated budget
3. Research potential stations, time slots, and prices
4. Survey other professionals about their experience with advertising
5. Calculate how much it will cost to reach each member of the audience during a specific time period
6. Determine who will be the creative energy behind the advertisement—is it the company's responsibility or the media outlet's responsibility

A third type of advertising is direct mail. It is one of the most effective and profitable avenues to contact new and existing clients (Lesonsky, 540). Before creating a direct mailer, Lesonsky suggests signing up for other junk mail to examine the types of mailers that already exist, and see which type catches your eye. Direct mailings should require a response in order to evaluate the effectiveness of the design and technique. It is also important that direct mail pieces are not the first contact with potential customers (Hayden, 164). Direct mail should only be sent after an initial contact has been made. It can come in the form of brochures, sales letters, and postcards.

Fliers are another convenient and cost-effective form of advertising. Often times a businessperson finds him/herself in an environment where it is appropriate to distribute or post information (Hayden, 163). The copy of the flier is important to its effectiveness. Special offers make the flier more attractive, and can include things such as discounts when the advertisement is mentioned or free initial consultations (Hayden, 164). The flier, as all other marketing techniques, should reflect the level of professionalism the business is trying to portray (Hayden, 164).

Advertising on the Web is becoming more and more prevalent with each passing day. The basic tool for any business is its own web address that goes beyond providing the information found in a simple brochure (Hayden, 167). The most successful and attractive web sites are those that provide interesting and unique information about the business that is not available elsewhere.

Everything on the web site should encourage repeat visits. Some ways to generate multiple visits are creating a site that is a beneficial resource, frequent updates

on the available information, a site that is easy to navigate, and interactive features (Hayden, 167).

Web maintenance is a significant undertaking, and may be too much for a small business to handle. The determining factor, once again, is, “Is there another more cost effective way to generate the same type of exposure and revenue?” (Hayden, 167)

Advertising is only one step in a marketing campaign. And although it is widely used, it may not be the most effective. The paid advertisement will be reaching people who will never even consider purchasing the product (Bolger).

Another, more effective way of reaching targeted publics is by direct targeting of individuals. Direct contact is a powerful way to move consumers, and should be made prior to impersonal communications such as direct mailings and newsletters (Hayden, 11). Contact can come in many forms and through many avenues. Some of the most recognizable forms of direct contact are cold calls; this is when a businessperson dials up a complete stranger. However, this should only happen if there is significant reason to believe that the contact would actually be interested in your business (Hayden, 11). These calls should come before mailings are sent out and after the targeted consumer receives the mailing. With each call a person should be ready to ask 2 or 3 questions that will reveal whether or not there is potential for a sale (Hayden, 137).

Personal letters also fall into the category of direct contact. These mailings have more impact than mass mailings, and could be as simple as sending an article, cartoon, or event announcement with a message such as “Thought you might be interested” written on it.

Networking, another tool that utilizes direct contact with current and potential publics, is a structured plan to get to know people who will do business with you or introduce you to people who will (Lesonsky, 578). Hayden calls networking “one of the easiest and most effective ways to get clients.” However, networking cannot be unstructured.

Every businessperson must set out with a goal; determine ahead of time what needs to be accomplished. Networking takes commitment of time and effort. Some tips for networking from Lesonsky and Hayden are:

1. Learn to introduce yourself smoothly.
2. Be comfortable discussing business in a social atmosphere.
3. Make a goal to meet 5 or more people at each event.
4. Try one or two new groups (suggestions given later) each month.
5. Don't make a beeline for your seat, but do sit by people you don't know.
6. Get active; be friendly and approachable.

While it is important to branch out to different networking events, success will come after attending groups over and over again (Hayden, 143). In every city there are multiple opportunities to attend networking events/venues. Some examples of these venues are Chamber of Commerce activities, service clubs (Kiwanis, Rotary), professional association meetings and lead exchange groups (Hayden, 142). All of those venues are intended to be places where people can meet.

