Marketing



MARKETING

Note To Reader

THE INDIVIDUAL/BUSINESS/CORPORATION/PARTNERSHIP (HEREINAFTER REFERRED TO AS THE CLIENT) ACKNOWLEDGES AND UNDERSTANDS THAT THE GOVERNMENT OF MANITOBA DOES NOT WARRANT OR REPRESENT THE ACCURACY, SUITABILITY OR APPLICABILITY OF THIS (ATTACHED) INFORMATION AND ASSUMES NO RESPONSIBILITY OR LIABILITY FOR THE USE THEREOF BY THE CLIENT AND ANY THIRD PARTIES AND THAT THE INTERPRETATION, USE AND APPLICATION OF SUCH INFORMATION SHALL BE THE CLIENT'S SOLE RESPONSIBILITY. THIS PUBLICATION IS TO PROVIDE BASIC INFORMATION ONLY. FOR ANY SPECIFIC DETAILS ONE SHOULD REFER TO AN ACCOUNTANT, MANAGEMENT CONSULTANT OR LAWYER.

Table of Contents

INTROD	UCTION			2
	SING THE MARKET -			
	T RESEARCH			3
The Cus				<u>-</u>
The Competition				3
The Environment				4
Product	Potential			4
OBJEC1	TIVES - STRATEGIES		4 ×	5
Setting	Objectives			5
Choosin	g Your Marketing Strate	egy	98	5
THE AC	TION PLAN	1		6
Product	(or Service)			6
Price				8
Place				10
	Retailer - Location			10
	Manufacturers - Distrik	oution		11
Promotion				13
	Advertising			13
	Sales Promotions			14
	Publicity/Public Relation	ons		14
	Personal Selling			15
MONITO	ORING AND EVALUATION	NG RESU	LTS	17
RETAIL	ING			18
Exterior	Design			18
Interior	Design			18
Displays	\$			18
Store Layout				19
Salespe	eople			19
IN CLO	SING			20
SOURCES OF INFORMATION				21

INTRODUCTION

"If a man can write a better book, or preach a better sermon, or make a better mousetrap than his neighbours, the world will beat a path to his door, though he built his house in the woods."

It is unfortunate, but many independent businesses are so busy coping with the day-to-day details of operating their business that they have little time to sit down and contemplate the future. And contrary to the "better mousetrap" adage, an entrepreneur cannot wait for the world to come knocking on his door, for they will more likely already have purchased their mousetraps from someone who took the initiative to knock on their doors. Businesses have to take action to put their product in the hands of potential customers. Activities undertaken to do so are part of the **marketing** function, and they include pricing, advertising, distributing, displaying, packaging, labelling, product designing, and so on.

These activities create a wide range of decisions which have to be made, decisions which are more easily made if there is some overall direction or plan which is being followed. The four elements of market planning are:

- 1 assessing the market, or conducting market research:
- 2 setting objectives;
- 3 developing an action plan; and
- 4 monitoring and evaluating results.

A basic rule of thumb that should guide marketing decision-making is that answers can be found by looking to the customer. A business that does not attend to the needs, tastes, habits, resources, etc. of its customers will probably soon find itself without customers. A customer-oriented philosophy will not ensure the success of a business, but it certainly will lessen the probability that the business will end up as another bankruptcy statistic. You will find as you read this book that this concept is repeated again and again, especially in those sections which discuss the marketing action plan.

Most independent businesses lack the resources to staff and finance a marketing department, and so they are left on their own to make all marketing decisions. This handbook is intended to provide Manitoba entrepreneurs with some guidelines to the formulation of a marketing plan, hopefully raising questions that at a minimum are given some consideration. It should not be assumed that this handbook is a thorough examination of the subject of marketing. Additional sources of information are listed at the end of this handbook, and they should be consulted if a more indepth understanding of marketing is required.

The handbook is written for use by all independent entrepreneurs, but is perhaps geared more toward retailers than manufacturers. Certain sections, well defined, are intended only for either retailers or manufacturers.

Since the world may not be beating down your door to buy your newly developed mousetrap, you will have to take steps to bring the mousetrap to the world. It is hoped that by reading this book you will be able to set out at least somewhat prepared.

ASSESSING THE MARKET – MARKETING RESEARCH

Every business person needs information upon which to base his/her marketing decisions. Marketing research has been defined as the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services. Its purpose is to help the entrepreneur make better decisions and avoid committing costly mistakes. The time and dollars spent on marketing research, regarded by many small businesses as frivolous, can in fact be quite valuable, either by illuminating unknown opportunities, or by exposing possible risky situations.

Market research efforts are commonly centered around developing sales forecasts, determining market and sales potentials, designing products, evaluating advertising, and determining consumers' motives for purchasing. There are generally three areas covered: (1) the customer; (2) the competition; and (3) the environment. Assessing these three areas should yield an assessment of the product's potential.

Data can be collected either from primary or secondary sources. Gathering information from primary sources involves, as is implied, going directly to the source, whether that be questioning competitors, surveying customers, etc. A first step, however, should be to collect background information by going to secondary sources, such as government publications, trade journals, telephone books, annual reports, and libraries.

Small businesses routinely gather market research information in the course of operating their business, without making formal efforts to do so. They chat with sales reps, customers and government officials from time to time. More formal and regular efforts to collect information could conceivably result in fewer lost opportunities. For a person starting out in business, to plunge ahead without doing any market research would be foolhardy.

However, there may be some instances when the rewards to be gained from an opportunity are so obvious that to take the time to conduct research would only result in losing that opportunity. One must always try to gauge the value of the information in terms of its costs/benefits. In such instances, a decision can sometimes be made without conducting market research because few further facts may be unveiled.

Specific information sought to assess the market should include:

1 The customer

It is very important to identify your **target market.** You need to know who will buy the product. These people can be categorized for identification purposes in two ways: (1) demographically, i.e., sex, age, ethnic background, where they live; (2) psychographically, this area deals with people's life styles, i.e., spending preferences – (holiday at Grand Beach or Grand Bahamas: Labatt's Blue or Blue Nun white wine).

Perhaps the single most important rule-of-thumb in marketing is **"KNOW YOUR CUSTOMER"**.

If you are an entrepreneur in Manitoba, your target market could be international, Manitoba wide, a specific area of the province, a town, a neighbourhood, etc.

Let's look at some examples:

A village convenience store – For this type of business, the target market would be primarily geographic and local. The factor that most of the store's customers would have in common is that the majority would live near the store's location.

A clothing store – If you sell retail clothing, you could target your market as: all men, only women, only for children or only for large people perhaps. Gender, and possibly the size or ages of people, may be the main factors to describe your target market. The more narrow your choice of market, the larger the geographical area you would need to draw from.

A custom furniture builder – This type of business would be involved in the design, manufacturing and perhaps retail selling of its own custom furniture. The market would be partly geographically located and partly income-oriented. That is, only upper-income people may be able to afford custom furniture, and they would tend to live in certain upper-income areas of the city.

