

# Next Steps in Marketing

- a more advanced guide to marketing  
your childcare business



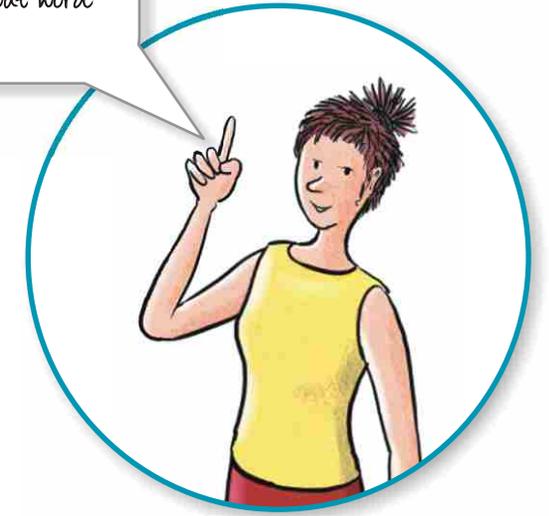
Business  
success for  
**Childcare**



# Welcome

**Q: Do you have a marketing strategy in your setting?**

*A: Well, we place ads in the local paper and the yellow pages, and we send out leaflets. But a lot is about word of mouth.*



## Sound familiar?

'Marketing' does include choosing appropriate methods, but it's about a great deal more than that. Could you answer these questions, for instance:

- Who are your current customers? What do they have in common? Why do they use your setting?
- Are you targeting the right market?
- Are you offering the right services and facilities to appeal to your customers?
- Do you have an attractive image? Does it suit the customer groups you have in mind?
- Do you set and allocate your marketing budget wisely?
- What customers do you have for your marketing activities?
- Which of your methods of marketing are most successful in terms of the actual income they generate for you?

This guide looks at how you can develop a marketing strategy for your childcare business by exploring three vital areas:

- > **Your Market** examining the mix of customers you are attracting now, and those you want to attract in future
- > **Your Messages** defining the information you need to get across and the impressions you need to create in order to attract your target market
- > **Your Methods** planning the actual marketing activities you will carry out to ensure your messages reach, and bring in, your target market

This guide follows on from the guide **'Marketing your Childcare Business'**, which covered some basics on market research, how to match your service to the needs of your customers, and tips on effective advertising and selling techniques.

**'Next Steps in Marketing'** takes things further by helping you put together a more detailed strategy, which is designed to flow from, and contribute to, the business aims of your setting.

Whatever your aim is, the simple fact remains:

**No marketing, no customers.**

**No customers, no business!**

# Section 1 - Your market

## What Can You Find Out About Your Current Market?

Looking at the mix of customers you attract at the moment and the services they use has many benefits. For instance, it lets you:

- assess who your marketing efforts are attracting at the moment
- find out about the nature of your customers (circumstances, location, priorities, etc) so that you can target your marketing more effectively
- spot 'segments' (that is, groups with similar features) within your current customer mix
- compare your current customer base with your target market, and so assess whether you need to change your marketing activities to help develop your services more effectively
- work out which type of customers spend most money and stay with you longest
- check on which of your services are most successful in terms of customer demand

The next few pages show some examples of the types of information you might have readily available about your customers and how you can make use of it. It may look like a lot of work, but don't worry, this is not something you need do every week - probably just a quarterly review once your marketing strategy is well established.

Effective marketing is based on real knowledge about your market, not gut instinct or intuition, so it's worth spending the time.

**Now let's look at how you can gather together information about the mix of customers you have at the moment...**



## What information do you hold about the circumstances of your customers?

### Our Setting - Customer Information

Child	Home location	Mother work location	Father work location	Main reason for attendance: W= work F = free time D= development	Payment: P= parent G = grant W = WFTC E = employer	Special requirements	Age started (months)	Weekly Attendance FT = full-time M = 5-9 sessions L = 1-4 sessions
SA	Green Valley	Denton Business Park	Pavelow	W	P & G	N/a	13	FT
FB	Selly Rd	--	City centre	F	P	Veg.	16	M
LB	Sibling above –already counted			F	P	Veg.	5	L

Where does this information come from?

- registration forms
- individual customer files
- attendance registers
- booking records
- staff knowledge
- invoice/payment records
- asking customers

Don't forget you can use information on past customers too. The more data you can gather, the more accurate your analysis will be.

Very important information. Shows your 'catchment area'. It's a good idea to plot the locations out on a local map and draw a circle around your catchment area. If you use different coloured crosses for home and work locations, you can see which are closer to the setting.

And you can think further. For instance, what sort of expectations do you associate with the area in which customers are located? Are the crosses on a particular transport route?

**NB** Be careful not to 'double count' information if there are several children from the same family.

Why are your customers using childcare?

Who is responsible for paying your fees? Are most of your customers receiving some kind of financial assistance? (e.g. tax credits) Are some of your customers receiving support from their employers? If so, which employers are they?

Special issues may include dietary or medical needs. Are there common themes within your customers? Have you become known for your ability to care for children with special needs?

This can show your average start age and the age at which children are most likely to begin attending. You may find it useful to plot these on a graph and look for patterns. Think about why these peaks and troughs may occur, what can they tell you about your customers?

You may notice that start ages vary depending on the reason for attendance, or on the source of funding.

This can show what proportion of your customers are full-time, how many are low level attendees and so on.

You might also look at whether attendance levels vary depending on the reason for attendance, work situation, or source of funding.

