

The Marketing Plan Outline

Executive Overview

1. **Market Review**
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We'll discuss all of these different parts in the following sections.

Executive Overview

Usually, the first section of a marketing plan is the **Executive Overview**. The executive overview summarizes your plan for a quick review by your executives. Although it comes first in the marketing plan, the executive summary is usually written last, after you have analyzed, wordsmithed, and ironed out the details of your plan. So, once you have the meat of your plan written, come back to this section and write your executive summary.

The executive summary should briefly cover:

1. Market Overview
2. Competitive Overview
3. Product Overview
4. SWOT (Strengths, Weaknesses, Opportunities and Threats)
5. Goals and Objectives

6. Strategies
7. Action Plan and Implementation Schedule
8. Evaluation Methods

Market Overview

In the research phase of this exercise, you did the legwork necessary for the first few sections of your business plan. Now you just need to get the information compiled in a clear and concise document so you can make use of it and others can read and understand (and support) it.

With that end in mind, go through the piles of market research and worksheets you've completed and start making some sense of everything. Once you have a handle on it, begin by writing a good overview of the market. You can actually pull some information from your [business plan](#) as long as the market information there is current and specific to the products you're planning for. If you don't have a business plan, or access to it, then the questions you need to answer in this overview are:

- How big is the potential market?
- Is the market growing, flat, or shrinking? What changes do you see happening?
- Is the market segmented by pricing, quality, age, income, or product usage?
- Who is your target audience?
- Who are your competitors?

Just as with all of the other sections of your marketing plan, there is no absolute for organizing your plan. Organize the market overview section in the way that seems most logical and will best illustrate your product's market.

Market Segmentation

Because it is hard (and expensive) to be all things to all people (or markets), it is wise to target specific segments of your market, particularly if you are in a smaller business. Not only will this allow you to reach more of the people who will ultimately buy your product, but targeting segments may also reduce the competition you face. Finding your niche is often the key to success for small and medium and even large businesses.

Your market may naturally be segmented by price, quality, region, customer age, income, buying behavior, industry or anything else. Typically, price and quality are the most evident, followed by product use and the benefits consumers get from using the product. Some segments will be very distinct, and some will be more subtle.

The best example of market segmenting is illustrated in the auto industry. They're all cars; but they come in all levels of luxury and utility, price and quality, etc. Some may even cross over into more than one segment, or move from one to the next.

Determine the segments of your market and describe the ones you are going to target. Keep in mind that your product might cross into several market segments. Finally, remember to address each of these segments when you are planning your marketing activities.

Target Audience

Determining the right target audience is probably the most important part of your marketing efforts, because it doesn't matter what you're saying if you're not saying it to the right people.

Demographics

In this section of your marketing plan, go into as much detail as possible about who your market is. Describe your typical customer in detail. What is the age group, gender, education level, family size, income level, and geographic location. For business-to-business markets, make sure you include the industry type (or [SIC/NAICS](#)), company size, job titles/departments, annual revenue, and geographic areas. Have a general picture of who your market is, then back up that information with concrete numbers and statistics about the size of your market.

Determining the size of your market really requires that you already have a good profile of your typical customer. Once you know "whom" you're looking for, you need to take into consideration things like the aging of the population, and regional variations in income levels and education levels.

Your product offering will also require that you consider not only income levels, but also [disposable](#) and [discretionary](#) income levels. The former refers to income after taxes that is used to pay for daily living expenses, and the latter refers to income that is left over after those necessities are paid for and can be earmarked for luxuries.

Getting to this level of demographic data will probably require [market research](#). Look for data about the regions where higher densities of these specific groups can be found. The [Bureau of Labor Statistics](#) and the U.S. Census Bureau have information about annual spending levels in the major categories of expenditures. You can also find data about age group concentrations in specific regions.

Psychographics

Even though you may have determined your demographic group, people within that group still have very different perceptions about the benefits or value of your product and will be motivated for different reasons. These differences are known as [psychographics](#). To further target your efforts, you've got to determine not only *who* buys (or *will* buy) your product, but what makes them *want* to buy it. Include as much psychographic information as you can dig up, such as what their spending patterns are, whether they are brand conscious when it comes to your product type, what influences their buying behavior, what promotional efforts they respond to most often, etc. You also want to know how they go about buying it and what you can do to encourage them to buy more. You need this information so you can, in effect, clone your best customers. It is important to really pick apart what motivates them to buy.

The information you glean from a journey into your target audience's brain is often key to your marketing efforts, particularly the positioning of your product. It includes the audience's activities, interests, and opinions. You have to work through behavioral factors, economic factors, and even interpersonal factors to get to the root of purchasing behavior. Answer these questions in your overview:

- What do they like about your product?
- What do they like about your competitor's product?
- What made them decide to buy your product?
- Did they know which brand they were buying before they purchased it?
- What advertising messages had they seen prior to buying?
- How much disposable or discretionary income is available for this type of purchase?
- What are their hobbies?
- What emotional aspects impact their purchase?
- What is their social class or status?
- Who is the actual decision-maker for this type of purchase?
- What values and attitudes play a part in this type of purchase?
- Who do they look to when making purchasing decisions?

Now that you know your target market and market segments, define your market using concrete

numbers and percentages. In other words, how many users do you currently have and how many potential users exist for your product or service? If you are offering a regional service and have found that there are 80,000 potential customers in your geographic area, then this is where you put that information.

Explain the growth and other changes you see in the market and how the competition is failing, flailing or flourishing as a result. Include some market history if it applies to your product and market. Refer to the statistics and data you've discovered through your market research and be sure to quote the source and date.

