

# THE MARKETING PLAN

## **IMPROVING YOUR COMPETITIVE EDGE**

A Marketing Plan is a written strategy for selling the products/services of a new business. It is a reflection of how serious a company is in meeting the competition head on, with strategies and plans to increase market share and attract customers. An effective Marketing Plan is backed by carefully collected market, consumer and competitor information, sometimes citing professional advice.

### **Why Prepare a Marketing Plan?**

A good Marketing Plan will help you to improve your odds against more experienced competitors and newly emerging ones. The Plan enables you to recognize and take action on any trends and consumer preferences that other companies have overlooked, and to develop and expand your own select group of loyal customers now and into the future.

The Plan also shows to others that you have carefully considered how to produce a product that is innovative, unique and marketable- improving your chances of stable sales and profits - reasons for investors to financially back you.

## **CONTENTS OF A MARKETING PLAN**

### **Title Page**

- Include the name of the company, period of time that the contents of the marketing plan covers, and completion date.
- Use a clean and professional format with examples of the company logo and product designs and packaging types.

### **Table of Contents**

- List all the contents of the marketing plan in the order they appear, citing relevant page numbers.
- List tables, graphs and diagrams on a separate page so that the reader can locate these presentation tools quickly. List the appendices that will be included at the end of your document.

### **Cover Letter**

- This letter should form a personalized overview of the document. Highlight areas of the plan that are particularly crucial to the reader, providing an indication of how this plan will help your business attain overall success in the future.

### **Historical Background**

- Give the reader an indication of where your business idea originated, citing the date you began researching into the idea, the existence of any mentors or advisors, the scope of your business (the specific of what the business "does"), and opportunities for expansion. Indicate how the future success of the business can be attributed to the strategies found in the Marketing Plan.

### **Marketing Goals and Objectives**

To introduce this section, include the "mission statement" of the business; an idea of what its goals are for customers, clients, employees and the consumer, then proceed with:

#### *Sales Objectives*

- Compare your prospects for future sales with either past performance, or a general industry performance report. By analyzing the industry average as well as your own performance you will demonstrate to the reader that you can look "beyond your borders" to the competition to give yourself an idea of how well you are performing, or what general difficulties the whole industry may be facing.
- Identify industry wide problems and create strategies to challenge them. This will also demonstrate that you have the necessary foresight to allow you to recognize problems in the future.
- Set "benchmarks" for your sales objectives by using quarterly reports as a way of evaluating the success of your overall marketing approach. Indicate how much "market share" you intend to collect over the next 5 years, to show that you expect to advance your position against your competitors using your "individual" approach.

#### *Profit Objectives*

- Include your predictions for after tax profit for each of the next five years. Relate this profit assumption based on the contents of your operating budget's costs figures found in your Business Plan.
- Indicate how you will reinvest your profit margin in specific areas of the Marketing Plans future activities, as well as countering operating and start up costs you already have. Don't neglect the future of the Marketing Plan because you have to defer the costs you already have. A sound Marketing Plan should do more than "pay for itself" and its activities.

### *Pricing Objectives*

- Focus on the weaknesses of your competitors by offering better quality at a competitive price. Remember what your own attitudes are towards products you consume on a day to day basis. Remember how you react to high prices for poor or marginal quality or service.
- Justifying your prices for your product or service while thinking like a customer will give you an advantage. Survey a sampling of your potential customer group and ask them directly how they feel about competitors products, services, industry prices and any areas for improvement.

### *Product Objectives*

- Much like what you would be doing for your prices, focus on the wants, needs and perceptions of your consumers and the general public. Identify any problems for your industry/product.
- Show how you will attract more customers while keeping the ones you have. Determine the determining factors of customer preference towards a product, like price, or social considerations such as environmental impact, product quality or convenience.
- Indicate the goals you have for quality of service, level of service (speed and accuracy), customer satisfaction, and your own flexibility to support consumer demands and requests.

### **Market Analysis**

- Examine whether or not your industry is growing, maturing or declining.

