



HOW TO WRITE A MARKETING PLAN THAT REALLY WORKS



by Carolyn Rhinebarger/Chief Brainstormer
Strategic Guru Inc.

www.strategicguru.com

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The Advantages of a Marketing Plan

A comprehensive strategic marketing plan works hand in hand with the business plan by charting a path to achieve your business objectives. It describes in detail just how you plan to attract and retain the customers most likely to purchase your products or services—the most crucial aspect of a business.

The marketing plan is essential to any successful business. It is the heart of the business, the basis from which all other operational and management plans are derived. In fact, writing a marketing plan can help determine if your business goals are realistic and achievable.

An effective marketing plan will establish brand identity to differentiate you from your competition, reinforce brand recognition through repetition, increase your sales by stimulating inquiry, and encourage repeat sales. To be effective, your marketing must be able to convince customers that you have the best product or service for them at a price perceived to be of the highest value.

The reasons to create a marketing plan are:

- To provide strategic direction for your business
- To provide an action plan for marketing-related activities
- To provide a means of measuring the results of marketing-related decisions

The advantages of a marketing plan include:

- Identifies needs and wants of a particular target market segment
- Aids in design and development of products and services that fulfill target market needs
- Determines levels of demand for your product or service
- Identifies competitors and analyzes your product's or firm's competitive advantage
- Identifies new product areas for your firm
- Identifies potential new customers for your firm

Specifically, the marketing plan answers the following questions:

- What business objectives do you expect to achieve?
- What exactly do you sell?
- Who are your customers?
- Why should they buy your product or service rather than your competitors'?
- How will you communicate with prospects and customers?

The 7 Elements of a Marketing Plan

1. Description of Product or Service

Begin by describing your products or services. Even services can be “productized” through marketing to make them easier to understand and sell. Review your sales history to uncover top sellers, highest revenue profit items, loss leaders that provide other sales and the “dead weight” that you continue to offer but don't sell or lose money.

Highlight the winners, toss the losers and look for anything missing in your offerings. Then jot down a brief description that emphasizes special features and selling points.

2. Description of the Target Market

Define your best customer based on frequency and recency. You know your customers better than anyone—their likes, dislikes, expectations. Target only those customers who are most likely to purchase your product—others will purchase from you despite your targeted marketing. Analyze their profile demographically:

Consumer Based:

- By age
- By gender
- By profession or career
- By income level
- By educational level
- By residence

Business-to-Business Based:

- By length of time in business
- By type of organization (non-profit, woman owned, etc.)
- By SIC code (Standard Industrial Code)
- By sales volume
- By product or service model
- By location

3. Identify Your Competitors

- By the similarities and differences between your product or service and the competition
- By demand for similar products or services
- By the unique features of your product or service
- By the pricing strategy for your product or service
- By indirect competitors competing for the same spending dollar

Identify three to five of your nearest direct competitors. What is their overall marketing message? What are they competing on? (Ex: price, quality, service are commonly used to try to differentiate from competitors.)

Start a file on each competitor. Bookmark their web site. Keep files on their advertising and promotional materials and their pricing strategies. Review these files periodically to determine when and how often they advertise, sponsor promotions and offer sales.

4. Market Position

In 1988, a People magazine poll showed that 44% of supermarket shoppers did not know who George Bush was even though he had been Vice President of the United States for four years. On the other hand, 93% of the consumers recognized Mr. Clean, the genie on the bottle of the Procter & Gamble cleaner of the same name. They recognized Mr. Clean, even though he hadn't been seen on television in 10 years, which shows you the power of marketing to register a simple message.

Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. Based on your knowledge of your competition, your products or services and your target market, identify the marketing position or “niche” you believe your company can hold in the market place. This is called a Market Position Statement. This is different from a Mission or Vision Statement and identifies specifically

within your marketplace **WHO** you are, **WHAT** you sell, and **WHY** your prospects should buy from you. Avoid clichés and platitudes like “highest quality” or “fast service.” If you don’t have either of these, you won’t win customers regardless of your marketing.

To succeed, your position must take into consideration not only your company’s strengths and weaknesses, but your competitors as well. To increase your share of business, you will need to either dislodge your competitor (a very difficult task) or relate your position to theirs. This is where you must look for the hole.

Does your smaller size make you more agile and responsive to customer needs? Is your product or service going to help your customer increase revenue? Decrease cost? Here are some of the pitfalls to be wary of in thinking of holes to fill:

- Do not fill a factory hole. (In other words, good strategy for the company but clients won’t buy it.)
- Do not attempt to fill a hole that is taken. (You are not the first, largest, etc. nor do you need to take up that position for success.)

Only by turning the process around and focusing on the prospect rather than the company or its products and services can a successful position be identified.