Networking is effective and will encourage productive relationships, but it only reaches one person at a time. Publicity is another effective marketing tool for a new business. It is less expensive than advertising, and can have greater longevity because of

the low cost. Publicity also reaches a wider audience and has greater credibility because most publicity is not paid for by the business. (Lesonsky)

Entrepreneur Magazine's book, *Start Your Own Business*, gives 7 steps to help get your company noticed:

1. Create a positioning statement.
2. List objectives to be accomplished through publicity.
3. Identify the targeted publics.
4. Identify media that targets the appropriate publics.
5. Develop angles that can be pitched to the media.
6. Make the pitch.
7. Follow-up any publicity efforts.

There are many specific forms of publicity that these steps can be applied to.

Press Releases and specialty articles are credible forms of publicity. Businesses can gain credibility by writing professional articles about their area of expertise. Articles gain target market attention, demonstrate expertise on a particular subject, and increase name recognition of the business (Hayden, 152). Press releases are 1-2 pages and fall into three categories: news, commentary, and mini-article. In order to pitch the idea, a business owner needs to create pleasing contacts with media outlets. Call all media outlets before sending a press release (Hayden, 155); surprises are not as welcomed.

Gaining media attention can also get you quoted, interviewed, or profiled (Hayden, 152). The more often the business name appears in print, the more recognizable and reliable it appears to markets. Newspapers are not the only venue for publicity. Other venues include local trade journals, cable TV, radio, and volunteer

organizations. A particularly easy and accessible form of publicity is alumni surveys (Farrelly). Respond to all alumni surveys that are received, and take the chance to report on the new business venture. Alumni make good contacts for further clients and customers.

The word publicity is associated most with promotional events. Special events can be good opportunities for media coverage, but they also are more expensive (Hayden, 157). Goals need to be set and a cost-benefit-analysis carried out before deciding to host an event. Potential events can range from a display table at an expo to sponsoring a fundraising event to offering useful workshops to the public free of charge (Hayden, 158). Whichever type of event is carried out, it must be unusual, entertaining and memorable (Lesonsky, 174).

A final marketing tool that must be addressed by all businesses entering the marketplace today is the Internet. The Internet allows businesses and organizations to target consumers for much less than many traditional marketing tools (Bolger). The Web is not a replacement for traditional media, but instead, it should be used to enhance already available information (Bolger).

A company web site should contain all information that is useful to the public that can already be found on marketing materials. Along with the printed information, the Internet should include little known facts and information that are both useful and interesting to consumers. (Bolger)

A web site should be interactive, and give people access to special prices and services. The Internet should be used to increase the relationship with a targeted public, not just support the one already in place. This marketing tool is also very useful because

it allows a business to keep useful information about each of their clients through cookies and online survey information

This literature provides useful information, but is ambiguous. The next section will apply these techniques and more public relations functions to a marketing plan for a new business.

GUIDELINES FOR STARTING A NEW BUSINESS

A new business must start with a service or product that appeals to a targeted public. For example, an entrepreneur wants to start a unique type of corporate spa and retreat center. The purpose of the center is to offer management level people a place to hold overnight/ weekend department or corporate meetings in an off-site facility. The spa and retreat center will be located on the banks of a river in the Midwest. The owner wants this facility to have a tranquil setting and give guests the opportunity to achieve functional healthcare by offering special amenities such as boating, hiking in the woods, therapeutic massages, mud baths, swimming facilities, chiropractic treatments and nutritional counseling, as well as supplying conference rooms with Internet capabilities, guest rooms and made-to-order meals and receptions.

This retreat and spa center must position itself as a special get-away service for business people who want more than just a conference facility for meeting purposes.

The first step in marketing this new business is to position the service in the mind of the prospects. The basic approach to positioning is to create a niche that says

“This business is the first of its kind.” Yes, other spa and retreat centers do exist, but none exist in the Midwest that offers functional healthcare amenities.

