



# MARKETING

## **MARKETING**

### **WHAT IS MARKETING?**

Marketing is made up of activities designed to generate and facilitate any exchange intended to satisfy human needs and meet business objectives.

Another way to think of marketing is to think of a bridge that connects possible clients to your products. For example, a woman is interested in going on a hunting trip in the Barren lands, and you happen to own a outdoor adventure company offering such a product. Her need is to buy a hunting experience: your need is to find clients for the product you have developed. The next step is for you and the potential client to somehow find each other. Let us say that you have put an advertisement in a hunting magazine and that she buys the magazine, reads your ad and calls your toll-free number for more information. Presto you are in touch with each other's needs!

Now you both need to exchange something of value. After reading your brochure and talking to you on the phone, she is convinced you have an excellent product and is willing to exchange her money for your hunting trip.

Successful marketing is likely to occur when:

- A potential client and a product seller each have an unsatisfied need
- A company has the desire and ability to satisfy the need (the greater your desire to satisfy your needs, the more likely an exchange is)
- There is communication between the potential client and the company
- Each party has something the other values and is willing to exchange it.

### **EXERCISE**

Answer the following questions about you (the seller), your product, and about your potential client (the buyer).

- What is my need (e.g. to find 120 paying clients to purchase my product this season)?
- How committed am I to fulfilling this need (e.g. is the product ready to go, staff trained, facilities booked)?
- How will I get the attention of and communicate to a potential buyer (e.g. an advertisement, a booth at a trade show, highway signs, a toll-free number internet, web site)?
- What do I require in exchange for this product (e.g. price: \$1,475)

- What is the potential buyer's need (e.g. find a reputable operator offering high-quality, affordable trips in the NWT in early July (for herself and two friends)?
- What is her level of desire to satisfy her need (e.g. looking at the Yukon, along with product in Nunavut; has the first week of July booked for holidays; has the money saved)?
- How will she discover and communicate with me (e.g. will she see an ad, be referred through a past client, read about me in a recent magazine article, call my toll-free number, web site)?
- How does my product create value for the client (e.g. active, fun-filled days; great food; relaxing evenings; making new friends; photographing great scenery; education in hunting in the North)?

## **UNDERSTANDING WHY PEOPLE BUY TOURISM PRODUCTS**

Knowing why people buy tourism products can help you to establish your approach to both producing and promoting your products. For example, in an analysis of major studies dealing with the travel motives and expectations of ecotourists, Keszi (1997) identifies ideal opportunities that might be developed to attract the ecotourist. Ideally, a program should revolve around opportunities for visitors to:

- view and learn about unique natural environments,
- experience and learn about different aspect of a foreign culture, including lifestyles and history,
- be active and participate in a variety of activities,
- interact with people of similar interests and lifestyles in small group settings,
- explore off the 'beaten path',
- support local communities and conservation of the natural environment, and
- receive a high level of value from their experiences.

This information should also be considered in your marketing and promotional material. For example, ecotourists show a greater-than-average involvement with, and patronage of, conservation organizations.

Consequently, the newsletters and magazines produced by or in support of these organizations (e.g. Canadian Geographic, Equinox or Borealis) would be appropriate vehicles in which to advertise. Perhaps you can also encourage a feature article in a magazine by hosting a staff writer on a familiarization tour. Check with your territorial tourism group.

### **TOURISM PRODUCT as a “NEEDS SATISFIER”**

People buy a product or service because they have an unsatisfied need. Here are some examples of how the tourism industry satisfies needs.

- A family from Alberta is looking for an exciting, fun-filled adventure, so decides to go skiing in the Rockies over the Easter holidays.
- A married couple wants to go on an active holiday to an exotic Canadian destination, so joins a two-week sea-kayaking tour of the Queen Charlotte Islands.
- A photographer needs unique images of northern latitudes, so she goes on a guided 10-day hiking trip in the Yukon's Kluane National Park.
- An Ontario high-school basketball team is in Montreal for a tournament and needs a safe, fun-filled afternoon adventure, so they go jet boating on the Lachine Rapids outside Montreal.
- A retired farming couple from England is coming to Canada to visit relatives and is interested in comparing farming lifestyles, so they join an agricultural tour in Saskatchewan.

Your promotional material must reflect how your product can fulfill unsatisfied needs so that you can attract business and satisfy customers.

### **REASONS WHY PEOPLE PURCHASE TOURISM PRODUCTS**

- to go to unique places -for variety and novelty
- to learn about cultural and natural history
- to learn about the lifestyles of others
- to view wildlife and wilderness areas
- to be active/outdoors and with family and friends
- to re-enact the lives of past explorers or settlers
- to be challenged
- to sketch/paint/photograph in unique settings
- to meet like-minded people
- to help protect wildlife values and wilderness

### **EXERCISE**

Make a list of ten reasons why someone might buy your product.