A safety clothing manufacturer or distributor – This type of business would make special safety clothing, such as fireproof suits. The market would be specific organizations such as fire departments. More of these typical customers would be located in large communities, so you would need to market such products in several provinces in order to be viable.

Eventually, you will need the above type of information to make good business decisions about such matters as: your selection of location, appropriate pricing decisions, promotional approaches, etc.

2 The competition

Competitors must be identified so that they can be monitored. They should be analyzed to identify their strengths and weaknesses. Entrepreneurs can learn a great deal about the possible consequences of their future decisions by studying what others have done and are doing in that particular market.

Estimates of competitors' sales volumes and their market shares should be made. Also, the reactions of competitors to new entrants such as yourself should be judged. Your analysis of the competition should include an analysis of the reasons for their success. You want to know why customers are buying their products or shopping at their store.

Obviously, in some product areas the existing businesses are so strong and well established that it would be nonsensical to even attempt to enter the market. As an example, an entrepreneur would have great difficulty if he/she chose to compete head-on with a large food store, such as Safeway. It would be better advised to offer a somewhat different service – a neighbourhood location and longer hours perhaps, which would mean more convenient service. This choosing of an area of competition is called positioning.

3 The environment

A number of forces affect all businesses, and still other forces influence particular industries. One should attempt to judge what will happen to the economy – will interest rates rise? Will the rate of inflation increase? Governments impose many regulations (taxes, customs duty, health regulations, hiring practices) which can affect operation of an enterprise. Imposing import quotas for certain products would help manufacturers of such products within Canada, but would adversely affect any business involved in importing and distributing the product.

Similarly, there are social and cultural forces which affect the viability of a business' operations. Trends in the 1980's and 1990's have been toward an increased awareness of health and care of the body, resulting in the marketing of physical activity products (racquets, jogging wear, cross-country skis) and health food (wheat germ, granola bars, wild rice). There are certain products which are "fad" products and they remain on the market for only a short time (pet rocks, hula hoops). An entrepreneur has to judge if his/her product will enjoy a long life, or if the forces which are buoying its performance in the marketplace will soon collapse.

Political, economic and social forces must be considered for their potential effects on your business. The energy situation has led to the reduced demand for certain products (the 390 V-8 car, the oil-fired furnace), while it has contributed to increased use of others (insulation and weather stripping products).

One has to be aware of such forces, the opportunities they create and the ones they extinguish. Developments in such fields as economics, politics, and technology should be monitored for their potentially negative or positive effects on your business.

4 Product potential

An examination of the above three factors should yield an assessment of the potential market for your product or service. Let us suppose, by way of an example, that you, a resident of rural Manitoba, have decided to look into setting up a mail order business for sporting goods. Furthermore, assume you have chosen to concentrate initially on the rural Manitoba market. Your market analysis should consider, for starters:

- how big has the sporting goods market been in each of the last five years;
- what percentage of this has been sold through mail order suppliers;
- who are the mail order distributors already in this market, including S.I.R. Sports. What proportion of the market does each control, and do they seem to specialize in certain types of sporting goods;

- have consumers been experiencing any problems in getting products from the mail order suppliers or from local sporting goods retailers in rural communities;
- what are the quality and price ranges of the products being sold;
- what sports activities are enjoying a growth in popularity today;
- does there appear to be a niche of certain types of sporting goods that are not currently being offered or perhaps only being offered in limited selections (think about this in terms of the vast range of sporting goods that could be considered for a mail order business, such as team equipment, club jackets, bicycles, skate boards, exercise equipment, footwear, and so on); and
- what is the future outlook for the sporting goods market, particularly for the niche market you have identified.

The above types of market information can be obtained with a little legwork. Statistics Canada can provide you with numerical information on the sales levels for sporting goods. Perhaps the Manitoba Sports Federation can supply information about the growth in demand for certain types of sports activities.

You can try to approach a number of sporting goods outlets and interview them about trends and future prospects they see in the industry. It would also be useful to try to interview any mail order retailers already in the business. If you approach them on the basis that you do not plan to compete directly against them, they may agree to meet with you to discuss the industry.

Next, try to contact some key sporting goods representatives to get their assistance in estimating the size of the market for certain mail order products. Based upon the rural Manitoba population (475,155 in 1991), such contacts might offer some sales ratios that could be useful to multiply out the total size of the market opportunity. Your eventual market share would be a large or small proportion of this total, depending upon the extent of the competition and your own marketing efforts to promote your mail order company.

Your analysis will obviously need to be more detailed than outlined. There are many cost-related and inventory questions that also need to be answered, any of which could be potential stumbling blocks in your way. The above example is intended to give you some idea of only the type of market assessment information you should be looking for.

OBJECTIVES – STRATEGIES

The information-gathering process of assessing the market, as just described, should provide useful insights which will help to focus your marketing efforts. In particular, the information-gathering process should have made you more informed about:

- present and future potential markets (what consumers are buying or at least have a preference for at this time, and what the future trends might bring);
- knowledge of competitors' actions and successes, as well as their weaknesses;
- forecasts for the economy and;
- an improved knowledge of your own business area and your ambitions.

The next step is to then set a number of key objectives to focus your marketing efforts, and then to select the basic marketing strategy which you will follow in your business to achieve those objectives.

SETTING OBJECTIVES

Your marketing objectives should be stated in realistic, measurable and time-dependent terms, such as: a carpet cleaning business may decide that capturing 3% of the total market by the end of the first year of business is a realistic objective, or a hairdressing salon might target to try to achieve a customer base of 100 patrons within six months or a distributor might decide that one of its objectives is to develop a sales force of three salespersons in the first quarter.

Because the examples of these objectives are set out using measurable terms, and with specified time frames, it will be possible to later monitor progress being made towards fulfilling these objectives. The timing is usually expressed in terms of either the calendar year or by using the business' fiscal operating year.

It makes sense to write down your objectives in an orderly manner. This does not mean that they are etched in stone and cannot be changed. On the contrary, you should evaluate your written objectives at regular intervals of time, and make adjustments to them or to your marketing action plan to respond to changes in the market place or because of new experience you gain from operating your business over several seasons.

CHOOSING YOUR MARKETING STRATEGY

There are four alternative marketing strategies which you might choose from for achieving your objectives:

1 Market penetration strategy

Here the business owner would try to look for ways to sell more of the **same** types of products to **existing customers** of their own or to their competitors' customers. As

an example, for a shoe store, some of the approaches for achieving this may be by offering seasonal price discounts (pricing strategy) or by setting up a second outlet if the local market was big enough (place strategy) or by increasing the amount of promotion being done (promotional strategy).

