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**Marketing Plans:
Saying How You'll
Get Sales**

Source: Entrepreneurial Small Business, Katz & Green, 2e
McGraw-Hill/Irwin

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Marketing Plan

- **Marketing plan:** a systematic written plan of all phases of marketing for a business, including information on the product, price, and distribution and promotion strategy, as well as a clear identification of the target market and competition
 - Will help you articulate what it is that you are going to do

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- **Marketing research:**
 - Can verify the size of the potential market
 - Show what the competitors are doing correctly
 - Also, their weaknesses
 - Reveal where potential customers are likely to shop
- **Primary research:** gathered to answer a specific marketing question

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- **Secondary research:** research for some other reason than your specific question
- **Secondary data:** information already collected for some other purpose than the current problem
 - BizStats.com
 - Economic Census: census.gov
 - Business Expenses Survey: www.census.gov/csd/bes/
 - Capital Expenditures Survey: www.census.gov/csd/ace/

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- **Primary data:** information is extremely current
 - Take some more time and money to gather it
 - Marketing research firms can do this for you
 - Zoomerang (www.zoomerang.com)
 - Vista (www.vanguardsw.com/vista)
 - Web hotlinks
 - SCORE (www.score.org)

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	Mail	Phone	Online
Setup	\$40,000	\$6,000	\$1,500
Invitations	34,800	66,667	500
Processing	38,560	72,000	0
Total	\$103,360	\$144,667	\$2,000
Cost/response	\$4.31	\$6.03	\$0.08

(Based on 12 surveys with 2,000 responses each.)

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- **Methods for gathering data:**
 - **Ethnographic research:** data gathered by simple observation – seeing what consumers do, rather than asking them
 - **Focus group:** form of data gathering from a small group led by a moderator
 - 8-20 people
 - Make sure questions are asked the right way
 - Participants paid for their time

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- **Survey:** data collection method using a questionnaire
 - **In person** tends to be the most expensive
 - Ask for clarification, or expand on the answer
 - **Mail** is the least expensive
 - Has the lowest return, and does not allow much flexibility
 - **Internet surveys** are gaining in popularity

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- **Question types:**
 - **Scalar questions:** answered by some sort of scale
 - "On a scale of 1 to 5, how do you like this book?"
 - **Dichotomous questions:** only two possible choices
 - "Have you shopped here before?"
 - **Categorical questions:** answered by selecting the proper category
 - "What is your ethnicity?"
 - **Open-ended questions:** allows respondents to express themselves

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Sales Forecasting

- One of the most important pieces of marketing plan
- Knowing what your sales will be
- Companies often base sales forecasts on historical sales, but new companies cannot do that

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- Products or services are **tied to others**
 - Estimate total market
 - Calculate what percentage of that market you can get
- Other products and services are **not tied** as neatly to others
 - Good situation for some marketing research
- **Next step** is to estimate average amount of sales per customer

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- See what **competitive products** are going for in the market
 - Search will find competitive products
 - Price bots:
 - Froogle (www.froogle.com)
 - Mysimon (www.mysimon.com)
 - Elance (<http://www.elanceonline.com/>)
 - Specialized in books (www.bestbookbuys.com)

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Example

Creating a Sales Forecast

- Sales forecast sets the standard for expenses, profits and growth
- Should show sales by month for the next 12 then by year for the following two to five years
- Some tips to get you started:
 - Develop a unit sales projection
 - Use past data if you have it
 - Use factors for a new product
 - Break the purchase down into factors
 - Be sure to project prices

<http://www.entrepreneur.com/startup/business/businessplans/businessplancoach/mbm/article7674.html> 12-13

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Differential Advantage

- **Differential advantage:** characteristic that separates one company from another
 - Competitive advantage
 - Create a differential advantage with one of the parts of the marketing mix (Price, Product, Place, Promotion)

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The Marketing Plan

- **Components:**
 - Discuss your **target market**
 - Explain your **current situation** (your competition)
 - Marketing **strategy** and **objectives**
 - **4 P's:** Product, Promotion, Price, and Place

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- **Target market:**
 - **Market segmentation:** process of dividing the market into groups that have somewhat homogeneous needs for a product or service
 - **Geographic segmentation:** many business choose to operate in one country
 - Service industries have no choice but to segment geographically

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- **Target market: cont.**
 - **Demographic segmentation:** income, ethnicity, sex, education level, marital status, etc...
 - Life cycle position
 - **Benefit segmentation:** benefits they seek (speed, safety, capacity, and the like)
 - Good value versus those more interested in reputation

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- **Target market: cont.**
 - **Three targeting strategies:**
 1. **Undifferentiated:** uses no segmentation; assumes that all consumers have virtually identical needs and can be reached by the same marketing mix

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- **Target market: cont.**
 - **Three targeting strategies: cont.**
 2. **Differentiated:** market selects two or more distinct groups of consumers and design specific marketing mixes to meet their needs
 3. **Concentrated:** marketer selects one specific group of consumers and designs a marketing mix specifically for that group

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- **Target market: cont.**
 - **Why bother with targeting?**
 - Don't waste a lot of effort and money
 - Determine purchasing behavior
 - Identifying the best ways of reaching these potential clients
 - Also pays to think about secondary target markets

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- **Current situation: what you have done over the past year and how effective these actions were**
 - Reflect on the political, economic, cultural, and other external environments
 - SWOT analysis
 - What things do you do very well and what things do you do less well

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- **Current situation: cont.**
 - Key component is considering your **competition**
 - **Direct competition:** other companies that make a similar product or provide a similar service
 - Direct competition for Coca-Cola includes all other soft-drink providers

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- **Current situation: cont.**
 - Key component is considering your **competition**
 - **Indirect competition:** companies that provide alternates that are dissimilar to your product/service that consumers might choose to meet a similar need
 - Indirect competition for Coca-Cola includes any other company providing items to quench thirst

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- **The 4 P's: Product, Promote, Price, Place**
 - When defining your product, describe all the details
 - Features, options, sizes, service elements
 - What improvements or changes do you foresee
 - Price determined by cost structure
 - How does it compare to that of the competition and industry?

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- What advertising tools will you use?
 - Flyers, Internet, print ads, television, radio, banners, and posters
 - Schedule
- Distribution system:
 - Mail order
 - Boxes to local post office or UPS
 - Daily or weekly
 - Cost to ship, packing materials

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- Written plan: specific details about your target market
 - Present and near-future situation, including competitors
 - Identify differential advantage
 - May include financial projections
 - Include budget
 - Major overall goals

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- Written plan: cont.
 - What should the written plan look like?
 - Software packages that help you work through the plan step-by-step
 - Marketing Plan Pro:
www.marketingplanpro.com
 - Consideration of whether the marketing plan is to be part of a business plan, or whether it is to stand alone
 - See Table 12.2

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Example

Market Planning Checklist

- Use this list to develop your marketing plan:
 - Have you analyzed the total market for your product or service? (features of your product?)
 - Have you described how your product or service will benefit your clients?
 - Have you prepared a pricing schedule?
 - Have you prepared a sales forecast?
 - How will you distribute your product?

<http://www.entrepreneur.com/marketing/marketingbasics/marketingplan/article24610.html>

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What's Next?

- Successful businesses are constantly **tweaking** their marketing plan
 - Decide what you want to accomplish next
 - Revise your marketing plan to reflect this next step
- Low-cost help:
 - www.sba.org
 - www.score.org
 - www.entrepreneur.com

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Summary

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