



1,000 THINGS BOARDS & MANAGERS SHOULD KNOW

Good Governance Tip #7

Marketing in Co-operatives

INTRODUCTION

The primary reason for the success or failure of a co-operative is the success of its marketing efforts. Marketing is the core function of every successful co-operative.

Marketing may be described as the art and science of determining what your customers and members really want, need, and can afford; and helping them get it by structuring your products and services in such a way that they satisfy the specific need and want of the customers you have identified.

Marketing involves everything from product conception to the final sale. We have to keep in mind that the customer and member is always right, no matter how wrong they may seem to be, because they come from their own perception. They buy for their own reasons, not for your reasons. You should accept that the average customer is demanding, ruthless, disloyal, and fickle. If you find them to be different, you should be pleased, but don't plan on it.

Marketing in Co-operatives

A good marketing strategy is designed to help you sell more, at higher prices, and to help you gain market leadership. In order to do this, we should agree on the purpose of a business. Most successful co-operative business people agree that the purpose of a co-operative is to create new customers and members and to keep the present customer and members. It is not the purpose to make a profit. Profits are as a result of the customers you have earned. Once you have bought into this marketing strategy, today's marketplace becomes much more in focus and the marketing functions become the driving force of the co-operative.

The purpose of marketing is to differentiate in the minds of your customers and members your co-operative, your products, and your services from those of your competitors. Your job as a marketer is to create the perception of a unique added value. Consider engraving this statement into your forehead or some other prominent part of your body so you cannot forget it.

There are three things that separate the best co-operatives from ordinary businesses. They are:

- ★ Quality
- ★ Services
- ★ Relationships

You need to focus on these three things continuously.

Before you have a market for your products, answer these three questions carefully:

- ★ 'Is there a real market'?
- ★ 'Is the market large enough'?
- ★ 'Is the market concentrated enough'?

Why do people buy? Which of these seven reasons do people buy your products?

- ★ Ego
- ★ Status
- ★ Save money

- ★ Security
- ★ Profit
- ★ Popularity
- ★ Prestige

People usually buy for one or more of these seven reasons:

- ★ The feeling they anticipate
- ★ Benefits of the products, not the product
- ★ To relieve a felt dissatisfaction
- ★ To improve their condition
- ★ To achieve a state of greater satisfaction
- ★ The desire for gain
- ★ The fear of loss

Your Competitive Advantage

What reasons do your products or services satisfy? Your competitors are structuring their products against yours. Do you know who your competitors are? Do you know about their products, their services, and their strategies?

- ★ Who are your competitors?
- ★ Why do their customers buy from them?
- ★ Why do they not buy from you?
- ★ Why should they switch to you? (you must be able to answer this in 25 words or less)
- ★ What are they doing right?

You need to have the answers to these questions because the competitors set your prices, determine your profit, and determine your product mix.

Be the Best

You should be the best at something. The purpose of marketing is to create a unique added value perception in the minds of the customers and members. You need an advantage in the marketplace in order to prosper. What is your advantage in the marketplace?

If you are not better at something, the best you can expect is to survive. What could our competitive advantage be? This is a vital question as it determines your profit. What is your unique selling position? You need to think about your competitors advantage a lot. Your uniqueness should be promoted, developed, and discovered. This is the key to market leadership.

Does everyone in your co-operative know your competitive advantage? Ask them tomorrow. Make it clear to them, as they need to know it without even thinking about it. Everyone should have the same or similar answer. Put your competitive advantage in all your advertisements and your promotions, and especially on your business card.

Every co-operative needs a well thought out marketing plan and it needs to be written down and shared with your people. Here are four parts can the 'four P's' and/or 'the market mix':

- ★ Product or service
- ★ Place or distribution system
- ★ Pricing strategy (compete only on low priced items)
- ★ Promotion (get the goods out of the woods)

Always change the market mix. You have full control of the market mix. If you are not selling 'up' to customers and members expectations, the market mix is probably wrong.

All successful marketing is focused on the customers and members. The key is to stay close to the customer and members. Have a passion and obsession to serve the customer and member. Think about the customers and members all the time and they will think about you when they buy.

When your products are perceived to be different and better from those of your competitors, you have developed a very strong marketing position. This the key to market penetration. How are your products and services perceived by your customers and members? You need to change your perception inside the co-operative first to be consistent with your desired results, then work on changing the view outside.

Position your co-operative against the competition so you stand out. How can you sell more?

- ★ Sell more of your existing products in the existing market
- ★ Sell more of your existing products in new markets
- ★ Sell more of your new products in existing markets
- ★ Sell more of your new products in the biggest payoff new markets with the greatest risk

The distribution system is more important than the products. Can you develop additional distribution channels for your products? Remember that 80 percent of new product launches fail. What new products could you sell through distribution channels?

Existing channels with existing products

New channels with existing products

Existing channels with new products

New channels with new products

Make it better, cheaper, stronger, lighter, heavier, faster, or easier. You have one hundred percent control over being **fast** and **friendly** with great **follow up**. These three 'F's' are the most important in the eyes of the consumer.

For further information on this and other related topics, as well as many co-operative development subjects such as governance, finance and marketing, strategic planning, management, etc, contact the Nova Scotia Co-operative Council at the address below. Our knowledgeable staff of Business Development Officers, located in Truro, Sydney, and Yarmouth are available to assist you in all areas of co-operative development. You can also visit us on the web at www.nsko-opcouncil.ca.



Nova Scotia Co-operative Council

Making a Difference in Nova Scotia Communities

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