DO YOU WANT TO...

BE YOUR OWN BOSS? CHANGE YOUR LIFE? STAY OUT OF PRISON?

BOOKLET THREE

- Marketing
- Pricing
- Sales

Developed by

ENTREPRENEURS UNLOCKED CIC

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INTRODUCTION

This booklet is the third in a series of four that provides you with the insights into setting up and running your own business.

You will have already completed the first booklet, outlining your skills and business idea and the second booklet covering topics such as managing your money, trading legally, HMRC requirements and banking.

I hope you found the Little Book of Success an interesting read.

This third booklet will cover topics such as refining your product / service, pricing, why and how customers will buy and how to market and promote successfully. It also provides some insights into the digital world and how that can be used for sales and marketing.

You should read this in conjunction with the first booklet, to refine and expand your thoughts already noted down.

Take the time to read the information, try out the exercises and start to fill in your Ready to Trade checklist to give you the best chance possible of success on release.

At the back of this booklet, you will see a simple marketing plan that you can start to fill in as you develop your idea further.

David Morgan
Founder and Director

WHAT IS MARKETING?

There are lots of definitions of marketing, and there are many hundreds of books you can read and websites that offer information, advice and guidance.

For you, when planning and setting up as self employed and running a business **it is about:**

Getting customers to take the money from their pocket and put it in yours.

There are various steps that you need to take, **which include:**

- Letting potential customers know you exist
- Finding ways to convince them that they need what you are offering
- Making it as easy as possible for them to get it
- Getting them to come back and buy some more and recommending you to others

If you can do this, you can compete with others, grow your business and achieve your goals.

SO... HOW DO YOU DO ALL THIS?

RESEARCHING YOUR MARKET

One of the most important jobs to do when you are developing your plan to start a business is to understand if there is a demand for the product or service you are offering.

Just because you think it is a good idea, your friends or family think so and want to encourage you to be successful does not mean that anyone else will!

You need to find out:

- Is there a demand?
- Where are your potential customers?
- How will they know you exist?
- What will attract them to consider making a purchase?
- What price are they willing to pay?
- How are they going to pay?
- Are there any competitors and what are they doing?
- How does this compare to your offer?

By doing as much research as you possibly can will stop precious time, resources and money being wasted. You can focus your energy on the right products or services and test out your idea with minimal risk by knowing the answers to the questions posed above.

How are you going to find out the answers to the previous questions?

Finding out some of the answers is not going to be easy, especially if you have limited access due to being in custody. Some of the answers will not be known for a while, but if you know the right questions at least you can start to gather the information.

If you are able to, why not write to your family / friends and ask them for help? They could be gathering useful information on your behalf. You could ask someone on a visit or on a phone call too if that is possible.

Gathering this information over a period of time will help you to build up a picture of what is happening in the market you intend to sell into.

Remember: **Every task you manage to complete in custody is one less to do once you are released, and hopefully will cut down on the time to set up and start earning.**

One of the key elements of researching is to understand what is the "right price" and can be a difficult decision.

- **Should you undercut the competition to get some customers?**
- **Does a higher price mean you are overcharging?**
- **Does a lower price mean a lower quality offering?**

Conducting research into the competition and market trends will give you an insight and put you on the right track.

WHO ARE MY TARGET CUSTOMERS?

Now you are clear on what you are providing, you need to consider who the customers are and how to connect with them.

It is easy to fall into the trap of saying "I will sell to everyone", but **without a focus on realistically who you are going to provide your product or services to will result in wasting precious time and resource before you earn any money**. If you can **understand who your customer is**, what are their goals, what problems you can solve for them and how they can be overcome it helps you to focus your marketing effort.

You could consider developing **"typical customer profiles"** that can help you visualise who will be buying and develop ways to market to them cost effectively.

Remember, even if you are planning to sell to a business, there is **still a person that you need to convince**.

It can be a real person you wish to target or a typical person in an organisation you want to do business with.

Elements to consider

Goals and Values

Make note of the goals and values that are relevant to the products and services you offer.

Demographics

Age, income, location, job profile so you "get into their head" to picture them and give them a look and feel.

