

Developing a Marketing Plan

This document is designed to help you:

- Understand the role marketing plays in your business.
- Identify your target market.
- Analyse your competition.
- Define your product or service from a customer point of view.
- Adjust your pricing and sales strategy.
- Devise an advertising and public relations plan.

THE MARKETING PLAN

Marketing plays a vital role in successful business ventures. How well you market your business can ultimately determine your degree of success or failure. But marketing isn't just about designing ads and it's not just a strategy. It's about really getting to know your customers. Similarly, a good marketing strategy doesn't try to target anyone and everyone. As they say, you can please some of the people some of the time, but not all of the people all of the time. Once you know who your customers are, you can talk directly to them, through channels they respond to, instead of wasting your marketing budget on expensive media which miss the mark.

Before you write your marketing plan, use the questions and tools in this document to identify and segment your target markets, and to develop a communications strategy which will reach the most promising segments.

WHO ARE YOUR CUSTOMERS?

Define your product or service.

You yourself know your product or service best, but before you start selling it to others you also need to ask yourself how it's going to appeal to them and how much of it you'll be able to sell.

1. What is it?
2. How much does it cost? How much are you going to charge for it?
3. How does it add value to customers' lives?
4. Is it a necessity or a discretionary purchase?
5. How much of it are people likely to buy and at what intervals?
6. Is there potential to grow the market by developing the product or service offering?

Define your target market(s).

Once you have an idea which people your product or service is going to appeal to, there are a number of resources you can use to find out more about them. A good place to start is the Australian Bureau of Statistics website, <http://www.abs.gov.au/>, where you can find lots of information sorted by demographic and geographical location.

1. How old are your customers?
2. Are they male or female, or both?
3. What level are they educated to?
4. Where do they live?
5. What do they earn?
6. How much of their income is disposable?

Competition.

Knowing who your competition is can be as important as knowing your own product. And these days it's not just your neighbours who compete with you for business: in our globalised world, you should consider what nations you're competing with as well. Advances in technology can send the profit margins of a successful business into a tailspin, causing them to plummet overnight. So it pays to assess the future of the industry you're in, as well as the immediate threats. Ask yourself:

1. Who are your five nearest direct competitors?
2. Who are your indirect competitors? (These are businesses which might not produce the same product or service as you, but could reduce your market share with an alternative offering.)
3. How are their businesses developing? Are they steady? Increasing? Decreasing?
4. What have you learned from their operations? From their advertising?
5. What are their strengths and weaknesses?
6. How do their products or services differ from yours?

TIP: Start a file on each of your competitors. Keep manila envelopes of their advertising and promotional materials and their pricing strategy techniques. Review these files periodically, writing down when and how often they advertise, sponsor promotions and offer sales. Study the copy used in the advertising and promotional materials. What benefits does it emphasise? Is it long and descriptive or short and emotive? Analyse their sales strategies. How much do they reduce prices for sales? This technique can help you to understand who your competitors are and how they operate their businesses.

Pricing and sales.

Your pricing strategy is another marketing technique you can use to give yourself a competitive edge. Get a feel for the prices your competitors are offering. Determine whether your prices are in line with competitors in your market area and in line with industry averages.

Some pricing strategies are:

- Parity pricing (offering a similar price to your competitor)
- Pricing below competition
- Pricing above competition
- Service margins as a percentage of the costs of:
 - Service components
 - Material costs
 - Labour costs
 - Overhead costs

Where GST is applied, purchasing supplies from their source, or as close to the source as possible, will shorten the supply chain, reduce the number of times the GST is applied and reduce the cost of supply. This may give your business a competitive edge.

The key to success is to have a well-planned strategy, to establish your policies and to constantly monitor prices and operating costs to ensure your profits are adequate. Even in a franchise where the franchisor provides operational procedures and materials, it is a good policy to keep abreast of the changes in the marketplace because these changes can affect your competitiveness and profit margins.

Use this price/quality matrix to help you review the pricing strategies of your competitors. Determine which of the strategies they use, if it is effective and why it is effective.

PRICE/ QUALITY MATRIX SALES APPEALS

Price/Quality	High	Medium	Low
High	'Rolls Royce' strategy	'We try harder' strategy	'Best buy' strategy
Medium	'Outperforms' strategy	'Piece of the rock' strategy	'Smart shopper' strategy
Low	'Feature packed' strategy	'Keeps on ticking' strategy	'Bargain hunter' strategy

Advertising and Public Relations.

How you advertise and promote your goods and services may make or break your business. Many business owners operate under the mistaken concept that the business will promote itself and channel money that should be used for advertising and promotions to other areas of the business. But no matter how good your product or service, if you don't let people know what it is and how to get it, it is like not having a product at all.

Devise a plan that uses advertising and networking as a means to promote your business. Develop short, descriptive copy (text material) that clearly identifies your goods and services, where to get them and what they cost. Talk directly to your target markets in words which will appeal to them, through media (newspapers, radio, TV) which they expose themselves to.