This is where you would include the PEST (Political, Economic, Social, and Technology) information you gathered about outside influences on the market (i.e. government regulations, union activities, social changes, etc.). Also, don't forget the [seasonality](#) of the market, and the typical [product life cycle](#).

Competitive Overview

Give a complete and thorough overview of the competitive market. Cover not only the directly competing companies you face (those who offer a very similar product with similar attributes), but also other product variations you may be competing with. For example, if you're selling herbal teas, are you also competing with regular teas? Instant teas? Canned teas? The drink market in general? Review these types of competitors as well as your direct competitors.

Describe all of the heavy hitters and answer the following questions:

- What are their product's strengths and weaknesses?
- What are their strengths and weaknesses as a company (financial strength, reputation, etc.)?
- Are there weaknesses you can exploit?
- What are the differences between your product features and theirs?
- What were their sales for last year?
- What is their pricing structure?
- In what media vehicles do they promote their products?
- What is their advertising message?
- Where else do they promote their products?
- What were their total advertising expenditures for last year?
- What is their overall goal (profitability, market share, leadership)?
- How are they trying to meet their goals (low prices, better quality, lower overhead)?
- What were their responses to changes you made in your product pricing or promotions?

Information is often the key to a strong competitive advantage. If you've had difficulty digging up information about your competitors, try your suppliers. They can be good sources of information. Visit your competitors' locations, Web sites, exhibit booths; sample their products. You can also gather a wealth of media and advertising information about your competitors on the Internet through companies like [Competitive Media Reporting](#) and [USAData](#). These firms and many others provide access to databases covering many areas of industry, media, advertising, and competitive information.

Product Overview

Use this section of your marketing plan to fully describe:

- your product and its purpose
- its features

- its current pricing structure
- its current distribution channels
- its positioning within the market
- its current promotions and advertising
- its current packaging

Make sure the information is specific and accurate. If your product is new, simply describe your product and its features... **But wait!**

This section of your marketing plan should be a piece of cake. You know your product, right? You know its features, right? Do you know the benefits your customers get from your product, though? You had better, because that's what's going to sell it.

Features vs. Benefits

This has probably been hammered into your head if you've been in marketing or advertising, but what does it mean? Don't your customers make the connection that if the box says "batteries included" that means they won't have to take those extra steps of buying and installing them? Sure, they might, but if you say "Batteries Included: Ready to use right out of the box!" you'll get their attention more quickly and perhaps give your product the slight edge that will convince the customer to pick up your product rather than your competition's.

In a nutshell, you have to make very clear the *end result* that is ultimately the reason why someone should purchase your product. Connect the dots for them, and you'll have a much better chance of having a successful product. Add to the list above a big "benefits" category, especially if your product is new.

When you get to **Strategies** and **Action Plan**, use the benefits information you come up with here to make your creative efforts and positioning work for you.

SWOT

The content that this section of your plan communicates is some of the most important. Up until now, you've been talking about the past, so to speak. From this point on, you're moving into the future and ultimately the meat of your marketing plan.

With that in mind, write this section of the plan with particular clarity and substance. Pull out those lists of strengths, weaknesses, opportunities and threats that you came up with during the research phase and put them in order of importance within each category.

Remember, these should include anything that might affect sales of the product. Make it detailed enough to fully explain each strength, opportunity, etc., but keep the format clean and graphically easy to read.

Goals and Objectives

Your goals and objectives are simply the hard facts describing where you want to be a year from now, or five years from now, or whatever your time frame may be.

Sales Goals

Start with your sales goals. In this section, you should include goals that are:

- concrete and measurable (in terms of dollars and units)
- set at a level that is challenging but not impossible to reach
- set on a specific timetable for measuring success
- linked to projected profits (which should also be estimated in the marketing plan)

To do this, you have to accurately estimate the market and what you can expect to get from it for your piece of the pie. There are several methods for doing this. Go through each one and compare your results in order to come up with your sales goals.

- The first method requires that you look at total industry sales over the past five years for your product category. From that information, estimate total industry sales for the next three years for your product category. From that number, figure your market share and extrapolate your annual sales estimates for those years.
- The second method is more limited to your business itself. Basically, you go through the same procedure, but you use your own product's sales figures instead of the total product category for the market. You can further break this information down by the specific distribution channel from which the sale came.
- The third method is important because it is based on the sales levels you need in order to meet your expenses and product costs and make a profit. After all, that is the ultimate goal, right?
 1. Estimate your overhead expenses for the year.
 2. From your expected **Gross Margin** percentage, subtract your expected profit percentage. This will give you an estimated expense percentage.
 3. Divide the estimated overhead expense dollars by the estimated expense percent to arrive at the magic number of sales dollars necessary to cover your expenses and make a profit.

If you have a new product or business, you'll need to use the industry information to estimate your sales. This analysis should include the average cost of goods, operating margins, overhead expenses, and profit levels for businesses that are similar to yours.

To come up with your final sales goals, you can either average the numbers you came up with using for the three methods we just covered, or you might see a need to weight one method's results more than another. Look at your market data and your opportunities and threats data to determine if the actual potential should be estimated to be higher or lower than your numbers are stating, and then work from there to arrive at your final sales goals.

Marketing Objectives

Your marketing objectives should be the means to achieve your sales objectives. By working through your target market data and your market segment data, you should come up with marketing objectives that address every group. Your marketing objectives should follow the same rules as the sales objectives, and be measurable, quantifiable (meaning there is a specific number of some sort assigned to each one), and time specific.

You should have a marketing objective that addresses each group in your target market. For this reason, you need to have good data about the sizes of your market, potential market, and your current customer base. To this data, add information such as recognized opportunities, your customers' buying rates, and other behavioral issues. This information will help you estimate the numbers you need to attach to your marketing objectives.

