

MARKETING STRATEGIES FOR SCALE-UP: FIELD'S GRANTEES SHARE THEIR EXPERIENCES

Introduction

One of FIELD's principal areas of interest is scale-up. How can U.S. microenterprise programs expand their outreach and serve ever-larger numbers of emerging entrepreneurs with business development and financial services? With estimates of the potential market in the millions and reported service numbers only in the hundred-thousand range, there is a clear need to dramatically increase the breadth of services provided across the nation.

In 2000, FIELD awarded two-year grants of \$100,000 each to eight organizations implementing strategies that demonstrated the potential to achieve breakthroughs in outreach, delivery methods, financing and institutional alliances. Their work demonstrates the complexity of meeting the challenge. Institutions committed to scale-up focus on that goal with intensity, make significant investments in infrastructure and capacity building, look for efficiencies in every aspect of their operations, offer products and services people want and pay attention to customer service. They build partnerships that increase their outreach to and credibility with the communities they want to serve. They apply the tools of business, just as

they encourage their clients to, and have found that marketing is an essential tool in the march towards growth. While the maxim, "If you build it, they will come," may work for baseball fields, it has not worked for microenterprise programs. Rather it has become clear that market research and marketing are essential elements of program implementation that require strategic thinking, resources and consistent application.

This *forum* documents the experiences of FIELD's grantees in these areas and summarizes lessons learned to date. It draws on the experiences of: ACCION New Mexico, ACCION New York, ACCION Texas, the Institute for Social and Economic Development (ISED) in Iowa, Florida Atlantic University/Center for Urban Redevelopment and Empowerment (FAU/CURE), and the Rural Enterprise Assistance Project (REAP) and the Nebraska Microenterprise Partnership Fund (NMPF), both in Nebraska.¹ See Table on page 2 for a summary of these programs' statistics.

What is Marketing?

When asked about marketing, most people focus on the promotional and sales aspects. Webster's New World Dictionary defines it as "all business activity involved in the moving of goods from the producer to the consumer, including

¹ The Scale Cluster also included the National Federation of Community Development Credit Unions. Its work focused on building the capacity of a set of members to do microenterprise lending, and will be discussed in a forthcoming publication. More on that work also will be available on FIELD's Web site, www.fieldus.org/li/scale.html.

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FIELD SCALE-UP GRANTEES: SUMMARY STATISTICS

	Clients		Loans		Dollar Value of Loans	
	FY 1999	FY 2000	FY 1999	FY2000	FY1999	FY2000
ACCION New Mexico	354	332	203	229	\$458,050	\$817,661
ACCION New York	314	778	352	613	\$1,574,506	\$3,496,864
ACCION Texas	592	729	540	702	\$1,777,904	\$3,689,823
FAU/CURE	177	506	NA	NA	NA	NA
ISED	1,244	1,771	NA	NA	NA	NA
NMPF²	2,060	1,068	74	46	\$203,906	\$238,536
REAP	355	387	24	41	\$124,500	\$139,500

selling, advertising, packaging, etc."³ But marketing is a much more comprehensive endeavor. William Grant, in a technical paper focused on marketing in developing world microfinance institutions, describes it as follows:

"Marketing for a microfinance institution, in its broadest sense, is the study of the client. It is the analytical tool that helps the MFI [microfinance institution] to increase the number of its clients, and helps it to determine how to keep the clients. It addresses the questions of who are the institution's clients, how many clients there are, which clients should the MFI target (target market), and how many clients they hope to capture (market share). It identifies the needs of the client and helps to define appropriate products to meet those needs. It helps to position the products and the institution in the clients' minds compared with the competition through outreach and promotional campaigns."⁴

The author goes on to note that "a true marketing program pulls all of these elements together in an organized fashion so that they are linked and build upon one another." It has goals and objectives, and people and financial resources assigned to execute it. In fact, few microfinance institutions

overseas have such complete programs, and fewer still have them in the United States.

But many microenterprise organizations have implemented some of these components, and not surprisingly, those with the greatest focus on this work are those that see the results of these efforts directly linked to the bottom line. This largely means credit-led institutions, where growing portfolios translate into greater self-sufficiency. But it also has included some training and technical assistance providers with revenue streams dependent on fee-based contracts. Their collective experience offers lessons for any microenterprise organization seeking to better understand the characteristics of the market it is trying to serve, its preferences in products and services, and better ways to communicate with that market. It suggests strategies to overcome the considerable barriers reflected in the marketplace that prevent people from accessing services.