Sources of Information

What are they reading, watching, what social media are they following so you can target your marketing through these channels.

Challenges and pain points

This is about providing them with a solution they are prepared to pay for.

Objections and roles

By thinking about their reasons not to buy you can develop messages to counter their argument up front. By knowing if they are the decision maker or someone who will make a recommendation.

CUSTOMER PROFILE PROMPTS

YOUR PRODUCT / SERVICE:

GOALS
What are their targets for the business they are in?

VALUES
What is important to them?

How do they conduct themselves?

CHALLENGES
What is happening in the market they operate in?

PAIN POINTS
What is keeping them awake at night?

SOURCES OF INFORMATION
What do they read? i.e. books, magazines.

How do they use the internet?

OBJECTIONS
Why would they NOT buy what you are offering?

ROLE
Where do they sit in the organisation? Will they make the decision to buy?

DEMOGRAPHICS

Age	Income	Location
Job Title	Family	Other
Gender	Education	

WHAT AM I OFFERING?

When you are marketing your product / service to potential customers you need to be clear on what they are going to be spending their money on.

You need to be able to **describe why someone would want to purchase from you** rather than from somebody else.

You will need to understand what the problem your customer has that you can solve so you can **market your solution** to them.

One way to do this is to develop a Value Proposition.

It is not just what you agree to provide your customer, it's the elements of your business that solves a problem for them. It can be your "**Unique Identifier**" in the marketplace.

When developing your Value Proposition you should:

- Identify the benefits your product / service offers
- Describe what makes these benefits valuable
- Identify your customer's main problem
- Connect your value to your buyer's problem
- Make yourself different so you are the provider of choice

A suggested format would be:

Headline
To describe the end benefit to the customer.

Subheading
An explanation of what you offer, who to and why.

Bullet points (optional)

- Listing benefits and features

MY VALUE PROPOSITION

The main problem of my potential customer is...

The benefits my product / service offers are...

They are valuable to the customer because...

You can then develop a Value Proposition that you can use to communicate with your customers i.e...

Headline (3-6 Words)

Subheading (15-20 words)

Bullet points

-
-
-

VALUE PROPOSITION EXAMPLES

SPOTIFY (A digital audio streaming service)

Headline:	**LISTENING IS EVERYTHING**
Subheading:	Millions of Songs and Podcasts No credit card needed
Bullet Points:	• Accessible • Pricing • Customise • Performance

COCA COLA

Headline:	**A PATENTED SECRET FORMULA**
Subheading:	Gives a unique experience of happiness

SKYPE (A internet based call platform)

Headline:	**KEEPS THE WORLD TALKING, FOR FREE**
Subheading:	Share, message and call, with group video on mobile and tablet too

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Headline:	**DEVELOP TALENT AND REDUCE REOFFENDING**
Subheading:	Enabling social and economic mobility through entrepreneurship

DEVELOPING A BRAND

A brand is not just a logo or message. It's the whole process and how people feel about you. It is the look, feel and tone of voice and the written words to **communicate you and your brand to your potential customers**.

Using your value proposition can enable you to develop a brand for your business. This can typically be a statement, image, logo that people can recognise as you and your business. Whatever you decide to use, make sure that it is consistent across all your marketing. You want to ensure that people are in no doubt that is it you / your business that they are communicating with.

This will typically be hard to do if still in custody, you will develop and learn more once you can interact with the market and your potential customers.

The Guardian Newspaper brand guidelines

DEVELOPING A BRAND

Whenever you interact with potential or existing customers, they are “buying into” not only what you are selling but also you as an individual, as you **represent your own business**.

So whenever and however you communicate with them i.e.

- **Face to face**
- **Video call**
- **Email or letter**

you need to make sure you are **“on brand”**. It is not just about the physical elements such as branded caps, t-shirts or pens.

This will improve your prospects in gaining new contacts, attracting potential customers or building existing relationships. It should help to build a sense of trust in you and your skills.

It is about a “person to person” relationship, be the “go to person” to solve their problems.

HELLO, IS ANYONE OUT THERE?

