MARKETING PLAN THREE BY PATRICK OAKES PREPARED FOR

Patrick Oakes

**PRIORITY CONSULTING EXPERTS**

MKTG 3300, SPRING SEMESTER 2020 FOR DR. JACK A. LESSER 4/7/2020

1. **PRICING**

The primary focus of pricing in my consulting business will begin from the accounting "entry point" if you will. In other words, I did some formal research (psychographic segmentation) and, with some anecdotal trial and error, decided that the introduction of an accounting software product, with matching tax service and tax consulting services, was the best place to start. In part, I came to this conclusion by thinking of Amazon, and it's humble beginnings by using books as their entry point that carried them to full retailing, cloud servicing, and space.

In other words, begin with the right pricing, early in the game, on one product, accounting, and then progress to other areas such as; marketing, expansion, valuation, etc. So, as I mentioned before, I decided on the Odoo model of software(inexpensive, growth-flexible, open-source, international, and dynamic) because THEY had the right price for our clients and us. So I found their three main competitors. Below are a Pricing and Condition chart.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Pricing & Conditions | **Quickbooks Online Essentials** | **Odoo Accounting Online** | **Sage One Accounting Online** | **XERO** |  |
| **MONTHLY PRICING** | $27 | Free **1** | $10 | $30 **2** |  |
| Number of Users | 3  Monthly 30 Days  Yes  Yes  Yes | Unlimited n/a  Yes  Yes  Yes  No **3** | Unlimited Monthly 30 Days  Yes  Yes  No **4** | Unlimited 6 Months  Yes  Yes  Yes  Yes |  |
| Contract Duration |
| Free Trial |
| Free Updates |
| Hosting & Maintenance |
| Support |
|  |  | | | |  |

1. Odoo Accounting is free for unlimited users, as long as you use the Accounting app solely; when other apps are ad(Subscription, Sales, eCommerce, Inventory), the cost is $25/user with apps priced individually.
2. Xero costs $70 per month if you need multiple currencies.
3. If you use Odoo Accounting in the free offer, support is not included. If you have other apps added (ex. Subscription, Commerce, Inventory), general support is included at no charge in your monthly contract.
4. Only forums and tutorials.

So from the pricing table above, we can see that Odoo is the winner. Still, it is the "list price," and only if the client were to download the software and make all the accounting, implementation, data entry, bookkeeping, financial statements, and tax returns, etc. would this price be static. This price would be the "penetration pricing" model or loss leader but typically would use this as a platform to charge our clients the additional fees for our services. Nevertheless, it gives the client a list of options and comparisons. It sets up the ability to grow their business with Odoo with its many adaptable applications as an intangible benefit for them and a source of profit for the company.

.

Pricing (Chapter 11)

In starting to set a final price, think about your customers and research your competitors' prices then set three possible prices.

b.     Using your best judgment, select one of the three prices as your final price – provide justification for your choice.

Value = Perceived benefits / Price

In a survey of home furnishing buyers, 84 percent agreed with the statement: "The higher the price, the higher the quality.

price elasticity of demand The percentage change in quantity demanded relative to a percentage change in price.

Break-Even Analysis Break-even analysis is a technique that analyzes the relationship between total revenue and total cost to determine profitability at various levels of output. Figure 11–6 provides the data needed to conduct a break-even analysis. The breakeven point (BEP) is the quantity at which total revenue and total cost are equal. Profit then comes from all units sold beyond the BEP. In terms of the definitions in Figure 11–5: BEPQuantity = Fixed cost Unit price − Unit variable cost = FC P − UVC Calculating a Break-Even Point Suppose you are the owner of a picture frame

Profit Three different objectives relate to a firm's profit, which is often measured in terms of return on investment (ROI) or return on assets (ROA). These objectives have different implications for pricing strategy. One objective is managing for long-run profits, in which companies—such as many Japanese car or South Korean HDTV manufacturers—give up immediate profit by developing quality products to penetrate competitive markets over the long term. Products are priced relatively low compared to their cost to develop, but the firm expects to make greater profits later because of its high market share. A maximizing current profit objective, such as for a quarter or year, is common in many firms because the targets can be set and performance measured quickly. American firms are sometimes criticized for this short-run orientation. A target return objective occurs when a firm sets a profit goal (such as 20 percent for pretax ROI), usually determined by its board of directors

Patrick,

We've done some work on full production cost to provide software and support for Odoo accounting and invoicing for outsourced accounting and bookkeeping plan.

