

STEP-BY-STEP GUIDE TO THE MARKETING PLAN

STEP 1. Executive Summary

This section should summarize the entire marketing plan. Any reader of the plan will read this section first and it should enable the reader to put each of the following sections into an overall perspective. It should include:

- Concise description of your product.
- Explanation of how your product is different (better) than those of your competitors.
- Your product's competitive advantage.
- Your objectives for the product.
- Financial implications, including capital needed and expected sales and profits from the product.

This section will probably be the most memorable part of the entire document so must be accurate, well-constructed and persuasive. While it should be at the beginning of your plan, it should probably be the last part written.

STEP 2. Product Description

In this section you want to start building the case for your product. It should include enough specific information on the product so the reader has enough information to understand why your product is a valid opportunity for your business. A paragraph on product details and another paragraph summarizing the opportunity will probably be enough. This section really just lays the groundwork for the following detailed descriptions of the market opportunity, the competitive challenges, how the product will fit into the rest of your operations, what you intend to accomplish with the product and how you intend to reach your financial objectives.

STEP 3. Market Analysis

This section is probably the most important part of the plan. The information you provide should illustrate the size of the overall product category and potential for your product, justify why your product should be considered as an opportunity within that category, describe the scope and characteristics of the potential market and identify the key factors buyers consider when making a purchase decision.

When describing the overall market, try to use market statistics from reputable and recognizable sources. Industry studies from trade associations are often available and they may include historical and projected market trends that will add credibility to your plan. After describing the overall market, you then need to justify why you will be able to gain a position within the market and estimate how large of a share is possible.

The description of your target market should include any geographic or other barriers you may face and how you will address those challenges. Describe the potential buyers of your product as completely as you can. This includes the ages, cultural specifics, income categories, sex and marital status of the buyer, education level, household characteristics, occupational characteristics and any other information that demonstrates that you fully understand who the buyer of your product may be.

You then need to describe the decision making process of your potential customers. Is your product a necessity or a luxury? How often is the product purchased? Are potential customers most influenced by price, quality of the product or the service they receive when buying?

You must also address the potential for outside factors to have an impact on sales of your product. Are sales influenced by general economic conditions? Can your product become obsolete easily? Are there legal or regulatory issues to be considered?

STEP 4. Competitive Analysis

This section should deal with the competitors you will face in the market. Along with just identifying competitors, you should identify their strengths, weaknesses and how they operate in the market. Also, be sure to rank them in the order of how you perceive their strength in the market and also identify any potential competitors that you foresee entering the market. You should use this section to demonstrate your competitive advantage, or why your efforts will be successful in light of the competition.

The process of determining the strengths and weaknesses of your competitors will be extremely helpful in determining your overall marketing strategy (how you position your product in the market) and the specific tactics you will use to implement your strategy. You will identify ways to combat the strengths of your competitors and take advantage of their weaknesses. In addition, by understanding how they attempt to sell into the market, you can learn what works and what does not work.

Establishing a foothold in a new market or gaining a larger market share means that you must take business away from your competitors. If competitors have used a specific marketing tactic successfully, consider copying it. If several competitors have tried a tactic and it has not worked, learn why it was unsuccessful. If there was a flaw in it, you may be able to implement the same tactic without the flaw and find success. However, if their tactic was well executed and still unsuccessful, be very wary of trying it again. Why would you be successful if they were not?

STEP 5. Product Development

This section should provide details on how your product will be developed or enhanced to better compete. Include a description of the current status of your product and your plans for its ongoing development. Timelines, costs, personnel needed and details on how the product will come together will enable the reader to put this product into the broader context of your

company's operation.

If this product represents your entry into a new market or an entirely new type of product for your company, identify the risks associated with its development. If you anticipate that timeline will be long or that the product may not ultimately be able to be produced, be sure to identify how and when a decision to abandon the product would be made. If the costs and efforts of developing the product risk the ongoing viability of your company, you should be ready to make the necessary decisions.

STEP 6. Operations

This section will describe how this product will fit into the overall operations of your company. Be sure to address the following issues:

- Is it an extension of an existing product line or something entirely new?
- Will you need additional personnel with specific skills and are they available?
- Will you need additional space or a different location?
- Do you have the management staff in place to handle the development, marketing and ongoing support of the product?
- How much will it cost and do you have the financial resources to handle the new product?

STEP 7. Goals and Objectives

Detailing your aims for this product is important for several reasons.

- The financial goals for all of your individual products will identify your plans for the financial growth of the company as a whole.
- The financial goals for the specific product should demonstrate the economic viability of the product individually and hopefully how this product can provide a positive synergistic benefit to the company. For instance, if the new product opens an entirely new market, perhaps that new market could be an outlet for other products as well.
- The developing of the new product may strengthen the company by adding capable personnel whose skills can be utilized throughout the company or by utilizing available capacity.

There can be non-financial benefits associated with developing a new product and you should be sure to spell them out in this section.

The quantifiable goals and objectives to include in this section should include the anticipated costs to develop the product, your expected sales of the product and if possible your estimates on the share of market you expect to achieve with the product. These financial goals and estimates should be built into a timeline. That way you can track your progress as the product is developed

and sold.

STEP 8. Marketing Tactics

With the work you have done up to this point, you will have probably already identified many of the specific tactics you intend to use to introduce the product and promote it on an ongoing basis.

Mapping out and deciding on your marketing tactics requires you to consider several issues:

- **Introductory versus ongoing efforts.** Introducing a new product can take different types of activities than are needed once the product has established a foothold and is well known by potential buyers.
- **Positioning of your product.** How are you going to differentiate your product from those of the competitors? What is your competitive advantage and how are you going to make potential customers aware of it?
- **Pricing.** Determining a price can be difficult, especially if the product is substantially different from those of your competitors. Your pricing decisions will also be influenced by your long term goals for the product and your company. Initial pricing, price adjustments, volume discounts and profitability must all be considered.
- **Distribution channels.** Who exactly is going to sell your product and how are they going to be compensated?
 - **Distributors.** Have you identified the major distributors and determined if they are willing to represent your product? How will you educate or train these distributors or representative?
 - **Internal sales force.** Do existing sales representatives have the time, expertise and contacts to be successful? How will the new product be integrated into their compensation system? This becomes very important if you plan to provide an additional incentive for this product and try to ensure that other product sales are not neglected.
 - **Retail distribution.** If you already have existing sales locations, have you planned on space and promotional displays to introduce the product?
 - **Direct distribution.** How will you make potential buyers aware of the product? Have you considered the need for direct mail, advertising and Internet efforts?
- **Corporate driven activities to market the product.** Using advertising and public relations efforts can be effective for new product introductions. If you plan on these, have you identified the agencies that will do the work or are you going to handle them internally?

STEP 9. Financial Information

This section will be reviewed very closely, especially if you plan to use the marketing plan to secure financing. At a minimum, you will want to want three year projections for the product, including volume projections (dollars and quantities), net income projections for the product and

cash flow projections. You may even want to break down your projections on a quarterly or month-by-month basis.

STEP 10. Summary

Conclude your marketing plan by highlighting the product's potential, the competitive advantage your product has compared to the competitors' and the positive impact it will have on your company. The summary does not have to be long. Two or three paragraphs may be enough.