



FIRST
CHILDREN'S
FINANCE

Marketing

Tips and tools to guide the
marketing of your child care
organization

Marketing

Objectives

- To develop a general understanding of marketing strategy in the context of business activities
- To share practical tips and tools to guide you in marketing your center
- To develop an understanding of marketing as an integral part of your organization, not a separate activity

What is Marketing?

By the end of this course, you will have given some thought to issues that will help you in the marketing your child care business.

But first, take a few moments to answer these questions as they pertain to your own life:

- Do you have favorite items that you purchase regularly? Why?
- Where do you go to buy the things you like? Why?
- How did you originally know where to go to buy the things you like?
- Do you keep returning to the same store to make certain purchases?
- When you think of specific items or “brands” of items you prefer, why do you prefer those items? Why are they your favorites?
- Do you shop at specific stores because they carry the brands that you prefer?
- Do you ever tell your friends, family, co-workers, or even strangers that you like something and make recommendations to them?

Marketing

Marketing as a course of study is complex, has changed over time, and with new ways of communicating, continues to evolve.

Many people think of marketing as the four P's—which are elements of a *marketing mix*, defined as the factors a person in charge of marketing can control in the marketing process.

Marketing – the Four P's

Professor E. Jerome McCarthy published the first reference to the *Four P's* in 1960:

- Product – *a good, service, or idea to satisfy the consumer's need*
- Price – *what is exchanged for the product*
- Promotion – *a communication between the seller and the buyer*
- Place – *a means of getting the product into the consumer's hands*

What is Marketing?

The dictionary defines marketing as:

- 1 a: the act or process of selling or purchase in a market, b: the process or technique of promoting selling, and distributing a product or service
- 2: an aggregate of functions involved in moving goods from producer to consumer

www.merriam-webster.com/dictionary

The American Marketing Association defines marketing as:

“... the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

www.marketingpower.com

What is Marketing?

Simply put, for marketing to occur,

Someone (your potential customers), must have need of child care services

And you must have the desire and ability to satisfy those needs.



So who needs your services?

Your potential customers are people with the desire and an ability to buy a specific product/service (child care services).

Since you can't fill the needs or wants of all potential customers without boundaries, your center must concentrate on certain needs and wants of a specific group of customers, defined as your "target market."

Marketing Needs and Wants

Your “target market” is one or more specified groups of potential customers that share similar characteristics.

Your target market might be based on location – it may be made up of the children of families who live in the neighborhood in which your center is located. It may be the children of family members who work in the vicinity of your center. It may be that your center is located on a major transportation line, and offers a convenient location for families to drop off their children on the way to or from work.

Marketing Needs and Wants

Your “target market” is one or more specified groups of potential customers that share similar characteristics.

Your target market might also be based on other demographic characteristics, such as services that provide special needs care, culturally-specific care, Montessori programming, religious-based programming, or some other defining characteristic.

Marketing Needs and Wants

It is often helpful to think of your target market in terms of your perfect customer. What customer needs would be best met with the services that you provide? What is that perfect fit?

The reason it is important to identify your target market is not because you can't serve anyone else. It is to determine who you should target your marketing efforts toward. It will help you use your promotional dollars in the best manner.

Reflection

Take some time now to list some characteristics of the “perfect customer” for your child care center.

Also, make a list of what is important to this group of people.

What do they value?

What things are more important than others?

Marketing Needs and Wants

One helpful way of obtaining this information for the future, is to ask potential customers these questions when they call your center.

Another way to obtain this useful information is to survey customers when they leave your center so you can better meet the needs of future customers.



Satisfying Needs and Wants

Once you've identified some of the needs and wants of your target market, think about how you meet those needs.

Think about the ways can you **add value**, or **provide benefits to** your customers.

Reflection

What makes your services unique?

How does your center currently meet the needs of your target customers?

In what ways does your center add value or provide benefits to your customers?

Why should customers choose your center over some other center?

