

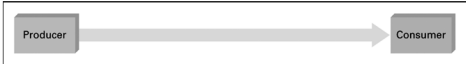
Marketing the Product or Service

Chapter 13

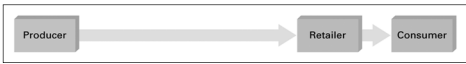
Small Business Marketing: Place

Small Business Distribution

- Types of Distribution Channels
 - Direct Channel
 - Products and services go directly from the producer to the consumer.

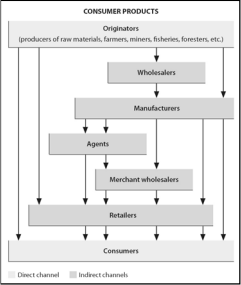


- Indirect Channel
 - Products pass through various intermediaries before reaching the consumer.



2 Source: Hatten, *Small Business Management*, 4th Edition

Figure 13.1: The Channels of Distribution



3 Source: Hatten, *Small Business Management*, 4th Edition

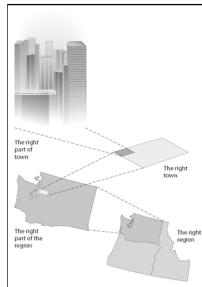
Location for the Long Run

- Essential Questions of Site Location
 1. What region of the country would be best for your business?
 2. What state within that region satisfies your needs?
 3. What city within that region will best suit you?
 4. What specific site within that city will accommodate your business?

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Source: Hatten, *Small Business Management*, 4th Edition

Figure 13.2: Identification of Regional and Local Markets



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Source: Hatten, *Small Business Management*, 4th Edition

State Selection

- Sources of information on the economic performance of regions, states, and cities:
 - *Fortune* magazine
 - *Business Week*
 - *Forbes* magazine
 - *The Wall Street Journal*
 - *Entrepreneur*
 - *USA Today*
 - U.S. Census Bureau

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Source: Hatten, *Small Business Management*, 4th Edition

Site Selection

- Type of Site Questions
 - Is the site located near target markets?
 - Is the type of building appropriate for your business?
 - What is the site's age and condition?
 - How large is the trade area?
 - Will adjacent businesses complement or compete with your firm?

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Source: Hatten, Small Business Management, 4th Edition

Site Selection (cont'd)

- Accessibility Questions
 - How are road patterns and conditions?
 - Do any natural or artificial barriers obstruct access to the site?
 - Does the site have good visibility?
 - Is traffic flow too high or too low?
 - Is the entrance or exit to parking convenient?
 - Is parking adequate?
 - Is the site accessible by mass transit?
 - Can vendor deliveries be made easily?

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Source: Hatten, Small Business Management, 4th Edition

Site Selection (cont'd)

- Legal Considerations
 - Is zoning compatible with your firm?
 - Does the building meet building codes?
 - Will your external signs be compatible with zoning ordinances?
 - Can you get any special licenses you will need?

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Source: Hatten, Small Business Management, 4th Edition

Site Selection (cont'd)

- Economic Factors
 - How much are occupancy costs?
 - Are amenities worth the cost?
 - How much will leasehold improvements and other one-time costs be?

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Source: Hatten, Small Business Management, 4th Edition

Site Selection (cont'd)

- Traffic flow
 - The number of cars and pedestrians passing a site affects its potential for retail sales.
 - Depending on the business, the type (social status, affluence) of potential traffic also needs to be considered.
 - Other businesses in the area will also influence the kind of traffic.

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Source: Hatten, Small Business Management, 4th Edition

Site Selection (cont'd)

- Going Global
 - Information Resources
 - Magazines and newspapers
 - American Management Association and the American Marketing Association
 - U.S. Department of State
 - Internet
 - CIA World Factbook (online)

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Source: Hatten, Small Business Management, 4th Edition

Incubator Benefits

- Support Services
 - Tenants share office machines, computers and other equipment and pay only when they use it.
 - Receptionists, secretarial support, and shipping and receiving services are available on a shared basis.
- Professional Assistance
 - Reduced rates with accountants and lawyers.
 - Training in cash flow management, marketing practices, obtaining financing, and other areas.

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Source: Hatten, Small Business Management, 4th Edition

Layout and Design

- Legal Requirements
 - Cost of accessibility requirements of the Americans with Disabilities Act (ADA) of 1990.