The experience of FIELD grantees has largely fallen into two categories: market research and outreach/promotion. In some instances, these initiatives have been implemented as discrete activities, often in response to a particular problem or issue confronting the organization. In others, they have been part of a larger, organized effort to develop a

² Nebraska Microenterprise Partnership Fund statistics do not include Rural Enterprise Assistance Project data. (REAP is a member of the Partnership Fund.)

³ *Webster's New World Dictionary*, Second College Edition (New York and Cleveland: The World Publishing Company, 1970).

⁴ "Marketing in Microfinance Institutions: The State of the Practice," (Washington, DC: Development Alternatives, November 1999).



sustained marketing strategy for the institution. There are lessons to be learned with respect both to the individual techniques used and to the challenge of orchestrating a sustained marketing effort.

Market Research

Market research incorporates most of the activities listed in the definition above. It involves gaining a better understanding of the characteristics, potential number and business needs of the program's target clients. It helps programs define the products and services they should offer, as well as the language (and symbols) they should use to communicate effectively with prospective customers. Market research is an activity taken for granted in the corporate setting, but almost never budgeted for in the microenterprise community.

In the Request for Applications FIELD released for programs interested in increasing the scale of their services, programs were asked to

either "demonstrate the organization's understanding of the dimensions of the microentrepreneur market in its target areas, or propose interesting approaches to market research that will more precisely illuminate the characteristics, needs and number of potential clients." A review of the applications showed that few programs had substantive experience in this area. Lack of a budget both for market research and for program expansion itself were clear constraints for many. Yet market research can be a powerful tool to convince donors that a substantial unmet need exists. And it can help programs allocate the resources they do have more effectively, reducing expenditures on broad-based outreach in favor of more targeted recruitment with greater payback, and improving products and services to better meet client needs.

The FIELD grantees reflect a range of experiences in this area, with the three ACCION affiliates (New Mexico, New York and Texas) showing the greatest depth of experimentation.⁵

MICROENTERPRISE BEST PRACTICE Q & A

What was the biggest mistake you have ever made in microenterprise practice?

"Even though we did a market study reflecting that the desire for access to capital was strong, we assumed that the market would be there. We found, actually, that the market may exist but just because the market is there doesn't mean that people will ask for the product. So we figured out creative ways of reaching the market. This has been an ongoing learning opportunity for us ..."

*Anne Haines Yatskowitz,
ACCION New Mexico,
Albuquerque, N.M.*

"Marketing! It's ironic that some of the things we teach to microentrepreneurs we don't do well ourselves. In Rhode Island, not many people have a clear understanding of what microenterprise is about, and for us to progress we need to educate them ..."

*Ann Marie Marshall,
Rhode Island MicroEnterprise Association,
Providence, R.I.*

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⁵ ACCION USA, the national organization that initiated and supports the ACCION Programs in New Mexico, New York and Texas, recently published an excellent monograph offering a detailed discussion of the rationale and strategies for market research. Written by Sarah Abbe, William Burrus and Anne Haines Yatskowitz, and titled *A Guide to Strategic Marketing Research for Microenterprise Development in the United States*, it is available from ACCION USA and can be ordered at its Web site, www.accion.org. The document offers a more complete discussion of the tools and techniques of market research than can be included in this *forum*, and is highly recommended to the reader seeking more practical guidance on this important topic.

MARKET RESEARCH STRATEGIES USED BY FIELD GRANTEES

To define market size and location

- Review of secondary data on small business and self-employment – ACCION USA and the Center for Rural Affairs (REAP's sponsoring organization in Nebraska)
- Quantitative survey research directed to randomized sample of self-employed population in targeted states and cities – ACCION USA
- Geographic Information Systems analysis of population demographics and other key variables in specific neighborhoods – FAU/CURE and ACCION New York
- Extrapolation of potential loan demand based on past program performance – Nebraska Microenterprise Partnership Fund

To determine characteristics of potential clients and referral sources

- Dedicated phone line for inquirers with staff trained to record referral source or "where individual heard about the program" along with some key data – ISED and ACCION Texas
- Client contact database recording key demographic/contact data, referral source and dates/type of contact – ACCION Texas and New York

To generate insights for product/service improvement and new product development

- Client surveys – REAP (annual) and ACCION New Mexico (quarterly)
- Focus group research – ISED (current and potential program clients), ACCION New Mexico (current and potential program clients)
- Telephone survey of current and potential program clients conducted by a market research firm – ACCION New Mexico

To understand what methods of communication and messages are most effective in reaching the intended target market

- Focus group research – ISED (current and potential program clients and "influencer groups," i.e., nonprofits that refer clients to ISED), ACCION New Mexico (current and potential program clients)
- Client contact database analysis of referral sources – ACCION Texas and New York

Yet other grantees, notably Florida Atlantic University/CURE, the Rural Enterprise Assistance Program, and the Institute for Social and Economic Development also have undertaken some interesting work. Together their experience covers a range of strategies, and embodies lessons for other microenterprise programs considering adding market research to their program management "toolbox."