## What information do you hold about your customers and how they buy your services?

Our example setting carries out a quick weekly analysis of the registers for each age group.

They have worked out that to break-even\* financially they need to maintain occupancy of at least 83%, selling on average 6 sessions per child, and collect fees of around £78 per child. This weekly analysis lets them track whether those levels are being maintained, and take action if necessary. For instance, they may notice a need to boost their marketing to fill spaces, or to increase income by introducing a special offer that encourages additional attendance or purchase of special services.

\* For guidance on calculating your break-even levels, see the workbooks on **Managing Finance** and **Pricing your childcare service**.



Occupancy figures are best shown as a percentage of your full capacity, so that you can compare rates for different sessions and age groups more easily.

Toddler group - w/c 5 <sup>th</sup> July																				
Max occupancy per session: am/pm 7 early 4																				
Fees: Early = £5, Half-day = £13, 10x am/pm = £120, *sibling discount 10%																				
Child	Mon			Tues			Wed			Thurs			Fri			Total sessions		Fees		
	early	am	pm	early	am/pm															
AB		✓	✓		✓	✓		✓	✓		✓	✓		✓	✓	0	10	£120		
GR*		✓			✓											0	2	£23.40*		
JR*			✓			✓										0	2	£23.40*		
DM		✓	✓		✓	✓		✓	✓		✓	✓		✓	✓	0	6	£78		
TH				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	8	£124		
RW			✓			✓									✓	0	5	£65		
DF		✓			✓						✓			✓		0	5	£65		
KC*							✓	✓	✓	✓	✓	✓	✓	✓	✓	3	6	£83.70*		
JJ			✓								✓	✓		✓	✓	0	3	£39		
PL	✓	✓	✓				✓	✓	✓				✓	✓	✓	3	6	£92		
AL					✓	✓		✓	✓		✓	✓		✓	✓	0	8	£104		
No. 11	1	5	6	1	6	6	3	7	7	2	5	6	3	6	7	10	61	£818.50		
<b>Weekly Analysis</b>																				
% occupancy (tot sold/max x 100) target 83%		Mon			Tues			Wed			Thurs			Fri			Average am/pm attendance per child (tot sold/no. children) target 6		Average fees per child (tot. fees/no. children) target £78	
all 71/90 x 100 = 79%		12/18 x 100 = 67%			13/18 x 100 = 72%			17/18 x 100 = 94%			13/18 x 100 = 72%			16/18 x 100 = 89%			61/11 = 5.5 sessions		£818.5/11 = £74.41	
am 29/35 x 100 = 83%																				
pm 32/35 x 100 = 91%																				
early 10/20 x 100 = 50%																				

It only takes the supervisor around 5 minutes a week to add up these figures. (Note that the form includes targets and reminders of how the figures are calculated to make it easy for anyone taking over this task.)

The weekly information can then be fed easily into the setting's longer-term sales analysis - see the example shown below. This allows them to draw some broader conclusions about booking patterns in the different age groups and in different sessions.

Averaging the figures out over a longer period will give a more realistic picture than just looking at one week or one month.

\*averages are calculated by simply adding up the relevant figures for each week in the quarter then dividing by the number of weeks ie 13.

**Our Setting – Sales Information – Quarter 3 2004**

Age group	Average* sessions per child per week	Average* fees per child per week	Average* occupancy per group	Average* occupancy per day					Average* occupancy per session			Clubs (average* occupancy)	
				Mon	Tue	Wed	Thurs	Fri	early	am	pm	Music	French
Baby	5	£75	60%	53%	62%	65%	60%	62%	30%	60%	65%		
Toddler	5.5	£75	80%	65%	75%	96%	75%	90%	57%	84%	92%		
Pre-School	7	£91	88%	83%	88%	96%	83%	90%	60%	88%	91%	100%	80%
All	6	£80	76%	81%	83%	92%	81%	89%	62%	84%	89%		

These figures show which customers are most valuable to the setting in terms of income and attendance levels.

They need to focus on attracting more younger children - especially babies, increasing the attendance levels of those they already have and retaining them through to the pre-school group.

Alternatively they could reallocate staff to increase capacity in the pre-school group, with extra marketing to fill those places.

Occupancy figures show which sessions and which days of the week are the most popular for different age groups, and which you have most difficulty filling.

This may suggest making more capacity available for certain sessions or certain age groups, and maybe reducing staff for others.

It also shows which sessions the setting needs to concentrate on filling when it comes to marketing and bookings. They may, for instance, choose to run a special promotion to raise occupancy in the early session for all age groups.

Shows sales of extra services offered by the setting. Our example setting offers two special 'clubs', which are only available to older children.

Again a percentage of full take-up is shown. The data comes from the club booking records.

The music club is popular. This club is something the setting should highlight in their marketing activities, maybe there is scope for extra music related services?

Possibly more can be done to promote the French club to customers?

Another useful analysis is to look at your records of customers who have left the setting. They can provide some types of information that you cannot get from customers who are still with you. For instance, you can work out the average time your customers stay with the setting, and why they leave.

Child	Age left setting	Time with setting (months)	Reason for leaving	Lifetime spend
VR	18 mths	7	Moved house	£1400
HT	3	15	Different nursery	£3350
GY	2	3	Move to play group	£600
FY	5	34	School	£9520
JD	5	21	School	£7560
DS	5	60	School	£13400
LL	4 mths	2	Opted for homecare	£220
			Average spend (total spend/no. children)	£5150

This is a significant figure. It gives you an idea of how much your average customer brings to the setting over the time they are with you. This provides some basis for considering, how much money, time and effort you should spend on acquiring new customers (and holding onto the ones you have!). Ideally you should at least have information on all those who have left over the last 12-months to make it a reasonable estimate.

