

Attract customers

[Business](#), [Marketing](#)



She was very passionate about her ideas, but still was wary about the risks. Therefore, she decided to try to calculate the risk involved in starting her own clothing store. She realised she would need the equivalent around £10000 to start up the business. This was quite a big sum of money for her, and financing all the money by herself was a big risk. Therefore, she approached a friend with the business idea and offered to go into a fifty-fifty partnership with him if they contributed £2500 each and borrowed £5000 from the bank.

This was accepted, but before going into business, they calculated the risk factor. There was unlimited liability on them if they made a loss, and since they had to borrow from the bank, there was an even greater risk that they may lose a lot of money. Their calculation was that there was a 10% chance of their business failing within the first year, but a 75% chance that they would make a sustainable profit in the first year. Ms Jin predicted that the bank loan could be returned within the first six months. They thought that, overall, the reward outweighed the risk of the venture. Therefore, they went ahead with the business.

There were a number of competitors in the area, so they needed a competitive advantage. Through creative and lateral thinking, they managed to come up with two ideas. Firstly, they decided that they would attempt to create a pleasant shop atmosphere and leave customers a good impression by not only delivering goods, but quality service. Secondly, they would attract customers to continue buying from the shop by introducing a card system where the customer would be rewarded, for example, with a 20%

discount on their next purchase after they had bought from the store 4 times. This would help increase their sales.

After starting up the business, it was an immediate success. Sales proved to be excellent and they made a good profit margin very quickly. In fact, they were able to return the bank loan after just 2 months. Many customers returned to their store because of their friendly customer service and atmosphere, and their card system. Soon, they were able to pay employees to help run the store. However, they had already established a reputation for good customer service, and did not wish to lose it.

Therefore, again being creative and thinking of new ideas, Ms Jin decided to offer an incentive system to her employees, where they would be rewarded with 5% of the sales and an additional sum for good customer service, in addition to a basic daily salary (instead of rigid hourly pay). This was also an excellent idea, and helped reduce the strain on Ms Jin and her partner (they were both in university) while not impacting heavily on their profits or customer service.

As the business grew, Ms Jin needed to attract new customers to keep making profit and to sell their clothing. Therefore, she came up with another clever scheme to advertise. The business had plenty of stock which remained unsold, which needed to be sold quickly, because if the clothes went out of style, they would be harder to sell. However, instead of pushing to sell them directly, she offered to donate some of her products for the upcoming university balls (which were quite important events), if the

universities put them on show in the ball. This was an ingenious way of advertising, and helped to attract more customers for the business.

For my primary research, I created a questionnaire for Ms Jin to answer, asking her what enterprise skills she considered to be most important. She replied, selecting the following skills as most important: creativity, planning, drive/motivation, and initiative. She remarked that creativity was “paramount for me because many of my important ideas were derived from lateral thinking” and that “without the initiative to start up my own business, I would have found it difficult to pay my student loans”. Ms Jin’s business was an outright success, but why? A number of factors and causes, rooting from the entrepreneurial skills shown by Ms Jin, have had effects which have massively increased the chance of the business succeeding and becoming more profitable.

The detailed planning demonstrated at the start helped not only to decrease risk and increase the chance of success but also help Ms Jin to decide whether going ahead with the venture was a good idea. For example, judiciously deciding on her target market and then researching it is very helpful with deciding what products might be suitable, or what price range is suitable. Knowing the market thoroughly and hence being able to tailor the products to the needs of the consumer can drastically reduce the risk of the business failing. This is one way in which planning/researching skills in enterprise are very helpful.

In addition to research, calculating the risk numerically is an excellent way to help make a decision on whether starting a business is a good idea. This

way, the risk is directly compared to the reward. By calculating the risk, Ms Jin has considered both the potential upsides and the downsides of starting the business and therefore can accurately judge the viability of this venture. However, although planning is important, there is a skill just as important for Ms Jin.

As she mentioned herself, the initiative to start up a business is often the crucial factor. Rather than passively thinking about a business idea, she had the initiative to actively make things happen by putting the idea into practice by creating a small business. This is also intimately linked with drive and motivation. Motivation lends itself to confidence, which helps entrepreneurs like Ms Jin to take the risk of starting a venture. Ms Jin really believed in her idea and drove herself to initiate her business. Without initiative, a potential entrepreneur may never reach his/her aspirations.

Perhaps another lesson to be learnt from Ms Jin's success story is creativity. Creativity is a means of creating new ideas, whether they are small or large schemes. Ms Jin may not have succeeded in the way that she did if it were not for her creativity (in creating schemes which would give her a competitive advantage over her rivals). There were other established rivals in the area who were competing for the same market segment, but these creative schemes helped her attract customers to buy from her business rather than from competitors. For example, her innovative 'card' system rewarded customer loyalty and this helped her business establish itself in the market.

Loyal customers might even recommend the business to other potential customers. Her other idea of creating a relaxed and pleasant atmosphere and friendly customer service would again be very good for maintaining customer loyalty, as a good experience of service is almost as important as the quality of the goods themselves. Another demonstration of this creative capability is the advertising system, where Ms Jin used lateral thinking to formulate a solution to the problem (too much stock). This managed to get rid of some of their stock for the purpose of advertising, which in turn attracted more customers to buy their products. As can be seen by its various applications, creativity is a vital skill for all entrepreneurs.