Whether you are driving down the road, using the internet, watching television, or just reading a magazine, you will be hit with some sort of advertisement. Most of these ads will be over looked unless it interests you; so as a small business owner what must you do to draw attention to your business? The first step is you need strategy! Remember, the aim of advertising and promotional strategy is to create awareness of your product or service.

**Where do I start?**

The first step in winning customers is to have a marketing strategy and an understanding of you business and customers. This is a multistep process that is a part of your overall marketing plan and begins with an analysis of your customers and the products or services you offer.

**Effective Marketing Begins Here**

**Analyze:**

- The needs of your potential customers (What do they need and are willing to pay for?)
- Find out how you can satisfy those needs (Do you sell or service what they need?)
- What is the income of these customers (How much can they spend? What is their pay scale?)
• Who are your competitors (How many businesses offer the same products or service as yours?)

• How to describe the product or service that customers will buy (Describe it to show that the customer’s needs will be met and remember any claim you make should be credible and trustworthy)

• Your current advertising and promotions (What is your current method(s) used to reach potential customers?)

• Current sales (Is this product or service your main income or will it be an addition to your business?)

• Customer service (Do you service the product you sell?)

• Customer satisfaction (Are your customers happy?)

Some of these questions can seem quite insignificant, but more often small businesses don’t analyze the market and the product or service they offer. This can result with trying to sell to the wrong people which is ineffective, and wasteful market spending. For example, if your business is only expensive jewelry then it would not make much sense to market your costly jewelry to low income families. You may make a sale now and then, but it would be better for you to target a higher income that could more easily afford your merchandise. This would open the area to more sales. Also, you need to look at where you will direct your advertisements. Again, a high-class jewelry store would not be wise to place an ad in an auto repair magazine but would profit more from advertising in a high-quality fashion magazine that reaches their market of buyers.

Another point to consider in your strategy is if your business sells or is associated with a name brand. Consumers more often have a preference to buy a particular brand such as Coca-Cola soda or Ivory soap. This association with a name brand is called “brand loyalty” and occurs because consumers perceive that the brand offers the right product features or level of quality at the right price. This perception becomes the foundation for the consumers buying habits. Therefore, being associated with or offering products with a name brand can be beneficial to your business because here the major company has already established the product and continually advertises it at no extra cost to you.
Where can I find information?

The first place to find data is the internet which offers an excellent source of free material. You could search for demographic information gathered about your customers. This is basic information such as name, address, age, education, profession, hobbies, pets, and virtually any type of factual attribute that can be found. The more you know about your customers' profiles, the more sophisticated the demographic parameters you can then employ in your marketing. Some demographic segmentation variables include: (sample report at end of guide)

- Age
- Gender
- Family size
- Family lifecycle
- Income
- Occupation
- Education
- Ethnicity
- Nationality
- Religion
- Social class

Depending on your type of business or your market strategy here are geographic factors to consider:

- Region: neighborhood, state, country
- Size of metropolitan area: segmented according to size of population
- Population density: often classified as urban, suburban, or rural
- Climate: according to weather patterns common to certain geographic regions

The next area for you to explore is behavioral segmentation. This involves analyzing and predicting the likelihood of a customer to make a purchase.

To truly serve your customers and address their individual needs, you need to capture and analyze their behavior. Behavioral marketing is based on each of your customer's very specific actions.
The four types of consumer buying behaviors are:

1. **Impulse buying**: no planning.

2. **Routine Response**: needs very little research and decision making; purchased almost automatically. Examples include snack foods, milk, paper items, etc.

3. **Limited Decision Making**: buying product occasionally. May need to obtain information about unfamiliar brand in a familiar product category. Requires a moderate amount of time for information gathering. Examples include clothes, sporting goods; knows product class but not the brand to buy.

4. **Extensive Decision Making**: is complex; unfamiliar and expensive items infrequently bought. This involves a high degree of economic and/or psychological risk. Examples include cars, homes, computers, education. Consumer spends a lot of time seeking information and deciding before purchase.