You may choose to carry out all sorts of additional analyses in your own setting. It depends on the data you have available in your records, and what you think may be useful when it comes to deciding who you want to target and how to approach them. For instance you might like to look at;

- Changes in attendance over time. Do children typically start off with one or two sessions and gradually increase their hours as they get older? Or do people stay at the same sort of attendance level right through?
- Waiting lists, and enquiries that you have to turn away. How many extra places could you fill, in what age groups, and on what days?
- Take-up of your various pricing schemes. If take-up is very low, are people aware of them? Should you be publicising them more? If take-up is very high, is that one of the features that draws people to you?

## ➤ Market segmentation

A crucial part of analysing your customers is to look for market 'segments' ie sub-groups within your customers, this helps you look for customers that share similar characteristics. That way you can direct your efforts more accurately and ensure that they are more effective and cost-efficient.

Following these steps will help you assess the segments within your customers:

1. What significant groupings do you see in your setting? The groupings should reflect whatever is relevant in your own setting. For example you may choose to focus on local homes vs local work places, full-time vs part-time, different age groups, midweek vs weekend, regular advance booking vs occasional.
2. What common features do the members of each group tend to share? Consider for instance the start age of the child, their home locations, their work situation, attendance patterns, use of extra services, their reasons for using childcare, what is important to them when choosing childcare (eg one group may value educational credentials first, another group may see late opening as their top priority in choosing a setting.)
3. Take a 'typical' member of each of those groups and make a rough estimate of what the Lifetime Value of that child would be to your setting. This demonstrates firstly which groups bring in most income, and secondly which you can afford to spend most money attracting. It doesn't matter that these are very rough and ready figures. The point is just to give a basic comparison between the groups.
4. Then look at the pros and cons of each group. What do they contribute to the sustainability of the setting? (For example, high weekly income, long term attendance, reliability, filling spare capacity, etc). What drawbacks or problems might they bring? (For example, no fixed attendance, wide dispersal so difficult to market to, lots of competition for their custom, etc).

$$\text{Lifetime value} = \text{Average stay with setting.} \times \text{Average income per month.}$$



1. Customer group	2. Typical features of customer	3. Lifetime value	4a Pros	4b Cons
Families living very locally	<p>Large estate with average/lower income families</p> <p>Both parents working, mother often part-time</p> <p>Tend to start young and stay through to school age (generally only leave if move house)</p> <p>Tend to value cost and 'friendly feel' when compared to local alternatives</p>	<p>48 mths @ £360 per mth</p> <p>£17K</p>	<p>High lifetime value</p> <p>Often 2-3 siblings attend over the years</p> <p>Easy to market to using local leaflets, etc</p>	<p>Large proportion part-time attendees (av. 6-7 sessions per week)</p> <p>More fiddly to fit other people in around part-timers - more vacancies that can't be filled.</p>
Parent/s working in ABC Ltd offices	<p>Home location widespread</p> <p>Tend to stay for shorter periods</p> <p>ABC seem to discourage part-time work so almost all full-time attendees</p> <p>Location and colleague referrals all important</p>	<p>18 mths @</p> <p>£500 per mth</p> <p>£9K</p>	<p>Full-time fees</p> <p>Good for occupancy levels</p> <p>Pick-up always on time!</p> <p>Possible arrangement with ABC Ltd?</p> <p>Great potential for word-of-mouth referrals</p>	<p>Shorter term (average 18 months), depends on job</p> <p>Rarely attend early or late sessions</p> <p>Don't go to local schools so no After School Club potential</p>

## ➤ What Is Your Target Market?

Up to now we've been looking at the customers you are attracting at the moment. Answering the following questions will help you think through some key issues in defining what your ideal target market should be.

### Question 1: What are the principal business aims of your setting?

eg To provide a high quality service? To have a sustainable business? To expand? To fill your places with a target group as defined by your funding? You may have several aims.

Discuss this with the management team. The foundation module, 'Planning for business success' will help you think through your business objectives.

Notes:

### Question 2: What services do you want to sell?

Consider the following:

- How many places do you have to fill? Approximately how many vacancies become available over a year? In what age groups? Do you have plans that will increase your capacity?
- Which of your services are your most profitable? (To answer this you need to consider each service in terms of costs vs income, ie the **costs** of providing the service vs the amount of **income** generated by selling it. (See the modules on Finance and Pricing for tips on this)
- Any new services you want to introduce?
- Any services you would like to reduce or remove because they are unprofitable or impractical?

Notes:

### Question 3: What prices do you want to charge?

Do you need to be charging differently for certain services?

See the guide 'Pricing Your Childcare Service' for advice on pricing strategies.

Bear a couple of key points in mind:

- If you increase prices, you risk losing sales. And if you decrease prices, or offer discounts, you need to get enough extra sales to cover the loss of income per customer.
- If you want to increase prices to above the average for your area, you will need to demonstrate to customers that they are getting added value for their money. For example better facilities, more convenient location or opening hours, more experienced staff

Notes:

### Question 4: What customer mix will help to maximise occupancy?

Look back to the earlier analyses of occupancy levels and customer purchasing patterns:

- When and in which age groups do your vacancies tend to occur?
- What sort of customers could plug those gaps?
- Which groups are most likely to cause or perpetuate the gaps?