- If it is declining, identify the problems that exist and be able to change the ones you can. Show how you can adapt to changes that you can't control.
- If your industry is maturing, show how as a new company, you may be able to better adapt to external forces; better than the more mature competition.
- In a newly emerging and growing market (the best scenario), differentiate yourself from new competitors. Show how you expect to become a major market share holder, using a new approach to the marketplace and utilizing the latest technology. Identify the older methods of generating your product/service being challenged by your business' approach.
- Acknowledge the problems and challenges of the marketplace you are entering. Use your analysis to construct a strategy that will put you ahead of your competition.
- Look to ways of prolonging the "life" of your business if you recognize that what your getting into is threatened by newly emerging technologies and business approaches. To advance your business in the new economy means finding your "niche", or, creating one of your own.
- In your market analysis focus is on key areas like industry wide sales performance. Acknowledge why sales (as a whole) may be declining. Look to national and provincial averages, citing reasons for poor performance. Reasons can be both external to a particular businesses operations, or internal to the way the business operates. People called "industry analysts" have developed a way of determining the causes of business failures, focusing on the direction newly emerging business can take to realize success. Reference these professionals.
- Your focus should also turn to the local scene, since local markets may or may not follow the greater industry trend for various reasons. Compare the local situation to the national and provincial averages; the trends in sales, and the estimated total market that can be reached by local companies.
- Recognize the position your local competitors have taken in the local market; the clientele they serve, the product they produce, the price they expect to charge for their products and services.
- Finally, relate your own businesses position to the position of others, reflecting on the maturity and experience of your business competitors.

## **Environmental Analysis - Global Business Environment**

Conduct an environmental analysis to look at and comment on the world in which you will be operating. Unemployment rates for the past 2 to 5 years and the impact it has had on sales and the overall customer base is an effective way of demonstrating the effect of "external" pressures onto your business. Threats due to environmental conditions (like unemployment, layoffs, recession, high interest rates) reduce consumer activity, and should be explored in your marketing plan.

### *Political and Legal*

- Identify the regulations, permits, insurance, liability, municipal zoning and taxation requirements that you must follow in order to operate your business.
- The business climate of your town, village and surrounding area is an important influence on your day-to-day operations. Reflect on topics such as taxation, zoning and other factors.

### *Demographics*

- Describe the population base that exists to support your product. Identify the market size for your product, and the people that make up your product/service's consumer group. Provide information about:
- Where they live, What products do they buy, How much they spend on similar products each year,
- Where they shop for these products, etc. Indicate whether or not your product is geared towards a specific age group, with spending patterns and consumer demands. Indicate whether this group is shrinking, expanding or yet to be tapped into.

## **Environmental Analysis - Local Business Environment**

Conduct an environmental analysis that looks at and comments on your local area and your network of business contacts, competitors and customers.

### *Suppliers*

- Identify your sources for direct purchasing by describing their locations, the frequency of your orders and the type and amount of supplies you will be ordering.

### *Social/Cultural*

- Explain any particular client support or other specialized consumer groups that can be identified apart from the general public. Describe the spending and product requirements of these groups and the characteristics of your company that support the product and services they are demanding. Indicate whether your product is part of the day to day activities of a specific group or the general public. Identify the influence this will have on your projected sales. Identify your networking contacts in the community, and the overall atmosphere surrounding your business. Identify the influence this will have on your projected sales. Predict the receptiveness of your product concepts, and how the community perceives your business.
- Describe the expected response to your advertising, and how this will boost sales. Indicate what overall market trends you will be following in order to stay current and "in touch" with the public. What special techniques will you be employing in order to match consumer demands.

### *Competition*

- Identify your direct competition by naming their business, describing their facilities and operations, identifying their share of the consumer market, realizing support for their product and by reviewing the weaknesses of their approach.

## **Consumer Analysis**

- Identify your target market, describing how your company will meet the needs of the consumer better than the competition does. List the expectations consumers have for your type of product. Since demands may be different, products and services will vary between competitors. Quality, price and after sales service are just some of the areas where this difference occurs.
- Identify the segment of the market that will benefit from your product and area of expertise as well as your approach to selling your product or service.
- Predict the sales potential that may be realized by tapping into and holding onto your target market, and attracting others through different strategies and approaches. These different approaches can be all done at the same time or be more incremental - obtaining a core

audience for your product or service first, then expanding into the rest of the market. Identify the sales potential for each of these target groups.

## **Strengths, Weaknesses, Opportunities and Threats Analysis**

### *Strengths*

- List the strengths of your business approach such as cost effectiveness, service quality and customer loyalty.
- List other assets of your operations such as flexibility, innovativeness, response to external pressures, creativity and company stability.
- Relate your experience (professionalism, duration and diversity) and the contacts you have made in all areas of your businesses operations - from suppliers to clients, government officials to business professionals.

### *Weaknesses*

- Describe the areas of weakness in your company's operations, such as government policies and procedures, and management inexperience.
- Capital financing, credit, loans and other financial debts should be identified, with strategies to control their effect on your business.
- Recognize the limited impact of a new product on the market - its lack of recognition may be attributed to the companies inexperience in promoting.
- Recognize that poor performance will mean lower than expected profits - which will result in a lot of the money going to reduce debts rather than improving business facilities, operations and expanding markets.

### *Opportunities*

- Examine how proper timing, as well as other factors such as your company's innovativeness, may improve your business's chances of success.
- Use tools such as customer surveys to emphasize the need for product quality and after sales service.
- Relate your company's focus to a segment of the present market that is being overlooked.

