

**12**

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

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

## Chapter 12

### 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

12-2

## Chapter 12

- **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

12-3

## Chapter 12

- **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](http://census.gov)
  - Business Expenses Survey: [www.census.gov/csd/bes/](http://www.census.gov/csd/bes/)
  - Capital Expenditures Survey: [www.census.gov/csd/ace/](http://www.census.gov/csd/ace/)

12-4

## Chapter 12

- **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](http://www.zoomerang.com))
  - Vista ([www.vanguardsw.com/vista](http://www.vanguardsw.com/vista))
  - Web hotlinks
  - SCORE ([www.score.org](http://www.score.org))

12-5

## Chapter 12

TABLE 12.1	Cost Comparisons for Various Survey Methods <sup>a</sup>		
	Mall	Phone	Online
Setup	\$40,000	\$6,000	\$1,500
Invitations	34,800	66,667	500
Processing	38,560	72,000	0
<b>Total</b>	<b>\$103,360</b>	<b>\$144,667</b>	<b>\$2,000</b>
Cost/response	\$4.31	\$6.03	\$0.08

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

12-6

## Chapter 12

- **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

12-7

## Chapter 12

- **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

12-8

## Chapter 12

- **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

12-9

## Chapter 12

### 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

12-10

## Chapter 12

- Products or services are **not 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

12-11

## Chapter 12

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

12-12

## Chapter 12

### 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/businessplancoachimbern/article7674.html>

12-13

## Chapter 12

### 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)

12-14

## Chapter 12

### 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

12-15

## Chapter 12

- **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

12-16

## Chapter 12

- **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

12-17

## Chapter 12

- **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

12-18

## Chapter 12

- **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

12-19

## Chapter 12

- **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

12-20

## Chapter 12

- **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

12-21

## Chapter 12

- **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

12-22

## Chapter 12

- **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

12-23

## Chapter 12

- **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?

12-24

## Chapter 12

- 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

12-25

## Chapter 12

- 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

12-26

## Chapter 12

- 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](http://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

12-27

## Chapter 12

### 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>

12-28

## Chapter 12

### 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](http://www.sba.org)
  - [www.score.org](http://www.score.org)
  - [www.entrepreneur.com](http://www.entrepreneur.com)

12-29

## Chapter 12

# Summary

3-30