Lessons Learned

Market research is clearly a new area of practice for most microenterprise programs and many lessons are still being learned. However, a preliminary set of findings includes the following:

Microenterprise programs need to consider market research an essential component of program design and management, and budget for it. Finding the resources to do this work is clearly a challenge, and depending upon the activities selected and staff expertise, the costs can be either modest or great. The ACCION programs, for example, have recognized the value of continuous market research and have made substantial investments in this area. ACCION Texas, New Mexico and New York have created marketing positions whose role is to manage this function, as well as the marketing initiatives that flow from it. They also have invested in the development of client contact manage-



ment software to collect key data on individuals from the moment they first contact the program through their last engagement, and they use that data to inform and adjust their ongoing outreach and recruitment strategies. ISED's special focus group and survey research, on the other hand, reflect discrete activities undertaken to inform outreach and product design as part of very pointed strategic planning processes. FAU/CURE's use of geographic information systems is similar in nature. These represent one-time or occasional expenses for the institution.

At the lowest level of cost are basic systems or process improvements that allow an organization to collect key marketing information in the normal course of doing business. Training staff to ask, "Where did you hear about us?" (and record the answer!) every time they receive a call is a powerful and inexpensive approach to gaining information that will enhance every dollar invested in recruitment and outreach.

Research that identifies the magnitude of potential demand is a powerful tool for building a case for donor support, as well as for energizing staff to think strategically about reaching higher service levels than they may have ever thought possible. The Nebraska Microenterprise Partnership Fund, for example, has used some key data on the breadth of self-employment activity and the likely demand for loans, to garner and maintain support from the state legislature for funding microenterprise implementers across the state. Annual support from the legislature doubled last year, increasing from \$250,000 to \$500,000, providing funds for training, loans and operations for implementers. The Fund also is using this data to set targets for its members in terms of growth and has created funding incentives for those who meet them.

ACCION USA financed more detailed and in-depth research to estimate market size and demand for ACCION services in multiple markets. Using a market research firm prominent in the Hispanic research field, they sought to estimate the number of microenterprises in each ACCION market, the number of these that met target market criterion (of not being

able to access a bank loan), and the proportion of this market that was either Hispanic or African American. The research firm drew upon such secondary sources as the Small Business Administration, Standard and Poors, Nielsen Media Research, academic and professional journals, newspaper databases and other federal, state and municipal sources. After exhausting these sources, the firm then implemented random enumeration studies in nine markets, sampling 200 interviews from each area, randomly drawing the phone numbers from published listings and screening respondents for their self-employment status and prior bank experience. The firm's results have been publicized broadly in the U.S. microenterprise community, estimating as it did that there were 13.1 million microentrepreneurs in the United States, of whom 82 percent had not previously received a bank loan, and 45 percent of whom had never even considered one. More importantly, the research documented the numbers for each of the nine markets, providing rich information for strategic planning and fundraising.

Within an overall target market, there are differentiated market segments with specific needs and preferred methods of communication. This seems self-evident. Nevertheless, many programs provide only one or two product choices, or do very limited outreach, curtailing the number of potential clients who access their services. More detailed market research that

Drawing on secondary data, the Center for Rural Affairs (REAP's host organization) was able to estimate that self-employment amounted to half of all income generated in the non-metropolitan counties of the six states of the upper Midwest, and that 74 percent of all jobs in rural farm counties were created by self-employment.

NMPF estimated a statewide annual demand of up to 613 new microloans annually based on this data and on the output of its best performers.



goes beyond mere quantitative estimates of demand – either well-done survey or focus group work – can help delineate these segments and inform program marketing and design. REAP found from its annual surveys and from focus group research that there was a strong market for an individual loan product, something that the program, so well known for its peer lending, had not offered before. ISED found that although its core training course was held in high regard by current clients, a portion of the market was interested in industry-specific knowledge and skills. ACCION New York found that there were real differences in the needs and perceptions of U.S.-born Hispanics and the immigrant Latino community. The second group had fewer credit options and was more open to current program costs and requirements. Through a telephone survey of current and potential clients, ACCION New Mexico learned that although only eight percent of respondents had received bank business credit, 50 percent would go to a bank for information about loans. This finding played a key role in the program's subsequent development of a new communications and delivery channel for their microloans – partnering banks.

