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## THE NEXT VITAL STEP: YOU NEED A MARKETING PLAN

Many people include their marketing plan as a section in their business plan. Really, though, marketing is important enough that it deserves a plan of its own, separate from the technical details of the business. Here's what your marketing plan should include.

Your Marketing Strategy.

It might sound silly, but it's good to get the core of your marketing plan written down, just so people can see what the rest of your plan is aiming at. Keeping your strategy in mind can also be good when you receive offers to place ads here, there and everywhere – you can ask yourself whether it really fits in with your overall strategy.

Your Competitors.

You should have a list of everyone in your area who could be considered to be a competitor, followed by how you plan to differentiate yourself from them.

Advertising.

Your marketing plan should contain a comprehensive list of all the advertising you plan to undertake. This includes a website, advertising in newspapers, leaflets, and so on. For each method of advertising you should list an estimated cost, and the number of customers you expect the advertising to bring in. This allows you to work out your 'cost of acquisition', which is how much you need to spend on advertising to bring in a customer. The market works out so that this will be more for higher-end customers, and less for lower-end ones.

Pricing.

Your marketing plan should also list all of the pricing policies you plan to have, as well as any special offers that you think will be good. That doesn't mean that you can't make up new offers later, but it's still good to have some on the plan for the long-term.

An Example.

The Catering & Cake Co.: Marketing Plan.

**Strategy:** Our marketing strategy will be to advertise sufficiently that we will be the first company coming to mind when catering is needed in the Anytown/Othertown area. Marketing will be especially targeted towards people arranging weddings and people planning corporate events, so we will always be looking out for new ways to reach these customers. We will not repeat any marketing effort where the COA proves to be more than 20% of the profit those customers provide.

**Competitors:** In the Anytown area, the established catering companies are Cathy's Catering and Funfoods. Cathy's Catering mainly cater for low-end corporate events, while Funfoods specialise in food for children's parties. Our position in the middle-market means that we would be unlikely to provide children's birthday cakes, and could provide a higher-quality alternative to Cathy's Catering for corporate customers.

The company that we believe would be our main competitor is Luxury Food and Cakes, based in the Othertown area. They serve the same kinds of food we plan to, and to similar events. However, we differentiate ourselves from them by offering our food at far lower prices. While they use more expensive ingredients, our taste tests have shown that most consumers are unable to tell in blind taste tests which food cost more. Offering mostly indistinguishable quality at a lower price gives us a powerful way to move in on Luxury's customers.

**Advertising** (in order of decreasing cost-effectiveness):

Leafleting. \$0.01 printing per leaflet, 10,000 leaflets, plus delivery at \$100 = \$200. Projected 50 customers, COA \$4.

Local newspaper. \$500 per half page, run once monthly. Projected 100 customers, COA \$5.

Corporate mailshots. \$0.10 printing per mail, 100 mails, plus delivery at \$20 = \$30. Projected 3 customers, COA \$10 (however, customers are high-value).

'Weddings' magazine. \$200 quarter page, quarterly. Projected 20 customers, COA \$10.

**Pricing:**

Basic catering: cost + 50%.

Deluxe catering: cost + 70%.

Cake: cost + 100%.

Large cake: cost + 80%.

Personalised cake (large only): cost + 120%.

**Special Offers:** Business is slower in winter than in summer, so there are special winter deals. For example, we plan to offer 'every third person free' on basic catering to give extra value for corporate functions in the winter months (November, December, January, February). There will also be a 'free champagne' offer with the deluxe catering in these months.

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