2 Market development strategy

Under this strategy, the business owner would try to identify **new markets** for **existing products** that are already being made. For a shoe store business, if the retail outlet already sells work boots in its store, in addition to a regular product line of street shoes, this marketing strategy might involve taking a van load of work boots around to various manufacturing plants in the local area to try to sell directly to employees needing work boots for their places of work.

3 Product development strategy

Here the business owner would consider introducing some **new** or **additional** products or **new services** that might appeal to existing customers that are already coming into the store for their regular needs. For a shoe store, some examples of new or additional products might be to offer a selection of socks, shoe laces, polishes and shoe waterproofing products. Ideas for new services to offer existing customers might be a shoe repair service or a shoe shining service located on the premises.

4 Integrating strategy

Under an integrating strategy, the business may try to acquire the territorial distribution rights for one of its suppliers' product lines so that it could also get into the business of distributing to other similar businesses. Although this is a more complex type of business operation, there may be some price advantages to its own store under such an arrangement.

5 Diversification strategy

This marketing strategy would involve looking for new opportunities outside of the business' current products and existing customers. The focus would be to diversify the business in new directions by means of adding **new products** that would attract additional **new customers**.

A diversification strategy might be applicable in a situation where an existing business is acquired by a new owner who wants to expand the business in a variety of new directions if there is perceived to be suitable market demand. For a conventional shoe store, an example of new products might be to start offering a line of orthopaedic footwear also. This type of product would represent both a new product line and a totally new market for the store.

Choosing a marketing strategy means deciding as best you can how your objectives should be achieved. Strategy and timing should be closely linked.

The decision of which market strategy to pursue is a matter of identifying the unfilled need that exists in the market place and the strength of the competition if they are already pursuing some of the various alternative strategies. Strategies 4 and 5 may involve more risk-taking to the business owner; however, the rewards may also be greater than with strategies 1, 2 or 3.

THE ACTION PLAN

Implementing the strategy means that you have begun your venture. There are four important marketing tools that you have at your disposal to help you attract your market. They are the "4 P's" or product, price, place, promotion.

The successful entrepreneur achieves his/her maximum profit by providing the right product, at the right price, in the right place, with the appropriate amount of promotion. Marketing decisions are centered around these four variables, which are known as the marketing mix. Poor decisions regarding anyone of the four can lead to business failure. If hockey sticks are priced at a top-end price, we may not sell very many. Similarly, if we open a store in Bissett, MB., business may not be as brisk as it might if we opened in Brandon, MB.

A more thorough discussion of the 4 P's follows.

PRODUCT (OR SERVICE)

The concept of looking to the consumer for answers applies particularly when deciding upon the specific product/service to be provided. The product offered by the company should be one that meets the needs of the customer, not one that satisfies only the producer. For instance, you may be a lover of blueberry flavoured milk – but that does not necessarily mean that you should sell it in your store, as there may be no demand for such a product. As the owner of a record store, you should not sell only those records that meet your particular interests in music (unless you share the same interests as the target market). It would be a bad business decision not to stock country music records if there was a strong demand for them in your area.

Another concept to be aware of is the "total product concept" or the idea that you are selling more than just a physical product. The successful firm sells satisfaction, not just products. For example, a car dealer does not sell automobiles, he sells satisfactory individual transportation. The "product" includes offering a wide array of options to meet varying tastes and, as well, it must include after-sales service. An entrepreneur's approach in offering a "total" product to his/her customers can provide an advantage over the competitors.

Different aspects of the "total product" can be emphasized to differentiate an entrepreneur's product from the competition. The objective is to make your product different from the competition's either in actuality or in the minds of the consumer. Rather than competing head to head, offering the same product as the competition, you may attempt to convince the customer that you are offering a different, and therefore a better product. Examples of this product differentiation abound: Midas Muffler emphasizes its life time guarantee; Minute Muffler its quick service; Sears its low cost.

Products can be differentiated from competitors by quality and durability, color, odor/flavor, and of course by the level and type of service. For example, the five basic selling propositions for toothpaste are: taste, whitener, breath freshener, fluorides, and price. All advertise at least one of these features, sometimes more than one, to differentiate their product from others.

Markets for products can also be segmented, or divided into sub-groups. An entrepreneur can then choose to design a product or service specifically for that sub-group, rather than attempting to offer a product for the overall market. For example, rather than opening an auto parts store which stocks parts for all cars, you might stock exclusively foreign car parts, or GM parts, or small car parts. However, you have to be certain that the particular market segment you choose is sufficiently large in your area to warrant such a specialized outlet. Like everything else, there should be a good degree of common sense in this. A classical record store might do well in Winnipeg, but there may not be enough classical music lovers to support such a store in, say, McCreary, MB.

Types of Consumer Products

Consumer products can be classified according to how people buy them. There are four classifications generally used:

1 Convenience products

Consumers want these products to be readilyavailable, and will not spend time searching for them. Examples are cigarettes, soft drinks, milk.

2 Shopping products

These are products that consumers are willing to spend time shopping for, in order to get the exact product they want. Examples are televisions, cars, and clothing.

3 Specialty products

Consumers make special efforts to obtain these products and will not accept substitutes. An example is Dior fashions.

4 Unsought products

These goods are either new products which the consumer is not yet aware of or is not specifically shopping for at the time. Such products usually require a special kind of promotion to generate sales. An example is encyclopedias.

The classification of a particular product varies from person to person – what may be a convenience good to a wealthy person could easily be a shopping good to someone with less money.

Packaging and Labelling

The packaging of products has grown in importance over the past decade. Besides being able to differentiate your products from your competitors by using different types of packaging, it is important to be aware of some of the packaging trends which can affect the demand for the products you offer:

- the environmental movement has resulted in consumers now becoming more accustomed to purchasing products which are packaged using recycled materials;
- consumers are also consciously preferring products which themselves can be recycled after use or at least are somewhat biodegradable, such as paper coffee cups versus styrofoam cups;
- over the past decade, there has also been an emerging trend towards product labelling which provides the consumer with more information on the product's contents. This is particularly evident with many grocery store products, as well as on some menus in restaurants; and
- there is also a growing trend towards product labelling which uses large print. This trend has

resulted from the gradual aging of the market place and a larger proportion of the buying public now having difficulty with reading small print-size on typical labels.

Sometimes by changing the size, shape, colour, labelling and/or texture of a product's package, new or bigger markets can be identified for an existing product. For example, regular-sized juice boxes have also been made available in a junior-size, in order to be used in children's school lunches. BiC packages its disposable lighters in ten different solid colours to appeal to consumers' various preferences. As a variation, one of BiC's competitors has chosen to package its disposable lighters in translucent coloured plastic instead, so that the amount of fluid remaining is also evident to users.

Product Life Cycle

Products, not unlike people, have life cycles. They move from birth, through a period of growth, to maturity, then level off somewhat before declining towards their demise. The decision on whether or not to produce or provide a particular product or service should depend, in part, on what stage in the life cycle the product is in. Some products have a short life cycle (pet rocks, mini skirts), while others enjoy more prolonged lives.

