



# Easy-to-Follow Promotional Methods Guide for Micro and Small Businesses

## SPECIALIST SERVICES FOR THE SELF-EMPLOYED

Did you know? There are more than 2 million self-employed people in Australia.

When you are in business for yourself you need all the help you can find. At Independent Contractors of Australia we specialize in issues for the self-employed/micro-business person.

To assist we have produced a series of easy to use templates and practical advice covering:

- Business Plans
- Marketing Plans/Audits
- Marketing Research
- Finance
- Promotional Hints
- Contracts

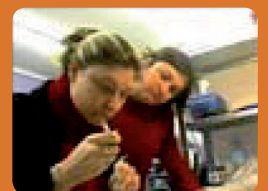
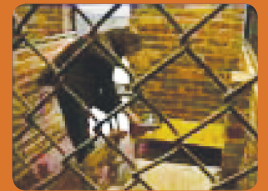
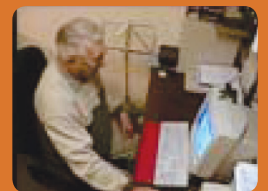
We have also produced a series of short video clips. We've interviewed self-employed people about what they say are the most important things to do in operating your own business. They talk about:

- Cash flow and debt management
- Work-life interface and balance
- Facing difficult times
- And more

You can find all these practical tools and information at:

[www.contractworld.com.au](http://www.contractworld.com.au)

We also keep you up to date on issues for the self-employed.



# Easy-to-Follow Promotional Methods for Micro and Small Businesses

Detailed below is some very useful information on promotion for small business.

Promotion is one part of marketing and is often misconstrued as marketing itself!

Advertising is included in this aspect of marketing.

## The keys to successful promotion

The keys to successful promotion strategies for small business are pretty much the same as for big business.

The business needs to bear in mind the following :

- Use research findings to guide development of strategies and methods to promote
- Be creative
- Be consistent
- Treat promotion as an investment (not a cost)
- What are the methods to promote?
- Take on board advice from people/consultants who have genuine knowledge of marketing and in particular promotion
- Measure what you do

This Guide looks at each of these in turn.

## 1. Use research findings to guide development of strategies and methods to promote

The basis of developing a promotion strategy for any business must be research, not anecdotal intuition or the feeling (gut feeling) of the CEO or business owner.

The findings of research (primary research) are the keys to identifying the most likely methods to promote, which in most cases would be more than one or two methods. There is rarely one clear method to promote, it is usually a combination of methods that must integrate and support each other.

The primary research findings from questions directed at relevant target groups are where the answers lie. Questions such as, “if you needed a new or replacement widget how would you go about sourcing a suitable widget”, hold the keys to developing successful promotional strategies.

Alongside this research there must be research or observation of competitors and how they promote their products and services. Competitors that have been in the marketplace for over three years will have made some promotional errors and can be a good source of information for new and existing businesses or businesses looking to enter new markets.

## 2. Be creative

In small business we have limited funds for promotion and advertising, and as such we need to stand out and get as much bang for our buck as possible!

Sounds acceptable and simple enough, but not always easy to do.

Being creative in business comes from being different and appearing differently to your competitors.

Issues such as the following need to be considered:

- Business name (or identity) is it memorable or forgettable?
- Visual identity – colours and graphics, and where they appear (eg. back of a bus or in a newspaper, etc.)
- Audible identity – how the business sounds (eg. the way the phone is answered, the way the business name is pronounced, etc.)
- Logo use
- Choice of media/mediums to promote – are you visible/audible where your targets will see you?

Research the above with your targets and get their views. You should not rely on your judgement, as you may not be the target or the appropriate judge of what will work and what will not work.

## 3. Be consistent

When you promote your business or organization ensure that your entire approach is consistent.

By this we mean that you always use the same colour tones (exact PMS colours) for your business name and logo (in other words your visual appearance) and that you do not use a range of font styles and differing shades of the brand and logo colours. This typically reflects an unprofessional approach and one that is easily identified by many customers and seen by many as amateurish.

