

Marketing: Plans, Strategies and Mix

Marketing Plans

Marketing plans contain the following seven topics:

1. **Situation Analysis** (Based on existing conditions)

Prepare a Strengths – Weaknesses – Opportunities – Threats (SWOT) Analysis. This is an assessment of the internal conditions of your business and the external conditions in the market. See Brief 04.59 for details. Consideration should be given to:

Target Customers: Analyze existing customers. Is this a customer base on which you can rely? Should it be enlarged? If so, how? Focus on the areas (potential customers) where you have the BEST CHANCE of making a sale! This is your Target Market!

Competition: Identify your main competitors' strengths and weaknesses as well as their marketing strategies. Are there companies not now in your market that have the ability to become competitors? How can you take advantage of competitors and gain market share?

Industry Trends: Consider the effects of industry trends on your business. Will the direction of the trends help or hurt your business? Is the entire industry expanding or contracting?

Economic Trends: Analyze trends in the U.S. Economy such as changes in consumer confidence, interest rates, employment levels, housing starts or other factors. Do any of these affect your business on a local, regional or national basis?

Social Trends: Study the effects of changing demographics (age, gender, income, etc) and changes in social factors (shared values, popular beliefs and attitudes). Which of these, if any, are important to your business?

Technological Change: Consider the affects new technologies are having on your company's products and services. What threats and opportunities do these present? Also consider changes that technology is bringing to the methods of conducting business – electronic communications and use of the Internet.

Regulatory Change: Is there any newly enacted or pending legislation that will impact your business positively or negatively? Consider all areas including safety (OHSA), environmental (EPA), tax (IRS), labor (NLRB), trade (FTC) and others.

2. Research

Gather information from current and potential customers, contacts within the industry, discussions with distributors, suppliers, etc. Visit the web sites of industry organizations, governmental agencies and the web sites of your competitors. Your understanding of how the market is driven will give you a better picture of your industry and its operations. Determine which approaches are working and which are not. Try to identify emerging market needs.

3. Short-Term Objectives

Describe your objectives in each key marketing area, for a specific period of time, usually one year or less. For instance, for the upcoming year, state the sales goals and the pricing levels that you want to achieve. Are you planning an advertising campaign to attract new customers? Remember “objectives” are the goals you set and “strategies” are actions you undertake to reach those goals. Objectives should be Specific, Measurable, Accurate, Realistic, and Time-oriented. Objectives with these attributes are referred to as SMART Goals.

4. Long-Term Objectives and Strategies

Consider the long-term objectives and strategies that are critical for your ongoing success. Use a planning horizon of five years. Include product development, pricing, costs and profitability, target market, advertising, public relations and channels of distribution. How will you compete in the future and where will you be in relation to your competitors over the long term?

5. Five-Year Plan

Include the long-term programs and major market-related initiatives that you envision your company undertaking over the next five years. Describe your strategies for profit improvement and growth. Include projections of significant financial measures such as annual sales, cost assumptions, working capital needs and other uses and sources of cash. Your five-year plan should also include any staffing additions or critical skill hiring needs.

6. Business Review

Your marketing plan should identify each major marketing initiative and the impact you expect it to have on your business. Include a calendar of checkpoints showing the company’s projected position at specific points in the future. You should review your marketing plan on a regular (monthly or quarterly) basis to determine its effectiveness. Your marketing plan should be updated annually or when needed to keep it in sync with your overall Operating Plan. Checkpoints and frequent reviews will reveal what is working and what is not.

7. Budget

Estimate the annual cost of each significant element of your marketing plan and list them together by marketing strategy. This enables you to compare actual cost against budget and to adjust your spending priorities. Also budget and measure the profitability of each product line so you can determine which are successful and which require some type of corrective action.

