Chapter 4.2 Marketing plan

The marketing function is one of the most important functions of your company and a vital part of your entrepreneurial success. Without marketing your businesses will don't have or will have a very low number of customers. Without customers or with a very low number of customers, you can't sell enough quantity of your products and services. Without enough sales, you don't have enough revenue. Without enough revenue, you can't make a profit.

Marketing presents a continuous process that every business must perform from the beginning. If marketing is a process then a marketing plan is the tool for the implementation of that process.

Marketing Plan: What Is It?

According to Marketing experts, a marketing plan is a blueprint for the activities related to communication of the messages about your products or services, or your business as general to your customers or potential customers.

In other words, it is a detailed roadmap that outlines all your marketing strategies, tactics, activities, costs, and projected results over a period of time. It is the detailed written document setting the necessary marketing actions that your business needs to take to achieve one or more marketing objectives. This plan contains various strategies formulated to achieve business growth and profit objectives.

So, a marketing plan outlines the specific actions you want to take in order to build interest to potential customers and clients about your products and/or services. Then to persuade them to buy the product and/or services that you are offering.

The Purpose of Your Marketing Plan

The purpose of the marketing plan is to:

- coordinate your business goals,
- define the market to create proper market segmentation,
- define the marketing mix and
- systematize activities about chosen marketing strategies.

PRODUCT OR SERVICE DESCRIPTION.

This section helps you to think about your **product or service** which reflects on your ability to understand and cater for your clients' expectations.

What's Included in the Products and Services Section?

The products and services section of your business plan outlines your product or service, why it's needed by your market, and how it will compete with other businesses selling the same or similar products and services. Your product and services section should include:

- A description of the products or services you are offering or plan to offer
- How your products and services will be priced
- A comparison of the products or services your competitors offer in relation to yours
- Sales literature you plan to use, including information about your marketing materials and the role your website will play in your sales efforts
- A paragraph or so on how orders from your customers will be processed or fulfilled
- Any needs you have in order to create or deliver your products, such as up-to-date computer equipment
- Any intellectual property, such as trademarks, or legal issues you need to address
- Future products or services you plan to offer

Targeted market and customers

A **target** market is a broad group of potential **customers** defined by ranges. For your business to succeed, it must have enough customers to buy the product or service offered. Before you launch your new business, take time to evaluate your potential customer base. Figure out whom you expect to be your most likely customers -- in other words, your target customers. Then tailor your marketing efforts, as well as your products and services, to those customers.

Why Is Defining Target Customers Important?

Having a clear vision of your expected customer base will increase your business' chances of success. By defining your target customers you can:

- better determine if there are enough potential customers for your business (in other words, whether there is enough demand for your products or services)
- tweak your business idea to better meet the needs of your potential customer base
- tailor your products and services to better meet your customers' needs and desires
- target your marketing efforts to reach your most promising prospects, and
- craft your marketing messages appropriately -- using the right tone, language, and attitude to appeal to your best prospects

Location of business establishment.

Location is the **place** where a firm decides to site its operations. **Location** decisions can have a big impact on costs and revenues. A **business** needs to decide on the best **location** taking into account factors such as: Customers - is the **location** convenient for customers?

Here are some factors that you should consider when choosing the best business location:

- Style of Operation. Is your business going to be formal? ...
- Demographics. ...
- Foot Traffic. ...
- Parking and Accessibility. ...

- Competition. ...
- Site's Image and History.

Which are the main factors which influence the location of an industry?
The factors influencing the location of industry can be divided into two broad categories i.e.
(I) Geographical factors, and
(II) Non-geographical factors.
I. Geographical Factors:
Following are the important geographical factors influencing the location of industries.
1. Raw Materials:
The significance of raw materials in manufacturing industry is so fundamental that it needs no emphasising. Indeed, the location of industrial enterprises is sometimes determined simply by location of the raw materials. Modem industry is so complex that a wide range of raw materials is necessary for its growth. Further we should bear in mind that finished product of one industry may well be the raw material of another
2. Power:
Regular supply of power is a pre-requisite for the localisation of industries. Coal, mineral oil and hydro-electricity are the three important conventional sources of power. Most of the industries tend to concentrate at the source of power.
3. Labour:
No one can deny that the prior existence of a labour force is attractive to industry unless there are strong reasons to the contrary. Labour supply is important in two respects (a) workers in large numbers are often required; (b) people with skill or technical expertise are needed.
4. Transport:
Transport by land or water is necessary for the assembly of raw materials and for the marketing of the finished products. As industrial development also furthers the improvement of transport facilities, it is difficult to estimate how much a particular industry owes to original transport facilities available in a particular area.
5. Market:
The entire process of manufacturing is useless until the finished goods reach the market. Nearness to market is essential for quick disposal of manufactured goods. It helps in reducing the transport cost and enables the consumer to get things at cheaper rates.
6. Water:
Water is another important requirement for industries. Many industries are established near rivers, canals and lakes, because of this reason. Iron and steel industry, textile industries and chemical industries require large quantities of water, for their proper functioning.
7. Site:
Site requirements for industrial development are of considerable significance. Sites, generally, should be flat and well served by adequate transport facilities. Large areas are required to build factories. Now, there is a tendency to set up industries in rural areas because the cost of land has shot up in urban centres.
8. Climate:

