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## RETAILING

TONY GATTARI

# The key is to own your local area

**JOHN OWNS** a coffee and cake franchise in a new development area of western Sydney. He paid \$300,000 to obtain his licence, training, and a brand new fitout. After reading a multitude of books on wealth creation and business, John had decided that leaving his well-paid white-collar job and opening a franchise was the key to becoming wealthy.

Six months passed and John is burning the cash that he had saved and borrowed to build the business. He has bought a reputable name in franchising, and he thoroughly believed that the brand alone would drive traffic into the shop. But after another six months the business is still losing money.

At the annual franchise conference on the Gold Coast, the franchisor pumps up the franchisees, rolling out world-class speakers and trainers to teach the franchisees on the importance of spending more money on marketing to drive extra sales. Buoyed by these speakers, John goes back to his shop and starts to implement some of the tips and strategies that he had learnt.

Yet another six months passes and the marketing that John is implementing is not working. He borrows more money from the bank using his equity as a guarantee.

Then one day, one of his loyal customers, David, a business advisor, comes in to order his usual cappuccino and raisin toast, and sits down and starts to do some work on his notebook. John starts up some small talk by enquiring "Do you mind if I ask you a couple of questions, David?" After some probing questions from David, John explained to him how his business has not made any

money at all, and how all of the marketing efforts were in all in vain.

### How to own your locality

After listening and understanding the root of the problems that John was facing, David gave him some free advice "John, you need to own the area that you live in, and make this business the place where the locals want come and have coffee and cakes. This can only be achieved if you become disciplined and persistent in the marketing and get out in the community to promote your business. Also invest in marketing – as if you are spending money but looking for a return in investment."

David then outlined to John the following principles:

#### Understand who is your customer:

Defining your target customer reduces the risk of wasting money on poorly targeted marketing campaigns, and ensures that your business provides a system that serves the customers needs.

**Just have a go:** You do not know what is going to work until you have a go. Business owners fear of failure is what holds them back from achieving their potential; to break through you have to break with.

**Set a sales target:** A trained marksman plans the shot, and takes all factors into consideration, and then aims at the target. A smart business owner sets a sales target, and takes all factors into consideration such as past history, adjustments for seasonality and trends and major external events, eg is the World Cup coming into town, and will it have an impact on business.

**Set a marketing budget:** Marketing your business takes time, patience and

discipline, and the best way to ensure that you follow this mantra, is to set a marketing budget for your business. This budget will ensure that you set aside money for marketing activity, so that you can continually work on growing the business, as well as ensuring that you do not send yourself broke.

#### The principle of multiple touches:

How many ways can you engage an individual to enquire about your goods or services? The principle states that not one way will work on each individual, but one particular form of communication will eventually engage them into action.

John then started to apply these principles. After understanding that his target customer for cakes was the receptionist organising cakes for birthday parties, he planned a campaign where he visited the receptionist personally and gave them an order form and product brochure.

A week after visiting them, he personally delivered a sample box of six slices of cake for them to try and share with others. Instead of spending \$4500 on quarter page local paper advertisements that made no impact, he shifted this money into product brochures and cake samples. Over a period of four months, his average sale increased from \$6 to \$13 because he was selling more cakes. John was now making a profit. ●

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