

Factsheet: Writing a marketing plan



Overview

While most small and medium-sized businesses (SMEs) undertake various marketing activities – from advertising in the local paper to building a website – many do not have a formal marketing plan.

For small businesses, a marketing plan can be a short, straightforward document that clearly defines the market the company is operating in, its marketing goals, the strategies used to achieve these, and the effectiveness of the marketing activities.

This factsheet outlines the steps involved in developing a marketing plan, considering the key elements of product, price, promotion, people and distribution.

Benefits of planning

The key benefits of producing a marketing plan are:

- Identifying the current market in which your business is operating
- Providing focus and clarity for your company's marketing activities
- Enabling you to monitor and assess the success of campaigns
- Aligning your marketing plan with other strategic documents (such as your business plan)
- Boosting enthusiasm and motivation of employees who can easily relate to the action-oriented goals

Mission statement

Start your marketing plan by writing down your company's mission statement. If you don't have one, then you can create one simply by considering the following questions:

- What does your business sell?
- Who do you sell it to?
- How is this different from your competitors?

This is what marketers call your 'unique selling point' (USP) and it basically defines why you are in business, and what you can offer customers that is unique.

For example, an importer of exotic fruits may have the following mission statement: "To offer London's wholesalers a wide range of exotic fruits, delivered on time and competitively priced." In this instance, the product is "exotic fruits", the customers are "London wholesalers" and the USP is "timely delivery and competitive prices".

Market research

Your marketing plan should then provide a summary of existing research and knowledge of your market.

Target market

Whether you are a new business still looking to find a niche in the market, or if you have been operating for years with a stable customer base, you can benefit from defining your target market.

Try to cover the following questions in your marketing plan:

- How big is your target market?
- What geographic area do you sell to?
- What is the value of the market?
- What is your current market share?
- Is the market in a period of growth or decline?
- What trends in the marketplace favour your products or services?
- What trends present a threat?

Customers

It is also useful to identify the types of customers you sell to (or would like to sell to) – for example, what is their average age, sex, income, location and occupation? You may also want to consider customer behaviours, for example, how well do they know your product, how do they use it, and what do they think of it?

As well as providing information on your customers as a whole, it can also help to divide them into different categories, known as 'market segmentation'. For instance, a retailer of mobile phones may have two main customer groups – teenagers and businesses. By understanding the different needs of each group, the retailer will be better able to customise its marketing offer.

If your customers are primarily other businesses, then you can categorise them in terms of industry sectors, company size, turnover, and years of operation.

Competitors

Your marketing plan should also provide a brief analysis of your competitors. Consider the following questions:

- What competitors exist in your target market and/or market segments?
- Where are they based?
- What are their products and services?
- How do your products differ?
- What are their prices?
- What is their market share?
- What marketing activities or promotions are they running?

Current environment

Include a short section in your marketing plan on external factors likely to impact on your business. For instance, new laws or product regulations, an increase or decrease in Government expenditure, new competitors or new products, an increase in imports, or advances in technology that will directly impact on your sales.

Also, summarise your company's latest financial reports and sales figures by product and region. Historically, how well have your products sold? What are the most recent sales forecasts?

Marketing goals

By creating a number of clearly defined marketing goals you can easily evaluate your company's performance. The key is to make the goals:

- **Specific**
- **Measurable**
- **Achievable**
- **Realistic**
- **Timely**

An example of an ineffective goal would be "Increase sales this year", while a more specific and measurable goal would be "Increase sales of pre-packaged fruit by 15 per cent this year". To ensure that a goal is ambitious yet achievable, review your past sales for that product line and decide whether sales to new or existing customers, prompted by new marketing activities, will achieve the projected forecasts.

As well as increasing sales in specific product or service areas, other marketing goals could be:

- Cross-sell (or bundle) one product with another
- Enter into five long-term contracts with key clients
- Raise prices of one product line without reducing sales (by offering new package of after-sales support)
- Re-launch a product line to a particular customer group so that it makes up 30% of all sales for that product by year end

Marketing strategies

While the previous sections of your marketing plan provide the background information and strategic direction for your marketing activities, the bulk of your plan will be contained within the marketing strategies section.

It is helpful to divide this section into the five Ps – product, price, promotion, people and place – also known as the "marketing mix".