Notes:

An important issue here is the **balance between full-time and part-time attendees**. Full-time attendees offer greater income per child per week, fewer children are required to achieve full-capacity, and there are no fiddly bookings to juggle. But on the other hand, there are more part-time attendees in the market, there is less effect on overall occupancy if one leaves, and if like many settings you charge lower rates for higher attendance levels, you can actually make more money out of having lots of part-timers than a small number of full-timers.

The 'right' balance for you depends on the nature of your local market and how many potential customers of different types are available, who your competitors are targeting and how much extra you feel you can charge for part-timers.

### Question 5: How big is your local childcare market?

How many potential customers are there in your catchment area? You need to be realistic about what market is actually out there.

One way to get a rough estimate of market size is by totting up the number of primary schools within your catchment area, and the number of children per year in each of them.

We can estimate that as a national average, around 1 in 3 children attend some kind of weekday daytime childcare, around 1 in 5 use early or late weekday sessions, and about 1 in 5 use some kind of childcare during the weekend. Note that these figures cover all kinds of childcare and all levels of attendance.

Contact your local authority for advice on the size of your local childcare market.

Notes:

### Question 6: Who are your competitors?

- How many places do they have? So what share of the local market do they currently hold?
- What services do they offer?
- What do they charge?

**You can find out about your competitors by for instance;**

- Asking them! They may be perfectly willing to swap information
- Picking up their marketing information and reading their adverts
- Keeping an eye on your local press
- Asking your own customers what they found out about your competitors when choosing a provider
- Asking your staff - some will have worked for other settings
- Listening to what job applicants are saying - staff from other settings may come to you for interviews

Notes:

## ➤ Adjusting your target market

### Which customers do you want more of?

Just more of the same mix you've got? Or more of certain groups? Or different types of customers?

➔ If you want **more of the same mix** of customers that you currently have, then repeating and perhaps increasing your current marketing techniques should achieve your aim. Your messages are obviously working for these people, you just need to reach more of them by increasing the frequency or spread of your marketing activities.

➔ If you want to attract **different** customers you need to think about who exactly these new customers are:

- In what way do they differ from the customers you have at the moment?
- What do they use?
- What is important to them in choosing a childcare provider?
- What are their circumstances?
- Where do they live and work?

**And then consider realistically whether you could ever attract these people:**

- Why are you not attracting them at the moment?
- What profile would you need to have to attract these customers?
- Would you need to alter aspects of your setting's facilities and services in order to better attract these people?
- Can you afford to make such changes?
- Would you risk losing your existing customers by making such changes?

**It is also worth considering:**

- Could you change any of the customers you already have into the ones you want? For instance, if you want customers who attend full sessions rather than odd hours, can you move to a session-based system of booking and charging to bring about this change?



# Section 2 - Your messages

The way you are viewed by potential customers is the result of a variety of factors. It's useful to consider two types of message that people could be receiving about your setting.

- **Your marketing messages** - the information you choose to put out yourselves through your advertising, PR and sales activities; the points you emphasise, the image you portray and so on. This is within your control.
- **Your reputation** - the way that people talk about you, including your customers, competitors and also your own staff. This may not be within your direct control, but you can take steps to increase the likelihood that people are saying positive things.

Let's look at each of these in turn.

## Your marketing messages

The purpose of any marketing activity is to show your target market that you have what they want and can meet their needs better than the other childcare providers they may be considering. So there are three key building blocks in formulating your marketing messages;

- (1) understanding customer needs
- (2) recognising the benefits you offer your customers
- (3) identifying your 'Unique Selling Points' in the local market



## ➤ Step 1 - Customer needs

The first vital step in putting together your marketing messages has to be a consideration of what is important to your target market. What needs and priorities do they have when it comes to choosing between childcare providers? If you have several distinct target groups you may find that their needs are different.

So how do you find out what your target market wants? Here are some ideas;

- **Refer to the information you already hold** about your current customers (see Section 1 of this workbook). This can tell you quite a bit about your customers' needs and priorities. For instance, if they mainly live very close to the setting, you'll know that location is a primary factor. If a high proportion of them use early or late sessions, then that option is clearly important to them.

- **Ask your existing customers.** Have a chat with them and ask a few simple questions - most will be pleased to help. You could ask, for example;

What were your priorities when you were looking for childcare?

Why did you choose us? What factors made up your mind?

If you've previously used other settings, what made you leave?

- ◀ You might consider having checklists of possible reasons and asking them to choose which are most significant in their own case.

- **Conduct a survey amongst your target group** asking people what they look for in a childcare provider. This is more difficult, but if you want to target new customer groups you'll need some way of finding out about them.

Again, try to keep it brief and simple. For instance you might approach parents and carers in your local area and ask about whether they use childcare and how they chose their setting. Explaining why you are asking and how answering your questions may benefit them in the future.

Which are most important to you  
(choose up to 3):

- |                  |                          |
|------------------|--------------------------|
| Location         | <input type="checkbox"/> |
| Price            | <input type="checkbox"/> |
| Staff experience | <input type="checkbox"/> |
| Facilities       | <input type="checkbox"/> |
| Ofsted report    | <input type="checkbox"/> |
| Hours            | <input type="checkbox"/> |

The module 'Marketing Your Childcare Business' also has some tips on market research and customer surveys.

## > Step 2 - Benefits

The next step is to compile a list of the benefits customers can gain by using your services.

It's important here to distinguish between features and benefits. 'High staff ratio' is a **feature**. The benefit to the customer is more one-to-one attention for their child. To get from a feature to a **benefit**, keep asking yourself; 'so what does the customer get?'

