

Developing a (very) Simple Marketing Plan

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arketing can generally be thought of as the efforts your company undertakes to encourage potential customers to buy your products or services. Marketing/Sales should be a *function* of your business, instead of something you think about once in a while. Furthermore, if you want your marketing efforts to be successful, they should be based on a *plan*, which is in turn based on real information (versus intuition). Marketing is one of the main elements of a business plan, and in practice, is what separates the successful businesses from the ones just getting by.

Your marketing decisions stem from knowing two things: Your *Positioning* and *Target Market*. The competitive and broader market landscape should also influence your marketing decisions. Your current objective (market share, profit, etc.) will also matter.

If you are in business, you are already marketing (whether consciously or not). A Marketing Plan is simply a description of what you will do to get more customers based upon your research about the market and your Positioning and Target Market. The plan will allow you to take *cohesive* actions that work together to support your marketing objective.

Let's begin to appreciate the process and value of developing a marketing plan and hopefully come up with enough to be of use to us *now*, and that we can expand on further if we wish. The following is designed to be done with relatively little time and effort.

Marketing Objective

What are you trying to achieve in the near-mid term? Are you just launching your business or product line and need to get established in the market? Are you trying to get the maximum number of people to know your brand? Are you trying to educate the market on how to use reindeer meat? Get higher prices? Sell more volume?

Market Analysis

You don't do business in a vacuum. The economy, industry, social trends, and competitors may all have an impact on your marketing decisions.

Market/Industry

Describe the current state of the market in which your business operates, and provide some facts about your industry. If you're confused about what constitutes a market versus the industry, don't worry about it—the important thing is that you have a picture of the factors that can impact your business and decisions—however. “market” generally refers to customers, whereas

your business and decisions—however, **market** generally refers to customers, whereas “industry” is about food and agriculture (probably). Include sizing and trend information, and don’t forget to cite where your data comes from.

Examples (brief): **Market** – *There are 2000 households and 1200 restaurants in the area. The average household spends \$7000/yr on food, 10% of that on produce. Farmers’ markets have been growing in number and attendance, with 1M locals attending in 2011,* **Industry** - *There are 100 managed herds in my area and approximately 60 are certified organic. The average size is 70 head and does \$75,000 in sales. Total farmgate revenues have risen by 10% each of the last 3 years (<http://usda.gov/ak>). There are 12 meat distributors serving the food service sector, who handle \$5M of local meat per year (Business Magazine, April 2012). In 2008, our area imported 1M pounds of meat (<https://whatever.gov/nass>).*

Competitive

List the other businesses that are the main alternatives for your target customers, along with their strengths and weaknesses, particularly relative to your business. Examples (brief, you do more work): *See first row of table.*

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Name	Pricing	Reach	Their Strengths	Their Weaknesses
Ralph's Reindeer	\$20/lb cut and wrapped fresh	12 restaurants in the area	Well-established, more head, he is looking to expand restaurant sales.	Inconsistent supply, spotty quality. Not branded at restaurants.

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Positioning

Positioning refers to how your prospective and existing customers think of your brand—what is your story? The positioning you decide upon will drive many of your marketing and branding decisions. Your positioning should help current and potential customers identify, understand, and remember your position. Addressing their emotions is more powerful than focusing on benefits, which in turn is more powerful than focusing on features or price.

Why would customers would choose to do business with you rather than your competitors? This doesn't have to be rational! Try to identify emotional reasons.

Now draft a positioning message using one or more of the reasons identified in the first step. This message should read as what the potential customer should think about your company/brand. It should put your brand in a **unique**/primary position as well as include a reason (emotional or rational) that the potential customer would want your product/service. *It often ends up sounding like a slogan or tagline.* This is tough, so don't be discouraged!