For example, imagine this scenario:

1. You know your 2,500 customers each bought an average of 2.5 of your widgets last year.
2. You've also identified a new market of 3,500 potential customers (at your current market share percentage) that you're estimating will buy an average of 2 widgets each for the year.
3. In addition, you've identified an opportunity to add a service contract for customers that would cost 10% of the product cost.

Your marketing objective for **existing customers** could then be: To increase your current customers' buying rate by 20% and sell service contracts to 50% of those customers.

Your marketing objective for **new customers** could then be: Sell your widgets to 50% of the new market, create a buying rate within that group of 2 units per year, and sell service contracts to 50% of that group.

Keep in mind that your current customer base may not all buy again, so you should probably account for the drop in that group's purchases by also adding a goal to retain a specific percentage of your existing customers. Set objectives like these for every segment of your market, based on your data. Then, set up a chart to show the math involved in how your marketing objectives meet your sales objectives. Plug in numbers for your percentages and product prices to show that the totals add up.

Strategies

Brainstorming

In this section, you really need to put on your creative helmet and think outside of the box. Have a brainstorming session to generate ideas. Here are a few tips to get you started:

- Have a good variety of people involved; include people who know your product, as well as those who know absolutely nothing about it.
- Don't shoot down any ideas until after the session is over. Even bad ideas can beget further good ideas.
- Conduct the session in an exciting and creative environment.
- Start by exhausting all initial ideas and listing them out.
- Use toys, gadgets,

Okay, so you know where you want to go. Now, you just have to determine which roads you're going to take to get there. These are the strategies you'll use in your marketing mix. Your marketing mix is the combination of elements that make up the entire marketing process. By using a variety of modes to reach your goal, you have a better chance of actually doing it. It requires the right combination, however, so be careful when putting it together.

Traditionally, the marketing mix refers to the four P's: product, price, place, and promotion. There are folks who will tell you that those are old-fashioned, and that there are new hip terms to use, but they really all boil back down to... product, price, place and promotion.

thoughts and ideas.

- Encourage outrageous thoughts and bizarre ideas.
- Use your competition by tearing its product apart and thinking about how you can steal their customers away.

We'll go through each of the Ps and talk about the inherent elements in each that can be strategically modeled to help you meet your goals. In addition to the traditional Ps, and probably the most important when it comes to your marketing communications, is positioning. Let's begin there.

Positioning

Think of positioning as the perception your target audience has of your product. You have total control over this element of your marketing efforts, and it is critical to how you develop the rest of your plan. Planning your product's positioning must involve taking into consideration such issues as the competition and how its products are perceived, the needs and desires of your target audience, and the element of mystique or drama that your product or service naturally has about it.

In crowded markets, it is very important to position your product appropriately. Think about the advertising messages your audience is bombarded with every day. In order to stand out, your product has to have a clear position in your audience's mind. But how do you come up with the positioning for your product?

First, you have to determine a **broad positioning**. This means determining if your product should fall into a niche, be a low-cost leader, or a product differentiator. These are each very different strategy highways, and will take you in different directions when fine-tuning your message. Think of the qualities of your product, its strengths and weaknesses, the opportunities you've uncovered, the pricing you've considered, and your target market to determine which broad position you will take.

Next, you will have to determine **specific positioning**. This could be based on a certain quality or benefit of your product, such as ease of use, durability, reliability, safety, convenience, etc. In some cases, you may even be able to position your product based on two qualities. For example, think of [Volvo](#). Safety and durability are Volvo's primary and secondary positions.

Begin narrowing down your positioning by answering questions such as:

1. What opinions does your audience already have, and how can you tie your product into them?
2. What are your target audience's needs and desires?
3. Is there a hole your product can fill by targeted positioning?
4. Are there certain company attributes you can build on, such as experience, or being the first in the business?
5. What are the greatest benefits of the product and how can you capitalize on them?
6. Is there a specific use or application that your product fits particularly well?
7. Is your target audience identified independently enough to create a position based on their uniqueness?

8. Can you springboard a positioning idea from your competitor's positioning?
9. Can you base the position on quality or pricing strategies?
10. Can you position the product based on opportunities you've discovered in your research?

It may help to chart these issues out to compare and narrow your options for positioning. By doing this, you can also incorporate importance levels to some of the issues you bring up. For example, if you list the needs and desires of your target market, it might be helpful to rank those according to importance to your target audience. If you list the strengths and weaknesses of your product, it may also be helpful to put those in order from greatest to smallest.

Once you have determined your product's positioning, go through these questions to further refine it:

- How can you simplify the message so it gets through? - Remember, more is often less.)
- Does the name of your product fit with its positioning? - Your product's name is an important part of your positioning strategy. If it doesn't fit, you're going to have a much harder battle.
- Is the position believable?
- Is the position one that your target audience will care about and notice?
- Is the position too broad or too narrow?
- Is the position clear and understandable?

Value Positioning

Your product's position, along with your pricing and distribution channels, will also determine its **value position**. The value position is basically the product's perceived ranking of either high-quality/high-cost, average-quality/average-cost, low-quality/low-cost, or even average-quality/low-cost or higher-quality/lower-cost. What you are trying to get across to your target audience is the value/cost relationship of your product as it relates to the user.

See our [Positioning Worksheet](#) and other marketing worksheets on the [Marketing Tools](#) page. Now, let's move into the four Ps we mentioned above.

Marketing Mix Strategy

As we mentioned earlier, your marketing mix is the combination of elements that make up the entire marketing process. It requires the right combination, however, so be careful when putting it together. Let's go over the Ps you need to address in your strategy section.