Here's how to compile your list of benefits:

1. First, remember that other settings similar to your own are not your only 'competitors'. You are also competing against various forms of homecare and childminders. What does your type of childcare offer that these alternatives don't?
2. Some settings will be targeting customers who are not currently considering childcare provision at all. What sort of benefits could you offer someone who at present is at home full-time with their child?
3. Referring to the customer needs you have identified, think through what additional benefits you can offer your target market. Brainstorm as many as you can.
4. When you have a good long list, highlight the benefits you feel will be most impressive to each of your target customer groups.

Finally, think about how you could **prove** that you provide those benefits. Make a point of collecting and making available (with permission if necessary):

Inspection reports

References and testimonials

Thank you letters

Photos of happy customers and successful events

Awards

Certificates such as staff qualifications

Customer survey results

*Benefits of using Our Setting*

- > more sociable child
- > smoother transition to school
- > safe environment
- > hassle-free payment process
- > cover for an early work start

*Dear Jane*

*I just wanted to thank you for the way you looked after Sam for the last 2 years. He has been very happy with you and I feel his transition to school has been made much easier. His teacher said at the end of the first week that he had obviously been well prepared for starting school!*

*Thanks again*

*Julie Brown*

## ➤ Step 3 - Your USP

'USP' stands for Unique Selling Point (or Points). That is, the thing or things which distinguish you from other similar settings. It could be a special feature or service provided by your setting, or maybe an appealing offer or promise.

Customers need reasons to choose between different childcare providers, and your aim is to make their decision easier by giving them those reasons on a plate. This means that of course you must choose something relevant to your target market.

Look for a short and snappy phrase or description. It should be clear and to the point, leaving nothing open to misinterpretation.

It is vital that your USP is realistic and deliverable every time to every customer.

**If you are selling something as your USP you must not fail to provide it.**

### **Your USP need not actually be unique!**

Remember it's all down to perception. Your competitors may also offer the same things, but unless they emphasise them in their marketing, how will the customer ever know?

Don't assume that what seems normal or average to you isn't impressive to your customers.

If you're the only setting drawing attention to a particular service or feature it will appear to be your USP even if they're all doing it!

## Here are some questions to help you pick out your USP/s:

- Where do you see your niche in the market? What sets you apart from your competitors? Do you have the most flexible hours, best outdoor facilities, highest staff ratios, most central location, most colourful building?
- What sort of things do your competitors choose to emphasise in their marketing? Choose something different. 'Me too' messages won't help you stand out in any way.
- Why did your existing customers choose you? (We've already talked about how you can find this out under Step 1)
- Have you got any special facilities or services that customers are impressed by when you talk to them?

Here are some examples of USPs.

Which one do you think your customers would like best?

Fun and games come first on our agenda!

**Good value for money and payment methods to suit all customers.**

'The best Ofsted ratings in the area for 2 years running'

All our staff absolutely love children!

### Thought for the day

A satisfied customer tells one person, a dissatisfied one tells 9!!

## Managing your reputation

How can you enhance and safeguard your reputation? Consider some important ideas here: Quality, Customer Service, Value for Money, Professionalism, and Added Value. In each case think about;

- What does this term mean in our setting? How would we define it?
- If we were to talk to a customer about this, what positive points and evidence would we want to get across?
- Is there anywhere that negative messages may arise? What can we do to remedy this?

### Quality

This is about your ability to guarantee certain standards. What evidence can you give of the quality of your services and of the standards you adhere to? The key to this is of course the Ofsted regulations and inspections process, and the reports you have received. Don't forget, whilst you are very well aware of what these entail, your customers may know nothing about them. How can you make use of them to help assure people of your quality? And what other guarantees can you give people? For example, how do you assess your staff? Do you have quality agreements with any of your suppliers? Do you have a formal complaints procedure? Do you offer a trial period for new customers?

Don't forget that quality is not just about qualifications, it's also about your ability to engage with children and make them happy.

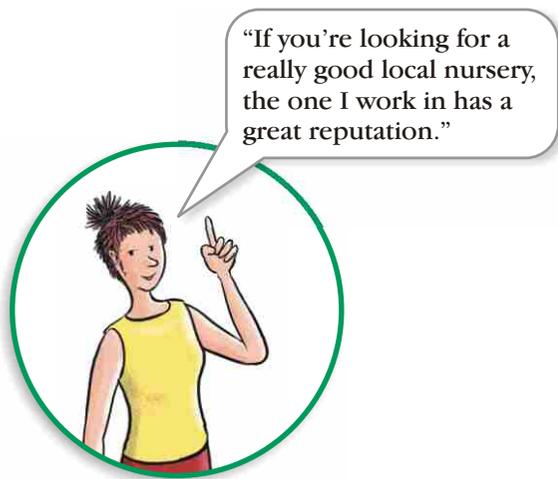
### Notes

### Customer service

Really excellent customer service is primarily about very regular contact with your customers; keeping them informed, asking questions, inviting feedback, making sure you handle any issues almost before people have become aware of them and had chance to get upset, worried or angry. If your customers feel you are accessible, friendly and really attentive to their concerns, they will be much more inclined to recommend you to others. Do you have a customer service 'charter' detailing, for instance, how you will respond to complaints, queries or requests?