Satisfying Needs and Wants

Could you offer any services that would add value to your customers? *Perhaps things like...*

Specific Programs

Ages served

Sick care

Non-standard hours

Drop in care

At risk care

Crisis care

Culturally specific care

Language instruction

Music Lessons

Special needs

Montessori program

Head Start

Latchkey

Parent Aware

Accreditation

ECERS

Curriculum

Others?

Satisfying Needs and Wants

Good customer service also gives people a reason to choose your center. *Some things you may implement...*

- Develop quality programming
- Answer the phone professionally
- Have a positive attitude
- Use welcome signs
- Develop a professional enrollment package
- Provide scholarships
- Utilize quality/accreditation systems
- Develop promotions
- Create a photo album
- Make sure all staff know the benefits of your center
- Smile
- Sell blocks of slots to local businesses
- Be enthusiastic
- Develop knowledge – know what is going on in the industry
- Utilize exit surveys
- Gather testimonials from satisfied customers to use in promotional materials
- Develop a deep understanding of your target market and what is important to them.

Activity

Draw a line down the center of a blank piece of paper so you have two columns. On the left side of the paper, write the word “features”.

Then, list some services you can or could offer to meet the needs of your target market. Use some ideas from the last two slides, or use some of your own.



Review

It is important to define the group or groups of potential customers who need and/or want your services who share similar characteristics –these people make up your “target market”

It is also important that you have the desire and the ability to satisfy those needs and wants – hopefully with features that make you unique and stand apart from your competition.

Communicating

The third factor required for marketing to occur is a way for the parties to communicate. Targeted customers simply have to know you exist before they can purchase your product or service.

This is most often accomplished by promotional activities of advertising, public relations, publicity, etc. There are many creative ways to communicate to your target market.

Communicating your message

Effectively communicating your message means :

- Knowing what you're trying to accomplish in your communication (objective)
- Knowing what you want to say (your message)
- Developing a deep enough understanding about your target market to know how and where you need to communicate that message to your target audience

Communicating your message

What are you trying to accomplish through your marketing efforts?

It will be most helpful to you if you state your objective in measurable terms (what *specifically*, by when *specifically*). Some examples follow:

“We will reach and maintain enrollment at 90% of licensed capacity in six months.”

“By the end of our fiscal year, private pay parents will represent at least 30% of our enrollment.”

“In seven months, we will have a waiting list of at least half the size of our licensed capacity.”

What do you want to say?

Communicating your message is most effectively done if you think in terms of your customer, instead of yourself. This will help you to think of the benefits the customer receives instead of the features you offer.

Features focus on what the provider offers

Benefits show how the program will be of help to the children and parents

What benefits do you offer?

Here is an example of how you can communicate your message so it focuses on benefits to your potential customers – children and parents:

Message focusing on features:

My program is open from 6:30 a.m. to 6:00 p.m.

Better message focusing on BENEFITS:

My program fits the schedules of working parents.

Message focusing on features:

My program cares for children from infants through school age.

Better message focusing on BENEFITS:

My program cares for all ages of children so parents don't have to split them up and take them to different locations.

Reflection

Take out the list of features you created earlier.

On the right hand side of the paper, re-write those features in terms of BENEFITS to your customers.

Any marketing you invest in should communicate your message in terms of BENEFITS to customers.



Communicating your message

How will you let people know you exist?

Developing a deep understanding of your customer is often most effectively done by putting yourself in the place of your customer.

How should you communicate?

Take a few moments to pretend you are a potential customer from your target market.

- Where do you live?
- Where do you work?
- What do you read?
- What organizations do you belong to?
- What do you listen to?
- What other services do you use?
- What else do you know about your target market?

Reflection

In an earlier slide, you were asked to think about the favorite items you purchase, as well as to think about where and why you buy them.

And in the last slide, you were asked to pretend that you are your target customer.

Take a few moments to think of creative ways you can let your potential customers in your target market know you exist.

How should you communicate?

What is the most effective way to communicate to your target market? It simply depends upon where you are located and who you have defined as your target market.