Product Strategy

The first P is **product**. You may be thinking, "Haven't we talked about the product enough already? Geez!" Yes, we have talked about the product and its strengths and weaknesses, but as part of your strategy you also need to think about elements of the product that can be strategic to its success, such as its packaging and warranty. These elements help create the value the customer sees in the product. So, let's talk about packaging and its importance as far as your strategy goes.

Packaging

The main thing to remember about your packaging is that it communicates to the person buying it right up until they make the decision to plunk down their money and take it home. If it's sitting on a shelf with eight similar products, it can't just look nice, it has to scream its message out in order to get noticed. Your packaging should be noticeable within three seconds in a store-shelf situation. But can packaging really make a difference in your strategy? Of course it can. Think about the convenience factor as well. Remember Pringles? Think about the products you buy that are well-protected by their packaging and are convenient to use because of the packaging. You just might buy them again because you like their

convenience. Also, don't forget to consider your competitor's packaging. How can you make yours better?

Warranties

The same goes for warranties. Particularly if yours is a new product, make sure you give buyers some level of comfort that if the product doesn't do what they thought, they can easily get their money back. The key here is *easily*. Make sure they know just how easy it will be if they are unhappy with the product. Think about [Land's End](#) clothing company's policy: You can wash and wear, wash and wear, wash and wear, and then decide you don't like the shirt or something about it isn't quite right and send it back for a quick and complete refund. The return authorization slip is right there in the box. It doesn't get much easier than that.

So in this section of your marketing plan, describe the strategic use of your product's packaging, warranties, and whatever else you come up with. Explain the benefit you expect to see from it and how it relates to the overall success of the marketing program.

Price Strategy

The next P is **price**. How do you know how to price your product or service? Your product's price often communicates as much to the consumer as its advertising. People perceive a product's value based on its price in many situations -- it depends on what your product is and who your market is.

Here is an example: An established restaurant that had just started getting fresh seafood daily from the coast (which was about a four-hour drive away) and was charging eight dollars for a typical seafood dinner entree. They couldn't sell it at all. Rather than lower the price or drop it from their menu, they decided to raise the price to \$12.95. The fish sold like crazy. The moral of the story is that people are leery of cheap seafood.

The moral for you is: Be wary of super low pricing. Your customers are looking for value, not the cheapest product they can find. Price your product strategically by looking at:

- The competition (or lack of it) your product faces - If your product is one of a kind, particularly if it's in the technology field, then higher initial prices may be more palatable to consumers (and even expected).
- The sensitivity (or insensitivity) of your customers to pricing for your type of product (as in the case of airlines)
- The price elasticity (the lower the price the more you sell and vice versa) - Keep in mind what you have to sell in order to make a profit, and then chart out the variations in prices and quantities to sell in order to pinpoint the right one.
- The value of the product as it relates to the value of the price - People may pay more for a similar product if they think they will get more out of it.
- The positioning you've established for your product

Write the pricing strategy section of your marketing plan and back up your pricing decisions with current data about competitors' prices, price surveys, etc.

Place Strategy

The third P stands for **place**, although it's really referring to distribution. I guess you can think of it as the "place" of purchase. The strategy behind how you sell and distribute your product is a very important element of your marketing mix. Do you want your product to be available everywhere? If you do the math, that could be a very lucrative strategy. Or, do you want to create demand for it because it's exclusive and hard to find, requiring the right connections or even traveling to large cities? (The latter

would also allow for higher pricing, by the way.)

Just like with pricing, the places where your product is available say a lot about both the quality and "status" of the product. Your channels of distribution must match the image goals of your product. In other words, if you're selling hand-made exotic wood picture frames with luxurious cloth matting, you probably don't want to go to Wal-Mart to sell them. You would use the high-quality, luxury-item image and sell them in an exclusive boutique or other shop. On the other hand, if your product is a mid-line car-care product, then Wal-Mart would be perfect.

Here are some things to remember when planning your distribution strategy:

- Match your product's "image" with that of the distribution channel and with your customers' perception of your product.
- Stay on top of changes in the market that should also make you change your distribution strategy.
- Make sure your product can get the attention it needs in your chosen channel -- both from the sales staff (are they knowledgeable?) and from a shelf-space standpoint (how many competing products does the distributor also carry?).

Promotion Strategy

The fourth and final P is **promotion**. This is the communications strategy of your plan. Here you'll plan not only the message you want to use, but also the tools you'll use to spread it to the world. Your promotion section should actually have six categories:

- advertising
- public relations and publicity
- direct marketing
- promotions and events
- product/company marketing materials
- premium items
- sales force

Basically, it should cover every communication mode that would appeal to your target market and help drive them to not only be aware of, but also to act on your offer. This would also include other things like client/customer newsletters, a company Web site, etc. It is in this section of your plan that you should make certain you are following an **Integrated Marketing Communications** plan. This means that each of these tools must follow the same rules and spread the same message. Having separate PR groups and promotions groups and sales groups makes the job very difficult unless you make sure they are all in agreement about what you are saying and how you are saying it.

Advertising

Your task now is to translate all of your objectives into a specific advertising message to meet your goals. Your advertising strategy (aka creative strategy) will need to address not only the awareness-building requirements of your plan, but also attitudes and actions you want to provoke in your audience. Set your advertising strategies to portray exactly what you are going to communicate in your message. This should be based on the positioning you've established and should be tested and refined until it says exactly what you need it to say. It has to portray your product in the right light and bring to mind the right image.