### Notes

<p><b>Value for money</b></p> <p>Customers want to feel that they are receiving appropriate service and benefits for their money. This is not about price, it's about the customer's expectations and perceptions of what they get for that price. Make sure that your excellent service and the benefits people derive from using them are apparent to customers. This is particularly important if you are charging above the average for your area.</p>	<p><b>Notes</b></p>
<p><b>Professionalism</b></p> <p>What distinguishes a 'professional' set-up from an 'amateurish' one? Everyone will have their own thoughts on this, but perceptions are likely to be based on things like; the experience and qualifications of your staff, the careful design, planning and organisation of your environment and activities, established standards of service and operation, and business-like systems for bookings and invoicing.</p>	<p><b>Notes</b></p>
<p><b>Added value</b></p> <p>This is often linked to the idea of 'delighting' your customers. That is, delivering more than they expected for their money, and more than they would see as the norm (compared to both other settings and to other types of service provider). Think about any occasions when you have received service beyond what you expected. Could you do something equivalent in your setting? For instance, have you ever thought about the 'free' childcare advice that you offer your customers every day? For example information on Working Family Tax Credit, etc. What can you offer that will cost you very little or nothing, but will be valuable and impressive to your customers?</p>	<p><b>Notes</b></p>



### The role of the setting's own staff and committee

Whilst you cannot control what customers and those outside the setting will say, you can take steps to ensure that positive messages and impressions are created by your own staff and committee.

### Customer queries and the sales process

This is a key area in managing perceptions. In addition to the obvious influence on whether people actually buy or not, they are very likely to pass on their reactions to friends also looking around for childcare. Make sure that all relevant staff are well-prepared to handle;

- ✔ phone queries
- ✔ showing visitors around, or talking about their role as part of a tour
- ✔ follow-up calls
- ✔ preparing any written information provided during this process
- ✔ waiting list management
- ✔ customer registration

It may even be worth setting up a 'mystery customer' to experience and give feedback on how the process feels from the customer's point of view.

### Advocacy

In broader terms, you can encourage people to act as good 'advocates' for the setting. That is, to recommend and speak well of the setting to others. It will help if you;

- Explain to people why this is so important - what the setting, and they personally, stand to gain by spreading a good impression
- Give examples of the sort of things they should and should not be talking about with 'outsiders'
- Make sure that they have a good understanding of what services you can offer and the benefits
- Consider offering rewards for referrals. (Reassure people you are not expecting them to directly sell anything)
- Treat your staff well and try to create a good team spirit, if people enjoy working in the setting they are more inclined to speak well of it outside

### Final thought on managing your reputation:

What reputation do you think you have in the local area as a whole at the moment?

If asked, what do you think parents, and non-parents, would say about you?

Where do these impressions come from?

- For instance, don't forget that job recruitment adverts and any newspaper articles in which you are mentioned help to create an impression on your local community as a whole, even on people who don't currently use childcare services. So make sure that your USP's are coming through in all these areas.



# Section 3 - Methods

## - putting together a marketing action plan

One of the most widely used marketing plan formats for small businesses is that of American marketing guru Jay Levinson; 'The 7 Sentence Marketing Plan' (1985). As the name suggests your marketing plan results from answering 7 questions. We've adapted them slightly below:

1. Who is your target market? What distinguishes them from other purchasers of childcare?
2. What is your position in the local childcare market? Who are your competitors? How do you compare with them? What niche do you fill?
3. What benefits do your customers gain from using your type of childcare? And the particular services your setting provides?
4. Why should customers choose your setting? What attracts them to you? What are your USP's?
5. What are your marketing targets? What do you want to achieve in terms of numbers of enquiries, registrations, etc?
6. What marketing methods will you use?
7. What is your marketing budget?

The earlier parts of this workbook should have enabled you to answer questions 1-4. This section helps you complete your marketing plan by considering your marketing objectives, choice of methods and your marketing budget.



## ➤ Marketing targets

By setting measurable targets that relate to the business aims of your setting, you will be able to monitor over time whether your marketing activities are effective or whether you need to make changes to ensure you are generating enough sales to sustain the setting.

### Where do targets come from?

- Section 1 looked at defining your target market and what services you hope to sell to them - many of your targets will come from this process
- You might also set targets relating to results of specific marketing methods

Here are some example targets;

- Enough sales to maintain 90% occupancy
- Increase share of local market to 30%
- Increase sales of full-day sessions to 50% of occupancy
- Double the amount of enquiries we get via the local press to 80 p.a
- Attract at least 2 staff/customer referrals per month

### Should you have objectives relating to customer awareness or your local profile?

Always bear in mind that in a small business you simply can't afford to waste money on marketing that is not productive. High profile is nothing if it doesn't produce the leads you need. Base your targets on actual sales and enquiries if you can. Methods that are aiming for vague, unquantifiable results are probably a waste of money.

If you want to raise your profile try to use methods that won't cost much, such as networking and PR activities. Keep your budget for methods like local mailshots and good signage that you know produce a direct result.

## ➤ Marketing Methods

How the experts market - A few general tips when planning your marketing strategy:

- **Focus on existing customers first.** It is far, far easier and infinitely cheaper to keep and sell more to the customers you already have than it is to find new ones. See building customer loyalty and marketing extra services to your existing customers as the most important part of your marketing efforts. Periodically remind customers of what you can offer and let them know about new services or special offers you have introduced.
- **Appeal to your target market.** This may sound obvious, but don't forget you're not trying to reach everyone! Choose your methods and phrase your ads to be relevant to your target customers. If you have a few distinct groups, you may need to use different campaigns.
- **Compile a contact database.** Contact details of people who you already know to be potential customers are like gold-dust when it comes to mailshots, invites to open days and so on.
  - Collect details of the people who contact you, both those who buy and those who don't. Don't forget to ask for email addresses too.
  - Consider buying lists of contacts. For around £1 per contact you can buy a list of suitable names and addresses. (See Yellow Pages or try the internet under 'mailing lists' or 'list brokers')
- **Pre-selling.** Experts place a lot of emphasis on the 'pre-selling' process. The idea is to give people something for free that builds their trust and reliance on you, such as free trials, useful written information or social events. The end sell then becomes relatively easy. This sort of thing may cost you a bit up front, but compare the costs to the potential lifetime value of a new customer.



