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RETAILING TONY GATTARI

The sin is never rewarded

ONE OF OUR clients in the retail industry admitted to us one of the worst sins – they stopped marketing the business. The business had some staff issues and the owner ended up spending most of his time in the operations part of his business.

The usual business advisor type questions were asked: what strategies are you currently using to increase enquiries, what position is your business within its category, and the strategies used to convert an enquiry into a sale. From all of this probing and questioning the diagnosis was simple; the business was the leader within its category, and the basis of the sales and marketing strategies were reasonably sound and only needed a little tinkering.

The real problem was that because the business was suffering from shortages in staffing, the owner moved more and more into the operations of the business, and therefore all of the sales and marketing activities came to a halt.

The best lesson learnt was that the owners realised that they had made an error in stopping their marketing efforts. They then created a marketing planner, and started to map out all of the strategies that they could commence in the following six months.

The same issue arises in large companies. At my time at Harvey Norman, Gerry Harvey always had the belief that in quiet times the business should pump out more advertisements, because when the good times come back the market will remember you. In quiet times Harvey Norman's competitors and some of the major department stores would pull back on their marketing spending, so that they could maintain their net profit. Harvey

Norman would keep on promoting, buying advertising spaces in print, television and radio media, where the major retailers had pulled out. The business was growing whilst the others were slipping backwards. The sin is never rewarded.

Invest in marketing

John owns a coffee and cake franchise in a new development area of Western Sydney. He paid \$300,000 to obtain his license, training, and a brand new fit-out. John decided after reading a multitude of books on wealth creation and business that leaving his \$100,000 a year white collar job and opening a franchise was the key to becoming rich.

Six months pass 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. Another six months pass, and the business is still losing money.

One day one of his loyal customers, a business advisor, comes in, orders his usual cappuccino and raisin toast, and sits down and starts to do some work on his notebook. As John brings this loyal customer his order, he starts up some small talk by enquiring "Do you mind if I ask you a couple of questions David?" David asks John to take a seat, and after some probing questions from David, John explains to him how his business has not made any money at all, how the marketing efforts were in all in vain.

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 come and have coffee and cakes. This can only be achieved if you become disciplined and persist in the marketing, get out in the community and promote your business. Also invest in marketing as if you are spending money but looking for a return in investment," David explained. Then he brought up a file on his notebook to teach John some principles.

John started to apply these principles. After understanding that his target customers for cakes were receptionists organising birthday parties, he planned out a campaign where he visited receptionists, personally gave them an order form and product brochure. A week after visiting them, he personally delivered a sample box of six slices of cake to 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. ●

■ The author, Tony Gattari was the General Manager of the computers and communications division of Harvey Norman and oversaw the growth of this business from \$12 million to \$565 million in nine years. He is now founder and Chief Energy Officer of Achievers group. He is a much-in-demand passionate professional speaker, business educator, author and corporate, business advisor. He has worked with over 110 businesses around the world.

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