



Self-Employment Technical Assistance, Resources and Training

Self-Employment Q & A: Low Cost / No Cost Marketing Strategies for Small Business

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Marketing and promotion is essential for all enterprises. One size does not fit all, and what is good for one company may be disastrous for the next. All businesses need to have customers, or they will go out of business.

Marketing does not have to be costly, but it does have to be a conscious and a continuous activity. This START-UP "Q&A" addresses a few of the more common promotional questions asked by new business owners.



Should I invest in a brochure about my company?



Brochures can be an effective means of advertising. However, the biggest mistake small business owners make is rushing their brochure to print before the business has been established. During the first months of operations, particular services and products are often refined. Phone numbers or addresses may change due to unexpected re-location of the business. Prices may change to reflect supplier and component expenses. If a brochure is determined to be an effective means of promotion, it is best to wait until the "kinks" of the new enterprise are worked out before spending money on printing.

Quality of the brochure is also an important consideration. Seldom in marketing is a Xeroxed piece of paper a good idea. A poor quality brochure reflects on the quality of the company and sends the wrong message to the customer. One approach for the new microenterprise is to use a word processing template and a quality laser printer to develop informational fact sheets about your products and services. Print small quantities on quality stock paper. Changes to pricing, website addresses, monthly specials, and other business related activities can be made instantaneously and without throwing expensive brochures in the trash.



Do you recommend advertising in the local newspaper, on the radio, and TV?



In many cases, an over-reliance on print and formal advertising may not be the best strategy for all small enterprises. Display-type ads can certainly be cost effective, but placement of these advertisements may be the more



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important consideration. Purchasing column space in a newspaper may grab a reader's attention only if, at that moment, the person needs your product or service. A radio spot on the popular local drive-time show generally disrupts the listener's program, and the individual may not concentrate on your ad.

A better strategy is called "listing." Listing places your company's information where the buyer is most likely to be looking for what your company has to offer. The Yellow Pages, local "Thrifty Nickel", or even brochures and business cards placed in specific and related shops around town are good avenues. As an example, if someone needs a plumber at 3:00 am, the customer doesn't click on the TV and wait for a plumbing commercial to run. Instead, he or she will open the local Yellow Pages and look for 24-hour plumbers.

Someone looking for a lawn mowing service might look for business cards at the local mower repair shop or hardware store. A mechanic might place a small print advertisement in the local "Auto Re-Sales". These avenues are inexpensive and are easily evaluated to determine if they produce results. For instance, the flyer or brochure could offer a 10% discount if the person mentions seeing it or brings it to your company at the time of service.



Should I invest in a website?



Today, many companies have a website or at least a blog where they post contact and warranty information, hours of operation, specials and sales/close-out items, and general information about the company. A website certainly can lend credibility. For instance, a photographer without samples of his or her work online will suffer when editors or brides-to-be are searching for someone to take photos.

But, does a local plumber or lawn mowing service need a site? The decision is generally based on defining the role that the Internet plays in your business. For those not wishing to pay a website developer, several low-cost on-line Blog services exist and are easily mastered by those without extensive computer skills. A blog page allows the business owner to describe products or services, attach files containing information such as warranties, assembly, or servicing instructions. Blogs also allow easy updates and opportunities to upload photos of the artisan's work, recommendations and endorsements from customers, and add-on products (e.g. a matching pair of earrings to go with the ring purchased from your jewelry company).

Beyond the website, one simple act that pays big dividends is answering e-mail daily. Too many companies miss opportunities to satisfy customers by ignoring e-mail. Also, occasionally "pushing" e-mail to your customers' desktops is a good way of letting them know what new products or seasonal services are being offered. Avoid spamming, but stay in touch! Often a subtle e-mail prompt reminds buyers that they need to get their gutters cleaned for winter, their oil changed before vacation, or their deck repaired before the next barbeque!

If you sell on a web-based auction site, a good strategy is to list your site in the auction description with the tag line: "if you'd like to see more items like this, please visit my website at www.morestuff.com". Note that some auctions sites disallow these messages. The online auction site eBay hosts "Stores," and this may be the most cost effective means to be online without the cost of establishing and maintaining a site. Amazon.com also sponsors specialty stores and auctions and may fit particular retail businesses quite well. Craigslist, for the right products and services, also can certainly be an effective listing and sales medium, and there is no sales fee.



Does customer service have anything to do with marketing?



A business owner will find that it is much cheaper to keep satisfied customers than to find new ones. Satisfied customers tell their friends and acquaintances. Of course, dissatisfied customers tell even more people! Word-of-mouth travels fast. The last restaurant that you tried was probably recommended by a friend! Companies that provide good customer service will keep repeat customers and attract new ones. In addition, many people will pay premium prices for work that they know will be well-done and guaranteed.