Geographic Information Systems (GIS) research provides a powerful tool for helping programs identify priority target areas for their program services and marketing. GIS is software that enables users to combine databases to pinpoint geographic areas of interest. In the case of FAU/CURE, this meant overlaying the geographic characteristics of the three Florida counties the organization was mandated to serve with updated census data that identified individuals' incomes. The result were maps that identified South Florida Census Block Groups with median incomes at less than 150 percent of the U.S. Department of Health & Human Services poverty line, meaning that at least half of the residents had incomes below that level, and were priority targets for FAU/CURE training programs. These block groups had a total of 124,750 residents who met the income criterion, but FAU/CURE was able to further narrow the estimates of likely demand for training slots down to a little over 3,000 per year, based on its past experience in similar neighbor-

hoods. Additional GIS analyses enabled FAU/CURE to identify six distinct market sectors with the highest concentrations of likely need, as well as centrally located community-based centers that might serve as microbusiness training facilities and likely partners. The result was that the organization was rapidly able to scale up its program from seven training sites to 20 and from 60 graduates to 506 in the first year of the expanded operation.

Similarly, ACCION New York used GIS research to identify New York neighborhoods with high percentages of Hispanics and strong business activity, yet with low bank penetration. These became priority targets for expansion through the organization's "Street Reach" program.

Focus group research offers one of the most powerful tools for understanding what current and potential clients seek in products and services, and how they perceive the providing organization. Through this type of research, ACCION USA found, for example, that it had no name recognition at all among potential clients, yet many indicated that they would be very interested in accessing the type of service it provides. These individuals also indicated that they trusted and valued nonprofits more than commercial institutions. These two findings underscored to ACCION that it faced a significant marketing challenge. Focus group participants also made clear their interest in very simple, non-invasive application processes and low interest rates. They wanted personal attention and technical assistance, as well as financing. While these preferences also pose real challenges, knowing them allows the organization to focus its energies on seeking creative ways to be personal, efficient and reasonably priced yet on the path to self-sufficiency. ISED's focus group research revealed that many potential clients thought that it focused exclusively on women. Photographs on brochures and publications needed to be more inclusive of both sexes, as well as of various ethnic groups and business types. Many potential clients sought a program that combined training with direct loan access, while ISED historically had helped clients prepare loan applications for

other sources. This has led ISED to explore the creation of a community development finance institution in Iowa.

It is important to underscore that both organizations contracted with professional firms to conduct their research. There are two good reasons for such an approach – the likelihood of greater honesty from current clients (if these are to be the subjects), and higher quality in execution and in distilling results. Good focus group research can provide a depth of information that no other method can, and it is worth ensuring that the results are both rich and valid.

Because markets and client needs change regularly, programs must find ways to do regular market research. But broad-based customer surveys may not be the best method. Many programs customarily send annual surveys to all program clients seeking simple outcomes data and quick evaluations of their services. These efforts are often flawed because of low response rates. For example, ACCION New Mexico, which sends quarterly surveys to all active borrowers, has experienced return rates of 15 to 20 percent. Other programs have reported even smaller returns. Because satisfied customers (and perhaps the very dissatisfied) are more likely than others to make the effort to complete these surveys, they may not validly represent client experiences with the program. If surveys are to be used, it would be better to select a random sample and then use incentive and follow-up techniques to ensure a higher return. Women's Initiative, for example, combined client satisfaction questions with an outcomes tracking survey administered by phone to all clients who graduated during an 18-month period. Some MicroTest⁶ members are now experimenting with a simple outcomes tracking tool and random sampling process that incorporates customer feedback. The point is that if surveys are to be done,

they need to be implemented with some rigor to provide meaningful information. If this is beyond a program's capacity, it would be better to focus market research resources on other techniques that can be incorporated more easily into the institution's operations.

Marketing

The other half of marketing revolves around outreach and client recruitment, or in business terminology, the functions associated with product promotion and position.

