

Solution Guide

15 marketing ideas on a shoestring budget

Effective marketing does not always require a substantial budget. This guide offers 15 low-budget marketing tips to help you grow your business.

1. Know your customer

Always start by identifying your target markets. The more you know about your customers' needs and wants, the better your chances of selling more goods and services to them and of finding more customers like them.

Market research is the best way to develop a profile of your typical customers, so build it into your daily business operations. You can start as simply as asking customers a few key questions each month. For example: "What else would you like us to stock?" or "Can you suggest how we could improve our service to you?" or "Do you buy anything from other businesses that you would be prepared to buy from us?"

You can vary the questions from month to month, but the important point is to keep on asking the questions rather than assuming you know what your customers want.

2. Use database marketing

Exploit the potential of your customer database by using direct marketing. Database marketing is an effective way of increasing your sales to people or businesses that have already done business with you.

By mail merging a letter with a database of your customers (or selected names from the database) you can send out

hundreds or thousands of letters to your existing customers enclosing a newsletter or brochure, making special offers, telling of new products or services, or offering complementary products and services.

You can easily monitor the effectiveness of direct marketing through coding of offers, order forms, etc., allowing you to fine tune your promotions and run with the most profitable variations. Remember it is between six and ten times more cost effective to sell more to your existing customers than to find new ones.

You will also need to comply with applicable State, Territory and Commonwealth laws, including the Privacy Act 1988, the SPAM Act 2003 (for any electronic communications) and for any communications given in person or by telephone, applicable door to door sales laws which limit (among other things) the times and days on which customers and potential customers can be approached. You should consult your solicitor to determine the regulatory requirements that apply to your business.

3. Start an email newsletter

Email newsletters allow you to keep in close touch with your customers at a fraction of the cost of direct marketing. One secret to success: keep the newsletter brief and the selling low key. Always offer something of value to your customers (such as an article) so they look forward to the

newsletter and don't see it as just another tiresome sales pitch.

You should consult your solicitor to ensure you comply with applicable laws, including the SPAM Act 2003 and the Privacy Act 1988.

4. Complementary marketing

Train your staff to offer complementary products or services to customers at the time of purchase (remember the famous McDonalds line: "would you like fries with that?" – it works!).

If you wish to sell more to existing customers, but lack suitable complementary products and services, start building alliances or joint ventures with other businesses that supply suitable products or services. For example, if you offer a film processing service, but you don't sell cameras, you could form an alliance with a business that sells photographic equipment. The idea is that you promote each other's business to your customer databases. You might offer cameras at special rates to your customers, while the other business offers film processing at special rates to their customer database. Or you might team up with a courier business to offer your customers safe and rapid returns of processed films at reduced rates.

Just about every business should be able to find another business that offers complementary products or services. Such joint promotions benefit both businesses and can be very cost effective. Be careful to comply with your requirements under the Privacy Act 1988.

5. Exploit the 80/20 Rule

The 80/20 Rule, also known as Pareto's Principle, applies to most features of business life. The Rule helps you to concentrate your marketing time and energy on the areas most likely to give you a productive return. For example, 80% of your business comes from 20% of your customers. It follows that for maximum results you should concentrate 80% of your marketing budget, time and energy on getting more business from this 20% segment.

6. Develop a customer loyalty scheme

Retain and expand the sales of the top 20% of your customers who give you 80% of your business by developing loyalty schemes to show you really appreciate them. Some ideas:

- Offer discounts or rewards for purchases over a certain amount. For example, coffee shops and music shops provide loyalty cards that are stamped after each purchase, the reward being a free coffee or CD after a set number of purchases.
- Give them special recognition through thank-you letters, or birthday and anniversary cards.
- Invite them to special preview evenings of new products or services.
- Let them have first choice at sales.
- Hold a contest or competition with entry open to privileged customers only. Consult your solicitor to make sure you comply with applicable laws relating to such competitions.
- Reward them for referring new customers.

Tactics that make customers feel privileged, special and recognised are the most successful. Where your loyalty scheme relates to benefits offered across two different companies, consult your solicitor to make sure you comply with the third line forcing aspects of the Trade Practices Act 1974.

7. Build brand or slogan familiarity

Use every opportunity, including all stationery, adverts and promotions, to build brand or slogan familiarity, such as:

- "Satisfaction guaranteed"
- "Service second to none"
- "You'll always remember the quality"

- “You’ll never buy better”
- “We deliver, install and train”

Whatever your brand or slogan, promote it persistently to gain familiarity in the marketplace. Don’t forget vehicles: they are an effective form of moveable advertising and magnetic signage offers you a way of advertising that can be removed and reused on other vehicles. Keep messages and contact details short and memorable. Try promoting your website address instead of a telephone number, or a simple map showing the location of your business.

Other eye-catching examples spotted include an illuminated large telephone on a car roof rack advertising a pizza delivery service, and a giant safety pin on a van roof advertising a nappy laundering service.