Marketing Strategies

When establishing marketing strategies for your company, begin with a macro-view of your business, and

then develop the supporting details. Your marketing strategies should address each of the following areas (where applicable):

Business Description

What are your products and services? How does each product or service benefit your customers? Describe your management organization and the responsibilities of each key position. Analyze your company's internal strengths, weaknesses and its external opportunities and threats. What are the factors beyond your control that you must deal with – economic, social, industry trends, technology or regulatory? What uniqueness does your company offer? How can you differentiate yourself from your competitors? Does your business have a market “niche”?

Financial Requirements

What are your needs for capital investment in plant, property and equipment? How much cash will you need to carry inventories and extend credit? What are your other financial needs? What are your sources of funds? How will you raise the funds you need? To succeed YOU MUST ALLOCATE FUNDS TO YOUR MARKETING STRATEGIES TO ATTRACT AND KEEP CUSTOMERS. Consider market forecasts, earnings projections, break-even scenarios, pricing policy, contractual terms, cash flow and the risks associated with your business. Be knowledgeable on these issues and prepared to explain them to your investors and bankers.

Target Market

People constitute markets, so who are your customers? Identify the particular segments of the total market you are targeting. What are your target market's demographics – age, gender, income level, geographic bounds – and what commonality of social status, values, attitudes and beliefs do they share? Why do your products and services appeal to the target market? Why will your products and services be preferred over those of your competitors?

- Are your products/services more economical?
- Will your products return their cost to the customer by saving energy or labor or in improved quality?
- Are your products more attractive? More appealing? (functions, colors, styles, packaging, frills, gimmicks, etc.)
- Are your products more substantial and reliable?
- Are your locations and surroundings better?
- Do your products and services have other value or utility to the customers?

Summary: How can you serve your target market better than the competition? What is your competitive edge? How can you tailor your products and services, pricing, distribution and promotional efforts to your advantage in the market? How do you address consumers' needs that are not being adequately met? Are there attractive profit opportunities available?

Competition

Compile detailed information on each major competitor: their strengths, weaknesses, pricing and marketing strategy. This will help you identify your opportunities as well as the threats to your business. Remember to consider companies that are not now competitors but have the potential to compete in your market.

Promotion / Advertising

In all of your advertising and promotion activities you must project a professional and business-like image:

- Develop a well-planned, direct-selling style that allows you to give an appealing presentation.

- Choose the media for your advertising that reaches your target market and is within your budget (e.g., Yellow Pages, newspaper, radio, television, direct mail, billboards, brochures, catalogs, telemarketing, sponsorships, business cards and the internet marketing including emailed ads, in-text ads, mobile device ads, search engine ads and optimization).
- Understand how your advertising will help your sales by increasing traffic, elevating your company name or brand awareness, educating consumers and so on.
- Monitor media performance. Stop non-productive advertising and divert those budgeted funds to advertising that does work.
- Be sure promotional programs, coupons, discounts and special sales have deadlines and expiration dates. Do not allow discounts or special promotional pricing to permanently lower your pricing structure and lower what customers expect to pay for your products.
- Consider tie-ins or networking with people in related fields that offer complementary product and services.
- Test market and revise your advertising and promotional strategies to keep them fresh and exciting.

Market Research

Study information and data that is available in publications, libraries, from trade associations and other sources. Identify any market trends which may affect your sales or profitability. Consider the impact of economic factors, population shifts, or information that shows the financial performance of competitors. Collect statistical information and analyze it, looking for trends. Talk with others in your industry (but outside the geographic range of competition) and have mutually beneficial discussions to gain insights. Shop your competition, as would a customer, to understand what they do well or what they do poorly. Copy what they do well and exploit what they do poorly. Participate in Tradeshows as an exhibitor or simply as a visitor. Tradeshows and conventions are excellent sources of information on market trends and new products.