We will need to receive $320/month for each customer to provide software, configuration / setup, and support.  You will need to add your costs (cost of sales - commission, marketing, website, and accountants cost).  If your adding to your cost and profit margin and lets see if we can make a business plan to kick off in the next month or two.

Dynamic Price Policy In contrast, a dynamic price policy, or flexible-price policy, involves setting different prices for products and services depending on individual buyers and purchase situations in light of demand, cost, and competitive factors. Dell Inc. uses dynamic pricing as it continually adjusts prices in response to changes in its own costs, competitive pressures, and demand from its various personal computer segments (home, small business, corporate, etc.). "Our flexibility allows us to be [priced] different even within a day," says a Dell spokesperson.20 Dynamic pricing is not without its critics because of its discriminatory potential. One frequent criticism of dynamic pricing lies in the realm of "surge" pricing, which occurs when a company raises the price of its products or services if there is a spike in demand. Read the Making Responsible Decisions box to learn about the ethics and economics of surge pricing used by Uber and Lyft and decide where you stand on the practice.

Patrick,

We've done some work on full production cost to provide software and support for Odoo accounting and invoicing for outsourced accounting and bookkeeping plan.

We will need to receive $320/month for each customer to provide software, configuration / setup, and support.  You will need to add your costs (cost of sales - commission, marketing, website, and accountants cost).  If your adding to your cost and profit margin and lets see if we can make a business plan to kick off in the next month or two.

Paula,

**II. Target Market Segmentation**

I was able to find an exhaustive list of segments I would like to approach from Claritas Prizm. These all may seem to be different from each other, but so are the businesses they run. Some run urban coffee shops and need inexpensive consulting, and others run blue-collar services like plumbing and construction; still, others are young entrepreneurs who need help with accounting and CRM consulting.

**Segmentation list**

***Networked Neighbors:***

They are characterized by married couples with children, living in the suburbs, having high technology usage, and graduate degrees. Their jobs consist of business executives, managers, and professionals.

***Movers & Shakers:***

Couples are typically between the ages of 45 and 64 living in the suburbs. They are highly educated and have a high percentage of executives and white-collar professionals.

***Young Digerati:***

This segment is choosing to start families in fashionable neighborhoods on the urban fringe. They are highly educated and very tech-savvy.

***Winner's Circle:***

They live in suburban neighbors and are made up of 35- to 54-year-old couples with large families. They enjoy traveling and new experiences.

***Big Fish, Small Pond:***

Older, emptying-nesting, college-educated, the members of this segment are often among the leading citizens of their small-town communities.

***Fast-Track Families:***

This segment leads busy, active lives, often centered around the schedules and interests of their children. Always on the go, they frequent restaurant diners and shop at wholesale clubs.

***Upward Bound:***

This segment is made up of families, with college degrees, and new homes. They are above average technology users who own multiple computers.

***New Homesteaders:***

Young families are seeking to escape the suburban sprawl finding refuge in a collection of small rustic townships. They have child-centered lifestyles and a mix of jobs in white and blue-collar industries.

***Urban Elders:***

A segment located in downtown neighborhoods and are more likely to be renters than other households in their age cohort. They enjoy the cultural options available to them in their communities.

***American Dreams:***

This segment lives in urban areas. They are heavy grocery and convenience store shoppers, opting to prepare meals at home more than their urban counterparts in other segments.

***Township Travelers:***

Homeowners exhibit a blend of behaviors representative of their small-town environment. They enjoy outdoor activities like fishing and off-road biking but also enjoy the creature comforts of reading.

***Pickup Patriarchs:***

They live in areas that are somewhat rural but have more of a local taste. They are frequent golfers, boaters, and heavy shoppers.

***Up-and-Comers:***

Found in suburban areas and second cities, these mobile adults, mostly age 25 to 44, are college graduates who are into athletic activities and the latest technology. Many are continuing their education in the hopes of owning a home and achieving greater success in later years.

***Home Sweet Home:***

Widely scattered across the nation's suburbs and second cities, these residents tend to be younger, and families live in mid-sized homes. They are mostly under 55, have gone to college, and hold professional and white-collar jobs.