## **MARKETING INTANGIBLES**

The product in tourism is, for the most part, intangible, meaning that the product cannot be touched. It is very likely that what you are selling is an experience. This means that a potential buyer has no way of touching, examining or testing the product prior to purchasing. The experience will be produced and consumed at exactly the same moment.

As a marketer, you need to be aware of this and focus on creating 'tangibles' to help buyers over their natural reluctance to buy intangibles. This can be done in a number of ways. You could use:

- photos or videos of people using your product
- testimonials from past clients, emphasizing your company's reputation for reliability and quality products
- magazine and newspaper articles, as well as radio and television interviews about your product
- descriptions highlighting what is commonly experienced with product use
- detailed itineraries of where you go and what you do so that people can envision the product
- a brochure that provides answers to commonly-asked questions

In short, you need to find ways to reassure your potential clients about your intangible products. Their reluctance to buy must be reduced.

## **EXERCISE**

Write a list of ten ways that you can create 'tangibles' from your intangible product.

## **THE SEVEN STEPS to MARKETING SUCCESS**

- Step 1 - Do the Research
- Step 2 - Get to Know your Customer
- Step 3 - Develop Effective Promotional Materials
- Step 4 - Promote Effectively
- Step 5 - Get Marketing Help
- Step 6 - Be an Effective Salesperson
- Step 7 - Develop a Marketing Plan

## **STEP 1 – DO THE RESEARCH**

Research is one of the keys to business and marketing success. This information can be gathered from two sources.

1. **Primary information** is gathered specifically by you or by someone you hire. To gather pertinent information, you need to:

- define the information
- consider who, what, where, when and why
- establish the best method of gathering this information
- establish the survey numbers needed for accuracy
- design a survey
- use focus groups
- implement the survey and gather the data
- interpret the data
- implement the necessary strategies

This method of research, while the most accurate for your individual purpose, is seldom undertaken. It is costly and takes time and expertise to gather accurate and appropriate information.

2. **Secondary information** has already been gathered and published, and can be useful to your business.

Looking for existing research material is a much simpler method of getting information. While this information will not be about your product specifically, you can search for material that is from businesses with similar products, or search for general industry information that applies to your needs.

This information is often available from:

- provincial/territorial tourism departments
- tourism education councils
- local or regional tourism associations
- chambers of commerce
- local economic development offices
- government census
- travel associations
- marketing companies
- consumer-information businesses
- libraries
- the internet

While finding, reading and assessing secondary market research is time-consuming, the effort will pay off in the long run. The information will help you to:

- analyze the market in terms of trends, growth, issues, etc
- analyze the market potential for your product
- create strategic planning
- develop customer profiles
- create effective promotional material
- analyze the effectiveness of your advertising and promotion
- make decisions on the market and product diversification

### **EXERCISE**

You cannot effectively develop, diversify or promote a product if you do not know your customers' characteristics, motivations or interests. Here is a list of questions to ask yourself about your product.

The answers to many of these questions are available through secondary research sources. Being able to answer them will reduce the risks involved when considering a new product.

- Is the industry growing?
- What are the current trends within the industry?
- Who are the leaders in the industry, and why are they successful?
- What types of marketing strategies are prevalent in the industry?
- Are there regulations that affect the industry?
- Is there customer loyalty in the industry?
- Is the industry sensitive to economic fluctuations?
- Are there technological changes happening or required in the industry?
- What are the financial characteristics of the industry?
- Is my market clearly identified?
- By what methods am I able to reach my market?
- What is the size of the market?
- How fast is the market growing?
- Can the market be segmented?

- What types of people buy this product/service?
- Does the product/service have limited appeal based on geography?
- Is the product/service seasonal?
- What do potential or existing customers like about my competitors' products/services?
- What makes my product/service unique relative to others in the marketplace?
- What are current buyers paying for comparable products/services?
- What factors are most important to buyers when selecting a product/service (e.g. price, quality, delivery time, etc.)?
- What is required to succeed in this market?
- How many competitors will I be competing against?
- Can the market sustain another player?
- How do my competitors reach the market?
- Are my competitors making any changes to their products?
- Are my competitors successful? Why or why not?
- How are my competitors' fees, operations and marketing plans structured?
- What else do I know about the marketplace, my competitors, regulations, industry changes, etc

## **STEP 2 – GET to KNOW YOUR CUSTOMER**

It is important to get to know your customer profile for many reasons. Most importantly, you need to be able to locate your customers, and you need to determine what their needs are.