The next slide offers some practical tips and tools you might use to let people know that you exist. Adapt it to your own location.

Add your own creative ideas!



How should you communicate?

Some tips and practical suggestions:

Advertising

- Traditional newspapers
- Neighborhood or community newsletters
- Yellow pages
- Produce and distribute flyers
 - Physicians' offices
 - Libraries
 - Grocery stores
 - Community celebrations
- Radio
- Cable TV
- Local magazines
- New resident services
- Local business directories

Host a fall and/or spring open house

Update your listing on the CCR&R website

Maintain a record of inquiries

Direct mail

Use business cards, letterhead, postcards, and flyers with your logo

Use banners

Website

Signboard in front of building that you can change

Create t-shirts and wear them

Use your name and logo on everything

Network at local civic meetings

Visit local business; talk to Human Resource Directors

Sponsor a run/walk

Set up a TV or radio interview

Write an article

Write a letter to the editor

Write press releases

Sponsor community events

Develop alliances with related businesses that serve families

Speak at community or industry events

Create a video

Go to networking lunches

Exchanging Value

The fourth factor necessary for marketing to occur is:
Something to exchange (*this is most often an exchange of money in return for receiving a product or a service*).

We've already discussed creating value for your customer – about defining our message in terms of benefit to your customer.

But how should you price your product?

Exchanging Value

Pricing your product depends upon a number of factors, including financial analysis. For our purposes, we will not get into a discussion of determining breakeven or profitability.

Some marketing experts say that the price you charge should be somewhere between where you just cover your costs (breakeven) and the highest amount your customer is willing to pay (perceived value).

Exchanging Value

It also depends upon your environment – what are similar providers in your area charging for their services?

And it depends upon your organizational structure – while all organizations must be profitable over the long run, if you are a nonprofit organization that has the ability to write and receive grants or has an umbrella agency that covers some of the costs of doing business (free rent, for example), you have a different set of circumstances than a for-profit business who must cover their costs and receive a profit to stay in business.

Exchanging Value

Many factors contribute to the pricing of your child care service which can't effectively be covered in this course. Working with your accountant can help you work through pricing issues.

And doing a competitive analysis can help you to determine what the market value for child care is in your area. For more information on completing a competitive analysis, go to:

[http://www.firstchildrensfinance.org/sites/1a1c876e-617f-4aa3-9aa0-4f030b14bbf7/uploads/Who Are My Toughest Competitors.doc](http://www.firstchildrensfinance.org/sites/1a1c876e-617f-4aa3-9aa0-4f030b14bbf7/uploads/Who_Are_My_Toughest_Competitors.doc)

Marketing Review

Four factors are required for marketing to occur:

Two or more parties with unsatisfied needs

A desire or ability on your part to satisfy them

A way for the parties to communicate

Something to exchange

Review – the Four P's

Product is the physical product or service that is offered, but that isn't all. It includes the ***total package of benefits*** offered to the customer, or the ***value that is added*** to the customer by purchasing your product or service.

For example, you probably do not just offer child care services. You likely also offer the “brand” name and reputation of your organization, convenient availability, appearance, unique features, word-of-mouth references, etc. that enhance your product. Product includes all those features and benefits that matter most and help the customer choose you when they are making a purchase decision.

Review – the Four P's

Price (what is exchanged for the product or service)
includes the hourly or weekly rate (dollar value) that you charge for child care

But it also includes things like payment options, discounts, scholarships, and more.

Review – the Four P's

Promotion includes all the things you do to communicate attributes about your product, price, and place to a potential customer. Promotion is what many people think of when they think of “marketing”, even though it is only a small part of a bigger concept.

Promotion includes activities such as advertising, public relations, publicity, personal selling, coupons, etc.

Review – the Four P's

Place is a means of getting the product into the consumer's hands

It includes the physical location where you provide child care services, but it also includes the places where potential customers get information about your products (i.e. a Child Care Resource and Referral Agency or other agencies or organizations).