For this section of your marketing plan, clearly describe the creative strategy. Include the following:

- *Advertising promise* - The promise you are making to your audience in your advertising
- *Support for the promise* - Bulleted statements that support your claims
- *Advertising tone* - The emotional images conjured by your message that are appropriate for both the product and your audience
- *Rationale* - Statements referring back to your product/market research that back up your creative strategies

The actual finished creative effort typically comes after (or else during) this exercise and should be detailed in your product's Advertising Plan.

You will also need to identify which types of media you will be using to carry your message. This is referred to as your Media Plan (another separate document) and can include magazines, newspapers, billboards, Web banners, radio spots, TV spots, sponsored TV and radio programs, product packaging and inserts, movie trailers, posters and flyers, directory listings, and in-store displays.

When writing this advertising section of your marketing plan, keep your strategies clear and focused on what you are trying to achieve. For example, if you know you are introducing a new product in nine months, then one strategy could be to announce the product with a series of ads in a trade publication. Tie in your display advertising strategies with your other media strategies to form a cohesive chain of communication to your target audience.

We'll go over reach and frequency, impression rates, and how to select specific media vehicles within each category on the next page of this article.

Public Relations and Publicity

Public relations can be a very powerful tool in your marketing belt. Often, however, it is an afterthought, while it should actually be one of the first things you tackle as you develop and bring to market a new product or service. Begin planting your PR seeds early in the game.

The mantra of your public relations staff should be the [Integrated Marketing Communications](#) idea. Their most important function is to ensure that everything the press sees or hears is controlled and is consistent with the image plan. It is therefore recommended that only your PR people actually communicate with the press. This includes all areas of PR, such as corporate announcements, defensive PR, and marketing PR.

PR won't just happen. You have to work at it, plan it, and execute the plan. There is a whole set of tools for public relations and publicity, just as there is for advertising. These include:

- news releases
- feature stories and interviews
- exclusives
- opinion pieces
- photos
- speeches or appearances at seminars, conventions, etc.
- local, regional or national talk shows and other programs
- online chats and forums
- community involvement
- lobbying activities
- social responsibility activities

There are two elements to a PR plan:

- What you want to communicate
- A hook to make it newsworthy and interesting

Use this section of your marketing plan to determine those two pieces of information. Here are some strategy ideas for types of information to communicate to the press:

- Prior to your product release, submit sneak previews to the press.
- Find a good spokesperson to help promote your product.
- Find the right angle for your press release.
- Include both trade press and consumer press.
- Build the excitement (hype-up) in your story by finding a new twist on the information.
- Offer co-sponsorships for media to events you are planning.
- Create your own scheduled media blitz.
- Schedule press releases so that various media sources publish information that builds on itself and progressively includes new tidbits of information.
- Build your newsworthy info on one of the product's benefits used in its positioning.
- Develop an interesting and fun idea centered around your product's release or upgrade.

Write out your PR strategies for your marketing plan and include specifics. Remember, this section will act as the guide for scheduling, which we'll cover next.

Direct Marketing

Direct marketing, or database marketing, is growing exponentially with the emphasis on very tightly targeted efforts. The growth in e-mail and Internet use, along with the general upward trend in all media subscriptions, is making it an easier and more profitable way to market your product than it was in the past days of mass mailings.

With a database (either a purchased one or your own customer database) of names and very specific demographic information, you can select specific subsets of groups very easily and send very targeted messages about your product or service. By more finely targeting your marketing efforts, you'll also improve your response rates simply because you can come closer to reaching the exact profile of your best customers.

You'll also need to think about the purposes of your direct marketing efforts. Here are some examples uses of direct marketing:

- Generating inquiries
- Opening doors
- Building traffic (for your store, [Web site](#), [trade show](#), etc.)
- Generating awareness (for new product introductions, etc.)
- Fund raising
- Selling products (mail order)

Make sure you've determined the purpose of your direct mail prior to selecting the specific tool, because some tools are inherently better for certain purposes.

Your direct marketing options include:

- [USPS](#) direct mail
- Self-mailers
- Mailing packages that include a letter, brochure, and response card

- Post cards (used as inexpensive reminders)
- Mailed premium items and other types of gifts
- Opt-in [e-mail](#) campaigns (aka permission marketing) - Make sure your clients are *requesting* your e-mails, otherwise it's [spam](#).
- [Fax](#) campaigns - Remember, you can only fax to existing customers. Faxing to non-customers is actually illegal.
- Telemarketing

Here are some tips to improve your direct marketing efforts:

- Test your lists. Try a test mailing of 500 or less to determine the quality of the list prior to sending out your larger scheduled mailing.
- Test your mailer design. Divide your mailing into groups that each get a slightly different design, and track the results. You may be surprised at how much better some designs and color combinations do than others. This is particularly valuable if your marketing schedule includes a lot of direct mail projects.
- Supplement your large, expensive catalog mailing with more frequent and inexpensive post card mailings. This will reinforce your message so you get more mileage out of the catalog and better ROI (return on investment).
- Include an easy-to-understand and prominent response card.
- Include a deadline for action so your recipient will be encouraged to respond quickly rather than wait and think about it.
- Include an incentive for action. This could include an early bird discount, a free copy of some publication, or a free trial offer of something.

Detail your direct marketing strategies as they relate to your overall marketing mix. For example, you may be planning a PR blitz that is to be followed by an ad in a prominent publication that is then to be followed by a direct mail piece that requests some action, such as a request for a sales representative to call, or even the option to purchase the product.

Promotions and Events

Because your advertising efforts primarily affect the opinions of your target audience and don't always create an immediate action (at least not initially), you also need to plan special promotions that *will* encourage quick action. A promotion, as opposed to advertising, is based on incentives to act, such as a two-for-one sale, a price discount, or a free gift with purchase. Promotions are useful for encouraging potential customers to try your product and hopefully increase your base of loyal customers.

