**THE MARKETING PLAN**

**Purpose and Timing of the Marketing Plan**

The marketing plan establishes how the entrepreneur will effectively compete and operate in the

marketplace. Marketing planning should be an annual activity focusing on decisions related to the marketing mix variables. The marketing plan section should focus on strategies for the first three years of the venture. For the first year, goals and strategies should be projected monthly. For years two and three, market results should be projected based on longer-term goals. Preparing an annual marketing plan becomes the basis for planning other aspects of the business.

**Understanding the marketing plan**

The marketing plan should answer three basic questions:

**Where are we?** -The history of the marketplace, marketing strengths and weaknesses, and market opportunities.

**Where do we want to go (short term)?** *-* Marketing objectives and goals in the next twelve months.

**How do we get there?** -Specific marketing strategy that will be implemented. The marketing plan should be a guide for implementing marketing decision-making and not a superficial document. The mere organization of the thinking process involved in preparing a marketing plan can be helpful in understanding and recognizing critical issues.

**MARKET RESEARCH FOR THE NEW VENTURE**

Information for developing the marketing plan may require some marketing research. Marketing research involves the gathering of data in order to determine such information as who will buy the product, what price should be charged, and what is the most effective promotion strategy. Marketing research may be conducted by the entrepreneur or by an external supplier or consultant. Market research begins with definition of objectives. Many entrepreneurs don't know what they want to accomplish from a research study.

**Defining the Purpose or Objectives**

One effective way to begin the marketing plan is to make a list of the information that will be needed to prepare the marketing plan.

**Possible objectives:**

Determine what people think of the product or service and if they would buy it.

Determine how much customers would be willing to pay for the product.

Determine where the customer would prefer to purchase the product.

Determine where the customer would expect to hear about such a product or service.

**Gathering Data from Secondary Sources**

An obvious source is data that already exists, or secondary data, found in trade magazines, libraries, government agencies, and the Internet. The Internet can provide information on competitors and the industry, plus can be used for primary research. Commercial data may also be available, but the cost may be prohibitive.

A local business library can also provide access to reference sources and articles about competitors and the industry.

The entrepreneur should exhaust all possible secondary data sources, observation, and networking before beginning costly primary data research.

**Gathering Information from Primary Sources**

Information that is new is primary data. Observation is the simplest approach. Networking is an informal method to gather primary data from experts in the field, can be a valuable low-cost research method.

A recent study found that the most successful ventures were focused on information about competitors, the customer, and the industry. Less successful ventures were more focused on gathering information on general economic and demographic trends. Interviewing or surveying is the most common approach, but is more expensive. The questionnaire used by the entrepreneur should include questions designed to fulfill one or more of the objectives. Questions should be designed so they are clear and concise, without bias, and easy to answer.

**Analyzing and Interpreting the Results**

The entrepreneur can enter the results on a computer or hand-tabulate the results. Summarizing the answers to questions will give preliminary insights. Data can then be cross-tabulated to provide more focused results.

**CHARACTERISTICS OF A MARKETING PLAN**

An effective marketing plan should:

1. Provide a strategy to accomplish the company mission.

2. Be based on facts and valid assumptions.

3. Provide for the use of existing resources.

4. Describe an organization to implement the plan.

5. Provide for continuity.

6. Be simple and short.

7. Be flexible.

8. Specify performance criteria that can be monitored and controlled.

The marketing system identifies the major interacting components, both internal and external, that enable the firm to provide products to the marketplace. Environment factors, although largely uncontrollable, should be studied.

**THE MARKETING MIX**

The actual short-term marketing decisions in the marketing plan will consist of four important marketing variables, called the **marketing mix:**

1. Product or service.

2. Pricing.

3. Distribution.

4. Promotion.

Each variable should be described in detail in the strategy section of the marketing plan.