5. Pricing Strategy

Review your pricing strategy from a marketing perspective instead of the typical cost plus profit model. Begin with what your customer wants to pay for your product or service—the strategic price. Deduct your target profit margin to arrive at your target cost. Now consider how to achieve the target cost by either streamlining, cost innovations or partnering. Pricing strategy must take into account:

- Strategic Price
- Market Position (Leader, Innovator, Low Price, High Quality, etc.)
- Sales Strategy (Multiples, Buy One Get One Free, Seasonal Sales Cycles, etc.)
- Buying Motives

In addition, consider the relationship between the price of your products or services and the quality of those same products or services. Your market position has to make sense in the mind of the target market based on the relationship between these two characteristics.

Price	Quality		
	High	Medium	Low
High	Rolls Royce Strategy	We Try Harder Strategy	Best Buy Strategy
Medium	Outperforms Strategy	Piece of the Rock Strategy	Smart Shopper Strategy
Low	Feature Packed Strategy	Keeps on Ticking Strategy	Bargain Hunter Strategy

Consider that your pricing structure must fit into the market position you stake out, that it must make sense with the sales strategy you adopt and that it must appeal to the buying motives of your ideal customer. For example, if you determine that “low priced value” is your market position, then “buy one, get one free” makes sense as a pricing strategy.

6. Develop a Marketing Budget

- For your company brand
- For sales support materials
- For the design and production of advertising and promotional materials
- For the advertising media to be used
- For a company web site

Many businesses look for a benchmark percentage of sales or profit to use to determine the appropriate marketing budget. The fact is that marketing budgets vary widely from business to business and can depend on many factors (*new launch, geographic location, sales methods, etc.*)

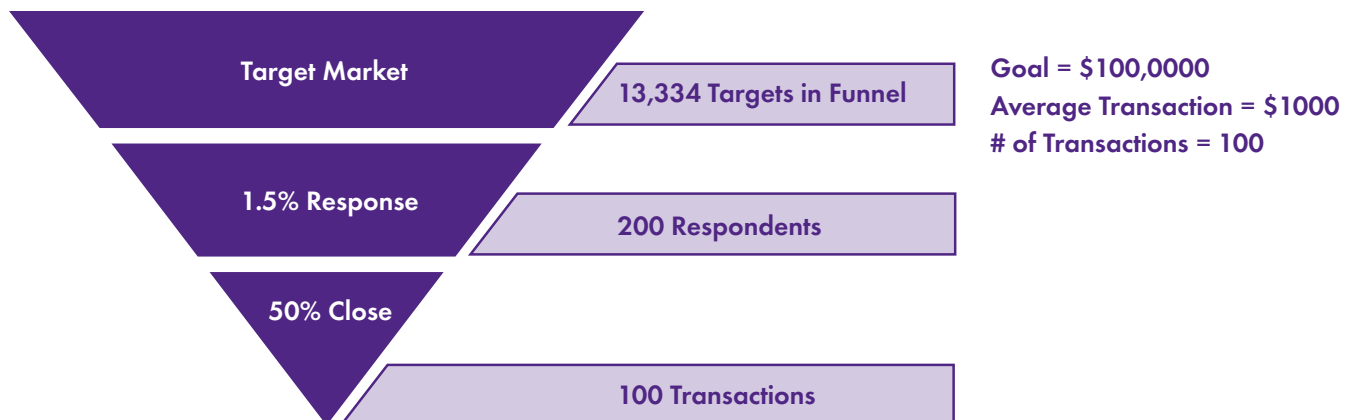
A better approach is to figure out your breakeven response rate. It’s a simple bit of math that asks how many customers need to buy as a result of the campaign to have the revenue from those customers cover the costs of the direct mail campaign.

For example:

Planned annual revenue	\$100,000
Average sale	\$ 1,000
# of sales	100

In this example, 100 sales of \$1000 each are required to meet the planned revenue goal. Next calculate your close rate on sales. Does it take 20 prospects to achieve 10 closed sales? If so, you need to talk to 200 prospects to close 100 sales. In this scenario, your close rate is 50%.

Marketing Math



This marketing math model assumes a 1.5% response to all marketing efforts. The Direct Marketing Association studies industry averages and, after analyzing 1,122 industry-specific campaigns, determined that the average response rate for direct mail was 2.61%. In our experience that percentage has ranged as low as 1% to as high as 5%, depending on audience, marketing tactics and message. The point is to be conservative in estimating response rates. If you assume 1%, 2.61% or 5% response rates, you might be disappointed. We've seen open rates as low as 0.2%. And for some industries, that's perfectly acceptable. If you are selling Lear Jets and a database of 1000 targets results in two jet sales (a 0.2% response rate), no one will be complaining.

Working through the marketing math reveals whether your sales goal is realistic or not. If your funnel is too large for affordable direct marketing, you might want to take a closer look at just how realistic your sales goal is, re-examine your pricing structure, or concentrate on improving sales close rates before embarking on marketing. Keep expectations reasonable—operating an effective marketing plan requires funding and you will need to allocate funds from your operating budget to cover establishing your brand, advertising, promotion, web site and internet activity and all other costs associated with marketing.