The key elements of quality customer service cannot be overlooked. A lot of hard work goes into developing a reputation for quality. First, the people performing the work must be technically savvy and skilled. For instance, building boats is fairly easy; building boats that float is difficult. Second, customer service relates to accessibility. A customer should be able to easily contact the company. At least four means of connection must be well communicated to include the phone number, e-mail address, website, and retail address.

Third, the product or service must be convenient to purchase. Again, multiple means of access are important depending, of course, on the specific business. Retail locations, print and on-line catalogs; internet auction sites all play a role, while multiple forms of payment seal the deal and include accepting cash, checks, PayPal, and credit cards.

Finally, making the product or service guarantee easily understood is important. This includes detailed written warranties, verbal explanation of the guarantee at the time of sale, as well as the terms of sale printed on invoices and work orders. There are certainly times when customers are wrong but avoiding conflicts and a bad reputation is critical to survival especially in a small town or tight-knit neighborhood.



Should I try to attract customers through low prices or maybe discount coupons?



Coupons can be quite effective for introducing new customers to your products or services, and for raising quick cash. The downside is that customers using coupons are easily distracted by another competitor's coupons next week. As with all strategies, there are "trade-offs."

A low price image has worked wonders for retailers such as Wal-Mart and K-Mart, but a new business owner must know the actual costs of production. Selling at less than production costs will hasten placement of your "Going out of Business" sign. A better overall strategy may be to have prices reflect actual costs and have quality customer service that guarantees return customers. Since it costs 80% more on average to find new customers than it does to retain old ones, customer service may be your best bet, coupled with marketing strategies that get buyers in the door in the first place.



How do I go about getting word-of-mouth referrals for my business?



Networking and word-of-mouth are the keys to small business survival, and there are almost unlimited approaches. As previously mentioned, providing good customer service is one way to get word-of-mouth referrals. Another strategy is to develop a relationship map. This is simply a listing of all the people that the business owner knows who can get the word out about the business. Family members, suppliers, present customers should be included. Once the list is completed, ask the individuals on the list to assist. Suppliers might be willing to place your company's brochure or business cards on their counter. Or, your suppliers may even outwardly promote your business to their customers. Family members may give you their business and tell their friends. Your church or bowling league might mention your company in their next newsletters and encourage people to patronize your company.

Networking is not a passive activity. Identify people and be clear about what you'd appreciate them doing for you. Be active in your community and neighborhood. People come together over shared interests. If people attend church together, belong to the same service club, or play in the same intramural basketball league, there is a heightened chance that they will do business together.



Do you have any other examples of how to market a new business that would be at low or no cost?



Another excellent strategy is to create strategic partnerships. Instead of going door to door asking if people need their decks and house siding pressure washed, go instead to local hardware stores, lumber yards, and remodeling contractors and strike a deal. For promoting your business to their customers you will in-turn promote them; or negotiate a small commission of say 5% for every lead that turns into a paying job.

Consider "parallel" marketing opportunities and events. For instance, a company that builds backyard decks installs their latest design on the model home of a local real estate developer. The understanding is that signage will be placed at the model home and that the company will get the work when the deck is ordered for other new homes. Another example is a painting contractor who demonstrates how to prepare a surface and apply paint for a quality job at the local hardware store. Or, a jeweler teaches a night class in beaded jewelry. All these activities bring people with similar interests and needs into the same environment, where further commerce and referrals are possible.

Make one sales call instead of twenty. A house painter may be much better off approaching a property management firm and offering a volume discount for a contract to paint ten houses. The amount discounted would be less than the time spent securing work from one homeowner at a time. And, buying in volume offers another opportunity to partner with a supplier who generally can offer materials discounts to someone buying multiple gallons of paint.

Use your economic power to get referrals. Many small business owners fail to leverage their buying power. For instance, most companies have a bank account. This money is invested by the bank and produces earnings. Banking is quite competitive; they want your business. Negotiate for opportunities to bid on bank business and/or for them to refer their customers to you. For instance, banks purchase a good deal of printing services. If you run a print or desktop design shop, ask to bid on their next job. If you are an editor or copywriter, ask for an opportunity to assist with designing their next annual report or investment brochure. If your company shampoos carpets, don't miss the opportunity to give them a bid in consideration for your deposits. There are most likely many more ways to network and market your new business. Be creative! Marketing certainly does not have to be costly, but it does have to be a conscious and a continuous activity.

**For additional information, contact ODEP at (202) 693-7880 or visit www.dol.gov/odep/
For more information on START-UP / USA visit www.start-up-usa.biz.**

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