8. Build alliances with suppliers

Promote your business by developing alliances with suppliers that have established well-known brands. Use these brands on your signage and your stationery to build the credibility of your own business, but make sure you have the consent of the brand owner to ensure you do not infringe on their intellectual property rights.

In addition, it may be possible for you to undertake joint promotions with the suppliers or get them to share the costs of signage or events. For example, hold an event at your business where the supplier sends an expert to demonstrate a new product or train people in its use. Be sure to invite your top customers to such an event.

9. Gain free advertising and publicity

With a dash of imagination and persistence you can get others to promote your business for you. One way is to advertise your business through other businesses and do the same for them. For example, a backpackers hostel in a South Australian town studied a travel map and worked out all the likely spots (such as coffee shops or restaurants) where backpackers were likely to break their journey before arriving in the town. The hostel arranged for brochures to

be placed in these businesses, in return for publicising these refreshment stops to its own guests.

You can also gain free publicity for your business through the media by doing something newsworthy. For instance, if you’re a retailer, you could invite a local celebrity or sportsperson to the opening of a new store, a season sale, a new product evening, etc. The media are always looking for human interest stories and by paying close attention to the stories of other businesses they do publicise you can come up with your own stories with a human interest angle.

10. Special events and joint promotions

These work especially well with retail businesses. You can build these promotions around events such as Mothers’ Day or Easter or school holidays or a sporting event.

Joint promotions allow you to share costs (for example, hiring a clown or other entertainment to attract children to your shopping area) and build useful links with businesses that serve complementary needs. For example, if parents bring children to a toyshop, they will probably also be looking for some refreshments afterwards. A simple joint promotion is for the toyshop to offer the parents a discount voucher for a nearby restaurant as a purchase incentive, and the restaurant to offer a voucher for toys. In an example such as this, your solicitor might need to be consulted to ensure compliance with the third line forcing aspects of the Trade Practices Act 1974 if both suppliers are companies. There are many variations on this theme.

11. Free offers

Free offers can be very effective in drawing customers to your business. For example, some retailers of computer equipment now offer a few hours of free training because they realise that this service has great attraction for people with limited computer skills. Try basing your free offer around something that adds value to a purchase or saves time and effort. For example, free delivery, free installation, free training, free loan equipment if the product needs servicing or fixing, and so on.

12. Guarantees and testimonials

Guarantees and testimonials (feedback from satisfied customers) both serve to increase your credibility and reduce risk in the eyes of the customer. Both are therefore excellent ways of increasing business, and should be featured prominently on all your promotional material as well as in your premises. Try to come up with a guarantee that is better than your competitors' guarantees: the difference could give you a competitive advantage. Obviously you will require the consent of any satisfied customers before using their testimonials in this manner.

13. Sponsorship

Sponsoring a local cause or event that has a strong link to your market, such as cleaning up the environment, a charity or a team event provides an excellent way of increasing exposure for your business and showing that you are putting something back into your community. A tip here is to commit to something that you feel passionate about: it will make your community work much easier. For example, the child of a business person suffered badly from asthma. Over the past five years the business person has become a well-known fund raiser for asthma research.

14. Build word of mouth business

Word of mouth happens when a customer refers other people to your business because you have provided good value. For many businesses word of mouth is one of the best sources of new business – in fact many businesses rely largely on this method to gain new business.

The mistake is to assume that you can sit back and let word of mouth happen automatically. You can get far more business out of word of mouth by working at it continually. Generate positive word of mouth by:

- making sure that everything in your business achieves excellence
- doing that little bit extra for every customer: something they don't expect

- sending thank-you letters and/or gifts to customers after purchases.

15. Increase referral business

People who are happy with what they have received from your business are likely to tell others about you. But as with word of mouth, you can greatly increase the rate of referrals by adopting proactive tactics instead of just waiting for it to happen.

Make these tactics part of your standard business procedures so they are applied consistently to all business transactions. Train staff to ask customers if they are happy with their purchases and then ask for referral business. This could be as simple as saying: "We're delighted that you're happy with our products/services and we'd greatly appreciate you telling your friends/other businesses about us as we're trying to expand. We'll make sure that any friend of yours gets exceptional service if they mention your name."

One business owner uses the simple tactic of giving the customers a number of business cards after writing the customer's name on the back of each. A new customer returning one of these cards gets an introductory discount and the referring customer receives a thank-you letter and a small gift.

For more help

To speak to a Business Specialist, contact the nearest branch of the ANZ or access our website www.anz.com

Local support

To access the most up-to-date advice, browse the website for your State:

ACT: Business ACT

www.business.act.gov.au

NSW: NSW Smallbiz

www.smallbiz.nsw.gov.au

NT: Territory Business Channel

www.tbc.nt.gov.au

QLD: Smart Small Business

www.smartsmallbusiness.qld.gov.au

SA: Department of Trade & Economic Development

www.southaustralia.biz/home_page.htm

TAS: Department of Economic Development

www.development.tas.gov.au

VIC: Business Channel

www.business.channel.vic.gov.au

WA: Small Business Development Corporation

www.sfdc.com.au

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