An attempt should be made to understand the life cycle concept, so that the proper form of advertising and promotion can be used, products can be redesigned if necessary, and products can be dropped if necessary. There are 5 stages in the product life cycle:

Introduction

In this stage, the product is launched, and the first barrier to overcome is people's lack of awareness of the product and its features. Sales will rise very slowly, and promotional costs will be high. Promotion emphasis is on introducing the product to the public and attempting to have people try the product for the first time.

2 Growth

In this stage, sales rise rapidly and a flood of similar competitors may enter the market. Prices probably fall as a result, which can translate to even more sales.

3 Maturity

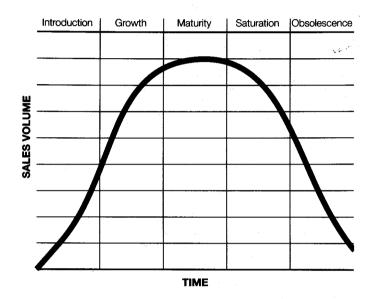
In this stage, the growth in demand begins to slow down. Competitors modify their products, stressing design and style, and making annual model changes. Smaller firms fall by the wayside in this stage, overcome by the larger, higher-volume dealers which can afford to offer lower prices and better service.

4 Saturation

Sales demand now stops growing and levels off. Selling costs increase because most people, or all people who want it, now have the product.

5 Obsolescence

Sales demand drops off, never to regain its former level. Prices are cut and advertising is reduced considerably. Many companies simply drop the product at this point.



Your business may have to adjust its marketing mix in each life cycle stage, in order to compete effectively and to maximize profits. Prices, promotions, places and even the product may have to be changed to properly fit each stage.

Interestingly, a new innovation can take a declining product life cycle and create a new life cycle. For instance, dentrifice at one point was only available as a powder, then toothpaste came along to rejuvenate a whole industry. When you hear the claim "new" or "improved" on T.V. the advertiser is trying to rejuvenate the product's life cycle.

PRICE

Your objective is to maximize long run profits. Hence price strategy plays an important role.

Pricing has two basic functions: (1) to enable a business to cover costs and make a profit, and (2) to motivate customers to purchase the products. The marketing function with regard to pricing is to use a marketing mix such that the product or service can command the best possible price.

There are a number of factors which influence the correct price to charge:

1 Target market

The customer's ability and willingness to buy should be an important influence on the price charged for the product. Ability to pay is determined by the customer's income level, while their willingness to buy is decided by their tastes and need.

2 Competition

Some business owners use the competition's prices as starting points for their own. If your product is an improvement, you can sometimes price it above the competition, as long as you communicate to your customers the reasons for the higher price (improved service, choice of color). For example, 7-11 and other convenience-type stores generally charge higher prices than do large grocery stores. They can do so because of the convenient service they offer.

Pricing **below** the competition could lead to a "price war", which could be hazardous if the competition has more financial resources for the "price war" than you do.

If you are without competition, you may be able to charge higher prices than you could otherwise. However, if the prices you charge are too high and your profits are exorbitant, then competitors will be attracted to enter the market. Instead, keeping profits and prices at a reasonable level may discourage the entry of other businesses.

3 Cost of merchandise

You will certainly not last long in business if the prices charged do not cover the cost you have paid for your merchandise.

Many retail stores use a simple **markup** system to price their products – using the cost of the product and adding a markup to this base. Markups vary by product, determined to a good degree by the turnover of sales volume of the product. The markup on large, low volume items (autos, appliances) is generally higher than on high volume goods (food items).

There may be certain situations when it is advantageous to set prices below cost. For example, stores lower prices drastically in order to clear space for new products, or simply to move out products which are not selling.

The cost of merchandise, though it certainly cannot be ignored in setting the price of a product, should not be the sole determinant of price.

There are a number of policies which can be followed in setting prices. Policies will vary by product, and certainly should change over time as needed to ensure maximum profitability. Some pricing policies which might be followed include:

1 Competitive pricing

As noted above, prices can be set above, below, or at competitive levels. Setting prices even with the competition is certainly a simple and workable policy.

2 New product pricing

In introducing a new product, two approaches could be followed. Prices could be set high initially (price skimming), if you feel that the price is not an important determinant in making a sale or if you do not wish to be overwhelmed by more business than you can handle. Products priced higher in the initial stages of their life cycle sometimes are priced lower later, once other competitors start supplying similar products (for example, calculators, color televisions).

A second approach for pricing new products is penetration pricing. It involves setting low prices, so as to discourage potential competitors from starting similar businesses.

3 Image and psychological pricing

The prices charged for a product or products convey images to the customer. Many consumers equate price and quality and, in some cases, can be enticed into buying at higher rather than lower prices. Birks, with its high price policy, is a prestigious jewelry store. Certain stores follow low price policies (K Mart) but they may not attract some people who will not buy low price products because they feel such merchandise may be of low quality.

Other elements of psychological pricing include multiple pricing and odd pricing. Items will generally sell better if offered in multiple units (3 for 99¢) rather than in single units (30¢ each). Odd pricing examples abound: 98¢ instead of \$1.00, \$49.95 instead of \$50.00, \$198.00 instead of \$200.00, etc. However, some stores **do not** adjust prices in this manner because they feel it contributes to a low quality "bargain" image.

4 Loss leader pricing

This policy is often used by supermarkets (e.g. Safeway). It involves selling a few items at low prices (even at a loss) in order to attract customers to the store. It is hoped that the consumers will purchase not only the loss leader items but other products as well.

Price is a very important factor in the marketing mix. It affects sales volume, profits, the actions of competitors, and the image of the product or store. Proper pricing is a prerequisite of success.

PLACE

An essential element in the success of any business is having the product in the right **place** at the right time so as to maximize sales. If you have a hotdog stand set up on your lawn in Dauphin, MB., you probably would not sell as many hotdogs as you would if you set it up near Portage and Main in Winnipeg.

The place variable is discussed in this section in two distinct parts for two types of businesses: (1) for the retailer, the **location** of his outlet is a key determinant of success; (2) for the manufacturer, the **distribution** of his product to the proper outlets is the key element.

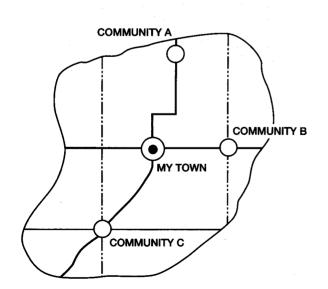
Retailer - Location

Location for the retailer is a **critical** factor. Common sense again prevails – locations should preferably be in an accessible, high traffic, stable area. For a Manitoba retailer, the first decision is the choice of the town/city. Certain businesses (golf courses, service stations, motels) can be located along highways, but generally retail outlets are located within populated areas.

