

## **EFFECTIVE MARKETING FOR SMALL ENTERPRISES**

Big companies can afford spending much money for advertising and attracting customers. This type of expenses will be covered even if 50% of the advertising fails. However it is totally different for small enterprises. The owners of small enterprises have to make accurate calculations about the amount of money that they are ready to spend for advertising. They have to foresee the possible feedback. For example they have to know how much it will cost them to attract every other customer, let alone the balance between expenses and sales amount.

Returning customers bring the main income, then it is possible that the first sales can be arranged with a little profit or even at a cost price. It's a common thing when high yield enterprises bear losses after the first sales with the goal to attract customers and perform first sales. If we know how much it costs to attract a customer and the amount of the revenue he can bring us during a known period of sales, we can look at the customer solicitation as follows:

*How much (X) we should spend on advertising to get the certain (Y)  
revenue.*

A good product or a qualified type of service cannot sell itself. The product can be upgraded, but it will not be sold until customers learn about it. The most important thing is to get the customers learn about it. Nowadays we see increased competition in almost every market. Most market niches are occupied with a leading company in it. We can't just put a *We're open!* banner, it obviously will be not enough.

Nevertheless the owners of small enterprises have to accept that advertising is an expensive way of attracting customers. It is the reason why small enterprises should try using means of low-cost marketing and even do without any expenses at all. By saying low-cost marketing we mean the following:

1. Partnership programs. To make a quick start in a market and increase sales it is possible to use clients' database of other companies in the market for a certain percentage of the sales turnover.

2. Selling articles on themed places. A trading company can advertise in such places where its target customers are. If a company sells garden tools it can advertise itself in forums and magazines on the gardening.

3. Up-sell, Cross-sell, Down-sell. Up-sell is an offer to buy more or with more money. For example, you customer chose to buy \$500 tires and you suggest he should add \$100 more and buy better tires with longer service life. Cross-sell – is an offer to buy an extra product. For example, your customer has bought tires and you offer him wheel disks. Down-sell is an offer to buy a less expensive but a

higher-margin article. For example, you can sell \$600 tires, which purchasing price is \$400, or offer to buy \$400 tires, which purchasing price is \$100. In the second case you obviously get higher profit. Additional sales technique can raise company's profit to 30% or even more.

4. Testing period of a product for a certain period of time. You can offer your customers to test your product. For a trial you can offer a light or a limited version of your product, depending on what you sell. This is the tactics of the companies who sell software. The customers get used to the product during the trial period, then find it hard to leave it and finally buy it.

5. Advertising on the expenses of suppliers, partners and contractors. The small enterprise can make use of an effective way of attracting customers, which are references. Ask your partners to mention your company before the customers. Your suppliers will benefit from your increase in the number of customers and sales turnover as you would obviously do more purchases. Both sides benefit from this. You can also ask your suppliers to advertise you while you are going to advertise them. It is reasonable to offer your contractor a percentage of each customer after their references.

6. Identification of a market niche. Strategy is that a narrower niche would increase the sales turnover. It is of vital importance for beginners. *If your product is for everyone then it's actually for no one.* A company should be determined which direction it is going and with which customers.

7. Marketing research and survey. If you are going to expand your product list or present new product to the market, don't do this only because your competitor does so. Firstly do a survey among your potential customers to find out if they are interested in the product. In any case this survey would be more reasonable than producing a big amount of a product which nobody would want to buy.

8. List of benefits for customers. When we buy a product or a service we buy a solution to our problem. *Customers do not buy drills but holes in the wall.* You should totally be aware of why your customer would need your product. It would be perfect if you have a list of advantages of your product, which all of your employees know and when been asked *why do I need this* they could give a reasonable answer.