Selling to the mass market is like looking for a needle in a haystack. There are lots of people out there, with few potential buyers among them. You must develop a 'typical customer profile' in order to know who you are specifically targeting (i.e. your target market). Once you know this, you can create strategies to promote your product directly to those you are targeting. Mastering this process will save you both time and money.

The first step is to reduce the 'mass market' down to a 'target market' by eliminating those who are not interested or unable to use your product. Depending on your specific product, there are many possible reasons why people will not or cannot purchase your product.



### EXAMPLE

Let us look at a guided 12-day backpacking trip through Pangnirtung Pass on Baffin Island in Nunavut. This trip would retail for about \$6,000 with transportation. We can immediately eliminate a large percentage of the mass market by looking at the limiting factors.

<b><i>Factor:</i></b>	<b><i>Target Market Must:</i></b>
<u>Time</u>	<u>have a two-week time frame</u>
<u>Cost</u>	<u>have \$6,000.00 and be willing to exchange it for this trip</u>
<u>Interest</u>	<u>be interested in wilderness hiking and northern regions</u>
<u>Fitness</u>	<u>be fit enough to comfortably carry a pack in rough terrain</u>
<u>Skill level</u>	<u>be familiar with camping in wilderness settings</u>
<u>Comfort</u>	<u>be able to deal with the cold and often windy climate</u>

Your product might have additional or different limiting factors, such as geographic location, the need for specialized clothing or equipment, age-related factors, level of risk, etc.

Those people who satisfy the limiting factor criteria become your target market. They have the time, money, ability and interest in your product and, in this example, also the necessary skills.

Think of the target market as the group of individuals with the necessary prerequisites to participate.

### EXERCISE

Using the following chart, check off the limiting factors that apply to your product and then list the necessary prerequisites. For example, consider a day-long sea-kayaking tour in the North West Territories.

<b><i>Factor:</i></b>	<b><i>Target Market Must:</i></b>
<u>Time</u>	<u>be able to commit one full day</u>
<u>Cost</u>	<u>be able to pay \$200.00</u>
<u>Skill level or experience</u>	<u>no previous experience or skill necessary</u>
<u>Comfort</u>	<u>be comfortable in small boats</u>
<u>Tour location</u>	<u>be visiting the area or be within a two-hour drive</u>

Interest\_\_\_\_\_

enjoy natural history, ocean travel, being active

Do the same for your product.

***Factors:***

***Target Market Must:***

Time\_\_\_\_\_

Cost\_\_\_\_\_

Interest\_\_\_\_\_

Fitness level\_\_\_\_\_

Previous experience\_\_\_\_\_

Skill level\_\_\_\_\_

Comfort\_\_\_\_\_

Tour location\_\_\_\_\_

Level of risk\_\_\_\_\_

Health\_\_\_\_\_

Specialized clothing\_\_\_\_\_

Equipment needs\_\_\_\_\_

The right-hand column in the exercise begins to describe your target market. You must now begin to segment this target market into workable groupings so that you can attach a specific promotional approach to each grouping. Market segmentation means that you group potential buyers with similar qualities together so that you can more easily market directly to them. For example, if I was running whale-watching charters out of St. John's, NF and was looking for a way to build mid-week early season business, I might look at offering a discount to local people.

I have determined that many shift-workers have time off during the day, and so I select nurses, firemen and police officers as my market focus. This becomes an example of my segmented market.

Various demographic, geographic and psychographic criteria can be used in segmentation. It is important to select only those criteria that are most useful to your business. One way of determining whether a criterion would be useful is to ask yourself: If I knew this information about my customers (e.g. salary/income), could I use it to help market or sell

my product?' If the answer is yes, this is likely useful information.

### EXERCISE

Look back at the information about your target market in the previous exercise. What do you think they, as a group, will look like?

Consider the market segmentation criteria in the following example.

### EXAMPLE

An adventure travel company set out to develop a series of wilderness-based wildlife-viewing programs. In order to identify potential clients, the company developed the following client profile using secondary research data as well as the statistics from one operating season of the business (primary research).

Demographics	Client Profile
Age	Usually 45-65 years of age; some families with small children
Gender	53% female
Education	75% have post secondary education: 40% have university degrees
Average household income	> \$60,000
Occupation	semi-professional and professional
Geographics	Client Profile
Central Canada	45% primarily from Toronto area
Other Canada	30% primarily from BC
USA	20% primarily from California, Boston, NY, Washington, Detroit.
Overseas	5% primarily from Europe (England, Germany, France)
Psychographics	Client Profile
Adventure-seeking	Want activity with low level of challenge and little or no actual risk; families prefer camping, older age group prefers rustic lodging

Activity-specific interest	photography, environmental education, cultural education, non-consumptive travel
Location-specific interest	eastern Arctic, Rockies, west coast BC, national parks
Culture-specific interest historic sites	indigenous peoples, early explorers, native art,
Activity level	well above average for their age group
Fitness level	average to high for their age group
Environmental awareness	most place environmental concerns high on their social priority list and are involved with at least one environmental issue

### EXERCISE

Now try this for your product. In the second column, fill in what you think your targeted clients will look like. This will be your client profile.

