

Improving Business Performance: Selling Versus Marketing

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In the past, when dealing with small business loans, the only thing bank managers cared about was cash flow. Today, banks look more closely at a business' marketing plan. Of course, they want to know *what* your business is about. More importantly, they want to know *why* your business is going to make money. The difference between *what* and *why* is the difference between selling and marketing.

Suppose, for example, you own a hot dog cart. Selling is setting up on the most convenient corner and waiting for customers to walk by. Marketing is analysing traffic flow of pedestrians based on volume, time and frequency. Marketing is basing your product mix on your customers' preferences for beef, pork or veggie dogs.

Unfortunately, too many small- and medium-sized businesses just do selling. They spend too much time on the phone making cold calls, send out too many flyers people don't read, and pay too much for advertising potential customers don't see.

Let's take a look at another example. In the real estate market, selling is going door to door until you find someone who wants to buy or sell a home. Your success depends entirely upon the number of doors you knock on.

Marketing is about increasing the chance of success before the agent knocks on anyone's door. On a day-to-day basis, this is obvious when you look at the real estate signs on the front lawns of homes for sale. Do you think signs play a large role in selling the home? No. Outside of a few rare occasions the sign does nothing to sell the house.

The purpose of the 'sold' sign is to market the real estate company and the agent to future clients. When it comes time to knock on some doors, the agent has already increased their chances of success before they start selling. This happens when potential customers recognize the name of the agent and the company; when they know the agent has a good track record of selling homes without having to 'sell' their reputation during a cold call.

The hot dog cart and real estate agent examples show the basic difference between marketing and selling. These examples also show that marketing applies to all businesses. You don't have to be a Fortune 500 company with a huge advertising budget to do marketing.

Marketing is much more than advertising. It is about understanding your customers and competitors and includes research, analysis and product development. The bank manager knows people eat hot dogs. The manager wants to know why *you* are going to make money selling them.

In the next Improving Business Performance article, we will take a look at "market intelligence" and how one local company turned their "intelligence" into profits.

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