Just because you offer amazing products or services and the best value doesn't mean that people are going to buy. **They need to know you are there.**

How can you make people aware you exist?

Deciding on you way you wish to connect with them and having a clear plan to do so will make the best use of your time and resources.

The money you have available will typically be a factor in which methods you choose. Some things are free and some will be costly.

There are many ways to reach out to your potential customers, **the following pages will provide methods you can use to make that all important connection.**

WEBSITES

A website can be a great way to be the "shop window" for your business.

It is open 24 hours a day 365 days a year. You can choose to build one yourself which typically is either free or a small sign up fee. There is a cost to "host" your website on a provider's system which will be a monthly or annual fee. You could get a website designer which will cost more, depending on the complexity. They are selling their services just like you!

You want to make sure that you choose a name for your website that matches as close as possible to your business. Details of organisations that provide this service will be found in Booklet Four.

As a guide, your website should contain:

Front Page: Company name, logo, some detail of what you offer and why people should read on. (This could be your Value Proposition).

Products and services: Detail of what you are offering. Maybe a call to action such as "Learn more" "Buy now".

Price: Stating a price is often a good thing as it helps build trust and helps customers understand what they are getting.

About: Provide company background, your background and membership of any relevant organisations.

Projects / Customer Testimonials: Examples of your work, quotes from satisfied customers or product reviews.

Contact us: Include your address, email, phone number, business hours and links to your social media accounts.

You can also add features where customers can buy direct from the website.

TRADITIONAL ADVERTISING

This is about looking around at what you can see and hear.

This is typically printed matter that people can read, or can be radio or TV if you have a big enough budget. By knowing about your potential customers will help you decide if you wish to use this method. You can target your effort to a specific area.

Relatively cheap to produce and can be handed out, put in local shop windows and door to door.

People who do not use the internet still get printed media and using a local publication can be very cost effective. You could also put an advert in a trade publication.

With all of the above, you may need to pay for some design work to make it look professional. **Make sure you include a great reason for someone to contact you!**

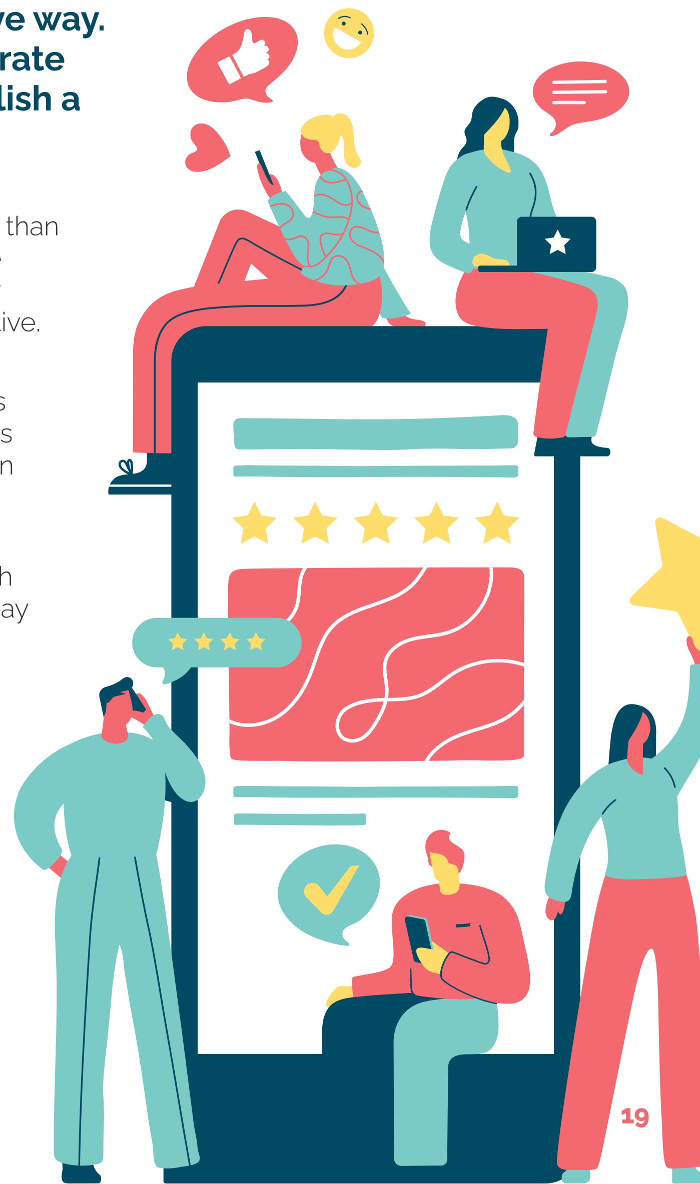
PUBLIC RELATIONS (PR)