Each person will have their own type of behavior. For example, a large family shopper buying clothes may be classified as “Limited Decision” where a young teen may be “Impulsive”. Other typical behaviors observed are:

- Bargain Hunters: they only buy during a sale, closeout or promotion;
- Holiday Shoppers: they only buy seasonally;
- Luxury Lovers: they respond to quality and high priced items;
- Browsers: they visit the store often but seldom buy;
- Loyal Communicators: they not only buy, but are vocal about their preferences

Knowing more about your customer's behavior means that you can market very specifically based on tendency and buyer behavior. Maybe the bargain hunter would buy more often if a special discount was offered? Maybe the browser would like free shipping? Would a new display attract more impulse buyers? If you highly discounted just a few items from a competitor would the routine buyer be attracted to you and make all their purchases by you? The loyal communicator is the perfect target for you to offer a discount if they bring in a new customer. Perhaps the highly active would like to buy online. These are all factors that you need to address and look at if you want a successful marketing plan.
The next step is to look at your competitors. To do this, again go online and perform a defined search of your product or service and the area of your business to find potential competitors. If available, go to their web site to find more information. See if they offer the same items or services as you do. If they sell online make a note of their prices and compare them to yours. Since not all businesses have web sites your next step would be to search the trusty “yellow pages” to get a better figure of competitors.

Try to obtain as much information on your competitors as you can. Call and act as a customer asking questions on various topics such as price, delivery charges, discounts available, etc. Also, pay your competitors a visit and see where their businesses are located looking at factors such as their distant from you, parking available, etc.

Now what?

Once you obtain your information and a strategy has been recognized, then you must develop an action to turn your strategy into reality by setting objectives. Objectives are the specific targets for marketing set by the business to achieve their goal. It is important to understand that a more specific and defined goal is easier to obtain then one that is broad spanned and not distinct.

Examples of good marketing objectives might be:

- Increase sales by 15%
- Increase new customers by 10 per week
- Increase the number of specific products sold by 25 each month

Examples of poor marketing objectives might be:

- Increase sales (too broad)
- Achieve a 100% customer satisfaction rating (no one is always happy)
- Sell all of brand “A” over brand “X” (some people just don’t want “A”)
How do I make this happen?

Now that you have a complete analysis of your competitors, your potential customers, your product or service and a well defined goal of what you want to achieve, you must now market your business to the specific segment of the population that is willing to pay for and will most likely purchase it. This will narrow down the potential to an even smaller area but one that will be more successful for you as a business owner.

Your type of business or service you offer may require a specific marketing style. Listed here are a few general markets to consider but are not limited to:

Prestige Marketing

These consumers look for higher class and styled products. As an example, most people find it desirable to buy something “different” or in some way special. It is the idea of showing off their product to friends. The feeling that your product is not just everyday and typical has an appeal. A product that is high-class and unusual fits into this market class.

Solution Marketing

With the surge in households having all adult members working outside the home, there is more emphasis on time management. This opens up a market to help solve the problem of not having enough time. If your product or service can be directed in this area at a reasonable cost a vast array is open to new business. For example, the businesses of home child care centers are quickly developing as the solution of finding someone to care for a child while both parents are at work.

Ethnic Marketing

The US is a multi-cultural country consisting of people of many different ethnic backgrounds which creates a vast opportunity of selling to one particular group. The growth among major ethnic categories is four times that of non-ethnic groups, illustrating the growing diversity in America. Key ethnic marketing groups include African Americans, Latinos / Hispanics and Asian Americans. Many times this can be seen in the food industry because people of other cultures have a tendency to eat foods that were available in their native country.
Age Marketing

Many people of the “baby-boom” generation are now retiring. This opens up a wide area of the population that can be targeted by age who are now on a limited income. Offering discounts to customers over a certain age can be a target of your business. Older people are also often “loyal communicators” and can spread the word around about you. To further enhance this, make the age discount available to people in their 50’s who are still working and not just senior citizens.