Climate plays an important role in the establishment of industries at a place. Harsh climate is not much suitable for the establishment of industries. There can be no industrial development in extremely hot, humid, dry or cold climate.

II. Non-Geographical Factors:

The non-geographical factors are those including economic, political, historical and social factors. These factors influence our modern industries to a great extent. Following are some of the important non- geographical factors influencing the location of industries.

1. Capital:

Modem industries are capital-intensive and require huge investments. Capitalists are available in urban centres.

2. Government Policies:

Government activity in planning the future distribution of industries, for reducing regional disparities, elimination of pollution of air and water and for avoiding their heavy clustering in big cities, has become no less an important locational factor.

3. Industrial Inertia:

Industries tend to develop at the place of their original establishment, though the original cause may have disappeared. This phenomenon is referred to as inertia, sometimes as geographical inertia and sometimes industrial inertia. The lock industry at Aligarh is such an example.

4. Efficient Organisation:

Efficient and enterprising organisation and management is essential for running modem industry successfully. Bad management sometimes squanders away the capital and puts the industry in financial trouble leading to industrial ruin.

5. Banking Facilities:

Establishment of industries involves daily exchange of crores of rupees which is possible through banking facilities only. So the areas with better banking facilities are better suited to the establishment of industries.

6. Insurance:

There is a constant fear of damage to machine and man in industries for which insurance facilities are badly needed.

What is the competitor analysis?

Definition: Identifying your **competitors** and evaluating their strategies to determine their strengths and weaknesses relative to those of your own product or service . A **competitive analysis** is a critical part of your company **marketing** plan.

How do you do a competitive analysis?

A competitive analysis covers five key topics:

1. Your company's competitors.
2. Competitor product summaries.
3. Competitor strengths and weaknesses.
4. The strategies used by each competitor to achieve their objectives.
5. The market outlook.

What are the key competitors?

Any person or entity which is a rival against another. In business, a company in the same industry or a similar industry which offers a similar product or service. The presence of one or more **competitors** can reduce the prices of goods and services as the companies attempt to gain a larger market share

Estimation of market demand

When you are operating a small business it is important to understand the demand for your product. If you produce more products than there is demand for, then you will lose money to unsold stock. If you produce too few goods, then you will lose money from missed opportunities. Calculate the demand for goods based on your sales, publicly available data or your own survey of consumers.

How do you find the market demand?
The **market demand** shows the quantity demanded of the good by all individuals at varying price points.

Estimation of market share

Market share is the portion of a market controlled by a particular company or product. "a leading Internet service provider with a 15 per cent market share"

Definition: Out of total purchases of a customer of a product or service, what percentage goes to a company defines its market share. In other words, if consumers as a whole buy 100 soaps, and 40 of which are from one company, that company holds 40% market share.

The significance of market share: Market share is a measure of the consumers' preference for a product over other similar products. A higher market share usually means greater sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher market share also means that if the market expands, the leader gains more than the others. By the same token, a market leader - as defined by its market share - also has to expand the market, for its own growth.

What do you mean by business promotion?
Promotion refers to the methods used by a **business** to make customers aware of its product. Advertising is just one of the means a **business** can use to create publicity.
What are the five basic types of promotion?

There are **five** (sometimes six) main aspects of a **promotional** mix: Advertising, Personal selling, Sales **promotion**, Public relations, and Direct marketing.
A promotional mix is an allocation of resources among five primary elements:

- Advertising.
- Public relations or publicity.
- Sales promotion.
- Direct marketing.
- Personal selling.

What are some examples of promotion?
Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates. Sales **promotions** can be directed at either the customer, sales staff, or distribution channel members (such as retailer)

- **Create a brand image, or logo.**
- **Network**
- **Advertise.**
- **Build business partnerships with other organizations**
- **Rely on the power of social networks.**
- **Offer freebies.**
- **Develop relationships with your customers.**