No. of people in my market area (Determined by review of census figures and personal investigation in market area)

Number of Families:

Community A	800
Community B	2,500
Community C	1,000
My Town	900



Most people starting a small business are probably more concerned with choosing a site within a certain town or city. There are a number of location choices which may be available to the prospective retailer. Obviously, the larger centres (Winnipeg and Brandon, MB.) have more choices in terms of location than do smaller communities. These choices consist of:

1 Shopping centers

Shopping centers are somewhat costly per square foot, but offer traffic pull, parking, long opening hours, and accessibility.

2 Malls

Malls are smaller collections of stores, located close to shopping centers (to draw on their traffic pull) or are located on their own.

3 Central business district

Generally this is the older section of town, with good pedestrian traffic, well-serviced by transit; however, parking may be a problem.

4 Commercial strip

This is a street running into the business district; it has high vehicle traffic and is suited for restaurants, service stations, and hotels, for example, Pembina Highway or Portage Avenue W.

5 Store clusters

On some streets, small groups of stores can be found. Types vary, but usually they include shoe stores, drug stores, convenience stores, banks, hairdressers, and sometimes bakeries.

In choosing a location, considerations include:

1 Cost

Locations that are advantageous are generally the most expensive (shopping centers and downtown). Choosing the proper location is crucial to many retailers, however, cost should not be the only **determining** factor in choosing a location.

2 History of the location

If moving into a formerly occupied location, questions should be asked about its ex-occupants. What type of store was it? Why did they vacate? Were they successful? Was this location an element of that outcome?

3 Traffic flow

The number of potential customers passing by a location is important for many types of retail businesses. Traffic flow in shopping centers is higher than in smaller malls, largely due to the drawing power of the larger number of stores. Some streets have a higher traffic volume than do others, either in pedestrian or vehicular form. Check that its traffic flow contains a high proportion of your target market.

The location of your target market is a closely-related consideration, as the location chosen should be one that offers the greatest exposure to that target market. If you are selling teenage clothing, for example, you would not want to locate in an area of town populated by elderly people without children. Thus the site and characteristics of the area population are key considerations.

4 Legal restrictions

Some locations are not available to the retailer because of zoning regulations. Information can be obtained from city planning or township offices.

5 Services available

Depending on the type of business being established, required services may not be available.

6 Parking accessibility/facilities

The physical accessibility of the location must match the needs of your target market. If customers will be arriving by car, parking facilities should be available. If customers walk, then sidewalks should be in good condition. Proximity to transit service would be a factor in larger centres (Brandon, MB. or Winnipeg), especially if the target market generally travels by transit (teenagers) or if parking facilities are poor/inadequate.

7 Outlook for the area

Some assessment of future trends for the area should be made. Are people moving away, or are they moving in? Are any other stores being considered for construction? Are there new highways or bridges being built which will affect the traffic flow positively or negatively?

8 Psychological barriers

Some areas may suffer from a poor reputation as a high crime or undesirable neighbourhood, thus severely restricting traffic flow.

Manufacturers - Distribution

Manufacturers are concerned with physically **distributing** their products to ultimate users, whether those users be consumer or industrial. There are a number of different methods of distribution or **channels** that can be used:

1 Direct channel

This method moves goods directly from the manufacturer to the consumer, usually either on a door-to-door or mail order basis.

2 One-stage channel

This method moves products from the manufacturer, through retail outlets, to the customer. In some cases, the retail outlets are fully owned by the manufacturer, (e.g. Firestone) though this is generally uncommon.

3 Traditional channel

This most common method of distribution is from manufacturer, to wholesaler, to retailer, to consumer.

4 All-aboard channel

This method includes an agent acting as an intermediary between the manufacturer and wholesale outlets.

Middlemen are often used by manufacturers because of their expertise in marketing and distribution. Manufacturers then do not have to establish their own sales force, network of contacts and specialized knowledge. Instead, they can take advantage of the existing channels of distribution. The middlemen often can perform marketing tasks and functions more efficiently than could a manufacturer who would have to start out from square one.

There are a number of guidelines for channel selection by the manufacturer:

- begin with the consumer and work backwards to the producer, in order to judge the efficiency of the channel;
- 2 the selection should be consistent with your marketing objectives
- 3 the selection should provide a predetermined share of the market;
- 4 the use of the selected channel should not shut off others;
- 5 there should be no weak links (the channel is only as strong as its weakest link);
- 6 the channel should be responsive to change;
- 7 the costs of distribution must be considered the more levels involved in the channel, the higher will be the ultimate cost to the consumer since each agent will take a profit;
- 8 control over the product will be lessened when there are more links between the manufacturer and retailers;
- 9 the nature of the market: type (consumer goods vs industrial goods); size; location; volume; customer habits;
- 10 the product's characteristics.

The physical distribution of the product involves five basic decisions:

1 Determine inventory locations

inventory.

The number and locations of warehouses must be determined on the basis of: cost, the nature of the market and the nature of the product. A centralized system can be better controlled and can be more efficient in materials handling.

2 Maintain an inventory control system
In deciding how much inventory to hold, the cost of carrying inventory has to be weighed against the cost of lost sales. The cost of carrying inventory is quite high in terms of financing costs and expensive storage space, so to be able to fill 100% of orders promptly may mean you have too much

3 Establish a materials handling system
The warehouse and equipment should be carefully selected so as to minimize handling costs (which can be quite substantial).

4 Establish procedures to process orders
Such procedures include: making decisions about
credit, invoice preparation and collections. Service could be the
determining factor in keeping customers in a competitive
situation, so mistakes and slowness should be avoided.

5 Select a method of transportation

Within Manitoba, choices may be somewhat limited. Generally, however, the basic methods available are: air, highway, rail, water and pipeline. In many areas, moving goods by highway is the only alternative. However, as the distance products have to be shipped increases, the more likely that more than one transportation method could be considered.

The choice of an appropriate channel for distribution is dependent on a number of factors, ranging from the capabilities of the manufacturer, to the nature of the product, to the characteristics of the market. Convenience goods (cigarettes, candy, magazines) must have wide distribution since consumers will not go out of their way to buy them. However, specialty goods can have a more limited distribution (one retail outlet) as people may be more willing to make an effort to obtain the product.

The key is to have the products in the right places so that they are conveniently available to the target market. If you are selling granola bars, then you should not be distributing them through only one retail outlet. If you are selling Lada automobiles however, you do not have to sell them on every street corner. Sometimes the consumer will demand a product be available. Do you know of a food store that could afford not to stock Campbell's soups?

In every chain of distribution, there is one member to a greater or lesser degree, known as the captain. For example, in the steel industry, manufacturers set the price – in the dress tie business the store sets the price, based on what consumers are willing to spend.

The following are directories of Canadian manufacturers:

Scotts Western Canada Business Opportunities Sourcing System The Canadian Trade Index Frasers

PROMOTION

Promotion is the activity of informing, persuading and influencing the consumers' purchase decisions. There are four general types of promotion activities: (1) advertising; (2) sales promotion; (3) publicity/public relations; (4) personal selling.

