

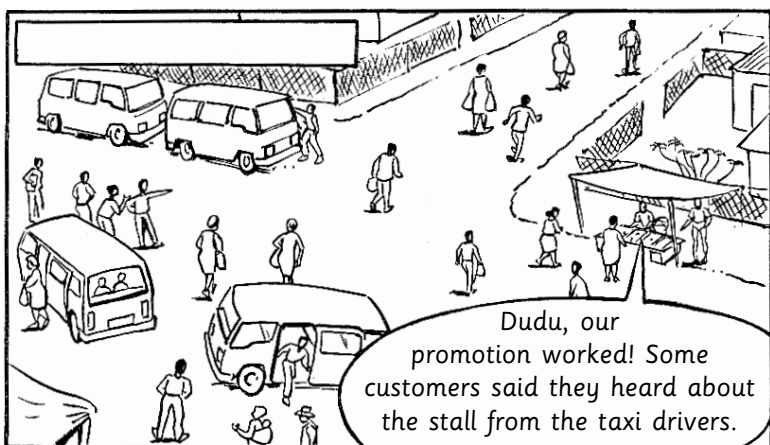
Promoting your business



You need to let people know about your business. Tell them where your business is located and what it is that you sell, make or do. Let them know what is special or unique about your business. This is called **promoting** your business.

The more people know about your business, the more likely they are to buy from you.

In our story, Vuyo uses a pocket of oranges to promote his mother's business. He gives away the oranges to the taxi-drivers and asks them to **advertise** Mam'Langa's stall. This was a very clever strategy. And it worked!



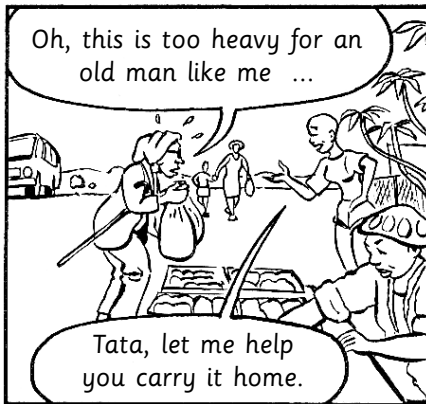
There are a number of ways in which you can **promote your business**:

- You can **advertise** your products or service to your customers. Tell them about the business and what you do by word-of-mouth, pamphlets or advertising sheets. If your business grows much bigger, you can advertise in newspapers, on radio and even on television.
- **Sales promotion** involves promoting your products where you sell them, at point of sale. For example, you can make a display at your stall.
- **Public relations** is very important, especially when you have a service business. If a customer is satisfied with your service, he will tell a few other people about you. If he or she is **not** satisfied, then that person will tell many other people!
- You can let people know about your business through **publicity**. For example, if you sponsor events, you can display the name of your business at the event. Depending on the type of business you have, you can paint your business name on a delivery vehicle or outside your place of business.

Remember to include the cost of promotion in your fixed costs, if you are going to promote your business on a regular basis.

Or, if you only spend money on promotion from time to time, remember to write down the cost as a business promotion expense.



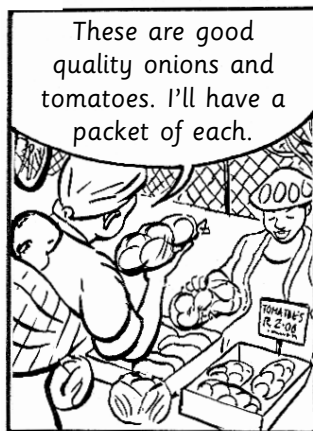


“Let me help you” - Customer relations

Second only to having a good quality product (or offering a quality service), is developing good relationships with your customers. This is often called having good **selling skills**.

Here are a few tips to help you develop good relationships with your customers, and help you to sell more!

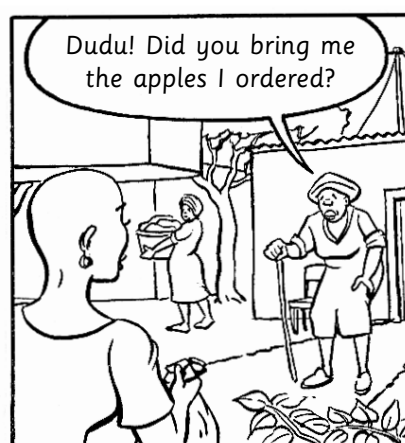
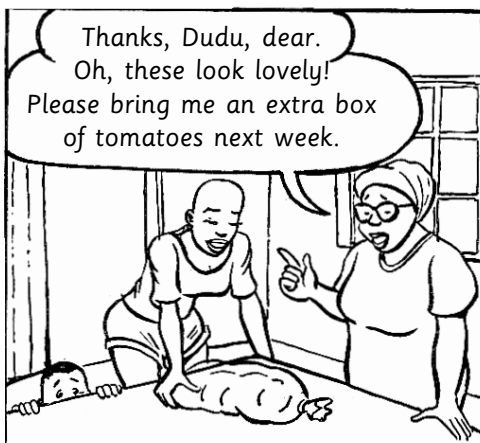
- Be friendly to your customers. Try to remember your customers’ names - especially your regular customers.