This can help to get your start up business noticed in a positive way. Good PR can generate interest and establish a good reputation.

Successful PR is cheaper than advertising and a positive mention in a magazine or newspaper is more effective.

Customers view editorial coverage, such as a news story or product review, as **more trustworthy** than an advertisement.

You would need to either make contact directly with relevant publications or pay for a PR specialist.



SOCIAL MEDIA

Social media is in effect an online way for people and organisations to connect and share information with each other (known as content).

Typically this is done through handheld devices such as smart phones or tablets as well as laptops or PC's.

It typically comes in the form of **written, pictures and videos** and uses various platforms.

With nearly 4 out of 5 adults using some form of social media, it can be a powerful way to connect if used correctly.

Tips:

- ✓ **Decide on what you want to achieve** – is it raising your profile or getting new customers for example.
- ✓ Don't just think about "buy from me now". Social Media is about **sharing stories, ideas, tips and hints** and getting others to share to build up a wider audience. **Be helpful** and solve those problems as they build trust with customers.
- ✓ Whatever content you "put out" will be seen, shared and even stored. Consider that it could be around forever so **make sure you are happy** for future customers, family or friends to see it.
- ✓ Most platforms are regulated for content and will block it from being shown it is deemed to be **discriminatory, inflammatory or extremist** for example.
- ✓ **Send it out often**. Periods of inactivity are not good. You can prepare this in advance and send out on a regular basis.
- ✓ **Respond quickly** to messages and requests to make people feel valued.
- ✓ **Take an interest in related content.** Share and comment to build up relationships that might be beneficial in the future.
- ✓ **Monitor which of your platforms are effective** to ensure your efforts are not wasted.

4 out of 5 adults use some form of social media.

SOCIAL MEDIA PLATFORMS

There are various platforms available, depending on how you wish to connect.

Facebook

Over 30 million people in the UK have a Facebook account. It's good for sharing updates, promotions and competitions with customers and getting feedback and 'likes.'

www.facebook.com

Pinterest

An online pinboard for sharing pictures, videos and notes. Popular with interior design, fashion, craft and food businesses to showcase work and share ideas.

www.pinterest.com

Twitter

Limits posts to just 140 characters, called tweets. It's good for handling customer questions, special offers and discounts, and sharing updates.

www.twitter.com

YouTube

The world's largest video-hosting platform. Videos offering advice are a great way to demonstrate your expertise.

www.youtube.com

LinkedIn

Used to recruit staff, share industry knowledge and for joining relevant business groups and networks.

www.linkedin.com

Instagram

Showcase for photos and short videos. Great for introducing new products.

www.instagram.com

SOCIAL MEDIA CONTENT PLAN

You should try and plan out which channels you are going to use and what message you are trying to say to your potential customers.

An example is shown below:

CHANNEL	MON	TUES	WED	THUR	FRI
LinkedIn	Share a promotion or sales activity	Ask a question to get people to respond to your post	Highlight a success story		Ask people to sign up for email updates
Facebook		Post a picture of your product or service	Share a funny image or cartoon	Do a live video	
Twitter		Follow someone famous and comment	Share an image of your product or service	Ask people their opinion on a topic	Highlight the features of your product or service

If you are planning on more than one piece of content per day you can always **add times** against the activity.

You can **monitor how successful each piece of content is** and modify future plans to maximise your impact.

RETAINING THE CUSTOMER

You have gone to all the trouble, time, expense and effort to persuade someone to buy your product or service. It makes sense to develop a relationship with them so that they remain a customer.