Time Marketing

On certain days of the week or at certain times during the day offer a discount. This is especially helpful during the holiday season. But remember to make sure the discount times are set so that the targeted buyer can access your business at this time. A poor example would be to have a sale on children’s items between 2 and 5 pm when most mothers will be scrambling to pick-up children from school or daycare. Make the time or day convenient for the targeted buyer.

So how and where do I market my business?

Here is a list of cost effective tried and true marketing methods that are successful for every type of business:

- **Word of mouth:**
  If you have a good product or service this is the best form of advertising available and it’s free! One of the best word of mouth advertising methods is referrals. Try to develop relationships with businesses that have customers with similar needs. A perfect example would be a roofing company who could refer you to a chimney repair business if your chimney needs repair.

- **Business card:**
  Next to word of mouth you business card is a key, very low cost and effective marketing tool. Your business card should be innovative and creative but stick to two or three colors because anymore will make your card look tacky. If you have a web site or email address be sure it is listed.
• **Website:**
  Now a day’s almost everyone has or has access to an internet connected computer so a website can be a major marketing area. Whatever your commerce or profession you can display a beautiful business online to anywhere in the world. Items and orders can be obtained anytime of the day or night. If properly used, you can obtain data on items and pages most visited. This will give you an idea of the customers’ interests and needs. Website can be professionally designed for a fee or custom made by you for free. However your website is created, you must remember, that next to your business card a website is the most important marketing tool you can use and you should use it to portray a business that is reliable, professional and trustworthy.

• **The Yellow Pages:**
  A lot of people still pull out the phone book when they need to find a local business so this is still a very good area to catch a customer’s eye.

• **Vehicle advertising:**
  You vehicle can be a roving billboard for you business. This can be especially helpful if you go out to the customers home to deliver or make service calls.

• **Email:**
  This method is best used with current customers rather than to find new ones because many will see this as spam and be turned away from your business so use this method cautiously. Remember when asking a customer for an email address ask if they would like to receive information from your business.

• **Newspaper:**
  Every morning newspapers are sold as people hustle off to work and what better place can you have to capture a potential customer? Newspapers offer box ads and advertising inserts, local newspapers often offer special advertising features showcasing particular businesses.

• **Flyers/Direct mail:**
  Sending out post cards directly from your business or having a company send them out to targeted customers can be very effective. You can also create flyers and distribute them directly in the targeted area.

• **Brochures:**
  This can be a sure fire way to complete the sale! An undecided customer can take a brochure home to “think over” or “compare” a product from a different business and the visual of a well designed brochure may be all that is needed to have the customer come back to you.

• **Community involvement:**
  Become involved in charitable events or community association groups and participate. Often this will bring your name into the mainstream of your community and many times you will even get free publicity in local newspapers!
• **Cable TV:**
  Cable TV companies offer advertising ideas within the budget of small businesses and this will cover a very wide range of customers.

• **Radio:**
  Here again is an area where you can obtain advertising that is both effective and relatively inexpensive.

• **Give lessons:**

  Giving lessons is an extremely powerful marketing strategy for small businesses. Offering lessons gives you the opportunity to form a union with potential customers. And by giving lessons, you’re setting yourself up as an expert and they will return to you for information and products. Example: If you sell computers, you could give a different lesson each week on using the internet.

**How do I create an ad?**

The number one goal in advertising is to guarantee that your products or services sell and to increase sales. Advertising uses cognitive psychology and the psychological processes of:

![Attention Perception Association Memory](image)

First attention is used to capture the consumer. Sounds, strong messages, visuals and colors are often used. Once the customer’s awareness and perception is drawn by getting attention the focus is on retaining consumer interests by using association. This is done by having the product or service directed at a particular segment of customers. The association should be such that it not only serves the purpose of quick understanding and insight of the consumer but is also retained in their memory for a long time.
Memory is an important aspect of the psychology. Only an advertisement that consumers can easily remember for a long time, for its uniqueness, or use of words, colors and figures will be the most effective.