Develop a basic manual or style guide for use in promoting your business. This is what many of the most successful businesses do. McDonalds is one of the most successful small businesses in the world (over 90% of the outlets are franchised). There are approximately 30,000 outlets around the globe and they are an excellent example of consistency in promotion and visual appeal.

## 4. Treat promotion as an investment (not a cost)

Promotions need to be planned for in an execution sense (making happen) and from an expense sense. The business P&L or budget (or business plan!) must have some allowance for promotion. There are many methods to budget or allocate an appropriate level of expense, eg –

- What will each activity cost (task and expense)
- Competitive benchmarking
- Ratio or percentage of total \$ sales
- The MD or owner says you have this \$ budget – now make it happen!
- Others

If you are developing a business for the long haul or as something to be sold (at a later date) or franchised then the business owners will need to treat promotion as an investment. If the business is existing and has new ownership then it may require a level of promotional investment that has not previously occurred. This investment may be needed to lift business activity or assist in penetrating new opportunities and markets.

An investment is something that will have a future value that is greater than its current value and this is the way that promotion (including advertising) should be viewed.

The total promotional expense of a business needs to be viewed in light of what it is trying to achieve. If it is trying to achieve growth then a high promotional ratio to gross sales dollars (\$) is probably required. That ratio will be dependent on the nature of the industry, market and competitive intensity along with what is trying to be achieved by the market player (you)! Typically today for many small businesses promotion needs to be at least 3 per cent of gross sales and in many cases much more (say upwards of 5 per cent).

## 5. What are the methods to promote?

There are many promotional methods that the business can choose (see below).

A combination of methods is usually the best strategy to successfully promote a business. There is/are rarely one or two methods that will generate a sufficient amount of enquiries that lead to sales for any small business.

Over time the promotional strategy needs to be reviewed (say on at least a yearly basis) due to the changing nature of markets and consumer behaviour.

The main promotional methods open to any small business are :

- *Advertising*, this includes the methods below –
  - Letterbox campaigns (very good for geographic specific businesses)
  - PO Box campaigns (via Australia Post – very good for business-to-business communications)
  - Directories (includes Sensis yellow options and community directories)
  - Electronic forms of advertising (includes TV, radio and cinema)
  - Non-electronic forms of advertising (includes mainstream newspapers, local/community newspapers, magazines, trade magazines, outdoor advertising, transport advertising on buses and trains, shop-a-docket and other)
  - Other

## 5. What are the methods to promote? (continued)

- *Personal selling* (includes sales and negotiation with potential clients and existing clients)
- *Sales promotion* (includes loyalty programs, competitions, sweepstakes and etc.)
- *Trade and consumer shows and exhibitions*
- *Sponsorship* (where your business pays money to another organisation to receive your branding exposure on or in their public activities)
- *Publicity / PR*
- *Direct Marketing/Mail* (includes digital and electronic communication as well as traditional mail communication)
- *Signage* (on vehicles on buildings and other)
- *Web sites*
- *Telephone* (including tele-sales/marketing, SMS promotional messaging, other)
- *Networking*
- *Other* (including business cards, uniforms, gimmicks, flyers and other)

## 6. Take on board advice from people/consultants who have genuine knowledge of marketing and in particular promotion

If you are new to small business or have been in your business for many years but have decided to change or increase your promotional exposure but are not sure how to do it take some advice from a person (or consultant) with marketing and/or small business expertise.

Experts or consultants with proven expertise in small business and marketing can decrease your likelihood of making mistakes or wasting promotional dollars. If you need to change promotional strategies after measuring performance and taking on board advice from others be brave enough to do it.

Locate an appropriate consultant or assistance from your local business community and give them a briefing on your needs and what are the costs associated with their advice and assistance.

## 7. Measure what you do

It makes good business sense and practice to measure where your new business comes from. That is why many small businesses may ask you for your post-code or how did you find us?

They are looking to measure their promotional effectiveness to ensure the investment they are making is a worthwhile one.

This is what you should commence to do if you are not already doing it in your business. This will reveal whether spending money in certain mediums is paying for itself or not. It should also confirm whether you continue to promote using existing methods or not.