It is about **engaging with them on a regular basis** without being a pain in the backside. It could be advising them about special offers, new products or services or simply checking that they are happy with what you are providing.

Typically it will cost your business 5 -7 times more money to attract a new customer than to retain an existing one.

CUSTOMERS INTO ADVOCATES

What you ideally want is for your customers to tell everyone about how good you are.

How often do you ask your friends or family for a recommendation for a great place to eat or for someone who has done building work for them?

You trust their judgement and its proof you are going to receive the same level of service. It cuts down time and effort to research similar companies.

So for no cost to you, you have potentially gained a new customer!

Remember, it can work both ways. So if you provide poor value for money and don't meet your customers expectations bad news and reviews will travel very fast.

MARKETING PLAN

With all these thoughts / ideas and different ways to market your product / service, it is advisable to have a plan of action rather than just leaving it all to chance. The best way to pull it all together is to have a marketing plan.

You can make it as simple as you need to achieve your goals. An example is below. You would add months as needed as well as the activities.

Product/Service	Month One	Month Two	Month Three
Customers to target			
What are the goals			
Social Media channels			
Direct marketing methods			
How much to spend			
What help do I need			
Other			

WHAT SHOULD I CHARGE?

PROVIDING A SERVICE

If you are charging by the hour / day you need to make sure that you are able to earn enough money to:

Cover your **business running costs**

Pay yourself your **Personal Survival Budget**

Retain some to pay any **tax/NI** liabilities

If possible have some extra left over to **keep in the business**

You need to consider balancing the number of hours you can potentially bill customers for per week with the price you can charge. You can see from the table below the large variation in the hourly rate to earn the same money.

Worked Example:

Estimated weekly running costs	**£150**
Personal Survival Budget	**£350**
Retain some tax / NI	**£50**
Retain some to put back into business	**£50**
TOTAL	**£600**

If you are having to work 12 hours per day 7 days per week to meet your earnings target then **something needs to change**!

Days/ week	Billing hours	Available / week	Hourly rate needed
7	12	7 x 12 = 84	£600 / 84 = £7.14
4	6	4 x 6 = 24	£600 / 24 = £25.00
5	8	5 x 8 = 40	£600 / 40 = £15.00

If you can earn your money within a 35 – 40 hour period that gives you the time to do all the other tasks you need, take some time out or even **earn extra money with the time available**!

Cross check your hourly rate with your competitors, as these rates are the minimum you can charge - if your research indicates you can charge more then do so.

WHAT SHOULD I CHARGE?

SELLING A PRODUCT

As before, you need to set yourself a minimum income target for the day / week or month.

The difference with selling a product is that the more you sell, the more costs you incur. This is where you look to separate out your costs that you looked at in Booklet 2.

The 2 categories are:

Fixed Costs
These are costs you incur no matter how many items you sell. These could be things such as wages, insurances, rent, rates, internet / phone contracts, loan repayments.

Variable costs
These are costs that vary depending on how many items you sell. These could be things such as materials, ingredients, packing materials, postage, consumables.

Worked Example:

You are selling branded t-shirts via an online shop.

Variable Costs		Weekly fixed costs	
T Shirt	£3.00	Wages / PSB	£350
Branding	£1.00	Consumables	£15
Packaging	£0.50	Internet / phone	£10
Postage	£1.50	Other	£25
TOTAL	**£6.00**	**TOTAL**	**£400**

Once you know how much it costs you can work out what you need to charge to cover all your costs. This is known as your **BREAK EVEN POINT.**

BREAK EVEN AND SALES QUANTITY

From the example, we know that:

- It costs **£400** to run the business even if you sell nothing.
- It costs **£6.00** in total to provide the customer with the T-Shirt.

By looking at different selling prices, you can establish **how many you need to sell** to break even.