It is also important to understand that you must use different advertising in different areas. TV ads which are visual would focus more on the emotions and the context used where radio ads should center on the strength of sounds and words. Ads for the internet and web sites need to be visuals and colorful where newspaper ads will focus on the subject.

**How much should I spend?**

According to Small Business Administration, 5% of gross business sales should be budgeted for advertising. If you are just starting a business, a far higher amount of up to 25% may have to be factored into you budget.

**Ask yourself these questions:**

- If I spend “X” amount of dollars on advertisement, how much new business do I need to cover the costs of doing this?
- Can I reasonably expect to make that amount of business?
- Can I reasonably expect to make more than that?
- How much more?

In other words, will you obtain enough new business to make up for the amount you spent? This is your breakeven point and anything above that will be an increase in your bottom line.
Example: Sales vs. Advertising

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>Percent of Budget Spent</th>
<th>Amount of ads</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>$15,000.00</td>
<td>1.00%</td>
<td>$150.00</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>$17,000.00</td>
<td>1.50%</td>
<td>$255.00</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>$20,000.00</td>
<td>5.00%</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>$50,000.00</td>
<td>7.50%</td>
<td>$3,750.00</td>
</tr>
</tbody>
</table>

It is important to keep figures on all costs of your marketing plan. By using your numbers you can create charts and graphs like these and you will get a better illustration of how productive your marketing strategy is and what changes to make if needed.
Final thoughts:

Remember to get as much information and feedback from current and potential customers as you can. You will have more of a chance to make a sale if you keep in touch and develop a “relationship” with each customer. So use this information to create your own database of consumers that you could target with each sales plan that you develop.

Helpful web sites:

Marketing tutorial

Advertising Your Business (Bank of America video tutorial)

US Census

HispanSource (free registration required)

Citi-Data

Free DemoGraphics (free registration required)

Free Online Survey (free registration required)

Disclaimer: Community Technology Center, Paterson, NJ is not responsible for the use of the information provided. This guideline was compiled from various sources and websites to help the small business owner and is provided free for their use.
Report: Paterson, NJ

This is a 2000 demographics report narrowed down to the 07505 area from:

FreeDemographics
A Product of SRC

Date: 10/24/08
Current Geography Selection: (1 Selected) ZIP Codes (2006 Q3): 07505 Paterson

<table>
<thead>
<tr>
<th></th>
<th>2000 Educational Attainment</th>
<th>2000 Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>College: Associates Degree</td>
<td>1.43%</td>
<td>Divorced</td>
</tr>
<tr>
<td>College: Bachelor's Degree</td>
<td>3.65%</td>
<td>Never Married</td>
</tr>
<tr>
<td>College: Graduate Degree</td>
<td>2.01%</td>
<td>Now Married</td>
</tr>
<tr>
<td>College: Some College, No Degree</td>
<td>10.81%</td>
<td>Separated</td>
</tr>
<tr>
<td>School: 9th to 11th grade no diploma</td>
<td>30.64%</td>
<td>Widowed</td>
</tr>
<tr>
<td>School: Grade K - 9</td>
<td>16.75%</td>
<td></td>
</tr>
<tr>
<td>School: High School Graduate</td>
<td>33.09%</td>
<td></td>
</tr>
</tbody>
</table>

The 2000 Census Median Household Income for this geography was $19,132. The Average Non-family Income was $14,828.
This geography included a total of 962 Housing Units in 2000, of which 5% were Owner Occupied, 90% were Renter Occupied, 4% were vacant, and 0% were mortgaged.

The Median Cash Rent for occupied rental units in 2000 was $464, and a total of 8 Rental Housing Units had a rent in excess of $1,000 monthly. The Median Housing Value for owner occupied housing in this geography in 2000 was $192,523, and a total of 17 homes were valued at
$500,000 or more.