Demographics	Client Profile
Gender	
Education	
Income level	
Marital status	
Family size	
Occupation	
Home ownership	
Religion	

<b>Geographics</b>	<b>Client Profile</b>
Local	
Regional	
Provincial/territorial	
National	
North American	
Rural/urban	
Overseas	
Size of the city	

<b>Psychographics</b>	<b>Client Profile</b>
Fun-seeking	
Adventure-seeking	
Risk-taking	
Trend-setting	
Status-seeking	
Spiritual	
Family oriented	
Activity interests	
Location interests	
Education interests	
Cultural interest	
Memberships	
Subscriptions	
Fitness level	
Health and condition	
Environmentally-concerned	

Socially-responsible	
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### STEP 3 – DEVELOP EFFECTIVE PROMOTIONAL MATERIALS

Effective promotional material needs to achieve AIDA

- A** get people's **attention**
- I** generate an **interest** in the product or service
- D** create a **desire** or **demand** to purchase
- A** get people to take **action**

#### ATTENTION

You need to get the attention of your market in order to communicate your message and make those people aware of the products and services you have to offer. Failure to do this ends the process.

Examples of ways to get people's attention include:

- Headlines
- Newspaper/magazine advertising
- Humor
- Newsletters
- Brochures
- Testimonials
- Photographs
- Being newsworthy
- Personalities
- Graphics
- Cartoons
- Contest
- Unusual things
- Lectures
- Slide show
- Travel agents
- Travel writers
- Word-of mouth
- Wholesalers
- Familiarization tours

- Billboards
- Direct mail
- Storefront displays
- Networking
- Signs
- Contest giveaways
- Trade shows
- Radio television ads
- Personal sales
- Tourism services
- Co-operative marketing
- Sponsoring events
- Business cards
- Hosting events
- Posters
- Internet/Web page

## **INTEREST**

The potential client's interest needs to be held long enough to communicate the features and benefits of your product and to establish value for the customer: This can be done with the aid of well-written text, colourful descriptions and/or photographic images that allow consumers to imagine themselves involved with the product.

## **DESIRE/DEMAND**

The stated benefits of your product must align with the needs that the consumer is wishing to satisfy, or create a desire in the consumer: ***As a result, this client has the desire and demand for the product.***

## **ACTION**

The final step is to get those who are interested to take action and purchase your product. This may be as simple as letting them know how to contact your company, or it may require additional effort. It can be beneficial, in some cases, to create the need for immediate action.

To encourage action, you could offer, for example:

- a toll-free number for bookings or products
- 10% off if booked between now and April 15
- a free guidebook of the area to the first 30 clients signed up
- last year's price if booked before January 1

- to book clients now, as space is limited

## EXERCISE

Look at the following list of examples of promotional tools.

- |                         |                       |                        |
|-------------------------|-----------------------|------------------------|
| • Newspaper advertising | Brochures             | Radio/television       |
| • Lectures              | Familiarization tours | Personal sales         |
| • Slide shows           | Billboards            | Tourism services       |
| • Magazine advertising  | Direct mail           | Co-operative marketing |
| • Travel agents         | Store front displays  | Sponsoring events      |
| • Travel writers        | Networking            | Business cards         |
| • Word-of-mouth         | Signs                 | Hosting events         |
| • Wholesalers           | Contest giveaways     | Posters                |
| • Newsletters           | Trade shows           | Web site               |

Consider the promotional tools that you currently use, and ask yourself the following questions for each tool to see if it works well for you.

- Is it cost-effective (cost versus the number of potential customers generated)?
- Does it represent my product in an appropriate way?
- How long does it take to produce and distribute?
- Does it hold my potential clients' interest and create a desire to buy?
- How effectively does it sell the product?
- Does the tool reach the target market?
- Does it hold the target market's attention?
- Can it be used for more than one function?
- Does it create a dependency on high-cost marketing?

## FEATURES and BENEFITS

Features of products or services, as they relate to customers' needs and expectations, include facts, characteristics, advantages, itineraries, what is included, and the price. Benefits are different than features. Benefits, when properly expressed, identify what the products or services can do to satisfy the needs of the customer, e.g. educate, relax, enrich, thrill, raise confidence or provide a feeling of freedom. A decision to buy is based



on benefits, not features.