- Answer any questions that the customer has about your product or service. To do this you must know your product well. Then you can give the customer good reasons why he or she should buy what you are selling.
- Listen to the customer’s buying signals. If the customer says “That looks good”, or “It would be nice to have that”, then he or she is interested in buying the product.
- Close the sale carefully. For example, if the customer is looking at the bottles of body lotion you are selling, don’t say “Do you want one?” The customer can always say “No”. Then it is difficult to change his or her mind.

Rather ask a question that doesn’t require a “Yes” or “No” answer. Ask something like “Which size bottle would you like?”, or “How many would you like?”

Dudu’s home delivery business is a good example of a business based on customer relations, satisfying customer needs, and friendly service.



Remember, your customers will come back to you again and again if you give them what they want.



Supplier relations

Business is a chain of relationships. Your customers rely on you. You rely on your suppliers. Your suppliers rely on their suppliers, etc., etc. And if there is one weak link in the chain ... you know what happens!

Mam'Langa certainly knows what her customers will do if she gives them low quality goods: "They'll never buy from me again!"

Just as it is important to develop good relations with your customers, so you also need to **develop good relations with your suppliers**. If you are not satisfied with the service or the quality of goods that you receive from your suppliers, go and talk to them. As we all know, discussing a problem is the best way to solve it.

If your supplier is not willing to solve the problem, then find another supplier! Strong relationships are based on mutual interest - where both parties understand that the relationship is good for them.



Increasing your profit

Dudu's idea for a delivery service came from her understanding of customer relations. She saw a need - that some people don't have the time, or the energy, or the desire to shop for their fruit and vegetables - and she saw an opportunity for a business.

When she was thinking about the feasibility of her idea, she saw that the delivery service could:

- Increase the number of customers for fruit and vegetables.
- Reduce the cost of the produce as they could buy in bulk.
- Increase the profit of the fruit and vegetable business.

There are many ways in which you can increase your profit. Let's have a look at some of the common ways.

Get more money in!

There are two ways to increase the flow of money into your business. You can increase your sales income by doing more business, and you can charge more.

Increasing your sales income

Sell as much as possible. This will increase your sales income. (But remember that it will also increase your variable costs).

Find new ways to promote your products or service. Let as many people as possible know about your business. The more people who know about your business, the more people will buy from you or pay for your service.

Increasing your margin by increasing your selling price

If you increase your selling price then your margin will be bigger. If your margin is bigger then your profit will also be bigger.



But you need to find the **balance** in your pricing. If your margin is too big, then your selling price will be too high and people will not buy from you.

Let less money out!

Allowing less money to go out of the business can be achieved by buying the product from the supplier for less, and by minimising the expenses of the business.

Increasing the margin by decreasing the buying price

You can increase your margin (and your profit) by making the buying price of your product or raw materials lower. This means getting these items at a cheaper price. If you can get the same articles cheaper, and still charge the same price, then there will be more money in your business.

It is always important to try to **reduce your buying price**. Shop around for the cheapest supplier. Don't buy from the first supplier you find.

Wherever possible, you should try to get your products from a **wholesaler**. It is even better to get it **straight from the factory or farm** because then there will be fewer business people in-between who add their own margin to the price. This is what it

means to get **closer to the source** - closer to where the product originally comes from.

You should also try and get a **discount** whenever you buy from your supplier. One way to get a discount is to buy in bulk. But you should be careful here: Don't buy too much stock because if your market doesn't want to buy your products you will make a big loss.

Reduce all expenses

You have to spend money if you want to make money. You can't expect to run a business and grow it unless you spend money. For example, you might want to spend some money on marketing.

But we have already learned that you need to try to keep all expenses - fixed and variable - as low as possible.

There are many ways to do this. For example, you can save on water and electricity if you use these in your business. Keep your rent low if you pay rent for your business premises. Keep wages low, including your own.

Remember that every cent that you pay on expenses is one cent less profit that you will have. Always think twice before you spend any money.

Mam'Langa uses an old table and chair in her business. She doesn't spend money unless she has to. Vuyo fixes an old bicycle to make Dudu's delivery vehicle.

Ways to reduce my expenses

Write down all the ways you can think of to keep the expenses in your business as low as possible.

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