In the case of a franchise, the franchisor might provide advertising and promotional materials that you and your staff develop. Whether or not this is the case, as a courtesy, allow the franchisor the opportunity to review, comment on and, if required, approve your materials before you use them. Make sure the advertisements you create are consistent with the image the franchisor is trying to project. Remember, the more care and attention you devote to your marketing program, the more successful your business will be.

GETTING TO KNOW YOUR PRODUCT FROM YOUR CUSTOMERS' POINT OF VIEW

When analysing your product or service from your customers' point of view, bear the following things in mind:

- The advantage must be clear: When a competitive advantage can't be demonstrated, it won't be perceived as a benefit by the customer.
- The advantage must be important to the customer: When the perception of competitive advantage varies between the supplier and the customer, it's the customer's perception that matters.
- The advantage must be specific: A competitive advantage should have a specific benefit to the customer.
- The advantage must be appealing: When a competitive advantage is proven, it is essential that it is promoted to your customers.

Emphasise benefits rather than product features - sales maxim:

"Unless the proposition appeals to their INTEREST, unless it satisfies their DESIRES and unless it shows them a GAIN - then they will not buy!"

Consider the six ‘O’s of customer buying behaviour:

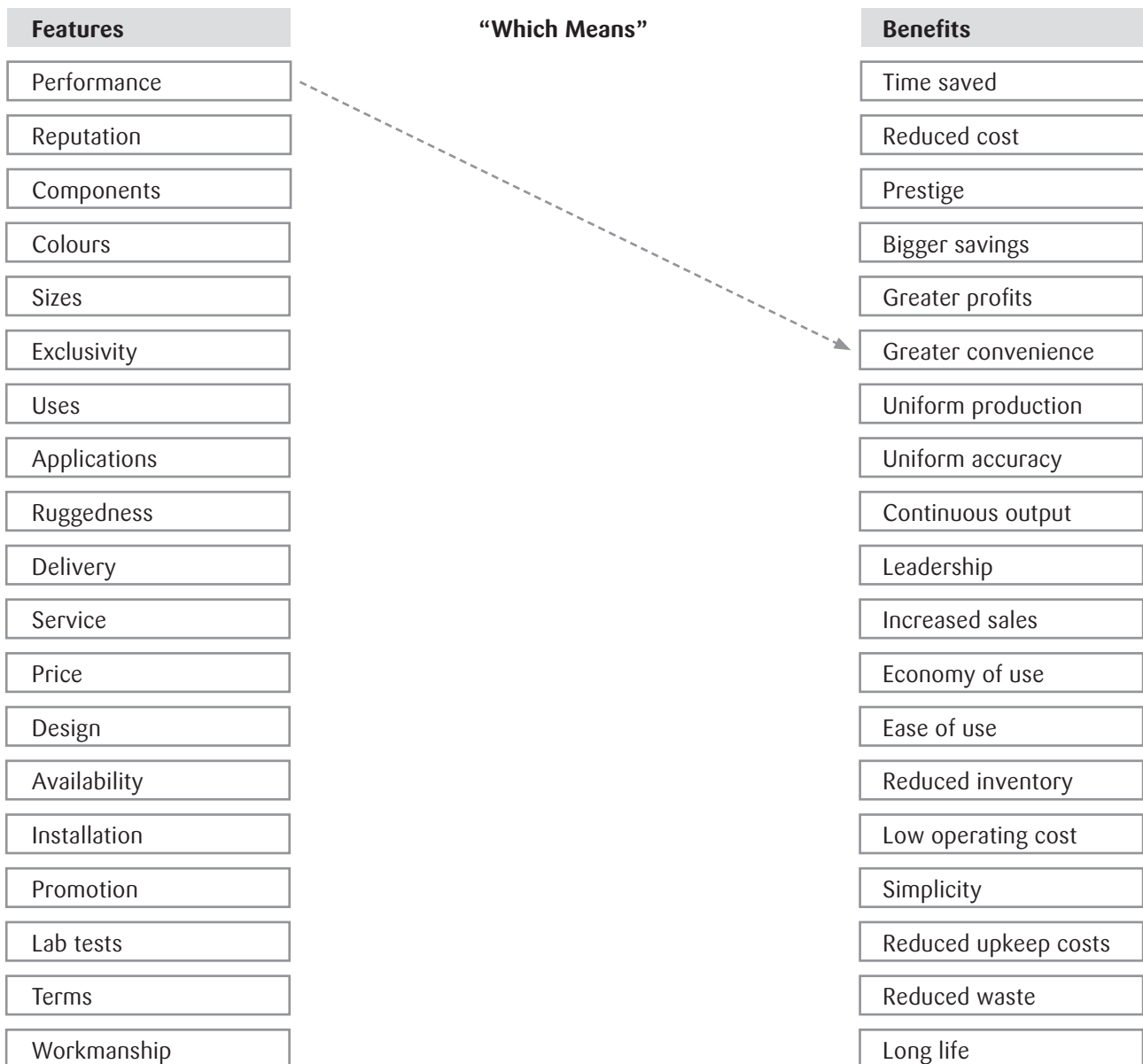
- ORIGINS of purchase: Who buys it?
- OBJECTIVES of purchase: What do they need/buy?
- OCCASIONS of purchase: When do they buy it?
- OUTLETS of purchase: Where do they buy it?
- OBJECTIVES of purchase: Why do they buy it?
- OPERATIONS of purchase: How do they buy it?