Unlike market research, most microenterprise programs have at least some experience with these activities. All programs know they need to get the word out about their services, in order to reach out to target clients in a broad way. Nevertheless, one of the continuing conundrums in the U.S. microenterprise field has been the disconnect between research estimates of significant unmet need and the relatively small scale of programs, in terms of the numbers of clients served. Recent MicroTest data, for example, show that the median number of clients served by 56 programs reporting data is 205. While there are clearly programs that out-perform this median, including most in this FIELD cluster, there clearly also is a need to work harder and smarter to attract clients to these programs. It is not just ACCION USA that suffers from being one of this nation's "best kept secrets."⁷

Given this reality, FIELD grantees used their funding to explore a range of marketing strategies, with one – ACCION Texas – especially dedicating its grant resources to piloting new media techniques. The result is a wealth of learning that will help other practitioners improve their marketing efforts.

⁶ MicroTest is FIELD's microenterprise performance measurement program that enables programs to track program effectiveness in terms of target market, scale, credit and training program quality, efficiency and sustainability. A new component helps programs track client outcomes, as well.

⁷ In its final report to FIELD, dated February 21, 2002, ACCION Texas reported one client's comment to illustrate this point: "How to improve ACCION? Promote it! Nobody knows about it."

MARKETING STRATEGIES USED BY FIELD GRANTEEES

Grantee	VALUE (client yield)	COST	RANKING ⁸	Comments
Program managed and implemented				
Public speaking at community events	Medium to High	Low	6/6	
Door-to-door campaigns/"block walking"	Medium to High	Low to High	5/5	Cost varies depending upon whether staff or volunteers do the campaigning. Community characteristics appear to influence response rates.
Community-based promoters	Low to High	Low to Medium	5/5	Strength depends on client identification with program.
Bank loan officer cultivation	High	Low to Medium	4/4	ACCION New Mexico engages in "loan officer blitzes," dedicated outreach periods involving visits, phone calls, small recognitions and other incentives.
Orientation sessions for potential clients	Medium to High	Low to Medium	4/4	Industry-based orientations (such as to Mary Kay operators) also rated as producing a high yield of clients with low to medium costs.
Direct marketing to case managers of TANF clients	Medium to High	Low to Medium	3/3	Cost depends upon investment in companion materials: ISED created a video and manual for case managers and rated this strategy at medium cost but also a high yielding one.
Client referral incentives	Low to High	Low to Medium	3/3	Even when the yield is low, it produces good will with clients.
"Point of purchase" materials: table tents and brochures at client businesses	Low to High	Low	3/3	
Free seminars on "how to finance your business"	Low to High	Low to High	3/4	Advertising, partnerships and structure of seminars greatly affect outcomes.
Direct-mail campaigns	Low to High	Low to High	2/3	Broad-based direct mail is costly and returns are limited; focused mailings to target population, such as mailers to public assistance or public health recipients within other mailings, more effective.
Introductory video for potential clients	Medium	Low to High	2/2	ACCION New Mexico reports that this is especially helpful for potential clients who are more remote from program offices.
1-800 number for inquiries	High	Low to High	2/2	Cost varies with investment in telephone infrastructure. ACCION Texas uses a computerized phone system that links callers with loan officers in specific cities nearest to the caller.
Client listings on program Web sites	Low to High	Low	2/2	ACCION New York reports that clients value link although there doesn't seem to be high volume of inquiries generated by it.

⁸ Number of organizations that would use the marketing strategy again, divided by the number of organizations that tried it.

MARKETING STRATEGIES USED BY FIELD GRANTEES

Grantee	VALUE (client yield)	COST	RANKING	Comments
Program managed and implemented				
Loan officer marketing budget	High	Medium	1/1	ACCION New York provides loan officers small sums to invest in very local promotional events.
Program newsletter featuring specific industries	Medium	Medium	1/1	
Marketing tie-ins with certain client types (i.e., promotional labels on hair care products sold at salons)	Medium	Low	0/1	
Media Initiatives				
Local radio and television appearances on news or public service programming	Medium to High	Low to Medium	5/5	Potential clients appear to respond more positively to news appearances and Public Service Announcements than when programs advertise, as businesses do.
Newspaper advertising	Low to High	Medium to High	2/5 (one maybe)	This includes classified ads in "penny savers," as well as regular newspapers. REAP has found that press releases with success stories are always more productive.
Advertising in Internet media	Low to High	Low to Medium	2/2	ACCION New York would only do it again on another community-based organization's Web site.
Public Service Announcements produced on CDs and circulated to radio stations	Low	High	1/1	
Paid radio commercials	Low to Medium	Low to High	0/2	
Paid television commercials	Low to Medium	High	0/2	Costly when aired in paid time periods; less expensive when aired as a public service announcement, but there is no control over air time.
Marketing through Cooperating Organizations				
Outreach and advertising by community-based partner organizations	Medium to High	Low	5/5	Partnership-building takes time and effort but produces excellent client yields.
SBDC referrals	Low to High	Low	5/5	FAU/CURE was the only organization reporting a low yield with this technique, and may be a function of the lack of connection between its clients (largely Caribbean immigrants) and the SBDC system.

