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4 steps that help smaller companies beat bigger competitors

Small to mid-size businesses often produce the same quality products or services as larger firms, René Gnam says. However, usually they work with smaller promotion budgets and lower recognition on the part of potential buyers. Smaller companies cannot outspend the Goliaths. But they can outsmart them by developing unique marketing and advertising approaches.

■ **Step 1: Create an effective company name and logo**

Don't rely on yourself, your wife, a committee, or the elevator operator to help choose the words and graphics of your corporate identity. Research how your market reacts to them and trust the results—even if you hate them personally. You are not trying to impress yourself, your spouse, or your friends and business associates. You are trying to strike a spark in the minds of customers.

■ **Step 2: Test to one target market**

Once you have established a distinctive market-driven logo and company name, select just one promising—and large—target market for your product or service, and use it to test your advertising. You will need to test other markets later. Your first goal, however, is to establish your product as uniquely beneficial for customers composing one market.

Your test should be large enough to yield at least 100 responses. If you estimate a 1% response, mail to 10,000 or more names. If your test panel is smaller than that, you should choose a larger market segment for your test.

Federated Department Stores' purchase of Fingerhut "is like breeding a gazelle to a platypus."

—Maxwell Sroge, 1999

(Federated recently announced that it is closing Fingerhut.)

Your mailing package should detail rich benefits to the market segment you have chosen. It should create the impression that your company is the sole source of products that offer those benefits and the one company that can deliver the goods. That stakes your claim as the segment's selling leader—no questions asked about your company's relative size.

■ **Step 3: Move on to succeeding market segments**

That's when you move on to second, third, and other market segments, adapting the marketing materials that worked for your first segment.

■ **Step 4: Make your advertising different**

Resist the temptation to imitate the advertising of your competitors—especially if they are larger than your company. Instead of playing the game by their rules (you will lose!), advertise:

- Beneficial add-ons or accessories to your product
- Features that your competition has not promoted
- Prices higher or lower than the competition
- Differences in marketing strategy and presentation
- How your offer is tailored to help your target market

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