

Evaluating your options to increase sales

There are a number of ways to operate your business, and you don't always have to rely on one method. More businesses are seeking a number of ways to generate revenue, especially as the internet widens borders and how you can distribute.

Retailing

Traditionally find a great location, source a wholesaler to buy products from, add a margin and then re-sell to customers coming into your store. But there are more opportunities to generate revenue such as:

- ★ Franchising: deciding to set up other owners in business and charge royalty fees on franchisee sales or products.
- ★ Opening an online store to reach customers farther away.
- ★ Importing products directly from other countries to widen your product range and improve your margin.
- ★ Run workshops for customers and charge them entry.
- ★ Gain exclusive rights to products and sell them to other retailers.
- ★ Switch from selling to the end consumer to selling to other businesses or even the government.
- ★ Being a consultant to the industry.

As you can see, retailing can be much more sophisticated than simply opening your doors.

Other ways of generating revenue include:

- ★ Winning contracts by submitting a quote in a tender process.
- ★ Charging customers a monthly fee to access your product or service online.
- ★ Selling software as a service (customers subscribe to your product which you host and they access online).
- ★ Direct selling where you call or visit prospects directly.
- ★ Acting as a broker or intermediary between buyers and producers.
- ★ Offering free products or services with options to pay to add extra services.
- ★ Gaining online traffic to then sell advertising (like Google).
- ★ Licensing where you own the intellectual property and customers pay you a fee.
- ★ Affiliates where you on-sell other businesses' products and take a margin, or in reverse, you offer your product or service and others sell on your behalf.
- ★ Selling to distributors or sales agents who on-sell to the end customer.

How do you decide?

Consider the most efficient way to complement what your core business is. For example, many businesses learn that a combination of models is right for them to achieve peak sales.

Keep the following in mind:

- ★ How big is the market? If you're going for a very narrow niche, you'll probably choose a more direct model to the one you would if there's wider market potential.

- ★ How easy is it? To retail in a small local area is easier than trying to retail across the country. If you wanted to sell nationally then consider online, or using distributors.
- ★ What are your competitors doing? If they're using a successful model you can adopt it as well.
- ★ What does your customer prefer? The characteristics of your target customer and how they buy is a factor in deciding how you'll sell to them.

Popular models to consider

The franchise or licence

The main factor to identify is whether or not your business can be replicated. It's also important that there's a demand for what you're selling – is it so popular that it can be sold in different locations, by other business owners? Think of successful franchises – ones you know locally, and those that are globally dominant, like McDonalds – and ask yourself if your business has what it takes to follow in their footsteps.

Businesses that successfully become franchises are those that have robust and efficient systems in place. If your business runs like a well-oiled machine with great systems and streamlined processes, including well-trained staff, then there's a good chance it can become a successful franchise.

The reseller

Resellers find products or represent brands and generally make profit based on the difference between the price they sell a product for and the price they must pay to acquire or sell the product. Affiliates and online sales fall into this category. They're someone who helps sell a product or service in return for a commission. Affiliates often never take ownership of the product – or even handle it – instead, they are rewarded for signing up customers to a business when that customer buys something.

Getting people to re-sell your product or service gives you the ability to reach more customers than you could on your own.

The broker

The broker essentially brings buyer and seller together and takes a transaction fee. This category has exploded with the growth of online platforms that make bringing buyers and sellers together from anywhere in the world much easier. For example, PayPal brokers services between a buyer and a seller, using the exchange of money.

The subscriber

The internet has facilitated an explosion of subscription-based businesses. From accounting software, to business services and apps, you can go online and find many examples of companies embracing the subscription business model. A subscription model has the potential to work for nearly any type of business, provided your customers are willing to commit to recurring payments in exchange for defined products or services.

The key to winning over subscribers is to offer a solution with a high perceived value at a low flat rate – like your monthly gym membership or favourite mobile phone app.

Summary

Finally, you don't have to stick to just one method; the more you can combine, the better chance of getting a customer and increasing your sales.



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