- **Marketing to the emotions.** When a customer enters your premises or picks up some of your literature they form immediate impressions based on every type of information available to them; the colours you choose, the quality of materials, the way your staff dress and so on. Much of this is totally unconscious, but in most cases the buying decision is made in seconds, based on these types of factors rather than your carefully planned presentations and words. So take the time to consider what gut reaction people are likely to have when encountering your setting and its marketing activities. For example, look around your reception area: Does it feel friendly, fun, educational? Or is it rather impersonal, cold or scruffy?
- **Image and branding.** You can create and use a strong brand to show the USP's of your business and appeal to your target market, for example through signage, logos, business paper, staff uniforms, tee-shirts for the children, a glossy brochure. It's worth paying for a professional designer to put this together for you. Shop around, get a few quotes and look at examples of their work. But don't get carried away. This sort of thing can get expensive, and remember you're only aiming to make an impression on your specific target group, not become known throughout the country!
- **Go for cheaper and longer lasting forms of advertising.** People often have to see an advert several times before acting on it, so a big 6-monthly splash is probably less effective than regular or long-lasting but cheaper ads. Try a 'stand-out' format in the Yellow Pages, a weekly Classified ad, or a very small but well placed spot in your local paper (most have a few spaces around their title on the front page).



## ➤ 25 creative ways to market your setting

Ask your Business Support Officer for more information about potential marketing opportunities in your area.

There are many, many ways you might choose to promote your setting. Our earlier module spent some time looking at advertising, directories and brochures. Here are some other ideas you might want to try... be creative!

1. Partnerships with local employers, schools, shopping centres, leisure centres and so on to provide childcare on their premises or on their behalf.
2. Link up with local clubs and businesses to provide discounts for their members, customers or employees.
3. Form alliances with other childcare providers to refer people on when you don't have vacancies.
4. Ask customers if they will provide testimonials and references you can use for marketing purposes. Make use of positive quotes picked up in customer surveys and thank-you letters. (Make them anonymous unless you have permission).
5. Give out free informative leaflets or articles on topics related to childcare, families, education, etc. Include a bit of information on the setting and your contact details of course!
6. Social events open to all, or just for your customers and their friends. It's vital you follow-up these events with a call or mailer, so make sure you get contact details.
7. Free/discounted trial sessions (maybe just a small charge for the child's refreshments).
8. Pay a bonus to staff for bringing in new customers.
9. Give existing customers incentives for bringing in new customers, such as a free session for example. Remind them regularly that you do this.
10. Local mailshots and leafleting.
11. E-mailshots, especially for existing customers. The cost is negligible!
12. Press releases. Journalists always like an interesting story e.g. special events, unusual achievements of the setting or children (parental permission required of course).

# 25

13. Write to your local newspaper's Letters Page on relevant topics. Include the name of the setting and what your role there is.
14. Invite your local media to special events.
15. Get known by local journalists as someone to come to for a quote on childcare related topics.
16. Run a charity related event - they often get you free coverage or mentions in local newspaper or radio.
17. Act as an agent to sell the products or services of others whilst taking a cut eg acting as a book-club agent.
18. 'Cross-sell'. Share customers and mailing lists with non-competitive businesses. Think about who in your local area is already marketing to your target groups. For instance, sellers of toys, children's furniture, maternity products, school uniforms, dance outfits, etc, etc.
19. Networking. Get involved in the local community, business groups or education related groups. Join committees, volunteer for school governorships.
20. Offer to give short talks to local groups on topics of general interest.
21. Place very local ads where your target groups shop, work, access services and spend their leisure time.
22. Open Days - maybe combined with social events such as summer fairs or the setting's own 'birthday', again don't forget to get contacts and follow them up.
23. Website & internet. Many people use the Internet in preference to Yellow Pages these days. Set up at least a basic website and get listed all on relevant 'portals' (eg local business and childcare directories). For advice on this, contact your Business Link.
24. Give out freebies that people will keep around, such as pens or note pads.
25. Run charitable stalls at car boot sales and fetes. Make sure you show off your logo and have leaflets ready to give out!



## Budgeting

What should you be spending on marketing? This question is often the starting point in planning a marketing strategy, but it shouldn't be. Don't start with a budget then look how to allocate it. Instead you need to look at each method and whether it can be justified in terms of the 'cost:benefits' or 'return on investment'. That is, the amount of income generated for the money spent.

First let's look at the costs involved in getting a customer. You need to calculate the costs of getting a customer via each of your marketing methods.

There are some costs that will apply equally to any sale. Let's call these the **base costs**. For example;

Staff time for call handling, visit and completion of paperwork - approx 1 hour total	£5
Written information & registration forms	40p
Phone calls	10p
Free trial session (always booked at time of spare capacity -> costs of consumables only)	£1.50
Total base cost per sale	£7

Then there are the costs that are specific to each of your methods. For example here is Our Setting's calculation of the cost of their various marketing methods:

Weekly ad Evening Post (cost per week)	£6
Staff referral (cost per sale)	£20
Customer referral (cost per sale)	£10
Local leaflet drop (6 monthly)	£205
Design & Printing	£175
Staff time for delivery	£30
Signage (one-off cost 2001)	£200

The next stage is to work out what the return is on your marketing investment. That is, the number of sales coming from it.