Proposal Writing

Written proposals are common requirements in business-to-business relationships. While not common in business-to-consumer relationships, similar principles apply. The proposal you submit to a prospective client reflects your ability and expertise to do a prescribed task for a certain fee. How clearly you present your ideas may determine whether or not you get the job. The following are items to consider:

- Learn all you can about your potential client's organization (names of decision-makers, influencers, users, specification writers and gatekeepers).
- Clearly understand what the client wants: listen closely and analyze what is being said. Take good notes. Prepare a first draft of the proposal you intend to deliver – sleep on it – then review it thoroughly when you are fresh.
- Describe your credentials and qualifications. Create a favorable image of yourself and your company. Explain what you understand to be the client's need, the needs of the industry as a whole, and the problems you will be addressing.
- Describe the work methods to be used and how you will achieve the recommended solution. Explain what you intend to do and what cooperation will be needed from the client's staff.
- Present the goals, strategies and milestones with firmly established, measurable dates.
- State the costs to the client, terms of payment and reimbursement for travel and out-of-pocket expenses.

The Marketing Mix

The term "Marketing Mix" is generally understood to refer to the "4P's" of marketing – Product, Price, Promotion and Place (distribution). Marketers use and blend the 4P's into cohesive marketing initiatives.

The categories and points described here may overlap but each represents an important consideration for your marketing mix.

Products and Services

What products or services will be offered? What positioning will be used in the market – high price / high quality, or low price / minimal quality, or some balance of value / worth between the market extremes?

Location (Place)

Is your location on-line, or is it 'bricks and mortar'? If it is 'bricks and mortar', is your location compatible with the products and services offered? Does your business depend on vehicle or foot traffic? Are your customers local and know your location? Will visitors have difficulty finding you? Does the sign in front of your business project a professional image? Do you have ample parking? Does it have curb appeal?

Market Size

What is the market size for your products and services? Check sources such as the Chambers of Commerce, banks, utility companies, census bureau and others. What is the estimated sales volume necessary for a profit?

Customers

Who are the potential customers? Do your products and services appeal to specific cultures, ages, or income levels? Will the needs of the available customers be met by your products and services?

Market Segmentation

Are your products and services specialized for a particular market? Are there variations in the offering? Does the segment you are targeting (1) have a need for your product, (2) have the resources to buy your product, and (3) have the willingness to spend their money to buy your product rather than spending it on something else?

Competition

How much competition is there? Where is it located? Can it be overcome and still make a profit?

Distribution

- A. Purchasing: What sources or supplies are available? Have they been carefully checked for quality, timely delivery, services, price, discounts and assistance in promotion?
- B. Selling: Has a policy been established on type of transactions? – cash sales, sales on credit, or a combination of both? Will sales assistants be needed and who will train the customers on the use of your products?
- C. Channels: Does the customer buy from retailers? Catalogs? Wholesalers? Online? What role do these distribution channels play in the purchase decision and your distribution strategy?

Price

Can the products and services be offered at a competitive price? What markup, at what volume of unit sales is necessary to cover total costs and make a profit? Price minus all-in costs = profit. Other price considerations are:

- Consumers believe price is an indication of the Quality of products and services.
- Price is the least attractive characteristic to compete on. In the short-run competitors will lower prices without regard to their costs if they feel threatened.
- Price is the single most important buying factor for the majority of consumers. Therefore marketers must offer additional customer value in terms services, time, place, convenience, status or other utility to overcome price objections.
- Prices are easily lowered but difficult to increase. Lower prices with great caution.

Promotion

Are your initiatives directed to the needs of customers? Have you decided what types of advertising to use to promote your products and service? Have advertising and promotional costs been included in the budget?

Financial

Estimate the total market size and market price for your products and services. Check total market size against the market share needed to break-even. Determine profitability by projecting expected sales against expenses. The "Financial" step is usually considered a separate part of the business plan. Use it to estimate market size and establish a reasonable price to ensure a profit.

Marketing WEBSITES:

<http://www.sba.gov/>

Check: Section I.D., Marketing Series and Section III Marketing Plan Workbook.

<http://www.census.gov/>

U.S. Census Bureau source of a wide variety of demographic data.

<http://www.clickz.com/>

Marketing news and advice.

<http://www.paloalto.com/ps/mp/> Marketing Plan software

If you would like to request a Cincinnati SCORE counselor please [click here](#), for a Dayton counselor [click here](#).

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