### *Threats*

- List the external threats to your business' success, such as existing and newly emerging competitors, performance of the overall economy, and your dependency on other businesses such as suppliers, retailers and distributors for market access and support.

## **Marketing Focus**

### *Product or Service*

- Identify your product or service by what it is, who will buy it, how much they will pay for it and how much it will cost for you to produce it, why a consumer demand exists for your product, and where your product sits in comparison to similar products/services now available.
- Describe the marketplace rationale for the differences between your product and a competitors. Look at quality, price, new ideas/approaches, and how your product appeals to a specific customer base - both existing customers and new customers you hope to attract to the market.
- Be specific about how your product/service improves upon those already existing, your use of quality control, post purchase evaluation (and how you will obtain feedback) and the scope of service you will provide: responsibilities, liabilities and expectations.

### *Location*

- Identify the location of your business, why it is located there (strategic, competitive, economic objectives), your expected methods of distribution, and timing objectives.
- Different products have different shelf lives and your estimation of how long your product will remain on the shelf is an important one.

### *Promotion*

- Describe the type of promotional methods you will use to spread the word about your product. Identify techniques such as word of mouth, radio and newspaper ads.
- For radio, focus on a stations music format and its relationship to your products image, broadcast area, cultural focus, age focus, etc.
- For newspapers and other print mediums, consider the level at which you wish to advertise (local, regional, provincial, federal, cross-



- national, etc.), in what mediums (trade magazines, professional, recreational, cultural, hobby, special interest, etc.), how often, and the timing of such advertisements (seasonal, special issues, etc.).
- List accessible tradeshows that offer your business and opportunity to display banners and promotional literature.
  - Explain your use of expensive mediums such as television and billboards. Both are highly expensive, while computer based "bulletin boards" and the Internet can provide a global audience.
  - Promotion through associations and government support programs offer an opportunity for success stories to advertise.
  - In store promotions, sidewalk sales, plant tours, free samples, openhouses, "point of sale" displays, acknowledgment in government programs, agendas, brochures and calendars are other avenues for promotion. Also, gimmicks like draws for free product samples and service visits also provide you with a mailing list for future considerations.
  - Alliance campaigns between yourself and associated businesses (retailers, suppliers, etc.) provide you and some complementary businesses the chance to improve your market image and potential sales.

### *Price*

- The prices of your products or services should reflect your overall company strategy. Pricing should be competitive as well as a reflection of the quality, costs and profit margin.
- List the quality features of your product or service, as well as the associated cost component for each item or level of service.
- List strategies you plan to use, such as providing a discount on some items you sell in order to increase the sales in other areas.

### **Financial Information**

- Show the predicted level of sales you expect to realize with and without the strategies you have outlined in the marketing plan. Show the natural level of sales as described in your business plan, and then show the expected increase in sales as they relate to specific marketing techniques you will use.

- Show the market share you will hope to attain, based on "high", "medium", and "low" estimates for the success of your marketing strategy.
- Forecast the "break even point" for each of the following 5 years, in the number of sales in dollars. This will demonstrate your need to realize a certain amount of sales in order to cover your expected costs for each of the next 5 years.
- Outline the areas of weakness in the financing of your business; the deficiencies that may be found in areas such as "operating capital", outstanding loans, and insufficient credit.
- Provide appropriate suggestions for reducing the effect that these deficiencies will have on the successful operation of your business.

### **Tables, Graphs, Diagrams and Pictures**

By presenting information in a picture format, some areas that are hard to express in words become easy to show to the reader. Here are some examples:

#### *Position Analysis*

- A figure that shows where your company's image lies in relation to your direct competition.

#### *Advertising Examples and Other Promotional Materials*

- Provide the reader with some examples of the type of artwork and advertising you hope to use to attract potential customers, and, to portray a particular image of your product/service.
- Such materials can demonstrate the effectiveness of your message, successful product/service recognition and packaging design.

#### *Demographics, Consumer Statistics and Budgets*

- Include appropriate demographic information such as populations, age distributions, projected population growth and household sizes.
- Include statistics covering family expenditures, personal income characteristics, employment figures, and spending and consumer patterns.
- Provide budget sheets for advertising campaigns, sales promotions, and expenses such as uniforms, business cards, logo designs, banners, flyers, billboards, etc.

- Include printing costs and expected reordering schedules.
- Demographics and other statistics can be found in Statistics Canada information, available at the local library.

### *Pricing*

- Relate the pricing of your products or services to your costs, profit margin, "break even point" in sales, competitor pricing schemes, consumer profiles and product/service expectations.

Separate the "fixed cost" components and your "variable costs". Fixed costs are those that should remain stable over the next 5 years, while variable costs are those that adjust to external and internal pressures.