## US Census 2000 Race and Ethnicity

### Total Population

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian, Eskimo, Aleut Population</td>
<td>0.5%</td>
</tr>
<tr>
<td>Asian</td>
<td>3.0%</td>
</tr>
<tr>
<td>Black Population</td>
<td>37.2%</td>
</tr>
<tr>
<td>Hispanic Ethnicity</td>
<td>48.6%</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander Alone</td>
<td>0.0%</td>
</tr>
<tr>
<td>Not or Latino</td>
<td>51.4%</td>
</tr>
<tr>
<td>Other Population</td>
<td>22.2%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>5.3%</td>
</tr>
<tr>
<td>White Population</td>
<td>31.8%</td>
</tr>
</tbody>
</table>

### Hispanic Ethnicity: Race

<table>
<thead>
<tr>
<th>Race</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaska Native Alone</td>
<td>0.7%</td>
</tr>
<tr>
<td>Asian Alone</td>
<td>0.4%</td>
</tr>
<tr>
<td>Black Alone</td>
<td>2.4%</td>
</tr>
<tr>
<td>Native Hawaiian/Other Pacific Islander Alone</td>
<td>0.0%</td>
</tr>
<tr>
<td>Some Other Race</td>
<td>45.7%</td>
</tr>
<tr>
<td>Two or More races</td>
<td>7.3%</td>
</tr>
<tr>
<td>White Alone</td>
<td>43.6%</td>
</tr>
</tbody>
</table>

### Hispanic Ethnicity Population

- Total Hispanic Ethnicity Population: 2,298

## US Census 2000 Occupation and Employment

### 2000 Means of Transportation to Work

<table>
<thead>
<tr>
<th>Means of Transportation</th>
<th>Percentage</th>
<th>2000 Travel Time to Work in Minutes</th>
<th>Median Travel Time To Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bicycle</td>
<td>0.01%</td>
<td>0 to 5</td>
<td>20.7</td>
</tr>
<tr>
<td>Bus or trolley bus</td>
<td>26.7%</td>
<td>0 to 5</td>
<td>4.1%</td>
</tr>
<tr>
<td>Carpoiled</td>
<td>19.0%</td>
<td>5 to 9</td>
<td>7.9%</td>
</tr>
<tr>
<td>Drove alone</td>
<td>28.8%</td>
<td>10 to 14</td>
<td>25.3%</td>
</tr>
<tr>
<td>Ferryboat</td>
<td>0.0%</td>
<td>15 to 19</td>
<td>9.0%</td>
</tr>
<tr>
<td>Motorcycle</td>
<td>0.0%</td>
<td>20 to 24</td>
<td>24.0%</td>
</tr>
</tbody>
</table>
Other means 2.1% 25 to 29 0.9%
Railroad 0.0% 30 to 34 11.7%
Streetcar or trolley car (p bli 0.0% 35 to 39 1.6%
Subway or elevated 0.0% 40 to 44 1.7%
Taxicab 0.0% 45 to 59 5.7%
Walked 22.1% 60 to 89 4.1%
Worked at home 1.3% 90 or more 2.6%
Workers Age 16+ 989 Worked at home 1.3%

**US Census 2000 Family Status: Family Households**

<table>
<thead>
<tr>
<th>Family Households</th>
<th>517</th>
<th>Male Householder</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Born or Adopted Children in Family Households</td>
<td>822</td>
<td>Male HHldr, no wife present, own children &lt; 18</td>
<td>34</td>
</tr>
<tr>
<td>Grandchildren in Family Households</td>
<td>79</td>
<td>Female Householder</td>
<td>19</td>
</tr>
<tr>
<td>Step Children in Family Households</td>
<td>16</td>
<td>Female HHldr, no husband present, own children &lt; 18</td>
<td>154</td>
</tr>
<tr>
<td>Married Couple Family</td>
<td>186</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married Couple Family with Children under 18</td>
<td>92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married Couple Family with no own Children under 18</td>
<td>93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data is for the Census year 2000. More About Our Data.
Demographic data © 2006 by Experian/Applied Geographic Solutions.