Review – the Four P's

As an evolving course of study, some marketing professionals also add a 5th or a 6th “P”, (People and Process) to the marketing mix, but for the purposes of this course, we will not address these P's.

Strategic Marketing

But, effective marketing is more than participating in a flurry of activity.

Marketing should not occur in a vacuum within your organization.

Marketing should be an integral part of communicating your organization's mission and vision and should help you determine whether your business has a market and can make a profit.

Strategic Marketing

It involves integrating the qualities you believe in throughout your entire organization, making sure your staff are well trained in understanding and living your mission, and making sure that marketing is not considered an external activity, but an activity that incorporates quality and benefits through the entire organization and gives customers a reason to stay with you and refer others to you.

Strategic Marketing

It is important to have a good understanding of the strengths and weaknesses of your organization and know what your competitive advantage is in order to recognize what services you can effectively offer to your customers.

It is important to determine if/how you can operate efficiently given the services you wish to provide.

It is important to know if you can provide these services and still make a profit.

Strategic Marketing

Marketing also should not occur in a vacuum outside of your organization.

It is important to understand the environment in which you are offering your service

- What is going on in the industry?
- What kinds of government regulations must you follow?
- Who are your competitors?
- What are current economic trends?

Strategic Marketing

Market Research can help you answer many of those questions, and while complex, you can there are many resources you can use to discover information about:

Industry trends (such as quality rating systems, accreditation, standards, or brain development research)

Demographic trends, such as the makeup of the neighborhood, city, or state

Competitor profiles

Customer profiles

Market trends, such as governmental policies or economic trends that may affect the business now or later

Strategic Marketing

A few resources to help you find this information:

Your local library or the James J. Hill Reference Library

www.HillSearch.org,

Governmental resources such as the Department of Commerce (www.commerce.gov), the Statistical Abstract of the United States at www.census.gov/statab/www/, Child care Resource and Referral networks

Professional organizations such as NAEYC

Local media, local development groups

Foundation resources such as The Annie E. Casey Foundation Kids Count data center <http://www.kidscount.org/datacenter/>

Nonprofit resources such as First Children's Finance <http://www.firstchildrensfinance.org/Tools.html>

Strategic Marketing

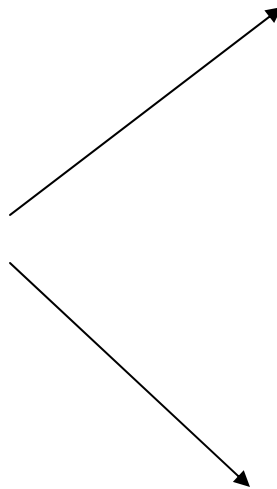
Developing a marketing plan can help you answer strategic marketing questions. Developing an overall organizational business plan can help you understand your business, test the viability of your business ideas, and run a better child care center.

The next slide displays an outline of the major categories included in one format of a business plan and a marketing plan.

Strategic Marketing

Business Plan Outline:

Executive Summary
Business Description
Products/Services
Market Research
Marketing Plan
Operations Plan
Leadership Plan
Financial Plan
Appendices



Marketing Plan Outline:

Industry Profile
Competitor Analysis
Target Market (Customer Profile)
Pricing
Market Penetration

- Objectives
- Strategies
 - Branding
 - Creating visibility
 - Customer Service
- Activities

Next Steps

To get more information about writing a business plan or a marketing plan, go to

<http://www.firstchildrensfinance.org/Tools.html>



Review

Marketing as a whole is complex, even though we sometimes don't think so, because we all have marketing experience as a consumer. We typically make purchases on an everyday basis, and many of our decisions are affected by marketing. The brands we are loyal to, the places we shop, the way we find out about where to purchase products or services, the referrals we get from our friends, family, and others—all these things are a part of effective marketing.

Review

You have a great deal of knowledge.

You are a consumer.

You know child care.

And you know your business.

We hope this mini-course has provided you with practical tips and tools to guide you in the process of using your knowledge to effectively market your center.