Here are some examples of promotion types used by marketers today:

- Price discounts/sales
- Coupons
- Samples
- On-pack or in-pack discounts - or even near-pack discounts (from point-of-purchase displays)
- Rebates
- Premium items - either in the package or sent by mail
- Sweepstakes/games
- Packaging
- Events

It is important to watch the promotions your competition offers, but be careful about always reacting with a similar promotion. It is easy to lose market share if you overuse promotions. Customers begin to buy

only when your product is on sale. A better strategy is to competitively price your product in the first place, and then use some of the money you would have spent on promotions to improve your products or increase your advertising instead. If your product is better, and you've advertised this, then the customer may have more inclination to buy your product even though the competition's is cheaper... I mean, less expensive.

Sales promotion does have a place in your marketing efforts. Just remember to avoid the loser promotions. These include:

- Doing the same promotion more than twice - For some reason, the magic number is two (for promotions that worked the first time, anyway).
- Boring promotions - People will snooze through contests that don't seem to fit the positioning of the product. If there's no connection, typically they won't work.
- Premium offers - "Send three proofs-of-purchase and \$3.99 for shipping and handling to get this great coupon organizer!" Overused and usually disappointing to the consumer.
- Overpromising odds of winning - Don't make consumers think they're going to win every time they open a soda.

Just like everything else in your marketing mix, your promotions have to stay on target with your objective and your marketing message or position. To put together promotions that work, you should keep that in mind and put on your "customer" hat. What would get you excited about a product or service? What would be fun and give you the feeling that you really have a chance to win? What could you win that would make you think more highly of the product being promoted? What is your most desirable prize?

Once you've brainstormed some ideas, make sure you make it simple to register, provide good odds, and have a unique idea that is of great interest to your market.

Special Events

If you're planning special events as a way to promote your product or business, then there are a few other guidelines that will help you stay on target and be more successful. Sponsored events are increasing in popularity and account for billions of dollars annually for marketing. They are extremely useful when launching a new product, increasing a product trial, or building consumer relationships with the company name. They require a lot of planning, resources (money and people), and can flop without proper advertising, but they can also launch a product to success very quickly.

Here are few tips to give your event a better chance of success:

- Make sure the event ties in with your company and product.
- Make sure your company and product name are very prominent.
- Make sure your audience knows why it should come. In other words, make sure there is a compelling reason to attend.
- Make sure there is some newsworthiness to the event so you'll also get some PR.
- Make sure your marketing message and position are clearly communicated.

Detail each promotion or event and refer back to the specific marketing objective it addresses. Scheduling and costs will be covered in the Action Plan and Implementation section of your plan.

Now, when writing your promotion strategies, address these issues as they relate to the promotion ideas you've come up with:

- Type of promotion
- Incentive for the promotion
- Open or closed promotion - Open promotions don't require any action from the customer. An example would be a sale. Closed promotions require the customer to do something to take advantage of the promotion. An example would be a rebate, or a contest entry.
- Delivery method for the promotion

You're getting close -- now we just have to cover your sales force strategies, and then you can move on to scheduling and implementation, and, finally, evaluating the whole effort!

Product Marketing Literature

Supporting product literature and other company collateral materials will be key to many of your marketing and sales efforts. These items must present your company image very clearly and professionally. Not only is the text and wording of your literature important, but also the visual image and quality that it projects.

In your literature, it is critical to highlight and emphasize the benefits of your product or service and not just the specifications and features. When planning the literature needs, consider these issues:

- What will the literature be used for?
Overall company information, specific product specs and benefits, special information folders?
- Who is the audience for each piece?
Investors, partners, customers?
- What approximate quantity do you anticipate for each piece?
This will help you not only budget for it, but also get an idea of what level of quality you should go for?
- Who will develop the piece?
Internal staff members, a printing company, a design firm? (Cost will vary tremendously with each.)

Premium Items

Premium items are the trinkets and goodies you give away at trade shows or other events. They typically have the company name branded on them and are of little or no value. If you need premiums for trade shows or other events, the best advice is to stick with something that is both useful and consistent with your company's image and product or service line.

For example, a [beer](#) manufacturer might give away bottle openers, or a book store might give away book marks or [coffee](#) mugs. Pens, note pads, and [refrigerator](#) magnets are also good choices. Look for innovative features and good quality if you go with these items (or any premium item), like magnets that have clips to hold larger notes, or pens that will stick to your file cabinet. Just like with your product line, you want your premium items to stand out, be of good quality, and make a favorable impression.

Sales Force

Not to beat a dead horse, but your sales force is another group that has to totally adhere to the [Integrated Marketing Communications](#) theme we've been talking about. They see and talk with your customers every day and absolutely must be consistent with your planned image and position. Their one-to-one marketing efforts are very important for many types of businesses, and not as important for others. Investigate your need for a direct sales force and cut your costs if you can. If you determine that you do need a sales force, then here are some suggestions for making them successful and worth the costs (paying your sales team's bills is expensive).

The key to making your sales force effectively communicate your marketing message and sell your products is to educate them on the objectives and strategies you've planned, as well as keep them constantly updated and fully informed on advertising, promotions, direct marketing, and any other marketing tool you are using.

In the sales force section of your marketing plan, also be sure to include [trade shows](#) and conferences your sales team (or others within your company) need to attend. Your company's presence at key trade shows and exhibitions can increase your sales and improve recognition of your name and products within your target market. Trade shows are excellent for introducing new products, services, or changes in your company name or image. See [How Trade Shows Work](#) for detailed information on managing this process.