Review the positioning message. Does positioning reflect my personality? Does it create boring rational argument or does it sell emotional hope and aspirations?" Example: Nike's "just do it" positions them emotionally (no excuses, active, empowered, etc.). Always TRY to appeal to the heart, not just the head. Applied example: Grass seed company sells package of "Grass Seed" for \$0.99. It repackages the seed as "Lawn Seed" with a picture of a beautiful lawn for \$3.99. The Lawn Seed outsold the Grass Seed 4 to 1! People want the hope, feeling, and aspiration of a beautiful lawn. We can imagine their positioning should not be "XYZ has high quality, high productivity grass seed" but instead "XYZ creates beautiful lawns."

Is it consistent with customers' prior knowledge or experience? Minds are hard to change and so positioning should be consistent with what customers already believe. Focus on their perceptions rather than on the "reality" of the product. How do customers perceive my business now? Does it position me to be the FIRST to claim a UNIQUE position in the mind of my customer? Examples: Miller Lite (not the first light beer but the first to claim that Position); Virginia Slims (female smoker). If you can't own the niche, decrease size of niche until you can. You can also try to reposition the competition or position against or relative to the competition (example: 7-up the "uncola"; Avis "we tried harder" (relating to #1 Hertz)).

Target Market

Knowing who your current and desired customers are is key to marketing to them in the most

effective and efficient manner. Repeat the exercise below for each target market you intend to serve.

1. Give your target market a descriptive label (e.g., *Rich Hipsters*)
2. List their customer type (Consumer, Industrial, Reseller, Government, International).
3. List the characteristics that differentiate this target market from the overall population (for Consumer / Business types).
 - a. **Demographics** - Geography, Age / Business stage, Sex / SIC or NAICS code, Household income / Annual revenue, Ethnicity, Education, Occupation / Industry, Family size / Number of employees, Marital Status (this can often be found using secondary research sources, see *Research*).
 - b. **Psychographic** - Lifestyle, Personal behavior, Self-concept, Buying style, What do they value in comparable products/services? (This may take primary research such as surveys or interviews).
4. Determine the market potential for this target market. **Market size** - the number of potential customers in the target market in the geographic area you intend to serve. See *Research* section to calculate the population of the target market as closely as you can. **Pricing** – What is the average price paid by this target for similar products/services? **Volume** - How much (volume) does the target purchase in a year? You might be able to estimate this by: Annual volume per target individual = total market sales / population of market. Calculate the Market Potential: Market size x Average price x Annual consumption = Market Potential (for this target market).



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Target Market Label: _____

Demographics: _____

Psychographics: _____

Market Potential: _____

Tactics

Your marketing tactics are how you will implement your marketing effort. For each target market, brainstorm tactics that can achieve your **marketing objectives** (such as more unit sales) in the context of your **positioning** and **market analysis** that would make sense for your **target market**. Whittle down the tactics to those that you intend to execute (including pay for) over the next year. Brainstorm each of the four “P’s” of marketing and then circle the ones you intend to execute this year. FYI, other strategies for increasing sales (while not marketing, per se) could include partnerships, licensing, and use of agents.

Product – physical changes in product, packaging, labeling, quality, service/warranty, etc.

Pricing – changes in pricing, including promotional and volume pricing. Below are some methods of determining pricing (these are not pricing tactics):

- Skim – high price for short term profits or positioning. Where high volumes don't result in large drop in costs.
- Penetration - lower price for competition and market share. Where customers are price sensitive
- Keystone - % markup of cost
- Customary – price at “standard” level
- Psychological – make price more desirable (e.g., \$1.99 v \$2.00)
- Prestige – encourage perception of quality and status
- Pricing leader – price leader or follower?
- Competition - compare gross margin against industry standards like that in RMA, or known competitive prices.