MARKETING STRATEGIES USED BY FIELD GRANTEES

Grantee	VALUE (client yield)	COST	RANKING	Comments
Marketing through Cooperating Organizations				
Listing on Departments of Economic Development Web sites	Low to High	Low	4/4	
Displays at bank branches	Medium to High	Low	3/3	
Co-branding: joint marketing materials and events with well recognized corporations	Medium to High	Low to Medium	2/2	ACCION New York is engaged in co-branding with El Diario, the leading Spanish-language newspaper in the city. Costs vary with buy-in of the partner corporation.
Marketing materials on display in Home Depot, Office Max and other supply stores	Medium	Low	1/1	
Printed material stuffed in bank statements/bank receipts with printed message about microenterprise organization	Low	Low	1/1	
Inserts in utility bills	Low	Low	1/1	

Lessons Learned

Just as with market research, program managers need to see marketing as a key program component, and to devote staffing and budget to this important function. Managers need to develop marketing plans, educate donors on their necessity, and finance them through proposal line items and other strategies. Marketing must be recognized as a management task demanding high-level attention both in planning and execution. To this end, ACCION New Mexico, Texas and New York have each created marketing director positions to develop and spearhead this work. But staff members also have to see marketing as an integral part of their job descriptions, and look for marketing opportunities at any and all occasions. This requires train-

ing as well as the development of simple tools to support them in their role as a "sales force" for the institution. Staff members need practice in public speaking, and need to know the key messages and how to deliver them. They also need a tool kit of promotional materials that includes the organization's annual reports and business cards.

ACCION Texas has created other promotional materials for its staff, including: banners for fairs and other gatherings; 5 X 8" informational cards (Spanish/English on opposite sides); and referral cards that say, "Lead us to a Friend" and offer a \$50 referral fee when someone becomes a client. Staff is given guidelines that explain the cost of each item and when it is most efficiently used. ACCION New York has



provided each of its remote-site loan officers with a small marketing budget to use on simple outreach activities.

Programs also need to budget resources to buy appropriate expertise. Advertising firms can help create an image for an organization and the materials to support it. It is worth investing funding and time to create a look that represents the organization well and communicates the right message to the intended audience. But programs need to be careful in these investments. ACCION New Mexico found that it took effort to find a firm with the expertise to understand the microenterprise market and to develop the key messages that potential clients will most strongly respond to. Ultimately, materials were developed that demonstrate empathy with people who have fears of rejection based on previous interactions with the financial system, and that value the dream behind a small business. The messages also emphasized access to small amounts of capital with fairly easy application procedures.

Because marketing costs money, evaluation is key. There needs to be a built-in way to assess the effectiveness of each marketing strategy, not only in terms of gross costs, but also in terms of the cost per client generated by each strategy. That is why capturing information on the referral source of each caller is key. Programs need to understand the number of inquiries each type of initiative generates, and ultimately the number of "conversions" – from inquiry to client – that it produces.

Surprisingly, some FIELD grantees have found that high-volume responses to specific marketing strategies don't necessarily mean a high volume of clients. ACCION Texas, for example, used its grant and matching funds to experiment with a variety of media-oriented strategies. It invested \$45,000 in Spanish-language radio advertising and \$50,000 in a public relations firm to develop and implement a media and outreach strategy that leveraged \$450,000 in radio and television public service announcements and 52 on-air interviews.

In association with this strategy, it conducted seven widely promoted seminars in seven cities across the state, offering to advise people on how to finance their businesses. The efforts were disappointing. During the quarter in

which ACCION implemented the paid advertising campaign, only 14 of 321 loan inquiries were tracked to radio advertising. The radio and TV Public Service Announcements and on-air interviews generated very high levels of inquiries but only seven percent of these resulted in loans, a very low-yield rate. And the seminars suffered a similar fate: although more than 300 people attended, ultimately only two loans were closed. ACCION Texas implemented these in association with Small Business Development Centers and local banks hoping to attract people across a broad range of the market, but found that many attendees were at the early stage of business development and not loan-ready. They became candidates for Small Business Development Center technical assistance services, but did not immediately become ACCION clients. Better targeting to the experi-

ACCION TEXAS: SOURCES OF LOANS JANUARY – JUNE 2001

Inquiry Source	Number of Loans	Percent of Total
Organizations	151	51%
Individuals	74	25%
Media	46	15%
ACCION direct	19	5%
Unknown	11	4%
Total	301	100%

enced businessperson was needed. At the same time, ACCION Texas learned that a large part of its client base continued to be referred by individuals and community organizations, leading ACCION to look at developing these strategies more deliberately than ever before.