Consider the characteristics of quality customer leads when deciding who to target:

- Level of need
- Ability to buy
- Business history
- Authority to pay
- Accessibility
- Reputation (price or quality buyer)
- One-source buyer
- Sympathetic attitude

Identifying benefits.

Connect features with benefits using a line for the “...which means...” transition.



Buying motives.

Put a tick next to reasons why customers might buy your product or service.

Rational

- Economy of purchase
- Economy of use
- Efficient profits
- Increased profits
- Durability
- Accurate performance
- Labour-saving
- Time-saving
- Simple construction
- Simple operation
- Ease of repair
- Ease of installation
- Space-saving
- Increased production
- Availability
- Complete servicing
- Good workmanship
- Low maintenance
- Thorough research
- Desire to be unique
- Curiosity

Emotional

- Pride of appearance
- Pride of ownership
- Desire for prestige
- Desire for recognition
- Desire to imitate
- Desire for variety
- Safety
- Fear
- Desire to create
- Desire for security
- Convenience
- Desire to be unique
- Curiosity

GETTING STARTED ON YOUR MARKETING PLAN

Now that you've got some background on what a marketing plan aims to achieve, use the following materials to help gather information and focus your thoughts before you start writing.

I. MARKET ANALYSIS

A. Target Market - Who are your customers?

We will be selling primarily to (check all that apply):

		Total percentage of business
• Private sector	_____	_____
• Wholesalers	_____	_____
• Retailers	_____	_____
• Government	_____	_____
• Other	_____	_____

We will be targeting different customers based on:

- a. Product line
- b. Service type

We will target specific lines to:

(Copy and paste this for each different line or target segment.)

- Geographic area? Which areas? _____
- Sales? We will target sales of... _____
- Industry? Our target industry is... _____
- Other _____
- How much will this market spend on our type of product or service this coming year? \$ _____

B. Competition.

Who are our competitors?

NAME _____
ADDRESS _____
Years in business _____
Market share _____
Price/strategy _____
Product/service _____
Features _____

NAME _____
ADDRESS _____
Years in business _____
Market share _____
Price/strategy _____
Product/service _____
Features _____

NAME _____
ADDRESS _____
Years in business _____
Market share _____
Price/strategy _____
Product/service _____
Features _____

How competitive is the market?

High _____

Medium _____

Low _____

List your strengths and weaknesses compared with those of your competition (consider such areas as location, size of resources, reputation, services, personnel, etc.):

Strengths		Weaknesses	
Our Business	Competitor	Our Business	Competitor
1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	4
5	5	5	5

C. Environment.

The following are some important economic factors that will affect our product or service (such as trade area growth, industry health, economic trends, taxes, rising energy prices, etc.):

The following are some important legal factors that will affect our market:

The following are some important government factors:

The following are other environmental factors that will affect our market, but over which we have no control:

II. PRODUCT OR SERVICE ANALYSIS

Description.

Describe here what the product/service is and what it does:

Comparison.

What advantage do our products/services have over those of the competition (consider such things as unique features, patents, expertise, special training, etc.)?

What disadvantages does it have?

Further considerations.

Where will you get your materials and supplies?

List other considerations:

III. MARKETING STRATEGIES - MARKET MIX

Image.

First, what kind of image do we want to have (such as cheap but good, or exclusive, or customer-oriented or highest quality, or convenience, or speed...)?

Features.

List the features we will emphasise:

- a.

- b.

- c.

Pricing.

Decide where your product fits into the price matrix:

Price/Quality	High	Medium	Low
High			
Medium			
Low			

We will be using the following pricing strategy:

- Mark-up on cost _____
- What % mark-up? _____
- Competitive price _____
- Below competition _____
- Premium price _____

Do our prices cover costs and leave a margin of profit?

YES _____ NO _____

Are our prices in line with our image?

YES _____ NO _____

If not, how do we plan to adjust our image?

Customer service.

List the customer service we provide:

These are our sales/credit terms:

Our competition offers the following services:

Advertising/promotions.

These are the things we wish to say about the business:

We will use the following advertising/promotion channels:

1. **Television** _____

Reason for using: _____

2. **Radio** _____

Reason for using: _____

3. **Internet (website)** _____

Reason for using: _____

4. **Direct mail** _____

Reason for using: _____

5. **Personal contacts** _____

Reason for using: _____

6. **Trade association** _____

Reason for using: _____

7. **Newspaper** _____

Reason for using: _____

8. **Magazines** _____

Reason for using: _____

8. **Yellow pages** _____

Reason for using: _____

10. **Billboards** _____

Reason for using: _____

11. **Other** _____

Reason for using: _____

The following are the reasons why we consider the media mix we have chosen to be the most effective:

Now you've answered these questions, you're ready to start writing your marketing plan. Refer back to your answers here whenever you're unsure what to write.