### **EXAMPLE**

A company is running a tour on Quebec's island de la Madeleine in the spring to photograph seal pups. In the following table, there are seven features of the tour listed on the left. The accompanying benefits of each feature are listed on the right.

#### ***PROGRAM FEATURES***

#### ***ACCOMPANYING BENEFITS***

Four days and three nights in length

- tour provides the time to get excellent photographs of seals and the area's unique landscapes
- tour will conveniently fit into a one-week holiday schedule from anywhere in North America or Europe - tour runs at a relaxed pace, so there is ample time to fit in individual requests for certain activities.

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Tour lead by renowned Canadian adventure-Photographer, Mike Beedell

- improve your photographic skills
- excellent photo opportunities, using Mike's expertise and local knowledge
- try some of Mike's photographic equipment to enhance your own photos

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Helicopter access to the ice edge each day

- smooth, safe access to the ice edge
- Panoramic and aerial views of the area
- aerial photographic opportunities
- short transportation time to and from the hotel
- helicopter pad is just a short walk from the hotel

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March departures

- best month for seeing seals
  - virgin white coats still on pups
  - low season in town, making for enjoyable shopping and sightseeing excursions
-

Hotel-based

- comfort and convenience of a full-service hotel
- entertaining evening lectures by Mike in the conference facility; large screen for informal slide presentations and a professional sound system.
- all meals available on site with the option of eating in local pubs and restaurants

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French-speaking community

- local Quebec flair and culture in combination with coastal community atmosphere
- bilingual staff and tour guides

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Skiing and snowshoeing options

- convenience of outdoor excursions right from the hotel door
  - flexibility of unaccompanied or guided trips
  - instruction available
- 

### EXERCISE

Identify five features of your product and the corresponding benefits to the customer.

Features	Benefits

#### **STEP 4 – PROMOTE EFFECTIVELY**

Let us look at three areas of promotion that are simple to initiate and relatively low in cost. Depending on your product and market, some of these suggestions may be more effective than others.

#### **PERSONAL SELLING and WORD of MOUTH**

These can be the single most effective ways to start a small business promotional campaign. Here are some ideas.

- Network with establish contacts to spread the word
- Use face to face contact with potential buyers
- Let people know what you do
- Ask satisfied customers for referrals
- Search out contacts and build relationships
- Be passionate about your product
- Help others promote their products

#### **PUBLIC RELATIONS**

This technique can help you to draw business and make you stand out as an industry leader. Ideas include:

- Get your business features in the media
- Offer your time and expertise to community associations
- Make presentations at conferences
- Volunteer for panel discussions
- Sponsor industry or community events
- Be a spokesperson for your community or business group

#### **ADVERTISING**

Although you must be very cautious about spending money on advertising, it can be very productive and efficient way to introduce your product. Some helpful hints to get you started are:

- Ads must be well developed
- Ads must be placed where target market will see/hear them
- Publication ads must be well placed
- Cost must allow for several, if not frequent, ads
- The number of responses per ad must be traced( cost per enquiry should be less

than five dollars)

- Have a specific objective in mind
- Have only one sales message
- Focus on benefits
- Make it clear, concise and to the point
- Include all contact information
- Make it traceable (so you can determine where the client heard about you)
- Get help to create professional-looking material.

## **STEP 5 – GET MARKETING HELP**

It is true that most of the work in starting up a small business will be done by you, but this is not to say that you have to do it alone. There are many ways in which you can solicit help, if you are willing to put the time and energy into identifying and creating the necessary connections with those who understand your product and your specific needs.

### **HELP FOUND in RURAL AREAS**

Most provinces and territories have economic-development officers or community-futures offices with trained staff to help new business owners get their businesses up and running. They offer workshops, bring in speakers and can often find experts willing to help with your specific challenges. It is also advantageous to set up a good business-networking group, in which all members have different areas of expertise that, when pooled, creates a valuable resource. You can work to help solve each other's problems, celebrate in each other's successes and work to promote each other's businesses.

### **HELP FOUND in URBAN CENTRES**

Also available to rural business, but usually only found in major centres, are the provincial and territorial tourism ministries, enterprise centres, business development offices, chambers of commerce, visitor and convention bureaus and municipal tourism offices.

These organizations are key to local new business development and, when used correctly, can have a significant impact on small business and tourism marketing efforts.

### **TRAVEL AGENTS**

Travel agents are in the business of selling tourism product directly to the general public. Most of this product is not owned or operated by the agency; it simply sells it on behalf of operators.

Some agencies specialize in adventure-travel products and can do a good job of representing your company, while others lack staff expertise in this field and so have a difficult time fielding questions and offering clients sound advice.

Agents generally take a 10% commission for their services and will book clients onto your tour as well as look after their other travel arrangements.