7. Tactics

Notice that this section is the last! It is all too common that businesses jump to this section first before doing their “homework.” All the sections prior to this one were designed to help you frame your identity and strategy. Now it's time to identify the particular tactics that make the most sense, strategically, to reach and inform prospects about your company and its products and services. Consider the following in forming the best mix of multiple, overlapping tactics that should occur during a marketing period:

- Direct mail
- Email
- Print or Online Advertising
- Live or Virtual Events
- Press/Public Relations
- Networking

6 Rules for a Successful Marketing Campaign

Many businesses think that simply by placing an ad in a local newspaper or the yellow pages, customers will automatically flock to purchase their product or service. This “fireworks” method of marketing puts all your marketing investment in one “display” with the result that the “sparks” fall on the shoulders of those that are watching the show. Some may be moved to buy. Others are not the target market and will move along.

Savvy business owners develop an adequate marketing program by maintaining a thorough understanding of their prospects and using it to communicate with them on an ongoing basis. The aim of your marketing strategy is to create awareness of your company and products or services, to arouse interest and desire to the point of consumption and to create a loyal stream of satisfied customers who continue to patronize your business.

1. Utilize a multi-pronged tactical approach.

Based on your target market and product or service, use a mix of tactics to reach your prospects. It's best if these tactics overlap during a marketing period so that prospects get repeated exposure to your marketing message via several media sources. All components must have similarity in visuals and copy to be effective.

2. Be Consistent

This is the number one difference between big budget marketing campaigns and small business efforts. And so easily corrected! Take the time to ensure that every time you “touch” the customer and/or prospect, you are leaving the same impression of your brand, saying the same thing about your products and services and, by way of the after-sale process, doing what you say you will do. Double check these critical areas of your business collateral and marketing materials:

- Image
- Tone of copy
- Voice (use of I, we, you, etc.)
- Quality

3. Speak With One Voice

Every organization has developed its own style or “voice”. Hopefully yours is one that was designed to appeal to your target market and fits the product or service you sell. For example, a bank's voice is likely to be more formal than a coffee house. Every communication, from the person answering the telephone, to the sales letter, to the web site copy, to the press release, to the advertising must maintain the same voice of the company. This consistency reinforces your brand, assists with message repetition and can even help a small firm appear larger, which is sometimes an advantage. Here are just a few examples of company voices:

- Casual, Friendly
- Professional
- Formal
- Sophisticated, savvy

Be sure that your company voice is consistent in everything, including:

- In person
- On the phone (your receptionist!)
- Product descriptions
- Web site copy
- Direct mail and sales letters
- Advertising
- Sales pitches
- Press releases

4. Hit the Target

Consider renting targeted lists. These can be easily obtained and are often more current than in-house lists. There are multiple options for selections on these lists so get professional assistance when making a purchase. Rent for one-year use to enable you to utilize the list for your entire marketing period.

Ideas to consider for target market purchases:

- Wider geographic boundaries—move away from the competition!
- At home versus at workplace—where will the target market react best?
- Lifestyle profiles show an interest in a category—interior design magazine subscribers may be more targeted than simply home owners.
- Look at the “rainmakers”—It’s not always the end-user of your product or service that is the best target market. Sometimes a referrer makes a better target market.

5. Time Purposefully

You’re busy. Marketing can get away from you. That’s why you make a plan! And stick to it. Draft your plan on a spread sheet month by month and keep it posted where you will see it every day. Put the action items on your calendar. Do whatever you have to do to get the marketing job done. You wouldn’t be late to the office or miss a client’s proposal deadline so why be late or miss your marketing deadlines?

Time your marketing as follows:

- 20 to 30 days in advance of an event
- Blitzing for peak sales periods
- Roll out topic-specific marketing in waves
- Finished is better than perfect! Don’t hold up your marketing waiting until it is absolutely flawless!
- Repeat! Repeat! Repeat! Don’t give up too early when you don’t get the results you expected. It takes time to build brand recognition and marketing response.

6. Measure Results

Incorporate response measurement tools wherever you can. It’s important to try to understand what tactic works in your marketing and what doesn’t to know what to use again and what to replace. Some measurement tools include:

- Reply Cards
- Special Offers (discounts, buy one, get one, etc.)
- Drive to web site (microsite)
- Unique telephone numbers

Use the measurement mechanism to evaluate response rates. You are looking for the number of responses versus the number contacted (mailed, emailed, called, etc.) Consider the influence of integrated components such as web site response, email, etc. if you utilized more than one call to action. Finally, look for overall sales peaks and valleys over time and how they relate to your marketing efforts. If your plan is doing its job, you should see sales increases after a marketing campaign has been initiated.



Carolyn Rhinebarger is Chief Brainstormer and owner of Strategic Guru Inc., a marketing agency located in the Raleigh metropolitan area of North Carolina. The firm's focus is on establishing a strategic plan for clients that employs marketing tactics over time to fit the product or service, targeted to the correct audience, and with expenditures that make sense in terms of achieving planned ROI. Through powerful, targeted marketing messages, Strategic Guru is able to create interest and stimulate inquiry while reinforcing brand identity and message consistency for clients. Contact Carolyn at carolyn@strategicguru.com or 919.461.0551 or visit www.strategicguru