The type and scope of promotional activities that you need to undertake will depend to a degree on what the promotion is intended to do. There are a number of possibilities:

- to introduce a new product or service;
- to enter a new market;
- to obtain a new dealer outlet (for manufacturers or distributors);
- to increase or maintain sales;
- to build or maintain the image of the business and/or product;
- to support other selling efforts;
- to reach customers inaccessible by salespeople; or
- to educate the public.

The choice of the promotion activities used will be determined by a number of factors, including:

- the product type;
- state of the market:
- stage in the life cycle of the product;
- competitive activity;
- objectives of the promotion; and
- distribution channels being used.

1 Advertising

The three major forms of advertising are: mass media (television, radio, magazines, transit), point-of-sale, and word-of-mouth. The latter, acquired with good service, a good product and patience, can be the most effective advertising for a business. It cannot be purchased, but only built up over time.

The success of any advertising will depend to a large extent on the ability to identify the target group properly and to outline objectives clearly. In selecting an advertising medium, consideration has to be given to its exposure to the target market, for in advertising rarely does the advertiser want to have to pay for the message to reach everyone. A store owner in The Pas, MB., would not want to advertise in MacLean's, for the message would reach only a small percentage of its target market. It would be more logical, cheaper, and more effective, in terms of reaching that market, to advertise in the local newspaper.

Advertising can be directed toward retailers, wholesalers, or government, as well as to consumers. A number of media can be used. Newspapers are flexible, timely and generally most appropriate for the small retailer. There are a variety of newspapers available in Manitoba, from the Winnipeg Free Press to the many community weeklies. Choices have to be made about the sizes of the ad, the timing, the placement on the page and within the newspaper, and its reruns.

Again, remember the target market. Sporting goods stores advertise in the sports section, because more of their

target market reads that section than others.

Magazines reach a wider market, but that probably will mean that the target market makes up a low proportion of those being reached. Manitoba companies should advertise in national magazines only if they are trying to reach people across Canada with their message. Trade journals (Canadian Jeweller, Canadian Grocer) reach more specific groups, so manufacturers and wholesalers may want to advertise in them. Trade journals are read not by consumers but by those involved in the trade, so retailers would probably have no use for advertising in such journals.

Radio and television advertising is more costly than newspapers. Since such media are monitored closely by the Bureau of Broadcast Measurement, statistics are available on the audiences that are tuned in to various programs. It is important to broadcast messages during times when it is most likely that members of your target market will be listening.

Virden, MB. stores need not advertise on CKY radio, for the message will reach, on a proportionate basis, only a small part of their target market. This message will reach many people who will not be shopping in Virden, MB., so the cost per target

member reached will be too high.

Direct mail advertising is costly on a per unit basis, but it can be directed specifically toward your target market. Flyers can be distributed in neighborhoods around the store, or brochures can be sent to potential retail outlets. It is a selective means of advertising, one that reaches the target market most effectively.

Outdoor advertising (billboards, signs) is usually low cost and highly flexible. It is most suitable to those type of businesses which otherwise would have difficulty reaching potential customers. Service stations, motels, hotels, which cater to highway traffic can benefit through outdoor ads.

Other advertising forms which should not be forgotten include the yellow pages, flyers, and the signs outside

your store.

A business should not use only one form of advertising, as research has shown that combining different forms of advertising greatly increases the effectiveness of the advertising. The consideration in choosing the medium should be the cost per target member reached. Such figures may be at times difficult to obtain but some approximation should be made to guide the choice of media selection.

2 Sales Promotions

Activities and devices which support the efforts of salesmen and advertising campaigns are called sales promotions. They include such things as calendars and novelties, point of purchase displays, calling cards, contests, free samples, and trade show exhibits. There are many such trade shows held in Canada each year, and they offer manufacturers and distributors an opportunity to display their products, both to consumers and to retail outlets and distributors.

Among the trade shows are Bridal Fair (Toronto, Ont.), Canadian Home Improvement Show (Toronto, Ont.), Canadian Craft Show (Toronto, Ont.), Vancouver Home and Garden Show, as well as Manitoba's own Provincial Exhibition (Brandon, MB.), Home Expressions, and the Manitoba Industrial Business Show (both in Winnipeg). A complete list of such trade shows is published annually in "Canadian Industry Shows and Exhibitions". A copy of that publication is available at the Canada/Manitoba Business Library, 250-240 Graham Avenue in Winnipeg.

3 Publicity/Public Relations

Publicity is free exposure in the media, in the form of news reports. It is difficult for the small entrepreneur to obtain such publicity, except on a very occasional basis. More commonly, businesses attend to public relations by making donations (to school activities, at charity events, etc.) or by sponsoring athletic teams. Such exposure of the business' name is especially beneficial at the outset stage, when it is also likely that the business can least afford such expenditures. It is important to evaluate all alternatives and not spend money on public relations indiscriminately.

4 Personal Selling

This type of promotion involves a direct, face-to-face relationship with the customer. It includes chatting it up, explaining the product, perhaps persuading the customer to buy. The degree of personal selling required varies from product to product, but is particularly applicable when:

- the product requires demonstration or is new and unfamiliar to the buyer (a new line of cosmetics);
- the product involves a major expenditure and is purchased infrequently (houses, cars, furniture); or
- the product has a high unit price that requires security (watches, jewelry).

Some degree of personal selling is always required, if nothing more than simply being polite, making conversation and making certain that all the customer's needs have been met. Customers who have unpleasant experiences with sales staff are not only likely to stop patronizing the store, they are also likely to give the store adverse publicity in the form of bad word-of-mouth advertising.

The role of salespeople is discussed further in the "Retailing" section of this handbook.

Planning Your Promotional Activities

No business should rely on any one form of promotional activity for their success. In fact, most businesses, regardless of whether they are large or small, typically try to reach out for the attention of potential customers in a variety of ways.

The challenge of the business owner is to try to predetermine what are the most effective methods for promoting their products and services. There is no simplistic answer to this question since it varies so much by the newness of the company, its industry, the strength of the competition, the characteristics of the product or service you are selling, and your available cash resources.

However, it helps considerably to first have a clear understanding of the characteristics of your typical customer (locales where they live, their age categories, typical media listening or reading habits, etc.). The basic question to ask yourself is, "What promotional approaches that I can afford will reach out to the highest density of customers?" This fundamental rule should help you to target your selection of appropriate promotional activities.

At the very least, you can also look at the

promotional activities being practiced by your competitors. Chances are good that they have learned from experience what works and what does not work well for promoting themselves.

Monitor the sales results of every promotional activity you undertake, and also ask new customers how they heard about you. This should give you some clues on which of your promotional activities should be continued or strengthened, and which ones should perhaps be abandoned.