It is your job to get the promotional material on your product out to the agents, of which there are thousands in North America alone. This can be time-consuming and expensive and may offer little or no return. If your target market lives in a specific geographic area, this process might be worth further investigation.

## **WHOLESALEERS**

Tour wholesalers are generally in the business of marketing your product in areas of the world where barriers exist that make it difficult for you to do this yourself. As an example, a German wholesaler may approach you regarding your Ontario dog sledding program. He will promote this product to his clients in Germany who are interested in visiting Canada and seeking out such activities.

This process usually sees the wholesaler actively promoting your product to tour packagers; the wholesaler may also offer it, or the packaged tours, to German travel agents who will sell it directly to the general public. The commission cost of wholesaling is usually between (20% and 30%).

## **STEP 6 – BE an EFFECTIVE SALESPERSON**

The overall function of marketing is to align your product with consumers' needs and to promote this product to them. If this is done properly, there will be a direct match-up between what you are marketing and what a consumer desires. However, as all consumers are different, this potential client, although interested in your product, may not yet be ready to purchase. He/she may have questions, or may be 95% sure that this is the product for him/her, but may need some more information to be sure. These people are commonly referred to as 'qualified leads'.

A qualified client is one who wants or needs the products or services being offered and can afford them; who is, or can influence, the decision-maker; and who is accessible.

From *Saks Manager Workbook*, Canadian Tourism Human Resource Council, 1996.

If we use a retail store as an example, marketing is what gets people in the door and interested in the general line of merchandise. Sales are what lead them to the right product and ultimately the purchase. To get a qualified client from interest in your product to purchasing your product is sales work. Your business will require both a sophisticated marketing plan and a solid sales strategy. A basic sales strategy includes:

- fully understanding your product and its benefits
- getting to know and understand a client's unsatisfied needs
- listening carefully
- ensuring that a client is qualified, i.e. has the ability and desire to purchase
- uncovering all objections (the reasons why he or she is not yet ready to purchase)
- dealing with these objections one at a time
- asking probing questions

- being persistent, focused and considerate
- asking for the sale

For more on sales and selling skills, see the Canadian Tourism Human Resource Council's publication, ***Sales Manager Workbook***, 1996.

## **STEP 7 – DEVELOP a MARKETING PLAN**

A marketing plan focuses on a product/market relationship and consists of the detailed marketing strategies to be used to achieve the company's objectives in the market. Marketing plans are central to directing and coordinating the marketing effort. Typically, the goals and budget are set out for each quarter or for a year.

Creating a marketing plan consists of five steps: analyzing market opportunities; researching and selecting target markets; designing marketing strategies; planning marketing programs; and organizing, implementing and controlling the marketing effort.

A marketing plan has several sections, descriptions of which follow. Usually a marketing plan is about 20 -30 pages long. It must be clearly written and every point must be supported.

### **THE EXECUTIVE SUMMARY**

These few pages are the most critical piece of any marketing plan. Investors turn immediately to this section in order to get their first impression of the business. The executive summary must be comprehensive and complete. It should therefore be written last.

The executive summary presents a brief overview of the main goals and recommendations found in the proposed plan. It must be written so that it can stand-alone, as you may want to give this part only to those who have no need to read the entire plan. The summary must clearly and briefly explain:

- the company's products or services and the benefits they provide to users
- the market and competition
- the company's marketing goals and objectives
- a summary of the company's marketing intentions
- the amount of money needed to implement the plan, and how it will be used

### **THE CURRENT MARKETING SITUATION**

This section of the marketing plan presents relevant background data on the competition, distribution, the product and the market. Much of the data will be drawn from facts and/or marketing research.

## **MARKET SITUATION**

Data is presented on the target market. Market and /or geographic segment show the size and growth of the market. Data is presented on customer needs, wants, perceptions and buying behaviours.

## **PRODUCT SITUATION**

The sales, process, contribution margins and net profits are shown for each major product for the previous several years. If the product is new, this information may be limited.

## **DISTRIBUTION SITUATION**

This section presents data on the number of units sold through each distribution channel and the relative importance of each channel. Changes are noted in the effectiveness of distribution channels as well as in the prices and trade terms necessary to motivate channels to handle the product.

## **MACRO – ENVIRONMENT SITUATION**

This section describes the broad macroenvironment trends (demographics economics, technological, political/legal and social/cultural) that have a bearing on the product and its future.

## **OPPORTUNITY and ISSUE ANALYSIS**

On the basis of the data describing the current marketing situation, the marketing plan needs to identify the major opportunities/threats, strengths/weaknesses and issues the company faces with this product over the term of the marketing plan.