Action Plan and Implementation

Let's talk about the tactical and implementation issues of your marketing plan. How do you decide exactly which magazines or newspapers in which to advertise? What is the difference? This is called your Media Plan and can actually become a separate, and much more detailed, document. For this article, we will cover the basics and help give you an idea of what goes into planning your media advertising and what should be included in your marketing plan. It's time to get out your calculator and put on your math hat.

Putting Together Your Media Plan

Your media plan should:

- specify which media you will be using to carry your advertising message, such as magazines, newspapers, direct mail, Internet, etc.
- detail the specifics, such as which publications
- detail even more specifics, such as which issues, times, dates, etc.
- list the budget for each vehicle
- describe the rationale behind each selection

How do you go about determining those things? First you have to weight your media.

Weighting your Media

Weighting your media refers to determining the potential exposures of your marketing message to your target audience that each of your chosen media can produce. Basically, by weighting your media, you are trying to determine how much advertising is enough to reach your objectives. To do this, you'll come up with a total number of gross rating points. To do that, you need to understand a little bit about reach, frequency, and impressions.

- **Impressions** are the number of times your audience sees your advertising message.
- **Reach** refers to the number of individuals within your target market that are exposed to a specific ad over a specific period of time. This number is expressed as a percentage of your total market.
- **Frequency** refers to the number of exposures those individuals got to your specific ad over the same specific period of time.
- To get your **Gross Rating Points (GRPs)**, just multiply the percent reach (% of your total market) by the frequency.

For example, if your marketing strategy is to reach 70% of your market for a specific campaign, and you know you want to reach them at least 10 times in order to convince them to act, then you would need a

schedule that would give you 700 GRPs.

Each medium will have a slightly different calculated GRP, so go through each and determine those numbers before you begin planning your media schedule. As a general rule, just make sure you are calculating the percentage of your target audience as a part of the total circulation, exposure, etc., and then multiply that by the number of insertions, or ads you run should.

To help you estimate the total GRP needed to reach your sales goals, here are some rules of thumb:

- Try for a reach of 50 to 90+ of your total market.
- Assume it will take at least three exposures for your target audience to act on your offer.
- New products will need more frequency than established products.
- Complex products will need more frequency than simple products.
- Products with a lot of competition will need more frequency.
- An average GRP goal for a typical packaged product is 1,000 to 5,000 in a year.
- An average GRP goal for a service or retail establishment is 2,000 to 10,000 in a year.
- An average GRP goal for business-to-business is 600 to 4,000 in a year.

Determining these numbers isn't easy. There are some resources on the Web that might help. Check out the last page of this article for some sites that offer calculators and guidelines.

Other things to consider when planning and scheduling your media include:

- Your media vehicle's [Cost per Thousand \(CPM\)](#). This is useful because it helps you compare the values of different vehicles. For example, you may have two publications you are considering. Both reach your target audience, and all other aspects are equal. One, however, is more expensive than the other. Determining the CPM can help you decide which is the better vehicle for your advertisement. You can get the CPM by dividing the total number of subscribers that fall into your target market by the cost of running an ad. This is expressed as the cost per thousand impressions.
- Strive for a good balance of various media. In other words, don't put all of your eggs in one basket.
- Don't forget new media, such as the Internet and other interactive media like CD-ROM.
- Look at the strengths and weaknesses of each medium as it would effectively carry your marketing message and product positioning. Some media can't effectively communicate certain information. For example, a complicated product would not make good use of a billboard or other "quick" impression media.
- Don't forget to consider the seasonality of your product and geographic concentrations of your audience when selecting and scheduling your media.
- Remember that the percentage of your target audience that a particular media vehicle reaches will not be the number that actually see your message. Many will skim, change channels, or just miss it. So keep your expectations realistic in this respect.

Scheduling

Based on the information and the results you calculate from your media weightings, you should be able to put together a schedule of advertising, promotions, and events that will match your goals. There are some scheduling techniques you should consider when planning media advertising:

- **Front loading** - This refers to heavier advertising for the introduction phase of a new product.
- **Heavy-up** - This refers to specific times throughout the year that need heavier advertising (usually timed out with new introductions, promotions, or increased market activity).

- **Flighting** - This refers to shorter periods of advertising (three to six weeks) that are followed by periods of no advertising.
- **Pulsing** - This refers to a regular schedule of on-again/off-again advertising.
- **Continuity** - This refers to a steady fixed rate of advertising for continuous exposure (often used to try and even out a fluctuating buying pattern).

Look at your goals, product seasonality, special events, and other marketing factors and select the scheduling strategy that would work best for the situation. Remember, while the different media types can follow different schedules, you should also consider the added impact of combining media on the same schedules. It all depends on your objectives and goals.

Budgeting

Now you need to think about your marketing budget. No matter how hard you try to be frugal, you'll probably never have enough marketing funds to really do what you want. Just remember, you are not alone. Your competitors are probably facing the same issues you are.

There are three steps you should take when setting your budget. When you get all three results, set your budget based on comparisons of each finding.

1. Set your budget based on your plan's goals and objectives and the schedules you have recommended.
2. Look at the industry average of marketing dollars spent as a percent of sales for similar companies in your industry. There should be data available for the average in your industry. Using this second method will let you see if your budget appears to be realistic in comparison to other similar companies. This figure will help you determine if your budget is too high or low compared to the industry average.
3. Go through a third exercise which involves estimating your primary competitor's advertising and marketing budget based on what you know about their activities. This is a good way to help you be more competitive and possibly gain more market share.