Place (Distribution) – changes in how and where your product will be sold, transported, etc. Choosing an appropriate location for business <http://www.sba.gov/content/tips-choosing-business-location>. Things to consider when selecting Place:

- Market coverage
 - What markets you are trying to reach and with what objectives?
 - What service level and functions do you want to be performed by channel members?
- Channel member selection
 - Who will handle (self or others): Warehousing, Order processing, Inventory management, Packaging, Materials handling, Receiving, Transportation and shipping, Returns/warranty, Sales/Promotions
- Number of channels
 - Intensive – as many places as possible
 - Exclusive – limit
 - Selective – some
- Shipping options
 - FOB factory – buyer pays shipping
 - Uniform delivered price – standard price regardless of location
 - Zone price – depends on area delivered to

Promotion – advertising, trade shows, other forms of marketing communication. Some categories of promotions:

- Advertising
 - Yellow pages (long life), Newspaper, Magazines (allows for good targeting), Radio (more intimate than newspapers, lower cost per view than TV), Television, Outdoor, Email, Web (potentially very good targeting, ability to pay for actions not just views), Telemarketing
- Trade shows, www.tsn.com (useful for networking also)
- Sponsorships
- Direct mail, www.the-dma.org (allows for good targeting, expected response rate 3%, generally considered inexpensive on a per sale basis)
- Personal selling (see Personnel Selling section)
- Sales promotions (coupons, in store demos, POP displays, rebates, contests, etc.). Provide information and gain attention, provide customer with an incentive, encourage quick buying, for businesses to business also (Quantity discounts, Free stuff, Buy back allowances, Coop ads)
- Public Relations (press release and public events)
- Guerrilla (coupons, gifts, giveaways, contests, frequent/new buyer programs, exclusive offerings, events, cross promotions, referrals and word of mouth, email spam, web popups)



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Personal Selling

Personal Sales is not, strictly speaking, marketing. However, it is generally grouped together with marketing and is a very important method to sell to restaurants and retailers. Personal Sales involves a salesperson communicating directly with the buyer. The salesperson role may involve identifying potential customers, communicating with potential customers (understanding their needs and offering information and solutions), executing sales orders, and follow up after the sale. It is most often used when the number of customers is finite, and/or the value of the products/services is high, and/or the customers in that industry are accustomed to dealing with salespeople.

Based on the key role identified in the Management section, identify what potential customers they would be responsible for calling on, how their performance will be measured, and what the compensation system would be (e.g., commission-only, salary/wage, some combination thereof, and what the dollar amounts would be). Remember to incorporate compensation into your cash flow assumptions.

Branding Elements

Knowing your desired Positioning and your Target Market(s), describe any existing branding and any necessary realignment needed, including any name changes.

Brand Element	Current	Realigned
Brand name:		
Tagline:		
Internet domain name:		
Logo:		
Color scheme:		
Typeface:		
Spokesperson/character/voice:		
Packaging/labeling:		
Other:		

Milestones/Budgets

Marketing efforts, while ongoing, should be tied into the schedule of activities of your production schedule. Identify milestones, dates, and marketing/promotions budgets to accomplish the tactics proscribed above so that progress can be measured. You may want to determine overall budget based on a percentage of forecasted sales or based on competition/industry averages. New product/service introductions, particularly innovative or category-expanding products/services, will usually require greater than average budgets.

Here is where the rubber meets the road – unless you take action on your marketing plan on a consistent basis, it is just an interesting exercise.

Tactic	Begin	End	Budget	Responsible

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Research

Below are some sources of secondary data for market research:

Agricultural

- USDA State Marketing Profiles <http://www.ams.usda.gov/statesummaries/>
- USDA National Agriculture Statistics Service
<http://www.nass.usda.gov/index.asp>
- USDA Economic Research Service <http://www.ers.usda.gov/>

General Consumer & Business

- Google
- Trade associations
- American factfinder (factfinder.census.gov/home/saff/main.html?_lang=en)
- State & county quickfacts (quickfacts.census.gov/qfd/)
- www.stats.bls.gov (labor statistics)
- www.sbdcnnet.org
 - www.zipskinny.com
 - NAICS code www.naics.com
 - Consumer expenditure survey (www.bls.gov/bls/demographics.htm)
 - Business expenditure survey (www.census.gov/epcd/www/bes2002.htm)
 - Economic census www.census.gov/
 - IRS data www.irs.gov/