	OPTION 1	OPTION 2	OPTION 3
Sales price	£8.00	£10.00	£16.00
Cost	£6.00	£6.00	£6.00
Profit	£2.00	£4.00	£10.00
*Break Even Quantity (BEQ) = **Fixed costs divided by profit per item***			
BEQ	£400 / £2	£400 / £4	£400 / £10
	200 T Shirts	100 T shirts	40 T Shirts

By using the knowledge gained from your market research you can hopefully find the price point that is a **balance between how much a customer is willing to pay and making sure you as a minimum break even**.

So if you choose option 2 you know that you have to sell a minimum of 100 T shirts a week at £10.00 to have a **viable business**.

Every T-shirt that you sell over the 100 will make you £4.00 extra profit.

By knowing these numbers you can then **develop a sales plan** that you need to meet which helps to develop a marketing plan to achieve this!

DEVELOPING A SALES PLAN

As mentioned previously It is easy to fall into the trap of saying "I will sell to everyone", but **without a focus on realistically who you are going to provide your product / services to it will result in wasting precious time and resources** before you earn any money.

By developing a sales plan, with the knowledge gained from your pricing exercise you can **build up a picture of how your income can be earned**. You can build a sales plan on a piece of paper, on a computer or even put it on a wall display. Whichever way you find the easiest and simplest to manage is best. You can do this on an **annual basis**, breaking it down into **smaller monthly chunks**.

Essentials of a sales plan:

Establish your sales objectives

This will be who are you hoping to sell to, how much you are going to charge and how many you are going to sell at the total sales you hope to achieve.

Work out how you are going to "sell to them"

Is it face to face, online, through a third party or something else, as this will establish your selling costs.

Choose how you'll monitor progression

Know how you are going to monitor how you are progressing. Is it income (£'s), quantity sold, profitability achieve.

You can then look to develop a simple sales forecast where you can track your performance.

AN EXAMPLE CAN BE FOUND ON THE NEXT PAGE

EXAMPLE SALES FORECAST

	Jan	Feb	Mar	Apr	May	Jun	Total
ITEM 1							
Price	£10	£10	£10	£10	£10	£10	
Qty	50	60	70	80	90	100	**450**
Income	£500	£600	£700	£800	£900	£1000	**£4500**
ITEM 2							
Price	£20	£20	£20	£20	£20	£20	
Qty	25	50	50	25	50	25	**225**
Income	£500	£1000	£1000	£500	£1000	£500	**£4500**
Total Monthly	**£1000**	**£1600**	**£1700**	**£1300**	**£1900**	**£1500**	**£9000**

Item 1	Jan
Customer A	20
Customer B	15
Customer C	15
TOTAL	**50**

The forecast shows a breakdown of what you are selling, when and how much. You can break this down further and list who you intend to sell to by month. Please see example to the left.

You then use your marketing plan to work out how to attract your potential customers to meet the sales you need to have a sustainable business.

CUSTOMER INFORMATION

When you start to trade, you will be gathering details of customers and potential customers.

Typically this could include:

- **Name**
- **Business name and type**
- **Telephone number**
- **Email address**

You may also be storing further details such as:

- **What they have purchased**
- **The price they have paid**

You can use this information to provide them with details of new products, promotions, offers and keep them updated with news about your business. You might have it written in a notebook, stored on your phone, laptop or on a customer database programme.

The way you store, handle and keep this information safe is regulated and **you need to make sure that you comply with the relevant legislation**. This is known as the General Data Protection Regulation (GDPR), as it applies to the UK, tailored by the Data Protection Act 2018.

The government body responsible is the **Information Commissioners Office (ICO)** ico.org.uk

In essence, **you should only hold and use information relevant to the business you conduct, keep it safe, not share it with others without permission**. The ICO has a wealth of information on its website, and in particular a guide for small businesses.

This can be found at ico.org.uk/for-organisations/data-protection-advice-for-small-organisations

NOTES

NEXT STEPS

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You should now be developing a more focussed offering to your customers, how to reach them and an idea of the next steps you need to take.

There is no need to return the booklet, just keep it safe with the others for future reference.

To gain the next booklet, please take the time to complete the feedback form that you received with this booklet and send it back to me in the FREEPOST envelope provided.

Make sure you have completed your details so I know where to send the next booklet to!

I look forward to reading your feedback and continuing to learn more about you and your idea.

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