Developing Your Marketing Plan

Modified from the following source:
Dr. Stan Abraham, College of Business Administration, CA State Polytechnic University, Pomona
The Essential Questions

- Who are your primary customers (target market)?
  - Must be clear on this first
- Why will they buy from you?
- How can you reach them?
- How much will they buy over time?
- How much will it cost you to get them to buy?
- What assumptions are you making?
Components

- Know your target market
- Value proposition statement –
  - In one statement define what value your product or service offers to the customer
- Positioning
  - How potential buyers see your product; expressed relative to the position of competitors.
  - e.g., Avis: We’re #2 – We try harder.
- Advertising and promotion
- Pricing
- Distribution
- Pre-launch marketing activities and costs
Revenue Model

- Sales forecast ("most likely" case)
  - By month for two years
  - In both units and dollars
- Reasonable assumptions
  - Better to be conservative
- Must be realistic
- Must dovetail with production
- Generate a "worst case" scenario too
Example 1 – Restaurant

- Over time, patronage builds
  - Assume rate (based on advertising & promotion)

- In any evening, assume
  - No. of seats x percentage occupied
  - Average food and bar expenditure per person (based on menu and drink prices)
  - Number of seatings per evening (based on hours restaurant is open)

- Other revenues
Example 2 – Florist

- Estimate number of shoppers per day
  - More on holidays and weekends
  - Closed for one day each week on the slowest day

- Estimate an average purchase
  - Much more on special days like Valentine’s Day, Mother’s Day, graduation, etc.
  - More if you stock other items for purchase, e.g., vases, cards, balloons, etc.

- Patronage will build over time (based on advertising and promotion)
Forecast and Assumptions

- The sales forecast is your revenue projection
  - Do a ‘most likely’ case and a ‘worst’ case
  - Use supporting schedules linked to the main projection
- Your assumptions must explain *every* number on your projections
  - Line by line and month by month
Marketing Activities and Costs

What marketing-related activities must you do that will take time and cost money?

- Brochures
- Hiring and training salespeople
- Leasing cars and giving salespeople cell phones, laptop computers
- Hiring a PR firm
- Advertising in the local paper (or trade magazine)
- Creating a website
- Coupons, discounts, and special offers
- Market research

Estimate the time and cost of each one you use
Points to Keep in Mind

- Having a market-entry or marketing strategy does *not* constitute a marketing plan.
- You need to also define what you are going to do in order to implement the strategy:
  - What is the time frame?
  - How much will it cost?
- Estimate the results of your efforts:
  - This is the revenue model.
- Now you have a marketing *PLAN*.