

FINANCIALS SECTION OF A MARKETING PLAN

Some general guidelines...

3 year planning horizon

Look at INCREMENTAL profit that you would expect to generate as a result of implementing your marketing plan.

You should have three sections: 1. Assumptions 2. Analysis 3. Discussion

An example follows. The example is: Acme Softdrinks is about to launch a new line of citrus softdrinks targeted to CSUF students (35,000) and employe

ASSUMPTIONS

Each 12 oz bottle will sell for \$1.50 and generate a gross profit of \$.80.

Overall populations is 38,000

Percent that drink softdrinks is 60%

Average softdrink consumer consumes 200 bottles per year.

Without marketing support, the projected market share would be 2% in the first year, 3% in the second year and 5% in the third year.

With the proposed marketing support, the projected market shares would be 3%, 5% and 7%.

Cost of Marketing programs

	Year 1	2	3	
Advert.	\$10,000	\$10,000	\$7,000	
Events	\$5,000	\$3,000	\$3,000	
Salesforce	\$40,000	\$20,000	\$20,000	
Total	\$55,000	\$33,000	\$30,000	\$118,000

ANALYSIS

Without program

Market	38,000	38,000	38,000
Percent soft drinkers	60.00%	60.00%	60.00%
Number soft drinkers	22,800	22,800	22,800
Annual bottles per drinker	200	200	200
Total bottles consumed	4,560,000	4,560,000	4,560,000

Share	2.00%	3.00%	5.00%	
Volume	91,200	136,800	228,000	
Revenue per unit	\$1.50	\$1.50	\$1.50	
Revenue	\$136,800	\$205,200	\$342,000	
GP per unit	\$0.80	\$0.80	\$0.80	
Gross Profit	\$72,960	\$109,440	\$182,400	\$364,800
With program				
Market	38,000	38,000	38,000	
Percent soft drinkers	60.00%	60.00%	60.00%	
Number soft drinkers	22,800	22,800	22,800	
Annual bottles per drinker	200	200	200	
Total bottles consumed	4,560,000	4,560,000	4,560,000	
Share	3.00%	7.00%	12.00%	
Volume	136,800	319,200	547,200	
Revenue per unit	\$1.50	\$1.50	\$1.50	
Revenue	\$205,200	\$478,800	\$820,800	
GP per unit	\$0.80	\$0.80	\$0.80	
Gross Profit	\$109,440	\$255,360	\$437,760	\$802,560

DISCUSSION

Cumulative cost of the marketing program over the three year period is \$118,000

Incremental gross profit generated by marketing program = \$437,760

So, spending \$118,000 on marketing will generate and extra \$437,760 in gross profit

Net incremental gross profit = \$319,760

The program positive from a financial point-of-view

nd employees (3,000)