Next, construct your final budget sheets. You should include:

- an overview sheet illustrating your total budget
- a breakdown by medium
- a breakdown by product/market

See our sample budget forms on the [Marketing Tools](#) page.

Putting it Together

Now for the finishing touches of your marketing plan. You should now have the message and media selected, your scheduling determined, and a budget. In this section, you'll need to set up some charts to illustrate everything in your plan. These charts will not only help you present your plan to the powers that be, but they will also help you implement the plan.

Start by putting together a **Graphic Media Calendar**. List your media on the left, followed by columns that correspond to the calendar or fiscal year for which you are planning. In the last column to the right, summarize the frequency and include the GRPs for each vehicle. At the bottom of that column, total the GRPs. See our sample [Media Calendar](#) and other worksheets on the [Marketing Tools](#) page.

Then set up a similar calendar for each media type with the same elements included.

Assignment and Implementation

Compared to implementation, planning is a breeze! It is in this part of marketing that you call in the reinforcements. It is very important to schedule the events in your plan and assign responsibilities well in advance. Use a very large scheduling board, and put it in an easily viewed spot. Set up a reporting structure with progress reports and regular communications that will keep your plan on target. Making deadlines in the marketing world can be critical to the success of your product (or business).

Magazines typically require insertion orders at least three months in advance. Press releases for monthly publications should also follow a three-month lead-time schedule. Newspapers allow shorter lead times, and so do some other types of publications.

Make sure you know every deadline. Flag them wildly and stay on your toes!

Now, how are you going to make sure the plan is working? Go on to the next page and find out.

Evaluation

Just like in every other facet of life, you have to learn from your mistakes. The best lessons are learned the hard way. So with that in mind, how do you know which parts of your marketing plan are actually generating sales and making your company money?

Tracking Procedures

This section of your plan should include plans and procedures for tracking each type of media you are using. And, as a subset of each of those procedures, you should identify specifically which vehicle within those media groups is being the most effective. This isn't easy for all mediums, but for some it's pretty manageable.

Here are some types of media along with ideas for tracking their effectiveness. The techniques will vary wildly depending on your product type and market.

- **Display advertising** - With traditional consumer publications, tracking can be done through the use of different phone numbers, special offers (specific to that advertisement or publication), or reference to a specific department to call for information. When those calls come in, your call-center staff must be prepared to record the information so the results can be tallied for that publication.

Many trade publications also include Reader Service Cards that allow the reader to circle a number that corresponds to your ad on a mail-in postcard in order to get more information about your product or service. While you may get a lot of junk requests (competitors, shoppers, or literature collectors), you also can get some good leads. Keep a record of these leads and follow-up on the final result.

- **Direct marketing** - With postal mailings, tracking is relatively simple. Include on the mailing label a code (called a key code or a source code) that corresponds with the mailing list so you know which list is producing, and instruct your call-center staff to record the information by asking the customer for the code. You can also include customer numbers here and record repeat orders without the problem of re-entering their information into your customer database.

For telemarketing campaigns, tracking is also relatively simple since a live person is communicating with the customer throughout the entire process, in most cases.

- **TV or radio ads** - These require similar tracking methods as consumer publications. They can be tracked through the use of different phone numbers, special offers (specific to that advertisement) or reference to a specific department to call for information. Again, when those calls come in, your call-center staff must be prepared to record the information so the results can be tallied for that particular spot. Another less exact method, if you're marketing on a very large scale, is to track immediate sales along with the timing of the advertisement.
- **Internet marketing** - Usually, this is easily tracked because it is based on click-throughs or page impressions. Your Web administrator should be able to provide reports that indicate the number of click-throughs that actually led to the purchase of your product. You may also experience call-in sales as a result of your Web site. Make sure your call center is aware and records the information accurately.
- **Promotions** - Most **closed promotions** are basically "self-tracking" because they require the customer to do something, such as fill out an entry form (trackable), turn in a coupon, return a rebate slip (trackable), or log-on to a Web site to claim a prize (also trackable). **Open promotions**, such as sales, require a little more work to track, although they can be tracked in a general way by noting increased sales for that time period, store, region, or whatever the parameters of the sale.
- **Events** - An event is also tricky to track. You know how many people attended, but do you know how many sales occurred as a result? You can issue coupons at the event that could be tracked, offer other special deals, or even allow attendees to join a special club. You have to be creative in order to track the true sales results of a big event.

A trade show's effectiveness can be tracked by collecting the right information at the show and following up on it. These results must also be tallied and recorded.

The tabulated results and customer information is very valuable information. Make sure you routinely back up the system where this data is kept and keep copies in safe places. The customer data is extremely valuable to your future direct-marketing efforts, and must be keyed in correctly and accurately.

Before your marketing plan is kicked off, make sure you have the database structure in place to record this information. Use codes for every level of information so that you can sort by various specifications. This takes a lot of planning, as well as training for your staff. Setting up the records with drop-down boxes for selecting preset information such as product numbers, list codes, publication codes, or department codes, will make your records much more consistent and useable.

Review Your Sales

Checking out the effectiveness of your marketing campaign from a product sales standpoint is critical. Begin the review process early and repeat it often. You can tweak your plan along the way to eliminate or shift schedules if you find that some element of the mix is definitely not working. Don't wait until it's too late.

Review your quarterly performance goals. Check your market share. Look at your sales figures based on not only the origin of the sale, but the type of customers as well. In other words, is this an existing customer, a new customer, or a new customer with a totally different demographic profile? Are you retaining existing customers, or are most of your sales coming from new customers? What is your competition doing?

There are a number of marketing audits not covered in this article that you can and should perform on an annual basis. For more information on marketing and related topics, check out the links on the next page.



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