Some Examples of Small Business' Promotional Activities

1 A Specialty Food Store

As one example, a small specialty food store, with its two full-time and two part-time employees, after five years of being in business, spends \$3,000 per year on promotional costs. Furthermore, the business owners spend considerable time on a variety of promotional efforts. A typical year of promotional activities includes the following:

- appearances on local television cooking shows;
- business card handouts:
- direct mail to own customers;
- food gift baskets as donations:
- food donations to Winnipeg Harvest;
- instructing food classes;
- mail drops to selected postal codes;
- personal sales calls to restaurants;
- radio advertising;
- referrals from customers and friends:
- store tours for women's groups and schools;
- Treasure Chest coupon book;
- word-of-mouth advertising; and
- Yellow pages advertising.

All of the above activities are regularly pursued because of the importance of not relying upon any one form of promotion. By monitoring their store's sales results, the owners have found that the use of coupon books, direct mailings to their own customer lists and store tours have been particularly useful for their type of store.

2 A Personal Image Consulting Firm

A small image consulting firm that specializes in providing personal and business fashion and makeup advice spends \$600 to 800 per year on promotional expenditures. As well, a considerable amount of time is spent by the business owner on day-to-day promotional activities. A typical year of promotional activities includes the following:

- · business card handouts;
- business functions at the Chamber of Commerce and business clubs;
- direct mail to own customers:
- door-to-door flyers;
- fashion shows;
- gift baskets as donations;
- open houses;
- piggyback with another personal services firm;
- referrals from customers and friends;
- slide presentations to corporations;
- trade show booths; and
- weddings bride/bridesmaids makeovers.

All of the above activities are regularly pursued because of the importance of not relying upon any one form of promotion. The owner has found for this type of business that the use of open houses, referrals, slide presentations to various groups, and certain trade shows have been particulary useful promotional activities.

Reminder

There are three general purposes of promotional activities:

The first is to **provide information**. If you are opening a new store or introducing a new product, you must build consumer awareness of your existence. Promotion of a new store(s) or products, which are early in their product life cycle, should be geared toward providing information.

A second stage is to **persuade**. Businesses attempt to persuade potential customers that they have a better product than the opposition (for example, the Pepsi Challenge).

At a third stage, businesses simply **remind** consumers that the product is still available, and where they can purchase it. Coca-Cola, long distance phone calling and milk are three producers which basically use reminder advertising.

Promotional Budgets

There are a number of ways to decide how much you should spend on your promotional budget. Commonly used methods include:

1 Fixed percentage of sales

This is a very simple method of determining promotional expenditures, but it is not entirely logical. It makes promotion the result of sales, not the cause. Its simplicity, however, may make it appropriate for many small businesses.

2 All you can afford

This "blind" approach may work in some cases, but it establishes benchmarks for the future which may be entirely inaccurate.

3 Matching the competition

Figures available in trade journals, etc. for a "typical" business can give you a useful starting point for judging the appropriateness of your spending. There are drawbacks to this approach, as each business has its peculiar needs which must be met, and to follow the "industry average" may be simplistic.

4 Achieving sales objective

Promotion budgets for coming periods are decided according to the sales objectives. A promotion budget is set which will allow the desired sales level to be met.

Conclusion

The general approach to promotion thus involves selecting a target audience, setting clear and measurable promotion objectives, selecting the right mix of the four methods of promotion, and establishing a promotion budget.

MONITORING AND EVALUATING RESULTS

This last part of the marketing process acts as a safeguard to check that your action plan and marketing efforts are working. Time should be set aside at regular intervals to allow for proper monitoring and evaluation of your marketing results.

Monitoring is the day-to-day or at least weekly checking of how your business is doing against its marketing action plan. This includes looking at such measures as:

- sales volume records;
- customer traffic volume
- stock turnover; and
- · cash flow

and should be tied directly to your bookkeeping procedures. They are the main sources of accurate monitoring information about your business.

Evaluation is a more in-depth examination of your business' health and its marketing activities. It is based upon information obtained from the monitoring process, and from other sources such as from your sales staff or from customer satisfaction forms. Evaluation requires a hard, objective look at your marketing results on a regular basis (monthly or quarterly), and then comparing the results to your initial objectives:

- Are the sales results close to my budget for the period? Did I increase sales by my projected amount?
- Am I meeting customers' needs adequately or have these needs changed?
- Am I meeting my goals and objectives which I set out at the beginning of the period?
- Should I revise some part of my action plan?

Evaluation at regular intervals will allow you to make necessary changes to those parts of your business which require some type of adjustment. Adjustments are nearly always necessary, so do not be afraid to change your plans – they are only guidelines. As a caution though, note that marketing results are often measured by looking at sales. Sometimes there is a lag between activities in the marketing action plan and the resultant sales.

The action plan which you drew up should be reviewed to decide if the marketing mix should be changed in some way. Some assessment should be made of the contribution of each of the 4 P's - price, place, product and promotion - to the marketing performance results. The feedback you receive should enable you to improve the quality of your marketing decisions for the next operating period.

RETAILING

This marketing handbook has been written so that it will be of use to all small entrepreneurs, whether they be in the retail, service or manufacturing sector. Since many small businesses are involved in the retail trade and face specific problems not common to other sectors, this section addresses some specific areas of retailing. Retailers should also carefully read the other sections of this volume and apply the advice to their situation. Brief mention will be given here to exterior and interior design, displays, layout and sales people.

EXTERIOR DESIGN

The exterior of your store should attract, entice or at least spark the interest of potential customers. A good exterior design will help to sell your product, but a poor design will not. The elements of the exterior include a sign (should indicate the name and type of store), the marquee (you may want an awning of some sort), the display windows, and the actual entrance. For security reasons, you should have only one public entrance if possible.

The overall exterior appearance of the store should project trust, dependability, and it should convey the appropriate store personality so that it attracts your target customer. The store should be well-defined as separate from its neighbors, yet it should also fit in with the character of the local area, such as the Osborne Village type shops in Winnipeg.

INTERIOR DESIGN

Inside the store, its aesthetics or the designing of space to create certain effects in buyers, can be used to improve the possibilities of making a sale. Elements of interior design thus include anything that contributes to the store's atmosphere appeals to the senses, physical layout, and groupings of merchandise.

Some retailers make appeals to the senses to create the store's atmosphere. Included are:

A bakeshop should smell like a bakeshop. The odor of freshly baked products can be used even outside the store to attract customers. Consideration should always be given to pleasant smells even if the products themselves are odorless.

2

Many stores play music, which can affect the mood and perhaps the inclination of shoppers. The music must fit in with the overall store image - an exclusive jewelry store like Birks will not play loud rock music, but it may be heard in a store with a younger clientele, such as Thrifty's.

3 Touch

Having products on display so that shoppers can pick them up and touch them should increase sales (see the following section on displays).