**STEPS IN PREPARING THE MARKETING PLAN**

**Step 1: Defining the Business Situation**

The **situation analysis** is a review of where the company has been and considers many of the environmental factors. The entrepreneur should provide a review of past performance of the product and the company. Industry analysis should include information on market size, growth rate, suppliers, new entries, and economic conditions.

**Step 2: Defining Target Market/Opportunities and Threats**

The entrepreneur should have a good idea of who the customer or **target market** will be. The defined target market will usually represent one or more segments of the entire market. **Market segmentation** is the process of dividing the market into smaller homogeneous groups. The process of segmenting is:

a.Decide what general market or industry you wish to pursue.

b. Divide the market into smaller groups based on characteristics of the customer.

c.Select segment or segments to target.

d. Develop marketing plan integrating the parts of the marketing mix.

**Step 3: Considering Strengths and Weaknesses**

It is important for the entrepreneur to consider its strengths and weaknesses.

**Step 4: Establishing Goals and Objectives**

Before strategy decisions can be outlined, the entrepreneur must establish realistic **marketing goals and objectives.** These answer the question "Where do we want to go?" These goals should specify such things as market share, profit, sales, market penetration, pricing policy, and advertising support. Not all goals and objectives must be quantified. It is a good idea to limit the number of goals to between six and eight.

**Step 5: Defining Marketing Strategy and Action Programs**

Strategy and action decisions respond to the question "How do we get there?" It incorporates:

**1. Product or Service**

This includes a description of the product and may include more than the physical characteristics. It involves packaging, brand name, price, warranty, image, service, features, and style.

**2. Customer Service**

Meeting customer needs and creating loyalty involves a number of low-cost steps:

* In writing develop a statement of customer service principles.
* Train those employees who have direct contact with customers.
* Establish a process for evaluating customer service.
* Reward employees who are most effective in providing quality customer service.
* Make regular contact with customers.
* Invest in quality telephone equipment.
* Meet customer expectations.
* Customer service is especially important for e-businesses.

**3. Pricing.**

One of the difficult decisions is determining the appropriate price for the product. Factors such as

costs, discounts, freight, and markups must be considered. Marketing research can help determine a reasonable price that consumers are willing to pay.

**4. Distribution.**

This factor provides utility or makes the product convenient to purchase when it is needed. This variable must be consistent with other marketing mix variables. Type of channel, number of intermediaries and location of members should be described. Regardless of the type of business, it is usually necessary for the new venture to have a website. The Internet will become an increasingly important medium for information and distribution. Direct mail or telemarketing may be considered. Direct mail marketing is one of the simplest and lowest in entry costs. But the direct-marketing or Internet strategies are not a guarantee for success. The entrepreneur should evaluate all possible options for distribution.

**5. Promotion.**

The entrepreneur needs to inform customers as to the product's availability using advertising media such as print, radio, or television. Usually television is too expensive unless cable television is a viable option. Larger markets can be reached using direct mail, trade magazines, or newspapers. A website may also create awareness and promote the product and services of the

venture. It is possible to make use of publicity as a means of introduction. It is important that the

marketing strategy and action programs be specific and detailed enough to guide the entrepreneur through the first year.

**Step 6: Coordination of the Planning Process**

The management team must coordinate the planning process. The entrepreneur may be the only person involved but may lack experience in preparing the plan.

**Step 7: Designing Responsibility for Implementation**

The plan must be implemented effectively to meet all of the desired goals and objectives. Someone must take the responsibility for implementing each decision made in the marketing plan.

**Step 8: Budgeting the Marketing Strategy**

Planning decisions must also consider the costs involved in the implementation of these decisions. This budgeting will be useful in preparing the financial plan.

**Step 9: Implementation of the Marketing Plan**

The marketing plan is meant to be a commitment to a specific strategy. A commitment to make adjustments as needed by market conditions is also valuable.

**Step 10: Monitoring Progress of Marketing Actions**

Monitoring of the plan involves tracking specific results of the marketing effort. What is monitored is dependent on the specific goals and objectives outlined.