20

Source: Hatten, Small Business Management, 4th Edition

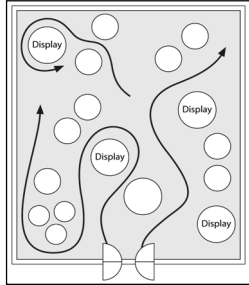
Layout and Design (cont'd)

- Retail
 - Free-flow layout
 - Encourages customers to wander and browse through the store.
 - Grid layout
 - Moves customers past merchandise arranged on rows of shelves or fixtures.
 - Loop layout
 - Has a predominant aisle running through the store which quickly leads customers to their desired department.

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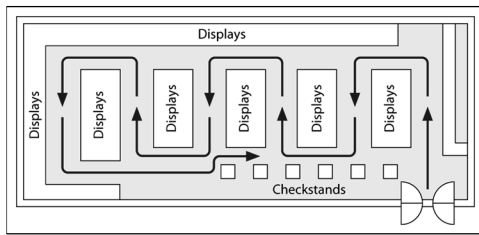
Source: Hatten, Small Business Management, 4th Edition

Figure 13.3: The Free-Flow Layout



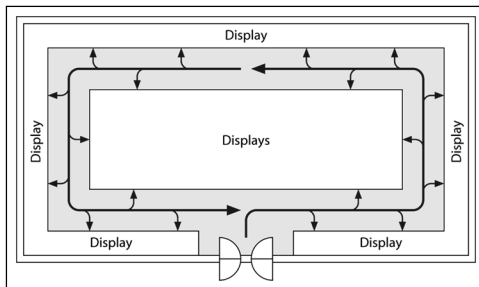
22 Source: Hatten, Small Business Management, 4th Edition

Figure 13.4: The Grid Layout



23 Source: Hatten, Small Business Management, 4th Edition

Figure 13.5: The Loop Layout



24 Source: Hatten, Small Business Management, 4th Edition

Layout and Design (cont'd)

- Service
 - Customer convenience is important.
 - Workflow promotes speed and efficiency of service providers.



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Source: Hatten, *Small Business Management*, 4th Edition

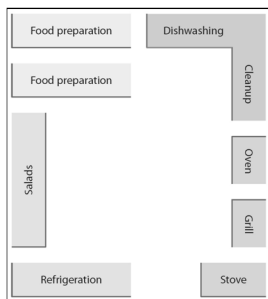
Layout and Design (cont'd)

- Manufacturing
 - Process layout
 - Places all comparable equipment together in the same area.
 - Product layout
 - Places equipment in an assembly line.
 - Fixed layout
 - Is used when the product must stay stationary while workers and equipment are brought to it.

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Source: Hatten, *Small Business Management*, 4th Edition

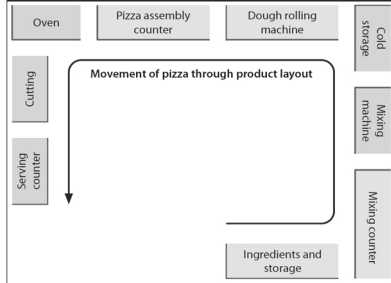
Figure 13.6: Process Layout in a Restaurant Kitchen



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Source: Hatten, *Small Business Management*, 4th Edition

Figure 13.7: Product Layout in a Pizza Kitchen



28 Source: Hatten, Small Business Management, 4th Edition

Layout and Design (cont'd)

- Home Office

Advantages

- Flexibility in scheduling personal, family, and business obligations
- Low overhead expenses
- No commute time
- Independence
- No office distractions

Disadvantages

- Interruptions
- Isolation
- Credibility
- Work space
- Zoning issues

29 Source: Hatten, Small Business Management, 4th Edition

Lease, Buy, or Build? (cont'd)

- Information Needed Before Entering a Lease

- How long will the lease run?
- How much is the rent?
- How much will the rent go up?
- Can you sublease?
- Can you renew?
- What happens if your landlord goes broke?
- Who is responsible for the insurance?
- What building services do you get?
- Who else can move in?
- Who pays for improvements?

30 Source: Hatten, Small Business Management, 4th Edition

Lease, Buy, or Build? (cont'd)

- Purchasing a Facility
 - Advantages
 - Right to customize the property
 - Fixed payments
 - Increase in property
 - Disadvantages
 - Upfront expenses and capital investment
 - Ties business to location
 - Depreciation is not a business expense
 - Decrease in property value

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Source: Hatten, Small Business Management,
4th Edition

Lease, Buy, or Build? (cont'd)

- Building a New Facility
 - Advantages
 - Meets necessary specifications for business
 - Enables incorporation of new technology or features that will lower operating costs compared to older, existing building
 - Disadvantages
 - Significantly increased fixed expenses

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Source: Hatten, Small Business Management,
4th Edition