It is always better to be the first in the market. Consumers remember the first name, because it is easier to get into the public’s mind first than to try to convince them your service is better than an already existing service. The first service of its kind tends to maintain its leadership in the market, because the name becomes generic. For example, consumers rarely say I am going to take a pain reliever, they say I am going to take some Tylenol.

When establishing the business’s service as the first, a name that can work generically must be selected. The spa and retreat center is located in a wooded area right across from a state park named “Turtle Creek,” so a natural name for the center may be Turtle Creek Spa and Retreat Center (which, of course, will be shortened to Turtle Creek).

To position Turtle Creek, consumers must perceive the center to be the first of its kind in the Midwest. As long as that is the perception, reality doesn’t matter. Remington Rand, for example, was the first to market main frame computers, but IBM got into the minds/perceptions of the consumers first, so that is the brand they buy.

Positioning a service is a battle of perceptions. It is best to own a word in prospects’ minds. Marketers must touch base with reality and the only reality that counts is what’s already in their mind. Marketing must retie the connections between what is in the prospects mind with their business. Corporate managers need to equate retreat and spa center with Turtle Creek.

Once the business has been positioned, it is now time to establish relationships with other area businesses and determine if any type of partnerships are possible, such as cooperative promotions or advertising. New business owners need to set aside a part of everyday for at least the first six months to make personal contact with area organizations and businesses. Chambers of commerce, supply/vendor organizations and even competitors need to be contacted and informed about the owner and the business itself. Perhaps even offer a tour of the facility and talk about the available services. Make the name of the business known throughout the community.

Another helpful marketing strategy is to hold an open house for the community. During that open house give potential customers tours of the center and offer samples of the available services and amenities; such as free 5-minute chair massages or a nutritional consultation. During that time give customers the opportunity to write testimonials about the center and its service that can be used later in newspaper articles or collateral pieces.

A third marketing strategy for a new business is making presentations about the business at relevant organizations such as Rotary Clubs, Junior Achievement, Kiwanis meetings, or YMCA events. For the retreat center, it may also be a good idea to present at local elementary and secondary schools. The students will learn about functional healthcare and then talk to their parents about this new retreat center that has just opened and offers healthcare services. Children, as found in early communications research, are neutral transmitters. They will provide information that is interesting, not but not directly relevant to their life, to their parents. Parents have the resources and interest to then act on this new information. (DeFleur, 264)

Businesses should never forget that the media is a targeted public as well as consumers. New business owners must have a Media Day for all area and interested media personnel. A tour will include brief informational talks about the facility and available services, explanation of how the business satisfies market needs, information about the owner and a complete media kit. A generous supply of refreshments should also be available.

To market a new business, three goals must be met:

- 1.) Outreach and Education to all Relevant Publics this is achieved through special events such as a media day, establishing relationships, and/or making personal contacts.
- 2.) Visibility of the business—its services and owner in all relevant communities this is usually gained by giving community presentations and customer testimonials,
- 3.) Credibility of the business and its services as seen through consumer testimonials—this is a by-product of successful contacts, presentations, testimonials and special events.

To achieve these goals, a business must be marketed through:

- 1.) Positioning of the business and service
- 2.) Selecting a generic Business Name
- 3.) Establish relationships with area businesses and prospects
- 4.) Make personal contacts
- 5.) Gather testimonials from satisfied consumers
- 6.) Make presentations at relevant organizations and groups

7.) Host a media day for area and interested media personnel

The most important rule of marketing a new business, though, is to create a position/perception in the prospect's mind. It is always better to be first in the prospect's mind than to be first in the marketplace.

CONCLUSION

The marketing literature offers a variety of strategies that an entrepreneur can use to market a new business. However, it is the use of public relations strategies such as those listed above that positions the business as first in the minds of the prospects. Identifying market and public needs and satisfying those needs is essential, but the business will not be successful if strategic and satisfying relationships are not also created.

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