Product

This section should provide details of your current product and service range, including brand names. Are there any new products or services, or upgrades, to be launched in the coming year? Do you offer any add-ons, installation services, guarantees, or after-sales support?

Briefly summarise the main features of your products and how these can benefit the customer.

Rank the products which are the most profitable. After taking account of overheads, are any products loss-making?

Price

Summarise your current pricing structure and how it compares to your main competitors. State whether you will be increasing or reducing any product prices in the coming year, and the likely impact on profit margins.

Provide details of your payment terms, credit terms, special deals and discounts.

Promotion

Your marketing activities for the year should reflect the marketing goals that you have set. If you have ambitious sales targets in one particular market segment, or for one particular product, then your marketing tactics must support achieving this.

For example, if the goal is to increase sales of pre-packaged fruit by 15%, you may intend to achieve this by offering a range of special discounts throughout the year. Your specific tactics may include sending out an email marketing shot to existing customers and advertising the special offer in a trade magazine to attract new customers.

The main promotional tactics you can use are:

- Advertising – newspapers, trade magazines, directories, radio, television, billboards
- E-marketing – email shots, banner ads, affiliate programmes, pay-per-click, your website

- Direct marketing – sales letters, brochures, flyers, direct mail, sales promotions
- Public relations – press releases, expert opinion, guest speaker, community involvement
- Trade shows – exhibitions, roadshows, conferences, workshops, training
- Networking – meetings, events, social gatherings, online discussion groups

For each of your marketing goals, consider what combination of promotional tactics will be most effective. Allocate detailed budgets, responsibilities, targets and deadlines, as appropriate. If any of your tactics proves to be too expensive (such as exhibiting at a trade show), look for more cost effective ways to reach the same audience (such as visiting the show to hand out business cards).

Ensure that your marketing activities work together to promote a consistent message to your customers. This will help to build awareness of your brand and customers will remember you when they are ready to buy.

Remember, your promotional activities can be adapted as your business grows and according to changing market conditions. Your marketing plan simply provides the starting point in which you co-ordinate your promotional efforts.

People

Provide a short summary of the people who work for your business, particularly those who are customer-facing. Assess their strengths and weaknesses in the following areas:

- Industry knowledge and experience
- Professionalism
- Enthusiasm and dynamism
- Vision and creativity

Place/distribution

This section outlines how you sell to your customers, such as via a retail outlet, from your office, over the internet, directly or through an agent or distributor, as well as how you deliver (if different). You may want to consider how you would cope if you decided to expand operations. For example, if you already sell via a retail outlet and want to start selling online, do you have the capability to handle increased orders?

Measuring effectiveness

Finally, your marketing plan should provide an overview of the effectiveness of your marketing tactics, as well as if you reached (or exceeded) your marketing goals for the year.

While the bulk of your marketing plan will be for the year ahead, you should keep it up to date by adding key results from any marketing campaigns you run.

Work out the conversion rates for each type of marketing – how much did it cost to acquire the new customer? Also, consider the revenue you can expect to earn over the lifetime of the customer. Monitor your progress either monthly or quarterly to ensure you are on target to reach your goals.

Summary

As a small business, writing a marketing plan can often be low on the list of priorities. However, by considering each of the sections above you can give your business a clear direction for its future marketing activities and sales success. The key is to keep the plan short, simple and actionable.

Further information

- **Research for your marketing** -
<http://www.businesslink4london.com/advice/resources.cfm?typeID=5&tax1=10&tax2=0&resourceID=160>
- **Pricing** -
<http://www.businesslink4london.com/advice/resources.cfm?typeID=5&tax1=10&tax2=0&resourceID=115>
- **Advertising strategy** -
<http://www.businesslink4london.com/advice/resources.cfm?typeID=5&tax1=10&tax2=0&resourceID=77>
- **Marketing with your database** -
<http://www.businesslink4london.com/advice/resources.cfm?typeID=5&tax1=10&tax2=0&resourceID=195>
- **Selling techniques** -
<http://www.businesslink4london.com/advice/resources.cfm?typeID=5&tax1=10&tax2=0&resourceID=206>
- **Building customer loyalty** -
<http://www.businesslink4london.com/advice/resources.cfm?typeID=5&tax1=10&tax2=0&resourceID=99>