The color used in decorating the store greatly affects its atmosphere. Colors mean different things to different people, but generally, for instance, yellow is cheerful, green is subdued, and white is clean. Thus if you have a shop where it is important to convey an image of cleanliness (a bakery or a butcher shop). white should be the dominant decorating color. Colors are also used as themes at various times of year - red for Valentine's Day, green for St. Patrick's Day, orange for Hallowe'en.

The appropriate layout pattern within the store depends on the type of merchandise you are selling. Grocery stores use a grid pattern which aids the traffic flow and at the same time requires shoppers to pass by displayed merchandise. A similar pattern is not used in a clothing store, where shoppers are usually looking for a particular item and are not likely to purchase others just on an impulse.

Consideration must also be given to the groupings of merchandise, whether it be done by generic group or by consumer preference. For example, ties are grouped near dress shirts in a men's wear store.

DISPLAYS

Displays involve the nonpersonal presentation of merchandise and/or information to customers in the store.

- A good display has a number of characteristics:
- it has a theme:
- it is distinctive;
- it is appropriate and tasteful;
- it is clean, neat and attractive;
- it provides information;
- it is simple:
- it shows merchandise in use:
- it conveys the appropriate store image; and
- it is safe and secure.

To protect the security of displays, one should display only one item of a pair (with shoes, for example); the cheapest items possible; attach clothes and jewelry to mannequins or displays; and use enclosed cases in less-secure areas.

STORE LAYOUT

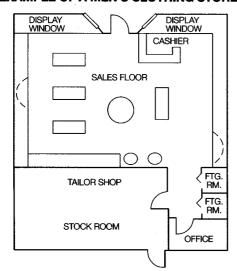
Store layout consists of a conscientious plan by which display areas, selling areas, fixtures, counter space and other parts of your store's interior are properly arranged. Layout should achieve the following results:

- let the customer find merchandise as easily as possible;
- guide customers to specific merchandise in the store; and
- provide an attractive and positive store atmosphere and image.

Proper layout can also control customer traffic flow. A good layout will allow you to direct customers past selected merchandise, while on their way to other parts of the store. This can increase sales potential. Notice that milk and butter are usually at the back of a food store for this reason. Other factors to consider in planning your store layout are:

- the amount of space to allocate to each type of merchandise. Prime space, such as display window space or space near the store entrance, can be used to lure customers into the store by promoting new merchandise arrivals.
- impulse-type merchandise, such as snack foods, can be placed in high traffic areas or near cashiers.
 They can also be mixed in with high demand items to take advantage of the traffic flow at such locations.
- layout and traffic flow planning are particularly important in self-service stores, for example, a bulkfood store should be laid out for convenient browsing.

EXAMPLE OF A MEN'S CLOTHING STORE



Adequate space should also be set aside for seasonal merchandise. This space should be restocked regularly, as soon as the season is over. For example, the Mother's Day season naturally leads into preparation for the Father's Day season.

SALESPEOPLE

To most customers, the salesperson is the store. Salespeople are more important in some types of retail establishments than they are in others. In some cases, they function only as **order takers** (gasoline attendants, McDonald's counterpeople) and do not "sell" the merchandise.

Others act as **order handlers** (supermarket checkout persons, for example), again not selling products but all the same having to greet customers and answer questions.

A more important role is played by those who are **order getters** (furniture, car, and clothes salespeople). They have to convince the customer, in most cases, to make the purchase. An important part of the selling process involves the presentation of the merchandise to the shopper. Some general guidelines for that presentation include:

1 Don't sell the steak, sell the sizzle

You should be selling the benefits that the customer will receive from the product (the taste of barbecued Grade A Beef) not just the product itself (a hunk of meat).

2 Obtain customer involvement

Encourage customers to try on clothes, shoes, or jewelry, or to take a car for a ride. The customer may then not want to return to their former state of being without the product.

3 Don't confuse the customer

If you are demonstrating a number of models or items, limit the customer's choice to perhaps 3 or 4. If the customer has to select from one of 10 or 12 watches, for instance, he/she may find the choice too difficult and not buy anything.

Demonstrate with a flair

You should know your product and be able to demonstrate its use efficiently.

5 Adapt your message to your customer

You should not necessarily use the same routine for all customers. You have to judge their needs and quirks and tailor your sales presentation accordingly.

An unpleasant experience with a salesperson can influence a shopper to stop patronizing a store, perhaps only for a short time, but perhaps indefinitely. That customer will undoubtedly damage the store's image by informing friends of his/her opinion of the store and its staff. It is extremely important, therefore, to be gracious to all customers, and to direct all salespersons to do the same. Salespeople should possess good judgement, be tactful, have pleasant personalities, and have clean and neat physical appearances. They are **the** link between your store and its customers.

IN CLOSING

This, and other publications in this series, with examples and explanations, have been published by Manitoba Industry, Economic Development and Mines to help and encourage Manitobans who wish to embark or improve on business ventures in the retail, service, manufacturing, and construction fields. If you would like to discuss any aspect of your business, feel free to call Canada/Manitoba Business Service Centre on the 1-800-665-2019 toll free line and arrange to meet with one of our counsellors.

c/o

Manitoba Industry, Economic Development and Mines Canada/Manitoba Business Service Centre P.O. Box 2609, 250-240 Graham Ave. Winnipeg, MB, R3C 4B3 Phone: (204) 984-2272

Toll Free in Canada: 1-800-665-2019

Manitoba Industry, Economic Development and Mines Western Regional Office Room 107, 340-9th Street Brandon, MB R7A 6C2 Phone: (204) 726-6250

SOURCES OF INFORMATION

Information generally increases the quality of decision-making. You should constantly be gathering information about topics that can affect the future of your business. Some of the more **formal** sources you might use include:

1 Small Business Services

Winnipeg and Brandon have various informational materials on hand. The Canada/Manitoba Business Service Centre is a joint federal/provincial co-located office. Various library services are offered at the new site (Box 2609, 250-240 Graham Avenue in Winnipeg) to assist small businesses in Manitoba.

The Brandon office carries a complete line of informational materials as well.

2 Libraries

Most public libraries will have some marketing materials. More extensive collections can be found at:

- Administrative Studies Library University of Manitoba
- Library, University of Winnipeg
- Libraries at: Red River Community College, Winnipeg Assiniboine Community College, Brandon, MB. Keewatin Community College, The Pas, MB.
- Canada/Manitoba Business Service Centre Library

3 Trade Journals

There are many such journals (Canadian Grocer), and you should subscribe to the ones relevant to your business. There are also more general journals, such as "Retail Week", "Marketing" and "Business Week" which at times provide very useful information. A listing of these is available at the Industry, Trade and Tourism Library.

4 Statistics

Statistics Canada publishes various statistics, some of which may be useful, especially if you are conducting market research. Contact Statistics Canada at 983-4020 or Manitoba Legislative Library at 945-4330.

The Manitoba Bureau of Statistics collects and publishes a variety of statistics on the economy of Manitoba. Contact 945-2982.