***White Picket Fences:***

Residents are married with children - some parents just began starting a family while others approach the empty-nest stage as their children age. They enjoy reading and following sports.

***Pools & Patios:***

This segment is made up of middle-aged suburban families. These residents work as white-collar managers and professionals; they are above average technology users.

***Connected Bohemians:***

This mix of young singles, couples, and families ranging from students to professionals all have one thing in common, being tech-savvy. They are always early adopters of the latest and greatest thing.

***Second City Startups:***

These families have settled in neighborhoods within smaller cities and metro areas. This segment tends to be average in technology usage.

**Y*oung & Influential:***

This segment is made up of young singles and couples who are very preoccupied with balancing work and leisure pursuits. Many are influential in their communities, social networks, and are incredibly tech-savvy.

***Urban Achievers:***

Residents live in urban neighborhoods with established careers and college degrees. They are active participants in their communities and strong supporters of their local professional sports teams.

***Bright Lights, Li'l City:***

They are college-educated, younger couples who settled in the nation's satellite cities and suburbs. Despite living further out from the urban downtowns, they still like to go out on the town for frequent meals out.

***Aspiring A-Listers:***

Typically, urban renters, they are focused on their social lives and dine out often. Also, they have above-average technology usage.

***Multi-Culti Mosaic:***

This segment is made up of singles and families living in urban neighborhoods.

***City Roots:***

Found in urban neighborhoods, this segment typically living in old homes they've owned for years. These residents are hard-working and enjoy traveling.

***Urban Modern Mix:***

These singles live near the city center and are considered average in technology usage. They also enjoy frequently online shopping.

***Striving Selfies:***

These younger singles and couples typically rent apartments and homes. They are among the most tech-savvy segments with some college credits under their belt.

***Generation Web:***

Having grown up in the age of the internet, these younger families are above average in technology usage. They are more often renters, living in suburban neighborhoods and second cities.

***Metro Grads:***

Middle-aged singles and couples still establishing themselves in their careers and their lives. They are settled in suburban areas and second cities but are often out and about.

***Multi-Culti Families:***

Middle-aged, urban households with moderate means. They enjoy a wide variety of media and are average in their overall use of technology.

***New Melting Pot:***

Residents are populated by a blend of families and singles in the nation's second cities. They are mainly high school graduates that rent and work in a mix of service jobs.

***Small-Town Collegiates:***

Mainly younger families and singles who are just starting. They are often students - full or part-time - focused on building a better life for themselves and their growing families.

***Second City Generations:***

Often multi-generational households with middle-aged parents or grandparents and new babies and young children all under one roof. They are entertained by a wide variety of media channels and programs.

***Low-Rise Living:***

Mostly middle-aged, singles and single parents. They rank above average in their use of technology - perhaps influenced by their urban, fast-paced environment.

***New Beginnings:***

Filled with younger, mostly single adults and couples just starting on their career paths in service jobs. They are a magnet for adults in transition; some are getting over a recent divorce or transferring to a new company.

***Bedrock America:***

This segment is made up of families in small, isolated towns located throughout the nation's heartland. They have modest educations, sprawling families, and service jobs.

T

he approximate size nationwide of all SME (the global term for Small to Medium-sized Enterprises) is 30.2 Million total businesses, of those probably 5 million are available to afford inexpensive software and consulting services.

 Primary product lines will be "need" based consulting to start with like a CRM, Accounting and bookkeeping, and merchant services. With small stores, also, some inventory software, and with small factories merchandising consulting and software. Restaurants will need unique consulting for food vendors and buying support consulting, sort of like a buying center consulting service. As the business grows, it will require "want" and "growth" based services. Marketing comes to mind, along with HR help and employee health coverage and insurance coverage.

 Product prices will begin with "out of the box" solutions based in the cloud and will be very cost-conscious maybe starting at $300 a month with an onboarding fee of $500. For mid-size businesses, onboarding will be $1000 to $2500 and $1000 a month. With full implementation services for complete business integration and larger projects, the fees will range from $30,000 on up to $150,000 in total.

 Rough demand for beginning cloud-based will be 5 to 10 clients a month in the beginning at $10000 onboarding and ongoing fees of $30000 a month. I expect 3 to 5 large projects a year at a total of $250,000. So total revenue could be between $500,000 to $1,000,000 gross receipts a year for first year to the second year.