This experience underscores the importance of developing and testing strategies methodically over a period of time. The right path is not always self-evident, nor is the most expensive strategy always the best. At the same time, one shouldn't assume there is no value in broad-based publicity. It's a marketing truism that the

audience needs to be exposed to something repeatedly before actually absorbing it and taking action. The challenge is to find a way to integrate some media work inexpensively into an overall strategy that builds on a strong referral system.

It is important to point out that strategies should be assessed not just in overall terms, as the above example highlighted, but also at the level of specific geographic areas or sub-groups. Block walking (going store-to-store or door-to-door in a given neighborhood) worked well for REAP and FAU/CURE. ACCION Texas found that it worked well in some cities, but not in others. Similarly, radio advertisements drew great response in one city and little in another. Programs need to analyze why something worked or did not work in a specific setting. In the case of radio ads announcing upcoming seminars, factors affecting response may include the quality of the ad itself (how the message was conveyed), the stations on which it was played, or the timing. For that reason, the chart listing the various marketing strategies used by grantees (see pages 8-10) often indicates different ratings from the FIELD grantees. Readers should take those ratings as signals that the strategies may have different impacts on distinct target groups, and that differences in implementation also influence results. Careful experimentation in each new setting is strongly recommended.

Strategic investments in organizational partnerships and individual referrals pay off. The ACCION Texas example is only one illustration of the importance of referrals. ISED, FAU/CURE and REAP also have used them to great effect. Because this system of recruiting clients is so powerful, these organizations have developed methods to increase the payoff. ISED developed a video and manual for Temporary Assistance for Needy Families (TANF) caseworkers that increased their understanding of the ISED program and their comfort with microenterprise development as the right choice for some welfare to work clients. The manual also guided caseworkers through the process of making the referral in accordance with state regulations. FAU/CURE has built its whole outreach strategy around partnerships with community-based organizations. These partners are

responsible for outreach and recruitment into the microenterprise training classes, and because they are so well-connected to their communities, the results are strong. But FAU/CURE supports these efforts, where needed, with training and technical support in developing announcements, in block-walking campaigns, and other outreach activities.

One key here is selecting and nurturing those institutions that have connections to the target market – that are the gatekeepers. For FAU/CURE, such organizations have deep roots in immigrant communities. Similarly, ACCION New York targets immigrant organizations and English as a Second Language programs in the city with links to Hispanic immigrants. The other key is providing referral organizations with the tools and support needed to bring clients to you. Because Small Business Development Centers, Chambers of Commerce and community development corporations have been such strong referral sources for ACCION Texas, that organization is developing a partner reference and training manual (as ISED did), to enable them not only to refer clients to ACCION but also to do some of the processing work. ACCION is offering them \$75 for each loan pre-application completed and \$125 for each full application. If a loan is approved, it can be closed in their office with ACCION staff on the phone. For witnessing the closing, an additional \$50 payment is made, and when the documentation arrives at ACCION's office a final \$25 is provided. These expenses are justified both for the extra loan business that is generated, but also because they allow ACCION to expand "virtually" anywhere across the state where these relationships are built.

Referrals from banks also can be powerful, but the relationships need to be nurtured at the highest levels and then reinforced regularly at the branch level with key officers. ACCION New Mexico has developed this strategy more thoroughly than any of the other grantees. In fact, now some banks are willing to take on loan promotion, application and closing functions for the microloan program. ACCION New Mexico effectively has used VISTA volunteers to implement "loan officer blitzes," promotional campaigns conducted regularly at the bank officer level involving small incentive gifts



(samples of microentrepreneur products), challenge cards (encouraging a specified number of referrals within a limited time), and recognition for results. This bank referral strategy has contributed to expanding the range of ACCION New Mexico's market. Over a two-and-a-half month "blitz" in 2001, bank referrals accounted for 23 percent of program inquiries, and resulted in 22 businesses receiving first-time loans from the program.