## **OPPORTUNITIES/THREATS (OT) ANALYSIS**

Opportunities and threats refer to outside factors that can affect the future of the business. Possible actions are proposed as responses. The writer should rank the opportunities and threats so that the more important or probable ones receive more attention.

## **STRENGTHS/WEAKNESSES (SW) ANALYSIS**

Strengths and weaknesses are inside factors. Company strengths point to strategies that the company might be successful in using, while company weaknesses points to things that the company needs to avoid or correct.

## **ISSUE ANALYSIS**

The company uses the findings of the O/T and S/W analysis to define the main issues that must be addressed in the plan. Decisions on these issues will lead to the subsequent setting of objectives.

## **OBJECTIVES**

### ***FINANCIAL OBJECTIVES***

These are specific long-term rates of return on investment and the profits the company projects it will achieve in the current year.

## MARKETING OBJECTIVES

The financial objectives are converted into marketing objectives. For example, if the company wants to earn \$90,000 profit and its target profit margin is 10% on sales, then it must set a goal of \$900,000.00 in sales revenue. If the company sets an average price of \$750 per package, it must sell 1,200 packages. If it expects total industry sales to reach 20,000 packages that translates into a 6% market share. To maintain this market share, the company will have to set certain goals for consumer awareness, distribution coverage and so on.

These objectives will guide subsequent research, strategies and action.

## MARKETING STRATEGY

The broad marketing strategy or 'game plan' is presented. In developing a marketing strategy, there are many possible choices. Each objective can be achieved in a number of ways. For example, an objective to increase the sales revenue by 10% can be achieved by increasing the average price on all units, by increasing the overall sales volume and/or by focusing sales efforts on selling more higher-priced units. You can try to convince more people to take their friends on trips or to take trips more frequently. By following the path of each objective, the strategic alternatives can be identified for each product.

## ACTION PLANS

A strategy statement represents the broad marketing thrusts that will be used to achieve the business objectives. Each element of the marketing strategy must now be analyzed to answer these specific questions:

- what will be done?
- when will it be done?
- who will do it?
- how much will it cost?

## SAMPLE ACTION PLAN

Objective	Timeline	Staff	Cost
Increase ad campaign by 20%	from Nov to Oct.	Susan	\$6,600
develop selling program	from Nov. to Oct.	Jill	\$1000
new-product development 'Birds and Bikes'	by March	Bill	\$ 500
slide-show program development	by February 1	Matt	\$2,800



## STATEMENT OF PROJECT PROFIT AND LOSS

From the action plan, a supporting budget is prepared. This is essentially a projected profit-and-loss statement. (Different profit-and-loss statements may be developed for different scenarios.) On the revenue side, it shows the forecasted sales volume in units, and the average package price. On the expense side, it shows the costs. The difference is projected profit.

Once approved, the budget is the basis for developing plans and schedules for operations, program scheduling, employee recruitment, marketing operations and the purchase of material and equipment.

## EXAMPLE

### REVENUE

<u>Program</u>	<u>Sales</u>	<u>Price</u>	<u>Revenue</u>
Birds and Bikes	24	199	4,776
Sailing	16	1900	30,400
Easy Hikes	68	29	1,972
Indoor Rock	45	29	1,305
West Coast Trail	28	790	22,120
Yukon Hike	18	2200	39,600
<b>Total</b>	199		\$100,173

### EXPENSES

<u>Item</u>	<u>Cost</u>
Administration	11,295
Programs	22,400
Wages	39,000
Marketing	7,500
Sales	6,500
Commissions	
Other	5,000
<b>Total</b>	\$91,695

## CONTROLS

The last section of the plan outlines the controls that will be applied to monitor the plan's progress. Some control sections include contingency plans. A contingency plan outlines the steps that would be implemented in response to specific adverse developments that might occur, such as a price war with another company or political disturbances in a particular country of operations. The purpose of contingency planning is to encourage prior thought to difficulties that might lie ahead.

## EXERCISE

### **MARKETING ASSIGNMENT # 1 – DIRECT MAIL**

Develop a letter outlining a product or service you are offering and enticing your target market to purchase it.

The letter should:

- take up a maximum of two 8.5 x 11 inch sheets
- be mailed (in an envelope) to your client base or purchased database names
- adhere to AIDA

- look professional and appropriate for the product you are selling
- highlight the benefits of your product
- include all the information necessary for the reader to make an , informed choice about your product
- include the necessary details of your business
- be traceable

**Before beginning your letter, respond to the following statements and questions.**

1. Describe your target market.
2. List four reasons why people in the target market should purchase your product or service.
3. What is the source of the names on your mailing list?
4. What is the overall budget needed for the mailing? (Provide details.)

