

# A Multi-Market Public Relations and Media Campaign

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Scaling up Microenterprise Services



**FIELD**

Microenterprise Fund for  
Innovation, Effectiveness,  
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# **SCALING UP MICROENTERPRISE SERVICES**

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# A MULTI-MARKET PUBLIC RELATIONS AND MEDIA CAMPAIGN

## ACCION Texas

### ORGANIZATION'S BACKGROUND

Launched in 1994 in San Antonio, ACCION Texas provides low- and moderate-income microentrepreneurs with loans and business support services not available from commercial banks. Now, ACCION Texas has extended its reach and makes loans in eight major Texas cities and 70 counties. In addition to loans, clients also can receive ongoing technical assistance in both business practices and product marketing.

### STATEMENT OF CHALLENGE

*As one client noted, "How to improve ACCION? Promote it! Nobody knows about it."*

The challenge ACCION Texas faced in 2000 and continues to face today is wide-scale promotion of its program to potential borrowers in a cost-effective manner. After the fanfare and media attention of new market entry, and after the most visible and most accessible borrowers have been contacted and served, ACCION lending activity begins to slow.

ACCION Texas tracks a range of demographic information on clients, as well as: contacts with potential borrowers; number of microbusiness owners attending orientation and completing the application and interview process; number of loans approved; and number of loans accepted and issued. From this data, ACCION Texas has determined that only one in five microentrepreneurs who make contact with an ACCION Texas loan officer or staff member qualify for a loan. Of those who attend an orientation session and complete and submit an application and references for review and processing, 60 percent are approved and receive loans from ACCION Texas. Simply put, only one in every 10 to 13 contacts with a microbusiness owner results in a loan.

To generate large volumes of closed loans, ACCION must exponentially increase the number of inquiries from potential borrowers. Experience has proven that expanded outreach is necessary to reach new borrowers. Media campaigns, annual community events that build name recognition, and Spanish language advertisements have been successful in attracting new borrowers, but are costly. With funds from FIELD, ACCION Texas set out to test the impact of a multi-market public relations and media campaign designed to promote ACCION products and services to a wider audience. The goal was to generate high volumes of inquiries, resulting in proportionately high numbers of new loans.

Specific intended outcomes of the campaign were to:

- 1) Significantly increase the total number of loan inquiries,
- 2) Significantly increase the total number of loans,
- 3) Significantly increase the number of new borrowers,
- 4) Prove effective in both urban and rural communities, and
- 5) Seek out the neediest microentrepreneurs.

**With funds from FIELD, ACCION Texas set out to test the impact of a multi-market public relations and media campaign designed to promote ACCION products and services to a wider audience.**

ACCION Texas proposed working with a professional media-consulting firm to develop radio, television, direct mail and newspaper advertising to promote ACCION Texas' services in target markets. The promotions would be layered over current promotional activities to reinforce the ACCION Texas name and motivate microbusiness owners to call the ACCION Texas' "1-888" phone number where potential borrowers could be directed to a loan officer. Outreach was to focus on Hispanic microentrepreneurs and utilize less expensive Spanish-language mediums.

## STRATEGY FOR SCALE-UP

Because marketing funds were limited, focus was placed on generating free media time through on-air Public Service Announcements, television and radio talk show interviews, and media coverage for a series of free seminars on starting and operating a small business. In addition, \$45,000 of Spanish-language radio advertising was purchased. Muñoz Public Relations, a professional media-relations firm, was hired to coordinate the outreach program for ACCION's seven largest lending markets: Austin, Dallas, El Paso, Houston, McAllen, San Antonio and Laredo. Direct media purchases were handled both internally and by Muñoz Public Relations. ACCION Texas staff coordinated set-up and execution of seminars with participating co-sponsors.

The final outreach program included:

- Hiring of Muñoz Public Relations at a cost of \$50,000 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-house purchase of \$20,000 in Spanish-language radio advertising in five major Texas markets.
- Purchase of an additional \$25,000 in radio spots by Muñoz Public Relations.
- Seven widely promoted seminars on small business start-up and operation in seven markets in conjunction with local technical assistance providers.

The campaign began the last week of January with media outreach building through March, April and May of 2001.

The media campaign was very successful at increasing the number of loan inquiries received. ACCION defines an inquiry as a new potential borrower phoning or walking in to inquire about a loan. As the campaign unfolded, inquiries in March, April and May increased 96 percent, 36 percent, and 56 percent respectively over February figures. *(February inquiry and loan figures are used as a basis for comparing pre- and post-campaign results. The assumption is that ACCION would have performed at least as well in any month as it did in February when no promotions were running.)*

In the first month of the campaign, inquiries nearly doubled from 398 to 781. In April, inquiry volume was 542 — an incremental 144 inquiries over the February basis of 398. May inquiry volume surpassed April inquiries and increased an incremental 223 inquiries over February. Total inquiry volume in 2001 was approximately 5,800. Inquiries directly related to the promotions represent about one third of total inquires in 2001.

