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Understanding the Difference Between Marketing and Promotion

By Stone Evans

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by: **Stone Evans**

Are you an online marketer? Or do you simply promote affiliate programs? Marketing is truly the most misunderstood word in use today on the Internet. Let me see if I can clarify this issue just a bit.

In Marketing 101 at your local university, marketing is actually the process of Product, Place, Price and Promotion.

PRODUCT

No business can exist without a product or service to sell.

In a nutshell, entrepreneurs are the people who believe in a product, service or idea, so much that they are willing to invest their lives into the development of their dream.

Historically, every major corporation in the world was started by an entrepreneur with a dream and the drive to make it a reality.

However, there comes a time in the life of every corporation when those who fear the gambling nature of their founder, squash the entrepreneurial drive that made the company a viable concern in the first place. The entrepreneur will either submit to the careful nature of the stockholders, or he will be forced to leave the company he created.

The only entrepreneurs who withstand the pressure to move more carefully are those who have maintained majority control over their companies.

PLACE

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In the offline world, place is defined by location. On the Internet, place is defined by domain name and the web hosting service chosen.

Both online and offline, place can make or break a company without respect to the quality and value of the product, service or idea.

PRICE

Selecting a price is determined first on a basis of whether the company wants to be seen as a discount or a value company.

Take for example Wal-Mart and Staples.

Wal-Mart is the lead discounter in the marketplace. Staples on the other hand is the specialist in office supplies.

Both sell a significant number of office supplies despite the fact that the lowest price can usually be found at Wal-Mart. As a value dealer, Staples can afford to charge more for their products than Wal-Mart.

So the question for you is whether you want to position your company as a discount or value company.

Testing has shown that products and services can be sold at any number of prices and still reach a significant number of people.

The challenge of selecting the best price for your product or service will require a certain amount of testing.

UNDERSTANDING THE PRICING EQUATION

Let's assume we are selling a product. Let us also assume that we know that the product can be sold for \$10 or \$50. Let us also assume that if the price dips below \$10 or rises above \$50, then the product sales fall off significantly.

Our challenge is to determine the best rate at which to sell our product.

Testing has shown us that we can sell 1000 items a week at \$10. Testing has also shown that we can sell 500 items per week at \$50. And testing has shown that we can sell 650 items per week at \$45.

At \$10, our projected weekly earnings are \$10,000. When we sell the product at \$50, we know that we can earn \$25,000 per week. Most importantly, we know that we can earn \$29,250 when our product is priced at \$45.

With the imaginary testing we have done on our imaginary product, we can easily see that selling our product at \$45 per item will earn us more money over the long haul.

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Thus, when we make the decision for a national rollout of our product, then we will price our product at \$45.

Of course, this is a very simplistic analysis of the point I am trying to make. Though simple, I believe this analogy will help you understand the methods of developing a product's prices.

PROMOTION

Promotion, on the other hand, is the process of notifying the consumers for your product or service of your availability to serve them.

Methods of promotion vary distinctly and should be arranged to meet very specific goals.

As with product, place and price, promotion should not be left to chance. You should test every ad, every media, and every price point to determine the best bang for your promotional dollars.

HEADS UP!

If you are an online promoter or marketer, please factor in the most important element concerning the cost of your promotions.

What element is that? Your time!

Value your time at a certain dollar amount, and figure in your time into the cost of your promotional accounting.

I say this because too many online promoters lose sight of this concept and spend 20 hours to generate one sale while using free advertising. Even if you rate your time at the federal minimum wage, then you will have invested \$105 of your time for one sale that might only net you a gross sale of \$45!

ARE YOU TRULY A MARKETER OR ARE YOU JUST A PROMOTER?

Most people who run a business on the Internet call themselves marketers. Yet, most of these same people are really just promoters wrapped in the label of a marketer.

True marketers do not promote without a lot of advance work. They spend time planning, testing and measuring their actions and results to get the most out of every dollar spent and earned.

Entrepreneurs finesse the art of marketing as they build their company into a major enterprise.

If you are a promoter who does not keep an eye on the total marketing equation, then you are bound to fail.

If you do call yourself a marketer, then do what a professional marketer does. Make sure that every

dollar spent is spent well. Make sure that every dollar earned is put to good use. Market well so that when the people of the next generation look at your life, they will see a fine example of a successful entrepreneur that they will strive to emulate.

Stone Evans owns the Home Business Resource Directory where you can find everything you'll ever need to start, run and grow a home based business at:

Winning the Game: Your Strategic Marketing Plan

By Merle

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If you want your small business to compete with the "big boys" you should have a "strategic marketing plan." A strategic marketing plan basically spells out how you will use your available resources to meet your company's stated goals and objectives. (You do have goals right? If not that's a topic for another article.) Here's what you need:

1) State your Objectives:

Companies usually set objectives in terms of desired profit, total sales, or market share. Profit tends to be the most popular company focus. Market share refers to how much of the market you snag compared to your competitors. Other objectives can be your total sales, number of loyal customers, or customer satisfaction. Company objectives always provide a time frame and are verifiable which is why objectives are usually stated in percentages and dollar signs.

2) Situation Analysis:

Looks at the current business environment and can be elaborate or very simple. The components examined are competition, the size of the market, types of customers, channels of distribution, and economic conditions. By taking an overview of the whole picture and stating your strengths and weaknesses, you'll have a clearer understanding of how well your company will compete.

3) Target Market:

Who are your customers? Your company can't sell to everyone,

so you need to decide what part of the market segment you're going to serve. A thorough understanding of who your customers are and how to find them are imperative to your company's success. Look at demographics such as how much money they make, where they live, how much education they have, etc.

4) Positioning:

The picture created in your customer's eyes about your company's products/services. When you think of positioning, think of "image." Positioning is very important in today's competitive world. Corporate marketing teams will often use positioning strategies when trying to target different target markets.

5) Marketing Mix:

The final step is to develop plans for each aspect of the marketing mix and integrate them into your company's overall strategy. So, what's in the marketing mix you ask? They consist of the "Four P's":

Product
Place
Promotion
Price

You must use all four elements of the mix in your strategy plan and devise a plan is needed for each. When you're developing plans for each element, ask yourself the following types of questions.

A) Product/ What new products can we introduce?
What type of service do our customers expect?
What should our return policy be?

B) Place/ What types of places should carry our products? How will we get our products to our customers? How will we handle complaints?

C) Promotion/ What am I trying to accomplish through my promotion objectives? Branding? More sales? something else? What types of media should we use to advertise radio, TV, print, ect.

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D) Price/ How will my product/service be priced in comparison to my competitors? Can I make a profit at this price level?

By keeping all of the above in mind you'll design a strategic marketing plan that allows you to win the game and compete with your competitors.

Running a business, just like a game, relies on good strategy.....It's your move....

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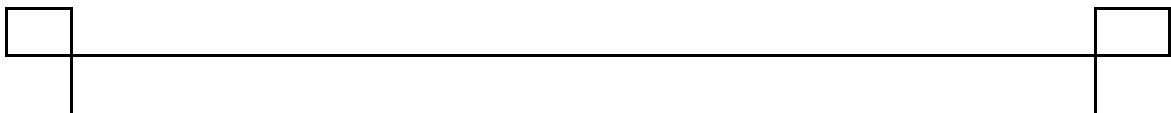
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