Postage	_____ pieces @	_____cents = \$
Copy	_____ pieces @	_____cents = \$
Envelopes	_____ pieces @	_____cents = \$
Graphic artist		= \$
Handling		= \$
Cost of names	_____names @	_____cents = \$
Other		= \$
Total		= \$

5. How much product do you have to sell in order to make the mailing pay for itself? (Divide the overall mailing budget total by the total net profit of one sale.)
6. What is your projected percentage of responses?
7. How will your letter be traceable?
8. How do you feel this material:
  - gets prospective client's attention?

- generates interest?
- creates desire for your product or service?
- allows the reader to take action?

## **DIRECT MAIL - CHECKLIST**

### Envelope

- looks professional
- attracts attention
- addressed to client
- includes return address

### Letter

- Follows AIDA
- looks professional
- is appropriate
- highlights benefits
- outlines costs
- lists departure dates
- includes location of tour and of departure point
- grammar and punctuation are correct

### Business contact details

- company name
- owner or contact person
- address
- phone number
- toll-free phone number
- fax number
- e-mail address
- web site address

## EXERCISE

### MARKETING ASSIGNMENT # 2 -ADVERTISING

Develop a traceable publication advertisement for a particular product. The sample should represent the ad in size, colour, written content, type style and size, graphics and photographs.

Before beginning your advertisement, answer the following questions.

1. Who is the target market?
2. How will your ad:
  - attract attention?
  - generate interest?
  - create desire for your product or service?
  - allow the reader to take action?
3. What format do you plan to use and why?
4. In which publication will it appear? Why?
5. What is the preferred location in the publication?
6. What is the schedule of insertions?
7. Budget required:

▪ cost of insertion	\$ _____
▪ graphic artist	\$ _____
▪ photographic cost	\$ _____
▪ courier	\$ _____
▪ other	\$ _____
	\$ _____
	\$ _____
<b>Total</b>	<b>\$ _____</b>

### ADVERTISING CHECKLIST

Follows AIDA

\_\_\_\_attention  
\_\_\_\_interest  
\_\_\_\_desire/demand  
\_\_\_\_action

#### Other criteria

- \_\_\_attention-getting photograph or graphic
- \_\_\_headline catches attention
- \_\_\_text is clearly written
- \_\_\_ad is not crowded; there is enough white space
- \_\_\_message is clear
- \_\_\_looks professional
- \_\_\_is appropriate
- \_\_\_highlights benefits is traceable
- \_\_\_is directed at target market
- \_\_\_publication is valued
- \_\_\_preferred location is valued
- \_\_\_budget is available
- \_\_\_includes all necessary information
- \_\_\_grammar and punctuation are correct

#### Business contact details

- \_\_\_company name
- \_\_\_owner or contact person address
- \_\_\_phone number
- \_\_\_toll-free phone number
- \_\_\_fax number
- \_\_\_e-mail address
- \_\_\_web site address

#### **EXERCISE**

##### ***MARKETING ASSIGNMENT # 3 - BROCHURE***

Create a brochure for a product or service you are offering. The minimum size is 9 x 4 inches, two-sided; the maximum size is 8.5 x 11 inches, eight-sided. The piece should represent the scope, diversity, quality and professionalism of your business.

You will be mailing this brochure out to the clients in your database, putting it in brochure racks and giving it to distribution channels.

As you work on your brochure, consider the following:

- AIDA
- completeness of product information

- completeness of company information
- rackability (will it stand out on a brochure rack)
- needs of distribution channels (e.g. place for stamp on back)
- grammar and punctuation
- quality of photos and graphics
- layout and design
- appropriateness of piece as representation of product
- user-friendliness
- words 'printed in Canada' on it for custom's purposes

## **BROCHURE CHECKLIST**

Follows AIDA

- \_\_\_\_attention
- \_\_\_\_interest
- \_\_\_\_desire/demand
- \_\_\_\_action

Text

- \_\_\_\_grammar and punctuation are correct
- \_\_\_\_text makes sense and is clear

Photo/Graphic

- \_\_\_\_quality is excellent
- \_\_\_\_captions are appropriate

Layout

- \_\_\_\_headline catches attention
- \_\_\_\_text is not crowded; there is enough white space
- \_\_\_\_message is clear and stands out
- \_\_\_\_looks professional

Appropriateness

- \_\_\_\_fits with target market
- \_\_\_\_brochure is traceable
- \_\_\_\_all necessary information is on brochure

### User-friendly

\_\_\_\_reads easily

\_\_\_\_easy to unfold and refold

### Business contact details

\_\_\_\_company name

\_\_\_\_owner or contact person address

\_\_\_\_phone number

\_\_\_\_toll-free phone number fax number

\_\_\_\_e-mail address

\_\_\_\_web site address