Of course, this kind of analysis requires that you track where your leads are coming from ie which of your marketing methods prompted people to contact you. When handling enquiries, get staff used to logging enquiries and asking callers exactly how they heard about you. Include a similar question on your registration forms.

You could use a table like this one to track which methods are most successful, to check on the cost of sales as the year progresses, and also to assess whether each method is worth continuing. If you do intend to repeat a method you can also assess whether to increase, decrease or maintain the same budget.

**Our Setting Quarterly Marketing Report Quarter 3, 2004**

Method/source	Costs for Quarter 3		Cumulative Costs for year to date		Registrations (incl. waiting list)		
	Budget	Actual	Budget	Actual	No. for quarter 3	Cumulative total	Cost per customer
Staff referrals	£60	£40	£180	£80	2	4	£20
Customer referrals	£30	£10	£90	£50	1	5	£10
Evening Post weekly ad	£78	£78	£234	£234	2	5	£47
6 monthly leaflets	£205	£170	£410	£375	3	6	£63
Signage	-	-	-	-	2	4	-
ALL	£373	£298	£914	£739	10	24	£31

Cost per customer is calculated for each marketing method by:

$$\frac{\text{Actual spend to date } (\pounds 739)}{\text{No. customers } (24)}$$

These figures show the cost effectiveness of the various marketing activities. Clearly some methods are much more cost effective than others in this setting.

However, they need to weigh these figures against the 'lifetime value' of their average customer, which they calculated at around £5000 (see Section 1).

Even their most expensive marketing method, at £63 per sale (or £70 if you include the base costs of £7), amounts to less than 2% of the value of a customer.

Note that the costs of signage were incurred some years ago and have now been written-off.

Budget and actual figures are included so that you can track how your spending is progressing against your marketing plan.

Budget costs are taken from your marketing plan.

Actual costs are from your records of payments made by the setting.

The 'base costs' have not been included in these figures because they apply the same to all sales.

#### Our Setting Conversion rates Quarter 3, 2004

	No. enquiries	No. sales	Conversion rate
Staff referrals	3	2	67%
Customer referrals	2	1	50%
Evening Post weekly ad	9	2	22%
6 monthly leaflets	8	3	38%
Signage	6	2	33%
ALL	28	10	36%

Our example setting also looks at the 'conversion rates' for each marketing method. That is, what proportion of enquiries lead to registrations.

They found here that around 1 in 3 enquiries lead to a sale.

Referrals are their most productive source in terms of conversions.

Always regard the first campaign with any method as a 'pilot'. Keep it reasonably small scale, especially if it's an expensive or time-consuming technique. Some methods may prove to provide better quality leads than others. Repeat the successful ones, drop the failures.



## Completing your Marketing Action Plan

Included in the Appendix is a template to help you put together your own Marketing Action Plan. It is a simple and self-explanatory form which encourages you to plan ahead for the next year, setting out;

- your marketing targets
- which marketing methods you will use
- how much money you will allocate to each method and how you expect the spending to be spread across the year
- what actions are required for your marketing methods to take place effectively
- who will carry out those actions, and when

Like all plans, your marketing plans will need updating from time to time. Changes in your local market mean you need to review things periodically to check you are achieving the results you need, in the most cost effective way.

## ➤ In conclusion...

- We hope that this guide has shown the importance of;
  - Understanding your customers and clearly defining your target market
  - Taking steps to ensure that your target market receives positive and appealing messages about your setting
  - Selecting marketing methods that will produce solid results in return for your money and effort
- Any childcare setting, whatever its aims, needs to dedicate time to its marketing activities. If you aim to grow your setting, marketing takes on particular significance. We would recommend that one of your management team takes this area on as their specific responsibility. This doesn't mean they personally carry out all your marketing, but it is important someone has an overview of all the areas we have covered in the guide and has 'ownership' of your marketing strategy and plans.

## ➤ Useful Reading...

<b>Title</b>	<b>Author</b>	<b>Publisher</b>
Practical Marketing and PR for the Small Business	Moi Ali	Kogan Page
Successful Marketing for the Small Business	Dave Patten	Kogan Page
101 Ways to Market Your Business	Andrew Griffiths	Allen & Unwin
Marketing on a Tight Budget: a ten-point action guide	P. Forsyth	Piatkus
Market Research in Practice: A Guide to the Basics	P Hague, N Hague, C Morgan	Kogan Page
Guerilla Marketing	Jay Levison	Houghton Mifflin (3rd Edition - 1998)

Advertising Means Business: A practical guide to advertising for small businesses. Advertising Association in association with the Department of Trade & Industry  
Available free at <http://www.adassoc.org.uk/guide/welcome.html>

## ➤ Marketing Action Plan

Targets

Method:

Budget:	Q1	Q2	Q3	Q4	Total
---------	----	----	----	----	-------

Actions

Date

Who

Method:

Budget:	Q1	Q2	Q3	Q4	Total
---------	----	----	----	----	-------

Actions

Date

Who

## ➤ Marketing Action Plan cont...

Method:						
Budget:	Q1	Q2	Q3	Q4	Total	
Actions					Date	Who

Method:						
Budget:	Q1	Q2	Q3	Q4	Total	
Actions					Date	Who

# Business success for Childcare



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