	Inquiries vs. Feb Change	Total Change %
May	223	56%
April	144	36%
March	383	96%
Feb	398	

**Did increased inquiry volume generate increased loan volume?** Yes, increased inquiry volume did result in a parallel increase in loans. The campaign generated an incremental 750 inquiries and 69 incremental loans for the period March through May.

<b>Incremental Inquiries and Loans vs. February</b>		
	Inquiries	Loans
May	223	29
April	144	18
March	383	22
Total	750	69

While the media campaign did accomplish the objectives of increased inquiries and loans, the campaign **was not** deemed successful, because the media campaign did not improve ACCION's historical loan-to-inquiry ratio. From experience, ACCION Texas has learned that roughly 13 loans are extended for every 100 loan inquiries received. During the campaign, the loan-to-inquiry ratio remained at or below the historical ratio of one loan for every 13 inquiries. A "successful" media campaign would have improved this ratio.

<b>Inquiry and Loan Analysis Feb-May 2001</b>					
	Inquiries	Pre Apps	Apps	Closed Loans	Loan/Inquiry Ratio
May	621	258	98	81	1 in 13
April	542	258	95	70	1 in 13
March	781	306	91	74	1 in 9
Feb	398	211	70	52	1 in 13
Total	2342	1033	354	277	1 in 12

The campaign was also deemed unsuccessful because it proved cost-ineffective. At a final cost of nearly \$100,000 to implement, the campaign's cost per incremental loan generated was nearly \$1,500 per loan. Cost per incremental inquiry generated was just over \$133 per inquiry, astronomically more costly than any other outreach approach.

<b>Cost Analysis - Media Campaign March - May 2001</b>			
Expense		Incremental	
		Inquiries	Loans
Media consultants	50,000		
Radio buys	45,000		
Seminars	5,000		
Total	\$100,000	750	69
Cost Per		\$133	\$1,449

An analysis of loans closed from January through June of 2001, showed only 15 percent of loans originated from media-driven inquiries. The expectation was that the media campaign would prove to be the primary source of referrals for new loans for the period of, and immediately following, the media campaign. Nearly 70 percent of loans for the period, however, were referrals from organizations and individuals. The media campaign, once again, under performed other outreach strategies.

<b>CLOSED LOANS Jan-June 2001</b>		
Inquiry Source	# Loans	Loans % Inquiries
Organizations	151	10%
Individuals	74	11%
Media	46	7%
ACCION Direct	19	9%
Unknown	11	12%
Total	301	100%

A more detailed analysis of inquiry-to-loan ratios by specific source showed television and radio media ineffective, relative to other types of outreach. Only 4 percent of television- and 9 percent of radio-generated inquiries resulted in loans. During the quarter coinciding with the campaign, only 14 of 321 loan inquiries were tracked to radio advertising. An additional 10 loans were tracked to television interview programs. Newspaper advertising proved a more effective medium. Twenty-four loans were tracked to newspaper ads and 13 percent of newspaper inquiries resulted in loans. However, television, radio and newspapers failed to out-perform referral programs with the SBA and SBDC that cost little or nothing to conduct.

<b>Cost Analysis - Loans March - May 2001</b>					
Inquiry Source	% Inquires resulting in loans	Number Loans	Cost		
			Total	Per Loan	
Television	4%	10	30,000	\$3,000	Expensive
Radio	9%	14	55,000	\$3,929	Expensive
Seminars	0%	2	5,000	\$2,500	High cost per person
Newspaper	13%	24	10,000	\$417	Moderate
SBA	13%	21	-	\$0	Free
SBDC	19%	24	-	\$0	Free
Banks	7%	27	-	\$0	Free
Individuals	47%	74	-	\$0	Free

Seminars were also ineffective. Although more than 300 persons attended seminars, only two loans were ultimately closed with attendees. Post seminar discussions concluded that seminars should have focused on existing businesses, that attendees were not yet at a borrowing stage, and that on a cost-per-person basis, the seminars are time-consuming to implement and cost-ineffective.

ACCION Texas will continue to track inquiry-to-loan ratios and to evaluate its outreach strategies. A consultant has been contracted to assist in the design of formal referral programs between ACCION Texas and government agencies, business assistance and technical assistance providers, banks and clients. Part of this work entails a review and revamping of ACCION's current partner-training manual.

## LESSONS LEARNED

The scale-up strategy of increasing the number of loan inquiries to generate more loans is still a viable strategy. Increasing inquiry volume does generate increases in loans. ACCION Texas will focus on cost-effective ways to reach large numbers of borrowers. Programs that encourage technical assistance partners, banks and clients to refer potential borrowers are virtually cost-free and generate large numbers of pre-screened high-quality loan candidates. Because of the poor performance of media outreach relative to other programs, ACCION Texas will curtail the use of expensive television and radio media buys. Seminars may be used in the future, but will be re-designed to attract pre-qualified existing business owners.