Finally, nothing beats a satisfied customer, and it is worth motivating clients to make referrals to the microenterprise program. FIELD grantees have offered monetary incentives to clients for referrals that lead to a loan, and some programs have seen positive results from this approach. ACCION Texas has seen client referrals increase over the two years of the grant – from 10 referrals in 2000 to 43 in 2001. ACCION New York also is experimenting with marketing tie-ins with selected microenterprise clients to see if this source can be leveraged even further. These tie-ins include putting ACCION labels on hair care products offered at borrowers' salons. ACCION New Mexico has provided select clients with program marketing materials, particularly for storefronts, including posters, brochures and window decals with the message, "Ask me about ACCION."

Image and branding need to build upon one of the strongest characteristics of microenterprise programs – their nonprofit status. Repeatedly, FIELD grantees have found they get more inquiries when a radio or television news show features them than when they pay for advertising themselves. Why is this so? Listeners and viewers perceive news to be more credible than advertising. News stories also generally feature success stories of clients with whom they identify. And, interestingly, the news stories portray them as nonprofits, an organizational status that potential clients see as more trustworthy – more concerned about them than about making money. It is a characteristic that microcredit programs, in particular, need to flaunt in their promotional materials and outreach campaigns.

Additionally, developing a recognized brand name and image should be a high priority. Focus group research has demonstrated that one of the greatest barriers to achieving broader scale is the sheer lack of program name recogni-

tion. One way to overcome this is to engage in "co-branding," piggybacking upon the reputation of another well-known and well-regarded organization in touch with the target market. Clearly that is the heart of the partnership strategy. ACCION New York is doing this on a more visible, citywide level with *El Diario*, the major Spanish language newspaper. Co-branding includes advertisements in the newspaper with *El Diario* endorsement, as well as co-sponsored events in key neighborhoods. In this way, the organization leverages one quality brand while building its own.

Quality and consistency are important in promotional materials. As mentioned earlier, investment in good design and messaging is worth it. Most microenterprise programs rely on a hodgepodge of materials, mostly made in-house, that look and feel differently and that convey somewhat different images of the program. Programs need to direct monies to this endeavor and spend them wisely. Using focus group research to test messages, images and the look of marketing materials is worthwhile. Making sure that the materials are inclusive of both genders (if the program targets both) and of all ethnic groups targeted is important. If potential clients don't see themselves in the materials, they won't feel welcome.

Programs need to rapidly respond to all inquiries and follow up with potential customers. All the investment in recruitment and outreach is worthless if the program is not prepared to handle the resulting inquiries. Potential customers must be able to contact the program easily (toll-free numbers are invaluable) and find a friendly, knowledgeable and helpful staff person at the other end of the line. Programs need to ensure that there is sufficient response capacity before launching any outreach campaign that might

Potential customers must be able to contact the program easily ... and find a friendly, knowledgeable and helpful staff person Programs need to ensure that there is sufficient response capacity before launching any outreach campaign that might generate a large response.

generate a large response. For example, ACCION Texas received 399 calls in one month and 717 in another during its seminar promotion.

A follow-up call one to two weeks after an initial contact is also important if the caller has not taken the next steps. In some instances, this may stimulate the caller to move forward, but if not, the program will gain useful information regarding why the program, its products or services, were not perceived as appropriate.

Making the first steps easy for customers also is critical. Many potential microenterprise clients have faced too many past barriers in their quest for financing or other needed services. Microenterprise programs should be careful not to also place too many obstacles in their path, even inadvertently. The first customer contact should entail the fewest number of questions possible to get the process going.

Conclusion

Programs know they have valuable services to offer, and when clients come through the door, they appreciate that as well. Getting more of them across the threshold is possible, but it will take further experimentation with the marketing ideas suggested here, as well as new ones. It's an interesting challenge for a community of practitioners dedicated to increasing access for the greatest possible number of emerging entrepreneurs.

To Learn More

A section of the FIELD Web site is devoted to the Scale Cluster (www.fieldus.org/li/scale.html). Over time, we expect to add new material to the site, including: information on ACCION Texas' experience with media and other forms of outreach; ACCION New Mexico's bank outreach strategy; and FAU/CURE's use of geographic information systems and community outreach strategies. In addition, the site will include papers by other grantees that address a number of scale-up issues and discuss marketing and market research, including those by REAP, NMPE, ISED, and ACCION New York.

Additional information about the Achieving Scale Cluster is available on the FIELD Web site: www.fieldus.org/li/scale.html

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